

1. Must be to a location within the Designated Territory;
2. Requires our advance written authorization; and
3. Will be at your sole expense and require that you (and each Affiliate and owner of yours) sign a general release.

If the GYM is damaged, condemned or otherwise rendered unusable, or if, in your and our judgment, there is a change in the character of the location of the GYM sufficiently detrimental to its business potential to warrant its relocation, you agree to relocate the GYM. (Section 1.4 of the Franchise Agreement).

### **MINIMUM PERFORMANCE STANDARD**

The grant of your Designated Territory is expressly conditioned upon your successful penetration of the market in the Designated Territory. You must promote actively and aggressively the products and services of the GYM within the Designated Territory. You must maintain minimum Gross Revenues every calendar year during the Term of at least 80% of the "designated average" of Gross Revenues of all UFC GYM Businesses, including the GYM, except during the first calendar year (partial or full) of the Term, when no performance standard is in effect. The "designated average" is the average Gross Revenues of all UFC GYM Businesses that have been in operation for at least 1 full calendar year. Your failure to maintain the minimum performance standard is a material breach of your Franchise Agreement. This minimum performance standard is not a financial performance representation (see **Item 19**) and does not infer that you will experience gross revenues of any particular level. If you fail to attain and/or maintain the required minimum sales volume, we can revoke the exclusivity of your Designated Territory and/or terminate your Franchise Agreement.

### **SIMILAR BUSINESSES**

You may compete with the fitness gyms operated by our Affiliates and franchisees of our Affiliates that are located near the GYM, whether inside or outside your Designated Territory. **Item 1** discusses our current affiliated franchise programs, all of which are in the fitness industry. Because we and our Affiliates are part of a family of private equity-funded companies that are in the business of owning, operating and investing in fitness gyms and health club businesses on an ongoing basis, our affiliates plan to operate or franchise fitness gyms and health club businesses under different trademarks in the future that may sell goods or services similar to those you will offer at the GYM. The current affiliated franchise programs operate from separate principal business addresses and have separate training facilities. There is no formal mechanism in place for resolving any conflict that may arise between the GYM and the units of our affiliated franchise systems. However, given the diverse nature of their services/products and the fact that they are independently- operated systems, we do not expect any material conflicts regarding territory, customers, or franchisor support.

### **DEVELOPMENT RIGHTS RIDER**

You may (if you qualify) develop and operate a number of UFC GYM Businesses within the Area. We and you will identify the Area in the Development Rights Rider before signing it. The Area typically is a city, cities, or counties. We base the Area's size primarily on the number of UFC GYM Businesses you agree to develop, demographics, and site availability. We and you will negotiate the number of UFC GYM Businesses you must develop to keep your development rights and the dates by which you must develop them. We and you then will complete the schedule in the Development Rights Rider before signing it. While the Development Rights Rider is in effect, we (and our Affiliates) will not establish or operate, or grant to others the right to establish or operate, other UFC GYM Businesses the physical premises of which are located within the Area. There are no other restrictions on us (or our Affiliates). You may not develop or operate UFC GYM Businesses outside the Area. We may terminate the Development Rights Rider if you do not satisfy your development obligations when required. In addition, if you fail to comply with the terms of the Development Rights Rider during its term, we may, at our

option, elect to terminate only the exclusivity of the Area instead of terminating the Development Rights Rider entirely. This means that during the remainder of the term of the Development Rights Rider, we and our Affiliates will have the right to establish and operate, and grant to others the right to establish and operate, UFC GYM Businesses the physical premises of which are located within the Area and continue to engage, and grant to others the right to engage, in any activities that we (and they) desire within the Area without any restrictions. However, our termination of the exclusivity will be without prejudice to our right to later terminate the Development Rights Rider for the same default or any other defaults under the Development Rights Rider.

Despite the development schedule under the Development Rights Rider, we may delay your development of additional UFC GYM Businesses within the Area for the time period we deem best if we believe, when you apply for the next UFC GYM Business, that you are not yet operationally, managerially, or otherwise prepared (due to the particular amount of time that has elapsed since you developed and opened your most recent UFC GYM Business) to develop, open and/or operate the additional UFC GYM Business according to our standards and specifications. We may delay additional development as long as the delay will not in our reasonable opinion cause you to breach your development obligations under the development schedule (unless we are willing to extend the schedule to account for the delay).

Except as described above, we may not alter your Area during the Development Rights Rider's term.

### ITEM 13: TRADEMARKS

The Franchise Agreement grants you the non-exclusive right to operate the GYM under the name UFC GYM®, and to use the Trademarks and any other proprietary marks currently used or that we may authorize you to use in the future in the operation of the GYM. The principal Trademarks are:

<u>Mark</u>	<u>Registration Date</u>	<u>Registration Number</u>
UFC GYM	07/19/11	3,999,175
UFC GYM & Design	05/31/2016	4,968,855
CLASS UFC GYM	05/12/20	6,055,203
CLASS UFC GYM & Design	05/05/20	6,049,807
UFC FIT	09/02/14	4,595,635
UFC FIT & Design	09/02/14	4,595,633

We may develop additional commercial symbols and trademarks for use in connection with the GYM. The Trademarks are owned by Zuffa, LLC (“Zuffa”), a Nevada limited liability company with a business address at 6650 South Torrey Pines Drive, Las Vegas, NV 89118. Zuffa has registered the Trademarks listed above on the Principal Register of the United States Patent and Trademark Office ("USPTO"). No renewal filings are due yet for any of the above Trademarks, and Zuffa has filed all required affidavits.

The Franchise Agreement grants, pursuant to an amended and restated license from Zuffa effective August 11, 2017 (the "License Agreement"), the right to use "UFC GYM" and certain associated trade names, trademarks, service marks, logotypes and other commercial symbols as may be associated with UFC GYM Businesses now or in the future. The License Agreement does not contain any significant limitations on our right to use or license the "UFC GYM" Trademarks to you, and has a term of 10 years with 4 additional 5-year extensions, for a total term of 30 years. Zuffa may terminate the License Agreement if we are in breach of any provision of the License Agreement and we do not cure the breach within the required cure periods; if any person who owns an interest in us commits any act or makes any statement that materially disparages Zuffa; when our

operating agreement with Zuffa expires or terminates; if any person who owns an interest in us is convicted of a felony or receives a notice from any governmental authority that he or she is under investigation for any reason by a governmental authority; or if we terminate or suspend a substantial portion of our business activities, become insolvent, or become subject to any bankruptcy or insolvency proceeding. Zuffa may terminate and void the License Agreement, and we may terminate and void your Franchise Agreement, if any of the Commissions, or any committees or sub-committees, advises or requires Zuffa, its Affiliates, or their equity owners to discontinue or restrict their business relationship and/or involvement with them as a result of a Regulatory Problem. In the event there becomes a Regulatory Problem as a result of your Franchise Agreement or the underlying relationships between you and us (or any of your owners or Affiliates), we will promptly notify you in writing of the reason for termination or modification of your Franchise Agreement and you must fully cooperate with us for purposes of attempting to cure the reason(s) for the termination or modification to the extent possible.

You and we must comply with Zuffa's Trademark Usage Guidelines in the operation of the GYM. When the License Agreement expires or terminates our and your rights to use the Trademarks terminate and we and you must immediately cease using the Trademarks. Except as described above, no agreements limit our rights to use or license the use of the Trademarks.

Except as provided below, there are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation, involving the principal Trademarks. We do not actually know of either superior prior rights or infringing uses that could materially affect your use of the Trademarks in any state.

You must use the Intellectual Property only for the operation of the GYM at the Premises. You must not employ any of the Intellectual Property in signing any contract, check, purchase agreement, negotiable instrument or legal obligation, application for any license or permit, or in a manner that may result in liability to us for any indebtedness or obligation of yours. You must follow our rules when you use the Trademarks, including giving proper notices of trademark and service mark registration and obtaining fictitious or assumed name registrations required by law and will sign all documents we or our legal counsel deem reasonably necessary to obtain protection for the Trademarks and our interest in the Trademarks. You must not use the Intellectual Property as security for any obligation or indebtedness. Without our prior written approval, you must not use the Trademarks as part of any e-mail address, Website, domain name or any other electronic media (including use with any prefix, suffix or other modifying words, term designs, or symbols), or in any other manner connected with a Website, advertisements on a Website, or other similar electronic media. We may prohibit your use of the Trademarks on any or all Websites and social media sites. You must not use any Trademark as a key word, metatag, phantom mark, URL, root address, or any other similar use without our prior written approval, which approval may be conditioned on things, including, assignment to us of any intellectual property or other rights resulting from such use.

You must not use the Trademarks in advertising the transfer, sale, or other disposition of the GYM or an ownership interest in you without our prior written consent, which we will not unreasonably withhold. You must not, unless explicitly approved in writing by us in our sole discretion, adopt or use all or any part of any Trademarks or any trademark, word or words likely to be confused therewith in your corporate name or in any trade name. You must not use the Trademarks with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you). You must include on all Materials appropriate notices of trademark and copyright rights regarding each use of Trademarks, as may be reasonably requested by us or otherwise required by Applicable Law.

You must not, during and after the Term of the Franchise Agreement: (i) seek to register, register, or cause or permit any other person to seek to register or register, any of the Intellectual Property or any depictions or variations of the Intellectual Property in any jurisdiction anywhere in the world, including, any trademark, trade name, trade dress, or other designation likely to be confused with, or to dilute the distinctiveness of, any of the Trademarks; (ii) challenge, or cause or permit any other person to challenge, the right, title, or interest of us,

Zuffa or our Affiliates in or to the Trademarks or any other of our or our Affiliates' Intellectual Property; (iii) use any Intellectual Property other than as permitted under the Franchise Agreement nor use any of Zuffa's other intellectual property other than the Trademarks; or (iv) represent that you have any right, title or interest in or to any Trademark other than as expressly granted in the Franchise Agreement.

You must not use, or cause or permit any other person to use, any of the Trademarks in a manner which is likely to damage or impair the goodwill associated with any of the Trademarks. You must not (nor do you have the right to) grant to any other person the right to use, reproduce, reference or exploit any Trademarks in any manner, without our prior written consent, which may be withheld in our sole and absolute discretion.

Any request by or on behalf of you to register a domain name incorporating any Trademarks or any variation of the Trademarks during the Term of the Franchise Agreement is subject to prior written approval by us, and will be owned exclusively by us, both as universal resource locators (URLs) and trademarks. Your use of any domain name must at all times be consistent with the rights granted to you in respect of the Trademarks and be subject to, and in compliance with, all other terms and conditions set forth in the Franchise Agreement. Any domain name will automatically be deemed a "UFC GYM Domain Name" for the purposes of the Franchise Agreement. All costs associated with registration and maintenance of the UFC GYM Domain Name will be your sole responsibility. If any termination or expiration of the Franchise Agreement occurs, you must cease using the UFC GYM Domain Name and, promptly after the termination or expiration of the Franchise Agreement, (a) must cause yourself and/or your related persons to be removed as an administrative and/or technical contact on the records of the applicable domain name registrar, and (b) abandon all rights in and relinquish any and all UFC GYM Domain Names.

You must promptly notify us, within 7 days in writing, of (i) any alleged, actual or threatened infringing, diluting, unauthorized and/or illegal uses of any of the Intellectual Property, and (ii) any claims asserted against you with respect to the use of the Intellectual Property of which you become aware. You must not communicate with anyone except us (and Zuffa, with respect to the Trademarks) and our counsel in any infringement, challenge or claim except under judicial process. We will have the exclusive right (but not the obligation), at our expense, to defend or settle any legal action deemed material, in our reasonable discretion (and with approval of Zuffa, with respect to the Trademarks), to our and interests in the infringed Intellectual Property (or Zuffa's interests in the infringed Trademarks), or your ability to use the Intellectual Property under the Franchise Agreement, in any manner and on any terms, we shall deem appropriate. You must cooperate with, and must use commercially reasonable efforts to assist, Zuffa and/or us in connection with any proceeding to defend, protect or enforce the Trademarks and/or Intellectual Property, including executing pleadings or other documents, providing documents or information or testifying.

If it becomes advisable at any time for us and/or you to modify or discontinue using any Trademark and/or to use 1 or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time (not to exceed 30 days) after receiving notice. We will only be liable to reimburse you for your reasonable direct printing and signage expenses in modifying or discontinuing the use of the Trademarks and substituting different Trademarks. We need not reimburse you for any loss of revenue due to any modified or discontinued Trademark, any loss of goodwill associated with any modified or discontinued Trademark, or for your expenses of promoting a modified or substitute trademark or service mark.

We indemnify you against and will reimburse you for all damages for which you are held liable in any proceeding involving your use of any of our Intellectual Property in accordance with the Franchise Agreement, provided that you: (a) have timely notified us of the claim; (b) have otherwise complied with the Franchise Agreement; (c) allow us sole control of the defense and settlement of any claim; and (d) cooperate fully with us and our counsel in the defense of the action.

## **ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

### **PATENTS**

We do not own any rights in any patents material to the Franchise. There are no pending patent applications for proper disclosure purposes.

### **COPYRIGHTS**

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. Although not all materials are registered, we claim U.S. common law and international copyrights and trade secret protection in our Manuals, training materials, advertising and promotional literature and other materials. There are no agreements in effect which significantly limit our right to use or license the copyrighted materials. However, we do not license our copyrights in these materials to you under the Franchise Agreement. We provide you access to the Manuals as discussed in Item 11. There are no infringing uses actually known to us that could materially affect your use of the copyrighted materials in any state.

If we deem it advisable to modify or discontinue use of any copyrighted work and/or use one or more new or derivative copyrighted work, you must do so and our sole obligation in this event is to reimburse you for your tangible costs (for example, changing equipment) of complying with this obligation. Upon any infringement of or challenge to your use of any copyrighted work, you must immediately notify us. We have sole discretion to take any action as we deem appropriate. We are required by the Franchise Agreement to defend you against any infringement, unfair competition or other claim respecting your use of any of our copyrighted work. We are obligated to indemnify you against, and to reimburse you for, all damages for which you are held liable in any proceeding from the use of any of our patent or copyrighted work and of all costs you reasonably incur in the defense of any claim, provided that you have notified us of the claim as described in Item 13 and have used the copyrighted work in accordance with the Franchise Agreement.

### **CONFIDENTIAL INFORMATION**

The Manuals and other copyrighted materials made available to you contain confidential and proprietary information and are our Trade Secrets. We possess and will develop and acquire certain confidential and proprietary information and trade secrets consisting of the following categories of information, methods, techniques, procedures and knowledge we or our franchisees develop (the "Confidential Information") including: (1) our methods, techniques, equipment and installation, specifications, standards, policies, procedures, information, concepts, systems, and knowledge of the experience in our development, operation and franchising; (2) our marketing and promotional programs for UFC GYM Businesses; (3) knowledge of specifications for and knowledge of suppliers of certain materials, equipment, furniture and fixtures for UFC GYM Businesses; (4) knowledge of our customer lists, operating results and financial performance, and (5) our design and layout of each UFC GYM Business, including the placement of equipment, color schemes and other designations ("Trade Dress").

We will disclose to you all parts of the Confidential Information as are required for the operation of the GYM during Initial Training, in the Manuals, and in guidance and assistance furnished to you during the Term, and you may learn additional Confidential Information during the Term. You must disclose the Confidential Information to your employees only to the extent reasonably necessary. During and after the Term, you, your owners, independent contractors, agents, and employees must: (i) not use the Confidential Information or Trade Dress in any other business or capacity, including any derivative or spin-off of the UFC GYM concept; (ii) maintain the absolute secrecy and confidentiality of the Confidential Information during and after the Term; not make unauthorized copies of any portion of the Confidential Information disclosed or recorded in written or other tangible form; and (iv) adopt and implement all procedures that we prescribe to prevent unauthorized use or disclosure of, or access to, the Confidential Information. (Section 6.2 of the Franchise Agreement)

All persons, whom you permit to have access to the Manuals or any other Confidential Information, must first sign our form of Confidentiality Agreement. Nothing contained in the Franchise Agreement will be construed to prohibit you from using the Confidential Information in the operation of the GYM under your Franchise Agreement.

If you, your owners, agents, and employees develop any new concept, process or improvement in the operation or promotion of the UFC GYM Business, you must promptly notify us and provide us with all necessary related information, without compensation. Any such concept, process or improvement will become our sole property and we will be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related thereto. You and your owners will assign to us any rights you may have or acquire therein, including the right to modify the concept, process or improvement, and otherwise must waive and/or release all rights of restraint and moral rights therein and thereto. You and your owners agree to assist us in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing these rights. You and your principals will irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any concept, process or improvement. In the event that these provisions are found to be invalid or otherwise unenforceable, you and your principals will grant to us a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the concept, process or improvement if this use or sublicense would otherwise directly or indirectly infringe your rights therein.

#### **ITEM 15: OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

You are not our employee but are your own boss subject to certain rights and obligations under your Franchise Agreement. We encourage you to be active in the operation of the GYM but we do not require any personal participation on premises by you. We do not require any personal participation of any specific person affiliated with a corporate or partnership franchisee. However, the Franchise for the GYM is not a "passive" investment and you or the Designated General Manager approved by us must provide day-to-day supervision of the operation of the GYM.

Unless we otherwise agree in writing, you or the Designated General Manager must be 1 of the 5 Trainees attending Initial Training. Any of the Trainees attending Initial Training may act as the General Manager of the GYM with our written approval. Either the Managing Owner or the Designated General Manager approved by us must devote his or her best full-time efforts to the management and operation of the GYM. You may hire any General Manager acceptable to us rather than be the General Manager, but this will increase the cost of operation of the GYM and may impair results. Any replacement or additional General Managers that you hire must satisfactorily complete Initial Training before managing the GYM, unless we otherwise agree in writing. Your General Manager need not have any equity interest in the GYM. You must pay for the expenses of additional Training, including training fees, travel, lodging, meals and salary. All of your General Managers, supervisors or any other employees with access to our Confidential Information and/or Trade Secrets must sign Exhibit 3 to the Franchise Agreement, a Confidentiality and Non/Disclosure Agreement.

If the Franchise Agreement is signed by 2 or more individuals or by a business entity, you must designate, in writing, an individual as the Managing Owner or the Designated General Manager upon signing the Franchise Agreement. We have the right to rely solely upon instructions of the Managing Owner or Designated General Manager concerning the operation of the GYM until we receive a duly signed written notice changing the designated Managing Owner or Designated General Manager.

If you are a corporation, limited liability company or other business entity, each of your owners who at any time owns (directly or indirectly) 20% or more of your ownership interests, and each other individual or entity

that we specify before signing the Franchise Agreement (each a “Guarantor”), must sign an agreement in the form we designate undertaking personally to be bound, jointly and severally, by all of the Franchise Agreement’s and any ancillary agreement’s provisions, the current version of which is attached to the Franchise Agreement. In addition, each of your owners who is not a Guarantor, must sign a Confidentiality and Non/Disclosure Agreement, the current version of which is attached as Exhibit 4 to the Franchise Agreement.

If we have permitted the General Manager to be an individual other than the you or Managing Owner, and the General Manager fails to satisfy his or her obligations provided in Subsection 4.9(b) of the Franchise Agreement due to death, disability, termination of employment, or for any other reason, the you or Managing Owner must satisfy these obligations until you designate a new General Manager of the GYM acceptable to us who has successfully completed Initial Training.

Neither you nor any designated Managing Owner may act in the capacity of General Manager or Class Instructor without our approval. You agree that you will only hire or retain General Managers and Class Instructors that meet the criteria, skill levels, and standards set by us and the System-wide recommendations in the Manuals.

## **ITEM 16: RESTRICTION ON WHAT THE FRANCHISEE MAY SELL**

### **USE OF THE PREMISES**

You must use your Premises only for the operation of the GYM. You must keep the GYM open for business and in normal operation for the minimum hours and days as we reasonably require in the Manuals or otherwise in writing except as may be limited by local law or the landlord's rules and regulations.

During the Term of the Franchise Agreement, you must not engage in any of the following without our prior approval: (a) hold or allow any events to be held at the GYM sponsored by or associated with any Competitive Business, (b) enter into any agreements or other arrangements with any Competitive Business or (c) brand, theme or otherwise use or display the intellectual property rights of any Competitive Business at the GYM or related facilities or Website.

### **APPROVED PRODUCTS AND SERVICES**

You must sell or offer for sale only the products and services that meet our reasonable uniform standards of quality and quantity; have been expressly approved for sale in the Manuals or otherwise in writing by us to consumers only from the GYM; not sell any items for redistribution or resale; sell or offer for sale all approved products and services; refrain from any deviation from our standards and specifications for providing or selling the products and services without our written consent; and discontinue selling and offering for sale any products and services that we reasonably disapprove on a System-wide basis in writing at any time. We periodically may change required and/or authorized products and services. There are no limits on our right to do so. (See **Item 8**)

Our System standards may regulate participation in and requirements for member/customer loyalty programs, reciprocity programs, membership transfer policies and programs, and similar programs for all UFC GYM Businesses, including the terms and conditions we periodically specify for (i) providing members of other UFC GYM Businesses with access to the GYM; (ii) honoring memberships covering some or all UFC GYM Businesses and providing those members with access to the GYM; (iii) accepting memberships that we or our Affiliates process or assist in processing for the GYM, including paying us and our Affiliates reasonable fees for online membership applications that we process and other assistance we and they provide with respect to the GYM's memberships; and (iv) each UFC GYM Business’ bearing, or sharing in, the costs and expenses associated with participating in any of these programs.

### **SALES RESTRICTIONS**

You are not restricted as to the customers to whom you may sell approved products or services. We

reserve the right to establish prices for the products and services you sell, both minimum and maximum, subject to applicable law. You must not solicit business or members for the GYM outside your Designated Territory through the use of an 800 number, catalog, direct mail, Internet Website or other advertising or solicitation method without our prior written consent.

### 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.**

Provisions	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 15.1 of Franchise Agreement and Section 7 of Development Rights Rider	The initial term of the Franchise Agreement is 10 years beginning on the Agreement Date. Term of Development Rights Rider depends on development obligations.
b. Renewal or extension of the term	Section 15.2 of Franchise Agreement	You have the right to renew for 2 additional terms of 5 years each, if you meet the requirements for renewal and pay the renewal fee equal to 50% of the then current initial fee. No renewal or extension of Development Rights Rider.
c. Requirements for franchisee to renew or extend	Sections 15.2 of Franchise Agreement	To "renew," you must be in substantial compliance with the Franchise Agreement; you must have maintained minimum Gross Revenues during the last (2) years of the Term of at least eighty percent (80%) of the "designated average" of Gross Revenues; give us timely notice; pay us the renewal fee; maintain possession of the GYM or find acceptable substitute premises; remodel the GYM according to our then current standards (regardless of cost); and sign our then current Franchise Agreement, a release (if law allows), and other documents we use to grant franchises for UFC GYM Businesses. The terms of our then current Franchise Agreement that you sign for renewal of the franchise may differ materially from any and all of those contained in the Franchise Agreement attached to this Disclosure Document, including reduced Designated Territory and increased fees.
d. Termination by franchisee	None	Not Applicable
e. Termination by franchisor without cause	Not Applicable	None, but the Franchise Agreement expires without notice when the term ends.
f. Termination by franchisor with cause	Sections 11 of Franchise Agreement and Section 8 of Development Rights Rider	We have the right to terminate the Franchise Agreement with cause.
g. "Cause" defined – curable defaults	Section 11.3 of Franchise Agreement	Any default other than those specified in Sections 12.1 and 12.2 of your Franchise Agreement may be cured within 30 days of written notice from us of the default.
h. "Cause" defined – non-curable defaults <sup>2</sup>	Sections 11.1 and 11.2 of Franchise Agreement and Section 8 of Development Rights Rider	We may terminate the Franchise Agreement upon a: Violation of federal, state or local environmental laws; (ii) Insolvency; (iii) General assignment for creditors; (iv) Filing in bankruptcy; (v) Adjudication of bankruptcy; (vi) Filing for appointment of a receiver or custodian; (vii) Appointment of a receiver or custodian; (viii) Filing for composition with creditors; (ix) Judgment of \$25,000 or more remains unsatisfied;(x) Execution of levy; (xi) Filing of foreclosure suit; (xii) Sale of your assets after levy; (xiii) Abandonment; Failure to do business at the Premises for more than 21 days in any calendar year or for more than 7 consecutive days, or lose the right to possession of the Premises and have not found an acceptable substitute premises; (xiv) Conviction of any offense that might materially adversely affect the System; (xv) You deny us our right of inspection or audit; (xvi) You engage in deleterious conduct; (xvii) Unauthorized assignment; (xviii) Breach of confidentiality or noncompetition provisions of your Franchise Agreement; (xix) You knowingly maintain false books or records; (xx) Failure to timely transfer on your death or incapacity; (xxi) You misuse any of the Intellectual Property; (xxii) We (or our owners or Affiliates) terminate any other agreement between you (or your owners or Affiliates) and us (or our owners and Affiliates) due to failure to comply with the Franchise Agreement; (xxiii) Your violation of

Provisions	Section in Franchise Agreement	Summary
		any anti-terrorism law; (xxiv) You breach any provision of Article 5; (xxv) You or any of your owners, commits any act or makes any statement that materially disparages us, Zuffa, or any of our or Zuffa's respective Affiliates; or (xxvi) If any of the Commissions, or any committees or sub-committees, advises or requires Zuffa, its Affiliates, or their equity owners to discontinue or restrict their business relationship and/or involvement with them as a result of a Regulatory Problem. (xxvii) We may terminate Development Rights Rider if you do not meet the development schedule or other obligations; if the Franchise Agreement or any other franchise agreement between us and you (or your affiliated entity) is terminated by us for Cause or by you for any or no reason; or we have delivered formal notice of default to you (or your affiliated entity) under the Franchise Agreement or another franchise agreement (whether or not default is cured).
i. Franchisee's obligations on termination/nonrenewal	Sections 13.1 and 14.2 and Articles 6 and 12 of Franchise Agreement	You must: (i) Not (i) influence any Business Associate of ours to modify its relationship with us; (ii) have any involvement with any Competitive Business at the Premises where the GYM is located; within the Designated Territory; within a 5 mile radius of the Premises; or within a 5 mile radius of any other UFC GYM Businesses in operation or in the process of opening on the later of the effective date of the termination, expiration or transfer of your Franchise Agreement; or (iii) interfere with our business or any of our other UFC GYM franchisees; (ii) Indemnify us from any losses or damages we sustain as a result of the operation of the GYM; (iii) Maintain confidentiality of all our Confidential Information; (iv) Cease operating the GYM; (v) Pay all amounts you owe to us; (vi) Either remove, efface, return to us or destroy all references to "UFC GYM" or any of the Licensed Rights used in the GYM from all of your products, materials, supplies and equipment and from all business paper, stationery, signs, labels, packaging material, advertising, or the like, used or maintained by you (including, as soon as may reasonably be accomplished, telephone or internet directory listings); (vii) Not represent in any manner that you have any connection with us, Zuffa or the UFC-brand; (viii) Transfer any domain name registrations containing the Trademarks permitted to be maintained by you for your Website to us; (ix) Comply with our option to purchase the GYM; (x) Distinguish your Premises from any indicia of the System, including removal of our Trade Dress; (xi) Avoid unfair competition with us; (xii) Return all Intellectual Property to us; (xiii) Discontinue use of the Trademarks; (xiv) Assign your lease to us; and (xv) Pay us liquidated damages. (See also (o) and (r) below)
j. Assignment of contract by franchisor	Section 10.1 of Franchise Agreement	There are no restrictions on our right to assign our interest in your Franchise Agreement.
k. "Transfer" by franchisee - defined	Sections 10.2, 10.3 and 10.4 of Franchise Agreement	Includes transfer of Franchise Agreement, the GYM (or its profits, losses or capital appreciation), sale of the GYM's assets, and ownership change in you or your owners
l. Franchisor approval of Transfer by franchisee	Sections 10.2 and 10.3 of Franchise Agreement and Section 9 of Development Rights Rider	We have the right to approve or disapprove of any Transfers, but we will not unreasonably withhold our approval. Your development rights under the Development Rights Rider are not assignable at all.
m. Conditions for franchisor approval of Transfer	Sections 10.2 and 10.3 of Franchise Agreement	(i) We do not exercise our right of first refusal; (ii) You are not in default under any agreement you have with us or any Affiliate; (iii) You must sign a general release; (iv) The transferee and its owners (if the transferee is an entity) or affiliates must not have an ownership interest (direct or indirect) in or perform services for a Competitive Business; (v) The transferee has sufficient business experience, aptitude, and financial resources to operate the GYM and meet our then current minimum net worth requirements (currently, \$1,000,000); (vi) The transferee and its direct and indirect owners (if the transferee is an entity) are of good character and otherwise meet our then applicable standards for UFC GYM franchisees; (vii) The transferee must sign our then current form of Franchise Agreement and ancillary documents; (viii) The transferee must pay the applicable transfer fee; (ix) We must interview and approve the transferee; (x) The transferee must satisfactorily complete our application procedures; (xi) The transferee must

<b>Provisions</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
		renovate and upgrade the GYM as we specify; (xii) The transferee must properly assume all your obligations, including your lease; (xiii) The transferee must successfully complete Initial Training (xiv) We must approve of the proposed terms of sale or other factors involved in the transfer; and (xv) You and your transferring owners must comply with the non-competition covenants (see(r) below)
n. Franchisor's right of first refusal to acquire franchisee's business	Section 10.5 of Franchise Agreement	We have the option to purchase the GYM on the same terms as contained in the Offer. We will give you written notice of election within 30 days after our receipt of the Offer notice and all required information.
o. Franchisor's option to purchase franchisee's business	Section 12.5 of Franchise Agreement	We have the right (but not the duty), exercisable upon written notice to you given within 30 days after termination of the Franchise Agreement, to purchase the GYM at its fair market value.
p. Death or disability of franchisee	Section 10.4 of Franchise Agreement	If you or your Designated General Manager becomes disabled for more than 3 consecutive months or dies, you or your representative must provide a replacement General Manager satisfactory to us; and  If (i) any individual who holds a fifty percent (50%) or greater voting or ownership interest in you (or in any Designated General Manager); or you die, your interests in the GYM must be transferred within 12 months of your death in accordance with the transfer provisions of your Franchise Agreement.
q. Non-competition covenants during the term of the franchise	Section 13.1(b)(i) of Franchise Agreement	You must not: <ol style="list-style-type: none"> <li>1. Influence any Business Associate of us to modify its relationship with us;</li> <li>2. Have any involvement with any Competitive Business; or</li> <li>3. Interfere with our business or any of our other UFC GYM franchisees.</li> </ol> (subject to applicable state law)
r. Non-competition covenants after the franchise is terminated or expires <sup>4</sup>	Section 13.1(b)(ii) of Franchise Agreement	You must not, for 12 months after the end of your Franchise Agreement: Influence any Business Associate of ours to modify its relationship with us; Have any involvement with any Competitive Business at the Premises where the GYM is located, within the Designated Territory, within a 5-mile radius of the Premises, or within a 5-mile radius of any other UFC GYM Business in operation or in the process of opening on the later of the effective date of the termination, expiration or transfer of your Franchise Agreement; or Interfere with our business or any of our other UFC GYM franchisees. (subject to applicable state law)
s. Modification of the agreement	Sections 6.3, 13.1(d), 18.1	Your Franchise Agreement must not be modified without the consent of both you and us except: <ol style="list-style-type: none"> <li>1. We may change the contents of the Manuals;</li> <li>2. We may modify the System; and</li> <li>3. A court may modify any provision of your Franchise Agreement in accordance with applicable law.</li> </ol>
t. Integration/ merger clause	Section 18.3 and 18.15	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. Notwithstanding the foregoing, nothing in the Franchise Agreement is intended to disclaim the express representations made in this Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	16 of Franchise Agreement	With limited exceptions, all disputes must be resolved first by mediation between the parties and, if mediation is not successful, then by arbitration. We and you must arbitrate all disputes within 10 miles of our principal business address, which is currently located in Orange County, California
v. Choice of forum	Article 16.4 of Franchise Agreement	Subject to mediation and arbitration requirements, litigation must be in courts in the county where our principal place of business is then-located (currently, Orange County, California) (subject to state law)
w. Choice of law	Section 16.6	Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.) or the United States Arbitration Act, 9 U.S.C. §§ 1 et seq., California law (subject to applicable state law).

A provision in your Franchise Agreement that terminates the Franchise Agreement upon your bankruptcy may not be enforceable under Title 11, United States Code Section 101 *et seq.*