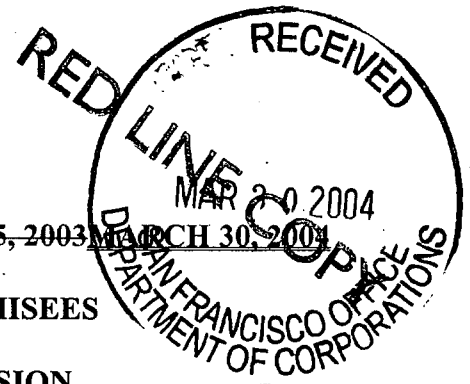


GOLD'S GYM FRANCHISING, INC.

ISSUANCE DATE: ~~JUNE 6, 2003, AS AMENDED NOVEMBER 5, 2003~~ ~~MARCH 30, 2004~~

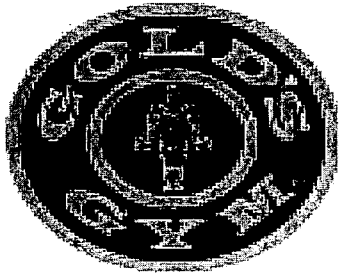
**INFORMATION FOR PROSPECTIVE FRANCHISEES
REQUIRED BY FEDERAL TRADE COMMISSION**



TO PROTECT YOU, WE'VE REQUIRED YOUR FRANCHISOR TO GIVE YOU THIS INFORMATION. WE HAVEN'T CHECKED IT, AND DON'T KNOW IF IT'S CORRECT. IT SHOULD HELP YOU MAKE UP YOUR MIND. STUDY IT CAREFULLY. WHILE IT INCLUDES SOME INFORMATION ABOUT YOUR CONTRACT, DON'T RELY ON IT ALONE TO UNDERSTAND YOUR CONTRACT. READ YOUR ENTIRE CONTRACT CAREFULLY. BUYING A FRANCHISE IS A COMPLICATED INVESTMENT. TAKE YOUR TIME TO DECIDE. IF POSSIBLE, SHOW YOUR CONTRACT AND THIS INFORMATION TO AN ADVISOR, LIKE A LAWYER OR AN ACCOUNTANT. IF YOU FIND ANYTHING YOU THINK MAY BE WRONG OR ANYTHING IMPORTANT THAT'S BEEN LEFT OUT, YOU SHOULD LET US KNOW ABOUT IT. IT MAY BE AGAINST THE LAW.

THERE MAY ALSO BE LAWS ON FRANCHISING IN YOUR STATE. ASK YOUR STATE AGENCIES ABOUT THEM.

FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580



FRANCHISE OFFERING CIRCULAR

Gold's Gym Franchising, Inc.
358 Hampton Drive
Venice, CA 90291
(310) 392-3005
www.goldsgym.com

The franchise offered is to operate a health club under the name "Gold's Gym®." The initial fee for franchisees opening new Gold's Gym Facilities under our Standard Franchise Agreement is \$20,000. The initial fee for franchisees signing the Standard Franchise Agreement to continue operating their existing Gold's Gym Facilities (because their existing franchise or license agreements have expired or soon will expire) is \$10,000 for a 10-year term or \$5,000 for a 5-year term. The initial fee for Charter Franchisees who acquire an additional franchise under the Charter Franchise Agreement is \$6,000. ~~Charter Franchisees who elect an early renewal and convert from their existing franchise or license agreements to a Charter Franchise Agreement will not pay any initial fee. (See Item (See Item 5)~~ The estimated initial investment required for a new 25,000 square foot Gold's Gym Facility ranges from ~~\$914,000~~\$16,000 to ~~\$2,716,000~~\$2,721,000 if you sign a Charter Franchise Agreement and from ~~\$928,000~~\$930,000 to ~~\$2,730,000~~\$2,735,000 if you sign a Standard Franchise Agreement.

The initial fee under the Development Rights Agreement is \$10,000 multiplied by the number of Facilities you agree to open. Except for this fee and \$5,000 in working capital, there is no additional initial investment required under the Development Rights Agreement.

Risk Factors:

1. THE FRANCHISE AGREEMENT AND DEVELOPMENT RIGHTS AGREEMENT PERMIT YOU TO ARBITRATE OR LITIGATE WITH US ONLY IN OUR HOME STATE (CURRENTLY CALIFORNIA). OUT OF STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT ALSO MAY COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN OUR HOME STATE THAN IN YOUR HOME STATE. SOME STATE FRANCHISE LAWS PROVIDE THAT CHOICE OF FORUM CLAUSES ARE VOID OR SUPERSEDED. YOU MIGHT WANT TO INVESTIGATE WHETHER YOU ARE PROTECTED BY A STATE FRANCHISE LAW. YOU SHOULD REVIEW ANY ADDITIONAL DISCLOSURES AND RIDERS INCLUDED IN EXHIBIT 10 FOR DISCLOSURES CONCERNING STATE FRANCHISE LAWS.
2. THE FRANCHISE AGREEMENT AND DEVELOPMENT RIGHTS AGREEMENT STATE THAT CALIFORNIA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS. SOME STATE FRANCHISE LAWS PROVIDE THAT CHOICE OF LAW PROVISIONS ARE VOID OR SUPERSEDED. YOU MIGHT WANT TO INVESTIGATE WHETHER YOU ARE PROTECTED BY A STATE FRANCHISE LAW. YOU SHOULD REVIEW ANY ADDITIONAL DISCLOSURES AND RIDERS INCLUDED IN EXHIBIT 10 FOR DISCLOSURES CONCERNING STATE FRANCHISE LAWS.

3. OUR AFFILIATE, GOLD'S GYM LICENSING, INC., OWNS THE PRINCIPAL TRADEMARKS AND LICENSES US TO USE THEM AND SUBLICENSE THEM TO FRANCHISEES.
4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Information comparing franchisors is available. Call the state administrators (as applicable) listed in Exhibit 1 or your public library for sources of information.

Registration of this franchise with the state does not mean that the state recommends it or has verified the information in this offering circular. If you learn that anything in this offering circular is untrue, contact the Federal Trade Commission and the state authority listed in Exhibit 1.

The effective dates of this offering circular in the states with franchise registration laws are in Exhibit 1.

**THE FOLLOWING PROVISIONS APPLY ONLY TO
TRANSACTIONS GOVERNED BY
THE MICHIGAN FRANCHISE INVESTMENT LAW**

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this Act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENFORCEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan
Consumer Protection Division
Attn: Franchise
670 G. Mennen Williams Building
525 West Ottawa
Lansing, Michigan 48933
(517) 373-7177

Note: Despite paragraph (f) above, we intend, and we and you agree, to enforce fully the arbitration provisions of our Franchise Agreement. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing these arbitration provisions.

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Exhibits

1. List of State Agencies/Agents for Service of Process/State Effective Dates
2. Standard Franchise Agreement
3. Charter Franchise Agreement
4. Development Rights Agreement
5. ~~Preliminary Agreement for Charter Franchisees~~6. List of Franchisees
- ~~7.6~~ List of Franchisees Who Have Left the System
- ~~8.7~~ Financial Statements
- ~~9.8~~ Manual Table of Contents
- ~~10.9~~ Training Curriculum
- ~~11.10~~ Additional Disclosures and Riders Required by State Franchise Laws

APPLICABLE STATE LAW MIGHT REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION IN THIS OFFERING CIRCULAR. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN EXHIBIT ~~11.10~~.

Item 1

THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES

The franchisor is Gold's Gym Franchising, Inc. (called "we" or "us" in this offering circular). "You" means the person or entity acquiring a franchise. If you are a corporation, partnership, or other entity, all of your owners must sign one of our forms of Guaranty, which means that some or all provisions of the Standard Franchise Agreement (Exhibit 2) or Charter Franchise Agreement (Exhibit 3), depending on the form of Guaranty signed, also will apply to your owners. (See Item 15)

We incorporated in Delaware on August 13, 1999. We do business as Gold's Gym Franchising, Inc. and Gold's Gym. Our principal business address is 358 Hampton Drive, Venice, California 90291. In a reorganization completed on August 24, 1999 (the "Reorganization"), we acquired the assets and certain liabilities (including the Gold's Gym system and rights and obligations under existing Gold's Gym license and franchise agreements) of our predecessor, Gold's Gym Franchising, Inc., a California corporation which occupied the same principal business address (our "Predecessor"). A related company, Gold's Holding Corp. ("GHC"), acquired certain health clubs in the Reorganization and also has acquired and/or developed other Gold's Gym Facilities (defined below) since that time. As of the end of our most recent fiscal year, GHC owned and operated (directly or through subsidiaries) ~~3437~~ 3137 Gold's Gym Facilities (~~defined below~~). (See Item 20) GHC's principal business address is the same as our address. Another related company is Gold's Gym Merchandising, Inc. ("GGM"), whose principal business address is 314 Sunset Avenue, Venice, California 90921. GGM licenses manufacturers and distributors to produce and sell to others (including our franchisees) sportswear, novelties, and other merchandise bearing the name "Gold's Gym" and/or certain other trademarks. Gold's Gym Licensing, Inc. ("GGL"), another related company whose principal business address is c/o Gold's Gym International, 2924 Telestar Court, Falls Church, Virginia 22042, owns the Marks and grants us and the other related companies the right to use and (where appropriate) sublicense them. (See Item 13)

If we have an agent for service of process in your state, we disclose that agent in Exhibit 1.

We grant franchises to operate, and (in certain areas) development rights to develop and operate, health clubs (called "Gold's Gym Facilities") offering various fitness, health, and exercise facilities, goods, and services under our trademarks, service marks, and trade names (the "Marks") and following our mandatory and suggested specifications, standards, operating procedures, and rules (the "System Standards"). In this offering circular, we call your Gold's Gym Facility the "Facility." You must operate the Facility from a site we approve (the "Site") and offer the products and services we specify.

The form of franchise agreement that you will sign depends on whether you are a Charter Franchisee and whether we grant you development rights.

(1) Unless you are a Charter Franchisee (defined below), you will sign and operate your Facility under the "Standard Franchise Agreement." Except as noted in (2) below, all franchisees sign the Standard Franchise Agreement. Where applicable, this offering circular describes the differences between the Standard Franchise Agreement and the "Charter Franchise Agreement." However, references in this offering circular to "Franchise Agreement" alone apply to both the Standard Franchise Agreement and the Charter Franchise Agreement.

(2) We previously offered our existing franchisees the opportunity to renew their franchises early by converting from their old forms of franchise agreement or license agreement to the Charter Franchise Agreement. ~~Many of these franchisees accepted our offer by submitting the required forms by the April 27, 2001 deadline. We call these franchisees who converted their agreements our "Charter Franchisees." A few of our Charter Franchisees have not yet completed the process of converting from their old forms of agreement to the Charter Franchise Agreement for their existing Gold's Gym Facility or Facilities. (Only our Charter Franchisees from whom we received all required information by April 27, 2001 have the right to sign the Charter Franchise Agreement.)~~ In addition, if you are a Charter Franchisee and request we are granting you another Gold's Gym Facility franchise, and we grant you that franchise within 3 years after the effective date of the original Charter Franchise Agreement, then you will sign at the Charter Franchise Agreement (or a substantially similar agreement) for the for this new franchise as well. Only our Charter Franchisees have the right to sign a Charter Franchise Agreement for new Gold's Gym Facilities, and they have this right only for this limited 3-year period.

(3) If you qualify, we might grant you the right to develop and operate a number of Gold's Gym Facilities within a development area (the "Area") under our Development Rights Agreement (Exhibit 4). We will offer development rights only to certain qualified candidates who already have signed, or who simultaneously will sign, one or more Franchise Agreements with us and only in certain areas of the country. Before you sign the Development Rights Agreement, we and you will agree to the Area, the number of Facilities that you must develop in the Area, and the timeframe within which you must develop them (the "Development Schedule"). (See Item 12) You will sign our then current form of Franchise Agreement (which could differ from the Franchise Agreements described in this offering circular) for each Facility you develop.

Your Facility will compete with other health clubs and businesses that offer similar products and services, including other national chains. The market is developed but is expanding to satisfy the needs of health and fitness enthusiasts. Depending upon your Facility's location and demographics, certain high/low seasons exist. You will offer your products and services to the general public throughout the year.

Certain states have passed laws relating specifically to health clubs, including laws requiring postings concerning steroids and other drug use, limiting the supplements that health clubs can sell, requiring bonds if a health club sells multi-year memberships, requiring club owners to deposit into escrow certain amounts collected from members before the club opens (so-called "pre-sale" memberships), and imposing other restrictions on memberships that health

clubs sell. In California (and possibly in other states), if you are constructing a new Facility and plan to rely on the proceeds of membership sales to build and equip the Facility, the offer and sale of those memberships could be considered the offer and sale of "securities" under state law. Other than these laws, there are no regulations specific to the operation of a Gold's Gym Facility, but you must comply with all applicable local, state, and federal laws that apply generally to all businesses. You should investigate these laws.

We, our Predecessor, or our or its related companies have operated Gold's Gym Facilities or similar operations since 1965, and we or our Predecessor have offered licenses or franchises for Gold's Gym Facilities since 1980. We have no other business activities (except as described above). Neither we nor our Predecessor, nor our or its affiliates or other related companies, have offered franchises or licenses in any other lines of business.

Item 2

BUSINESS EXPERIENCE

President and Director: Gene LaMott

Mr. LaMott has been our President, and one of our Directors, since May 2001 and was our Chief Operating Officer from February 2000 until May 2001. From June 1997 until February 2000, Mr. LaMott was a Divisional President of 24 Hour Fitness, Inc. in Portland, Oregon. From August 1989 until May 1997, he was the owner/President of Northwest Fitness, Inc. in Portland, Oregon, which owned and operated 7 Gold's Gym Facilities.

Chief Financial Officer: Randall R. Schultz

Mr. Schultz has been our Chief Financial Officer since October 2002. From August 1995 until October 2002, Mr. Schultz was the Vice President-Finance for America's Best Contacts and Eyeglasses in Pennsauken, New Jersey.

Senior Vice President, ~~Franchise Operations of Franchising~~: Luis Campalans

Mr. Campalans has been our Senior Vice President of ~~Franchise Operations~~Franchising since November 2003 and was our Vice President of International Franchising from March 2002 until November 2003. From July 1997 until December 2001, Mr. Campalans was Vice President of Haylans, Inc. in Upland, California.

Chairman of the Board of Directors: Peter C. Brockway

Mr. Brockway has been the Chairman of our Board of Directors since our incorporation in August 1999. Since January 1998, Mr. Brockway has served as the Managing Partner of Brockway Moran & Partners, Inc., a private equity firm in Boca Raton, Florida.

Director: Mark A. Eidemueller

Mr. Eidemueller has been one of our Directors since our incorporation in August 1999. He also has been a Vice President of Brockway Moran & Partners, Inc. in Boca Raton, Florida since September 1998.

Item 3

LITIGATION

Southern Illinois Fitness, Inc. v. Gold's Gym Enterprises, Inc. (Case No. 94 CH 009363), Circuit Court of Cook County, Illinois, County Department, Chancery Division. The plaintiff in this case, a Gold's Gym Facility licensee, filed this action on October 18, 1994 alleging that Gold's Gym Enterprises, Inc., one of our Predecessor's affiliates ("GGE"), violated Illinois law by selling an unregistered franchise. The licensee sought a declaratory judgment that its license was a "franchise" under Illinois law, damages exceeding \$250,000, and rescission of the license agreement. Without admitting any liability, the parties reached an out-of-court settlement in January 1996 in which the license agreement between the parties was terminated, GGE paid the plaintiff \$4,500, and the parties signed mutual releases.

Lippel and De Angelis v. Gold's Gym International, Inc. et al. (California Superior Court, Case No. SC078507). On August 12, 2003, the plaintiffs, prospective franchisees who never were awarded a franchise, filed this action against us, Gold's Gym International, Inc. (our affiliate), Gene LaMott (our President), and several other parties, including one of our franchisees in California. Although the plaintiffs never signed a ~~Preliminary Agreement~~preliminary agreement or Franchise Agreement to acquire any rights, they allege that we breached a "promise" to grant them a franchise for a certain territory in California. The plaintiffs had proposed a site for a Gold's Gym Facility in an area adjacent to that territory. While we ultimately offered the plaintiffs a franchise to develop a Gold's Gym Facility at that site, the plaintiffs allege that we breached our "promise" by granting to another franchisee a franchise to be developed in the territory that the plaintiffs originally proposed (but which did not encompass their proposed site). The plaintiffs have sued for breach of contract, promissory estoppel, breach of the covenant of good faith and fair dealing, intentional interference with contract, intentional interference with prospective business advantage, and fraud. They seek unspecified compensatory and punitive damages, court costs, and attorneys' fees. The case is in the discovery phase. We and the other defendants refute any liability and plan to ~~defend~~continue defending the action vigorously.

~~Moore's Fitness World Cincinnati, Inc. v. Eastgate Fitness, LLC et al. (Court of Common Pleas of Warren County Ohio, Case No. 03 CV 61054). On June 12, 2003, the plaintiff, a company operating health and fitness clubs in the Cincinnati and northern Kentucky areas, filed this action against several of our franchisees that own Gold's Gym Facilities in the same areas, us, and Gold's Gym International, Inc. (our affiliate). The plaintiff claims that our franchisees violated the Ohio Deceptive Trade Practices Act when they allegedly used membership agreements, and engaged in membership sales practices, that did not comply with Ohio law.~~

~~Alleging that our franchisees are our and our affiliate's "agents," the plaintiff claims that we and our affiliate likewise violated the Ohio Deceptive Trade Practices Act. In addition, the plaintiff alleges that we and our affiliate breached a non-disclosure agreement with it and that all defendants committed fraud. The complaint seeks injunctive relief, unspecified compensatory and punitive damages, attorneys' fees, and court costs. The parties are engaging in discovery. We and the other defendants deny the allegations and are vigorously defending the action.~~

Other than these 32 actions, no litigation is required to be disclosed in this offering circular.

Item 4

BANKRUPTCY

In August 1994, a bankruptcy work-out group placed Randall Schultz, who is now our Chief Financial Officer, as the Treasurer and Vice President of Finance for The Hastings Group, Inc. ("Hastings Group"), a retail apparel company. The principal business address of Hastings Group was 222 N. LaSalle St., Chicago, Illinois 60601. On October 23, 1995, Hastings Group filed for protection under Chapter 11 of the United States Bankruptcy Code (In re Hastings Group, Inc. [The], United States Bankruptcy Court for the District of Delaware, Case No. 95-01307-PJW). On December 23, 1997, the bankruptcy court entered an Order Confirming Debtors' Plan of Liquidation Dated October 29, 1992, as amended, and Hastings Group's assets were liquidated. There never was any relationship between Hastings Group and the Gold's Gym system.

Other than this one action, no person identified in Item 1, and no officer identified in Item 2, of this offering circular has been involved as a debtor in proceedings under the U.S. Bankruptcy Code required to be disclosed in this Item.

Item 5

INITIAL FRANCHISE FEE

Initial Fee under the Standard Franchise Agreement

The "Initial Fee" that you will pay under the Standard Franchise Agreement depends on whether you are developing a new Gold's Gym Facility or continuing to operate an existing Gold's Gym Facility. The Initial Fee is payable in a lump sum when you sign the Standard Franchise Agreement and is not refundable under any circumstances.

(1) If you are developing a new Gold's Gym Facility under the Standard Franchise Agreement, your Initial Fee is \$20,000.

(2) If you already operate a Gold's Gym Facility under a franchise or license agreement that is expiring soon or has expired, and are signing the Standard Franchise Agreement to continue operating your Facility under the Marks, you may choose the Standard

Franchise Agreement's term. If you choose a 10-year term, your Initial Fee is \$10,000 (which is one-half of our current Initial Fee). If you choose a 5-year term, your Initial Fee is \$5,000.

Preliminary Agreement for Charter Franchisees

~~If you are a Charter Franchisee and you have not yet located, and/or we have not yet approved, a site for your new Gold's Gym Facility, or at any other time during our and your investigative and due diligence process, you must (at our option) sign the Preliminary Agreement (Exhibit 5). You must pay us a \$6,000 "Preliminary Fee" when you sign the Preliminary Agreement. We will fully apply the Preliminary Fee toward your first year Annual Fee if we and you sign a Charter Franchise Agreement.~~

~~You may terminate the Preliminary Agreement any time before signing the Charter Franchise Agreement. We may terminate the Preliminary Agreement: (a) for any or no reason within 30 days after we sign it; (b) if you do not select and we do not approve an acceptable Site, and/or you do not sign a Charter Franchise Agreement, within 90 days after we sign the Preliminary Agreement; (c) if you have made any material misrepresentation or omission in your franchise application; or (d) if you are convicted of or plead no contest to a felony or other crime or offense, or engage in any conduct, which in our opinion might adversely affect a Gold's Gym Facility's reputation or the goodwill associated with the Marks.~~

~~If you or we terminate the Preliminary Agreement during the first 30 days after signing it, we will refund (without interest) all of your Preliminary Fee. If you terminate the Preliminary Agreement after the initial 30 day period, or if we terminate the Preliminary Agreement under (b) above, we may keep \$2,500 of the Preliminary Fee and will refund the rest (without interest). If we terminate the Preliminary Agreement under (c) or (d) above, we may keep the entire Preliminary Fee.~~

~~Only Charter Franchisees developing new Gold's Gym Facilities will sign Preliminary Agreements. If you are not a Charter Franchisee, you will not sign a Preliminary Agreement but instead will sign a Standard Franchise Agreement (even if you have not yet located and/or we have not yet approved your Facility's site).~~

Annual Fees under the Charter Franchise Agreement

~~Instead of paying the Initial Fee and Monthly Fees (as described in Item 6) due under the Standard Franchise Agreement, our Charter Franchisees will remain on their familiar program of Annual Fees. Annual Fees are not refundable. If you are a Charter Franchisee signing the Charter Franchise Agreement, then you will pay Annual Fees instead of paying the Initial Fee described above and the Monthly Fee described in Item 6. Annual Fees are not refundable. Your first year Annual Fee is \$6,000 and is due when you sign the Charter Franchise Agreement. The Annual Fees for the remaining years are described in Item 6.~~

~~If you are a Charter Franchisee and are converting from your old form of agreement to the Charter Franchise Agreement, your Anniversary Date under your old form of agreement remains the same under your new Charter Franchise Agreement. (See Item 17(a)) Your first year under the Charter Franchise Agreement will end on the first Anniversary Date after you sign the~~

~~Charter Franchise Agreement. (For example, if your Anniversary Date under your old form of agreement is June 30 and you sign the Charter Franchise Agreement on September 30 to replace your old form of agreement, the first year of the term under your Charter Franchise Agreement will end on the following June 30, which is your original Anniversary Date. You keep the same Anniversary Date.) The second year's Annual Fee is due on the first Anniversary Date after you sign the Charter Franchise Agreement. (See Item 6) You owe no further Annual Fees until that Anniversary Date. (You would have paid an Annual Fee on the previous Anniversary Date under your old form of agreement that essentially will cover the Annual Fee due for the portion of the first year of the Charter Franchise Agreement's term that begins when you sign the Charter Franchise Agreement and ends on the following Anniversary Date.)~~

~~If you have paid us a Security Deposit under your old form of franchise or license agreement, we may retain the Security Deposit under the Charter Franchise Agreement. We may commingle the Security Deposit with our general funds and keep any interest on the Security Deposit. If we apply any of the Security Deposit toward your obligations to us during the Charter Franchise Agreement's term, you must replenish the Security Deposit to its original amount within 10 days after our notice to you. Within 45 days after the Charter Franchise Agreement expires or after you terminate the Agreement for cause, we will return any unused portion of the Security Deposit. However, if we terminate the Charter Franchise Agreement for cause or you terminate the Agreement without cause, we may keep the entire Security Deposit. (See Items 6 and 17) We do not collect a Security Deposit under any Franchise Agreement for a new Facility.~~

~~If you are a Charter Franchisee and already converted from your old form of agreement to the Charter Franchise Agreement, and if you request and we grant you a new Gold's Gym Facility franchise within 3 years after the effective date of the original Charter Franchise Agreement, then you will pay Annual Fees for that franchise instead of paying the Initial Fee described above and the Monthly Fee described in Item 6. Your first year Annual Fee for that franchise is \$6,000, and the Annual Fees for the remaining years are described in Item 6. You will sign the Charter Franchise Agreement (or a substantially similar form of agreement) for that franchise, but that Agreement will not grant you any rights with respect to additional Gold's Gym Facilities.~~

Charges for Training

We will train up to 2 people from the Facility (including you and your general manager) at no additional charge. Additional personnel may attend training (depending on our capacity) at your expense. We currently charge \$500 per person per ~~daysession~~, and this fee is not refundable. We describe our training program in Item 11.

Development Fee under the Development Rights Agreement

You must pay us a lump sum development fee when you sign the Development Rights Agreement. Your development fee is \$10,000 multiplied by the number of Gold's Gym Facilities you agree to develop in the Area. We ~~and you will determine~~~~insert~~ this fee jointly and ~~insert it in~~ the Development Rights Agreement before signing it. The development fee is not refundable under any circumstances, and we do not apply the development fee toward any Initial Fees for Facilities you develop. ~~However, we periodically have agreed to apply development fees toward~~

initial fees for newly-developed Gold's Gym Facilities if the developer agreed to an accelerated development schedule.

Range of Initial Fees and Development Fees

During our most recent fiscal year, franchisees paid us initial fees under Franchise Agreements ranging from \$6,000 to \$20,350 and development fees under Development Rights Agreements ranging from \$10,000 to ~~\$120,000~~ 80,000.

Item 6

OTHER FEES

Name of Fee¹	Amount	Due Date	Remarks
Monthly Fee (Under Standard Franchise Agreement)	\$1,000/month for first year, \$1,050/month for second year, \$1,103/month for third year, \$1,158/month for fourth year, \$1,216/month for fifth year, \$1,276/month for sixth year, \$1,340/month for seventh year, \$1,407/month for eighth year, \$1,477/month for ninth year, and \$1,551/month for tenth year	15 th day of each month (but see Note (2))	Represents a 5% increase each year. Charter Franchisees do not pay this fee
Recurring Annual Fee (Under Charter Franchise Agreement)	\$6,300 for second year, \$6,615 for third year, \$6,944 for fourth year, and \$7,292 for fifth year	On each Anniversary Date of the Charter Franchise Agreement (monthly if you choose or default) ³	Represents a 5% increase each year. Franchisees operating under the Standard Franchise Agreement do not pay this fee
Holding Fees (Under Development Rights Agreement)	\$5,000 per year for each Facility for which you have not yet signed a Franchise Agreement and paid the initial franchise fee	On each anniversary of the Development Rights Agreement's signing	
Promotion Fund Contribution	Currently \$244 per month	15 th day of each month (but see Note (2))	See Note (43)
Contributions to Regional Alliance of Franchisees	Amount that the Alliance determines; estimated at \$100 to \$500 per month ⁵⁴	As the Alliance determines	Due only if there is a regional alliance of franchisees in which you must participate (see Item 11)
Relocation Fee	Actual expenses we incur inspecting the proposed new site	Promptly upon receipt of our invoice	Due only if you request to relocate the Facility

Name of Fee ¹	Amount	Due Date	Remarks
Convention Fees	Under \$300	Approximately once per year	You must pay the registration fees we periodically establish for annual conventions; we may increase this amount if our costs increase. You also must pay travel and living expenses for you and your personnel
Training Fee	Currently \$500 per person per <u>daysession</u>	As incurred	Due only if you request initial training for more than 2 people or if we train any new manager or provide supplemental or refresher training during the Franchise Agreement's term
Transfer Fee	\$2,500 for most transfers but \$1,000 if transfer is of less than 50% of your ownership interests	Before transfer is completed	Payable before transfer of the Franchise Agreement, the Facility, or any controlling ownership interest in you or the Facility
Renewal Fee (Under Standard Franchise Agreement)	50% of initial franchise fee we then charge for new Gold's Gym Facility franchises (currently would be \$10,000)	Upon signing renewal Franchise Agreement	
Renewal Fee (Under Charter Franchise Agreement)	Amount we then determine, up to 100% of initial franchise fee we then charge for new Gold's Gym Facility franchises (currently would be \$20,000)	Upon signing renewal Franchise Agreement	
Fee to Terminate Standard Franchise Agreement on Transfer Outside the System (Under Standard Franchise Agreement)	150% of all Monthly Fees and Promotion Fund contributions due for unexpired contract term (or 100% if Facility will not operate as a "related business") plus amounts then due to Alliance, if any	At or before transfer's closing	Due under Standard Franchise Agreement only if you transfer to third party who will not operate the Facility as a Gold's Gym Facility
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Payable if we incur costs as a result of your non-compliance with Franchise Agreement or Development Rights Agreement

Name of Fee ¹	Amount	Due Date	Remarks
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims arising from your Facility's operation or your breach of the Franchise Agreement or Development Rights Agreement
Administrative Fees and Interest on Delinquent Payments	\$500 administrative fee for not notifying us of Facility's opening date within 5 days after opening; \$75 administrative fee and interest at 1.5% per month or highest interest rate the law allows, whichever is less, on all overdue amounts	As incurred	
Evaluation Fees	Currently \$250 to \$350 per evaluation (not to exceed \$500 per evaluation)	When invoiced	You currently must pay for our evaluations upon the Facility's relocation and if we re-inspect the Facility to determine whether you have corrected deficiencies. We currently conduct one evaluation per year at no charge, but we have in the past, and may in the future, charge the evaluation fee for these annual evaluations
Fee for Evaluating Consideration to be Paid in Proposed Transfer (Under Standard Franchise Agreement)	50% of costs that "Big Four" accounting firm charges to evaluate consideration's "true value" (or 100% if you elect not to move forward with transfer after receiving evaluation)	As incurred	Due under Standard Franchise Agreement only if the consideration for a proposed transfer is privately-held ownership interests or a note, and we seek to have that consideration's true value determined by an objective third party
Supplier Testing Fees	Approximately \$500 to \$5,000	As incurred	Covers our out-of-pocket costs, including travel expenses and testing fees
Participation in Industry	Currently \$400 for first year and \$200 per year after that	Annually	You pay these fees directly to industry

Name of Fee ¹	Amount	Due Date	Remarks
Organization			organization(s)
Liquidated Damages Upon Franchise Agreement Termination	All unpaid license fees and Promotion Fund contributions for unexpired contract term	Upon termination of the Franchise Agreement before it expires	Payable only if we terminate for cause or you terminate without cause (other than in connection with a proposed transfer)

Explanatory Notes.

(1) All fees are imposed and collected by and payable to us, except that the industry organization's fees are paid to that organization; the Alliance contributions are paid to the Alliance; the fees for evaluating the consideration to be paid in a proposed transfer are paid to the accounting firm; and we may direct you to pay the Promotion Fund contributions to an affiliate. All fees are non-refundable.

If you operate under the Standard Franchise Agreement, you must sign and deliver to us the documents we require to authorize us to debit your business checking account automatically for the Monthly Fee and other amounts due under the Standard Franchise Agreement or any related agreement between us (or our affiliates) and you. If you operate under the Charter Franchise Agreement, we may institute an automatic debit program only at your request or if you fail to make Annual Fee or other payments on time. Under our automatic debit program, you must make required funds available for withdrawal by electronic transfer before the due date.

(2) Your first Monthly Fee payment and first Promotion Fund contribution are due on the earlier of: (a) the date that you first open your Facility for business (or the Standard Franchise Agreement's Effective Date, if your Facility is open and operating on that date), and your or (b) the 15th day of the 18th full calendar month following the Standard Franchise Agreement's Effective Date. Your second Monthly Fee payment and Promotion Fund contribution are due on the 15th day of the month following the month in which the Facility opened month, and all remaining payments are due on the 15th day of the month. For example, if you open your Facility on June 5, 5 (assuming that June 5 is less than 18 calendar months after the Effective Date), then your first Monthly Fee payment and Promotion Fund contribution are due on June 5, and your second Monthly Fee payment and Promotion Fund contribution are due on July 15. You ~~only will~~ only make 120 Monthly Fee payments during the Standard Franchise Agreement's 10-year term or 60 Monthly Fee payments during the Standard Franchise Agreement's 5-year term.

(3) ~~If you are a Charter Franchisee and are converting from your existing franchise or license agreement to the Charter Franchise Agreement, your Anniversary Date under your old form of agreement remains the same under your new Charter Franchise Agreement. However, you will not pay any Annual Fees under the Charter Franchise Agreement until the first Anniversary Date after you sign the Charter Franchise Agreement, at which time you must pay the second year Annual Fee. (See Item 5)~~

(3) (4) Under the Charter Franchise Agreement, we may periodically increase your contribution by: (a) up to 25% over any 12-month period and up to 100% over the franchise term; and (b) up to a maximum contribution of \$500 per month if 80% of our U.S. licensees and franchisees vote for the increase. Under the Standard Franchise Agreement, because its standard term is 10 years (rather than 5 years under the Charter Franchise Agreement), we may periodically increase your contribution, on 30 days' prior written notice to you, by: (a) up to 25% over any 12-month period; and (b) by any amount if 80% of the owners of all Gold's Gym Facilities located in the United States (including those that we, our affiliates, and our franchisees and licensees operate) vote for the increase, with the owners receiving one vote for each Facility that they own. You begin paying ~~promotion fund~~ Promotion Fund contributions on the date that your first Monthly Fee payment is due (see note (2) above). (See Item 11)

(4) (5) We may require you to contribute to a regional alliance of franchisees (an "Alliance") for the geographic area in which your Facility operates. A majority vote of the Alliance's members will determine the contribution amount and the Alliance's expenditures. Each Gold's Gym Facility owner (including us and our affiliates, if applicable) will have one vote for each Facility that the owner operates within the Alliance's area. If you operate under the Standard Franchise Agreement, your Alliance contributions may not exceed \$500 per month. (See Item 11)

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Item 7

INITIAL INVESTMENT

(based on new 25,000 square foot Facility)

Expenditures	Estimated Amount or Estimated Low-High Range Under Franchise Agreement	Estimated Amount or Estimated Low-High Range Under Standard Franchise Agreement	When Due	Method Of Payment	Whether Refundable	To Whom Paid
Initial Fee/Annual Fee (1)	\$6,000	\$20,000	On signing Preliminary-Agreement or Franchise Agreement	Lump Sum	Yes, if you sign the Preliminary-Agreement No	Us
Travel and Living Expenses During Training (for all attendees) (2)	\$4,000 to \$6,000	\$4,000 to \$6,000	As incurred	Lump Sum	No	Outside suppliers
3 Months' Rent (3)	\$19,000 to \$225,000	\$19,000 to \$225,000	As agreed in lease or sublease	Installments	No	Landlord
Deposit for Leasehold (3)	\$6,000 to \$90,000	\$6,000 to \$90,000	On signing lease or sublease	Lump sum	Yes	Landlord
Leasehold Improvements (assuming no pool) (4)	\$625,000 to \$1,250,000	\$625,000 to \$1,250,000	As incurred	As Agreed	No	Outside contractors and suppliers
SelectORIZED Equipment and Free Weights (5)	\$100,000 to \$350,000	\$100,000 to \$350,000	As incurred	As Agreed	No	Outside suppliers
Cardiovascular Equipment (5)	\$100,000 to \$400,000	\$100,000 to \$400,000	As incurred	As agreed	No	Outside suppliers
Signage	\$5,000 to \$50,000	\$5,000 to \$50,000	As incurred	As Agreed	No	Outside suppliers
Initial Inventory and Supplies (6)	\$10,000 to \$49,000	\$10,000 to \$49,000	As incurred	As Agreed	No	Outside suppliers
Advertising (7)	\$15,000 to \$110,000	\$15,000 to \$110,000	As incurred before and after Facility opens	As Agreed	No	Us and outside suppliers
Miscellaneous Opening	\$4,000 to \$30,000	\$4,000 to \$30,000	As incurred	Lump Sum	No	Us and outside suppliers

Expenditures	Estimated Amount or Estimated Low-High Range Under Franchise Agreement	Estimated Amount or Estimated Low-High Range Under Standard Franchise Agreement	When Due	Method Of Payment	Whether Refundable	To Whom Paid
Costs (8)	\$30,000 25,000					suppliers
Additional Funds - 3 Months (9)	\$20,000 to \$150,000	\$20,000 to \$150,000	As incurred after Facility opens	As Agreed	No	Us and outside suppliers
TOTAL ESTIMATED INITIAL INVESTMENT (excluding real estate purchase costs) (10)	\$914,000 16,000 to \$2,716,000 721,000	\$928,000 30,000 to \$2,730,000 735,000				

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Explanatory Notes.

(1) Initial Fee/Annual Fee. We describe the Initial Fee and Annual Fee, and their non-refundability, in Item 5.

(2) Travel and Living Expenses During Training. This includes amounts for your personnel's lodging, transportation, and meals while they attend our management training school. (See Item 11) The estimates are for 2 to 5 individuals attending our management training school for 5 days and 4 nights.

(3) 3 Months' Rent and Deposit for Leasehold. The Facility's premises must be at least 15,000 square feet and (depending on your Territory) could be up to 26,000 square feet. However, the figures in the table reflect our estimates for a newly-constructed 25,000 square foot Facility. The Site may be in a rural or metropolitan area as long as we think there is a sufficient market in the area for the Facility's services. Rent and security deposit depend on the Site's size, condition, and location and demand for the premises among prospective lessees. However, rent can range from 25¢ per square foot per month for suitable warehouse space to \$3 per square foot per month for prime space in a major metropolitan area.

YOU MIGHT CHOOSE TO PURCHASE, RATHER THAN RENT, REAL ESTATE ON WHICH A BUILDING SUITABLE FOR THE FACILITY ALREADY IS CONSTRUCTED OR COULD BE CONSTRUCTED. REAL ESTATE COSTS DEPEND ON LOCATION, SIZE, VISIBILITY, ECONOMIC CONDITIONS, ACCESSIBILITY, COMPETITIVE MARKET CONDITIONS, AND THE TYPE OF OWNERSHIP INTEREST YOU ARE BUYING. BECAUSE OF THE NUMEROUS VARIABLES THAT AFFECT THE VALUE OF A PARTICULAR PIECE OF REAL ESTATE, THIS INITIAL INVESTMENT TABLE DOES NOT REFLECT THE POTENTIAL PURCHASE COST OF REAL ESTATE OR THE COSTS OF CONSTRUCTING A BUILDING SUITABLE FOR THE FACILITY.

(4) Leasehold Improvements. Leasehold improvements (including floor covering for aerobics and other areas, wall treatment, ceilings, painting, and electrical, carpentry, and similar work) can range from \$25 to \$50 per square foot for a 25,000 square foot Facility. Actual costs depend on location, the condition of the premises being remodeled, economic factors, and the Facility's size. Counter fixtures can cost from \$100 to \$400 per linear foot. You must dedicate at least 2/3 of the total square footage to workout areas, and we suggest that you devote 1,100 to 3,500 square feet to aerobics. Depending on the lease terms, your landlord might cover some of these costs. If you already operate a health club (whether under the Gold's Gym name or otherwise), you probably will spend less.

(5) Selectorized Equipment, Free Weights, and Cardiovascular Equipment. Costs for selectorized equipment and free weights in a typical Facility range from \$19 to \$28 per square foot. Cardiovascular equipment costs approximately \$1,000 to \$3,000 for a standard bicycle, \$10,000 for a bicycle with a built-in television, \$4,000 to \$5,000 for a treadmill, \$1,000 to \$3,000 for a Stairmaster machine, and \$3,000 to \$4,000 for an elliptical machine. We recommend that each Facility have at least 50 pieces of cardiovascular equipment. Your costs could vary from these estimates if you decide to lease, rather than purchase, this equipment. Depending on the lease terms, your landlord might cover some of these costs. If you already

operate a health club (whether under the Gold's Gym name or otherwise), you probably will spend less.

(6) Initial Inventory and Supplies. An initial supply of printed materials, a desk, record books, and writing supplies will cost approximately \$2,000 to \$3,000. You also must buy approximately \$5,000 to \$40,000 of initial inventories of vitamins, supplements, and sportswear (including Gold's Gym merchandise) and at least \$500 of branded Gold's Gym merchandise during each calendar quarter of the Franchise Agreement's term. You should not assume that you can buy inventories or other supplies on credit. We strongly recommend that you buy or lease a computer system, including a printer, modem, and monitor. We estimate that the costs for the hardware and bookkeeping software packages range from \$3,000 to \$5,000. (See Item 11)

(7) Advertising. The Franchise Agreement does not require you to advertise the Facility's grand opening, but we strongly recommend that you do so. Depending on the medium chosen, this advertising can cost up to \$50,000. We also recommend (but do not require) that you advertise your Facility on a regular basis, spending 3% to 10% of your Facility's monthly gross revenue. You also must contribute to the Promotion Fund and possibly to an Alliance established in your area. (See Items 6, 8, and 11)

(8) Miscellaneous Opening Costs. This figure includes amounts for business licenses, legal and accounting expenses, utility costs (\$300 to \$8,000 per month, plus deposits), and workers' compensation, public liability, and other insurance (~~\$3,000~~ \$5,000 to ~~\$20,000~~ \$25,000, depending in part on gross membership sales during the year and the number of employees you have).

(9) Additional Funds – 3 Months. This item estimates your initial start-up expenses (other than the items identified separately in the table) for your Facility's first 3 months of operation, including miscellaneous supplies, inventory and equipment, laundry and janitorial services, payroll costs (but not any draw or salary for you), and other miscellaneous costs. These figures are estimates, and we cannot guarantee that you will not have additional expenses in starting to operate your Facility. Your costs depend on how closely you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for your services; the prevailing wage rate; competition; and the sales level reached during the initial period.

(10) Total Estimated Initial Investment. We relied on our, our Predecessor's, and our and its affiliates' experience in operating Gold's Gym Facilities since 1965, and in licensing and/or franchising Gold's Gym Facilities since 1980, to compile these estimates. You should review these figures carefully with a business advisor before deciding to acquire the franchise. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions. The estimate does not include any finance charge, interest, or debt service obligation.

THE INITIAL INVESTMENT RANGES PRESENTED IN THIS ITEM ARE TO CONSTRUCT NEW 25,000 SQUARE FOOT FACILITIES ACCORDING TO OUR SYSTEM STANDARDS.

YOUR INITIAL INVESTMENT IS LIKELY TO BE LESS THAN THE RANGES PROVIDED IN THE TABLE IF YOU ARE ~~A CHARTER FRANCHISEE OR ARE CONVERTING AN EXISTING OPERATION TO THE GOLD'S GYM SYSTEM.~~ IN THESE CIRCUMSTANCES, YOU ALREADY HAVE INCURRED MANY OF THE EXPENSES NOTED IN THE TABLE, AND THEY ARE NOT LIKELY TO RECUR. CONVERTING OPERATIONS ALSO ALREADY HAVE DEVELOPED A MEMBERSHIP BASE THAT MIGHT MINIMIZE THE ADDITIONAL WORKING CAPITAL NEEDS OF THE NEW GOLD'S GYM FACILITY.

Estimated Initial Investments Under Development Rights Agreement

If you sign a Development Rights Agreement, then, in addition to the amounts required for each Facility you develop, you must pay the development fee described in Item 5. Except for the development fee and approximately \$5,000 in working capital that you initially might need to begin looking for acceptable sites, no initial investment is required to begin operating under the Development Rights Agreement.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

System Standards

You must operate the Facility according to our System Standards, which may regulate, among other things, the brands, types, and models of supplies, equipment (including computer equipment and exercise equipment), attachments, signs, and other items you use to operate your Facility; required or authorized products and services or product and service categories; designated or approved suppliers of these items (which might include or be limited to us and/or our affiliates); and standards and procedures for memberships (including standard form membership agreements and our membership reciprocity programs). To maintain the quality of the goods and services that Gold's Gym Facilities offer and the reputation of the Gold's Gym franchise network, you must purchase or lease inventory, supplies, equipment, attachments, and similar items that meet our minimum standards and specifications and, if we require (but subject to your rights – described below – under the Standard Franchise Agreement), from suppliers that we designate or approve. We formulate and modify our System Standards based on our, our Predecessor's, our affiliates', and our franchisees' experience in licensing, franchising, and/or operating Gold's Gym Facilities. We will notify you in our Operating Manual of our System Standards and names of recommended (and, if we require, designated and approved) suppliers. Currently, the purchases and leases that you must make according to our System Standards represent approximately 85% to 95% of your total purchases and leases in establishing, and approximately 25% to 35% of your total purchases and leases in operating, your Facility.

Suppliers

We currently recommend suppliers for certain products that you must buy or lease to open and operate the Facility (including insurance companies and exercise equipment vendors), but we do not require you to deal with these recommended suppliers. You must buy Gold's Gym

logoed merchandise from GGM's licensed vendors during the franchise term. These vendors can charge any prices they wish for these items. GGM currently receives royalties from these and other suppliers ranging from 1% to 5%, and administrative fees ranging from 0.1% to 403%, of the total invoice price of those suppliers' sales to our franchisees. (See Item 16) We might receive other payments from suppliers based on their sales to you and other franchisees. We will contribute to the Promotion Fund at least 10% of all amounts that we receive from suppliers on account of their sales to you and other franchisees; otherwise, we can use any amounts we receive without restriction (unless the supplier instructs us otherwise) and for any purposes we deem appropriate. (The obligation to contribute to the Promotion Fund does not apply to payments that our affiliates receive in connection with their product licensing activities.) We also expect to receive better pricing from suppliers on certain items than our franchisees receive because of volume discounts and our ability to display or showcase items at Gold's Gym Facilities that GHC or its subsidiaries operate. The discounts we receive will depend on our negotiations with these suppliers. Neither we nor our affiliates or related companies received any revenue during ~~2002~~2003 from selling products or services directly to our franchisees and licensees.

Except for Gold's Gym logoed merchandise and Website-related services (as described below), there currently are no goods, services, supplies, fixtures, equipment, inventory, computer hardware or software, or real estate for the Facility that you must purchase from us or designated or approved suppliers. (In other words, under our current guidelines, for all goods and services other than our Gold's Gym logoed merchandise and Website-related services, any supplier whose goods and services meet our System Standards is considered an "approved supplier.") Neither we nor any of our affiliates or related companies currently are designated, approved, or recommended suppliers for any items. However, we may in the future require you to buy or lease goods and services for your Facility only from suppliers that we designate or approve (which might include or be limited to us and/or our affiliates). If you wish to use or sell any product, equipment, or attachments, or to buy from any supplier (if we approve suppliers for that item), that we have not yet approved, then you must satisfy us that the item is equivalent in quality and functionality to the item it replaces and/or that the supplier is, among other things, reputable, financially responsible, and adequately insured for product liability claims. At our request, you must pay our actual expenses in reviewing your request, performing credit and other relevant investigations, and conducting equipment tests. (See Item 6) We will use our best efforts to notify you of our approval or disapproval within 90 days after receiving all information we require. Also, if we establish one or more strategic alliances or preferred vendor programs with nationally or regionally known entities who are willing to supply all or some Gold's Gym Facilities with products or services we designate (for example, beverages or equipment), then we may limit the number of approved suppliers with whom you may deal, designate sources that you must use, and/or refuse your requests if we believe that this action is in the best interests of the Gold's Gym network; however, we will use commercially reasonable efforts to ensure that any strategic alliance or preferred vendor program does not result in increased prices for the items that are the subjects of the alliance or program. If we determine at any time that a product or supplier no longer satisfies our System Standards, we may revoke our approval by notifying you and/or the supplier in writing.

If you operate under the Standard Franchise Agreement, then we may require you to buy or lease from suppliers that we designate or approve (which might include or be limited to us

and/or our affiliates or related companies) only up to 75% of the combined total dollar volume of products that you purchase for your Facility annually. (Under the Charter Franchise Agreement, we may restrict all of these purchases.) We also will use commercially reasonable efforts, depending on then prevailing market conditions, to ensure that we designate or approve at least 4 vendors from which you must buy both the Facility's cardio equipment and the Facility's strength equipment.

We will not provide material benefits, like renewal or additional franchises, to franchisees just because they use designated or approved sources (if we establish them). We negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees.

Insurance Requirements

Besides the purchases or leases described above, you must obtain and maintain, at your own expense and from a supplier rated "A-VII" or better by Best's Insurance Reports, the insurance coverage that we periodically require and meet other insurance-related obligations. You currently must obtain comprehensive public liability and property damage insurance on an "occurrence" basis of at least \$1 million per occurrence and \$23 million in the aggregate and employment practices liability insurance on an "occurrence" basis of at least \$500,000 per occurrence. (These are our minimum insurance requirements, but we recommend that you obtain additional coverage.) You also must have workers' compensation insurance and other insurance coverage required by state law. We may reasonably require you to obtain insurance coverage for other risks or increase the required amount of coverage during the Franchise Agreement's term. Premiums depend on the insurance carrier's charges, terms of payment, and your history. You must name us and any affiliates we designate as additional insureds on all policies and give us certificates of insurance showing that you have obtained the required coverage. All policies must give us at least 30 days' prior written notice of the expiration, cancellation, or modification of coverage.

Advertising Materials

At least 15 days (if you operate under the Charter Franchise Agreement) or 5 business days (if you operate under the Standard Franchise Agreement) before you use them, you must send us samples or proofs of all advertising, marketing, and promotional materials for the Facility (a) that we have not prepared or previously approved, or (b) that we have prepared or previously approved and which you propose to change in any way. Under the Standard Franchise Agreement, if we do not notify you of our disapproval within 3 business days after we receive the materials, they are deemed approved. We have a 15-day review period under the Charter Franchise Agreement. We will not unreasonably withhold our approval. You may not use any advertising, marketing, or promotional materials to promote your Facility that we have not approved, and we may revoke our approval of these materials at any time.

Websites

At our request, you must participate, in the manner we specify, in any Website we establish for the Gold's Gym system. We define "Website" as an interactive electronic document contained in a network of computers linked by communications software, including the Internet-

~~and, the World Wide Web Home Pages and any similar or successor technology.~~ Currently, if you desire to establish a Website that references you and/or your Facility, you must work with us and our designated supplier of Website-related services to do so. We and our supplier will set up a home page for you that is linked to or accessed through the master Gold's Gym Website. You may not establish or maintain your own separate Website that references you ~~or~~, your Facility or the Marks. You also must list our Website address in the manner we specify on all advertising, marketing, and promotional materials the Facility uses.

Site Selection and Facility Development

You may not begin developing the Facility until we have approved your proposed Site. (See Item 11) You must send us for our approval (which we will not unreasonably withhold) a copy of the proposed lease or sublease for the Site before you sign it. The lease or sublease must contain the provisions we periodically specify to protect our interests as your franchisor. If we do not notify you in writing within 10 business days that we disapprove the lease or sublease, then it is deemed approved. Once we approve the Site and lease, you must develop the Facility according to our System Standards, including our requirements for dimensions, design, image, interior layout, decor, and color scheme. Our practice is to give you sample layouts and designs for a Gold's Gym Facility and to recommend design consultants or architects that other franchisees have used successfully in the past (although we do not take any responsibility for or guarantee their work). These consultants or architects will modify the sample layouts and designs to suit your Site. ~~Within 180 days after signing the Charter Franchise Agreement or 2 years after signing the Standard Franchise Agreement, you must secure all required financing; obtain all necessary permits and licenses; construct and decorate the Facility according to plans and specifications we approve; buy or lease and install (if applicable) all required equipment, fixtures, furnishings, equipment, signs, and inventory; and open the Facility for business. You must tell us the Facility's opening date within 5 days after that date. (See Item 6)~~

Development Rights Agreement

Except as described in this paragraph, the Development Rights Agreement does not require you to buy or lease from us or designated or approved suppliers, or according to our specifications, any goods, services, supplies, fixtures, computer hardware and software, or real estate. However, you must follow our requirements under the Franchise Agreement for each Gold's Gym Facility you develop. For each site at which you propose to operate a Gold's Gym Facility, you must send us a complete site report and other materials demonstrating your (or your affiliate's) financial and operational ability to develop the site.

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 OFFERING CIRCULAR.

Obligations	Section in Agreement	Item in Offering Circular
(a) Site selection and acquisition/lease	Sections B.1 and B.2 of Franchise Agreement, and Section 6 of Development Rights Agreement, and Sections 3 and 4 of Preliminary Agreement	Items 7 and 11
(b) Pre-opening purchases/leases	Sections B.3 to B.5 of Franchise Agreement	Items 7 and 8
(c) Site development and other pre-opening requirements	Sections B.3 to B.5 of Franchise Agreement	Items 6, 7, 8, and 11
(d) Initial and ongoing training	Sections B.4(b) and D of Franchise Agreement	Item 11
(e) Opening	Section B.4 of Franchise Agreement	Item 11
(f) Fees	Sections C, D.1, F.7, G.2, H, I.3, K.3, 1 , M.1, N.3, and O.4 of Franchise Agreement, and Sections 3 and 10 of Development Rights Agreement, and Sections 2 and 7 of Preliminary Agreement	Items 5, 6, and 7
(g) Compliance with standards and policies/Operating Manual	Sections D.3, D.4, and F of Franchise Agreement	Item 11
(h) Trademarks and proprietary information	Section E of Franchise Agreement	Items 13 and 14
(i) Restrictions on products/services offered	Sections B.3, B.5, D.4 , and F.7 of Franchise Agreement	Items 8, 11, and 16
(j) Warranty and customer service requirements	Sections F.2 to F.5 of Franchise Agreement	Item 11
(k) Territorial development and sales quotas	Sections A.3 , A.4 and B.1 of Franchise Agreement and Section 4 and Exhibit A of Development Rights Agreement	Item 12
(l) On-going product/service purchases	Sections B.5, D.4 , F.1, and F.7 of Franchise Agreement	Item 8
(m) Maintenance, appearance and remodeling requirements	Sections B.3, D.4 , F.1, and K.1 of Franchise Agreement	Item 11
(n) Insurance	Section N.4 of Franchise Agreement	Items 7 and 8
(o) Advertising	Section G of Franchise Agreement	Items 6, 7, 8, and 11
(p) Indemnification	Section N.3 of Franchise	Item 6

Obligations	Section in Agreement	Item in Offering Circular
	Agreement and Section 10 of Development Rights Agreement	
(q) Owner's participation/ management/ staffing	Sections D.1 to D.33, <u>F.1</u> and F.2 of Franchise Agreement	Items 11 and 15
(r) Records and reports	Sections D.4, F.1 and G.2 <u>H</u> of Franchise Agreement	Item 11
(s) Inspections and audits	Section H of Franchise Agreement	Item 6
(t) Transfer	Section I of Franchise Agreement, <u>and</u> Section 9 of Development Rights Agreement, <u>and</u> Section 8 of Preliminary Agreement	Item 17
(u) Renewal	Section K of Franchise Agreement	Item 17
(v) Post-termination obligations	Section Sections <u>E.7</u> and M of Franchise Agreement	Item 17
(w) Non-competition covenants	Section E.8 of Franchise Agreement	Item 17
(x) Dispute resolution	Section O of Franchise Agreement and Section 10 of Development Rights Agreement	Item 17
(y) Proposed transfers and our right of first refusal	Sections I.2 to I.5 of Franchise Agreement	Item 17

Item 10

FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease, or obligation.

Item 11

FRANCHISOR'S OBLIGATIONS

Except as listed below, we need not provide any assistance to you.

Before you open the Facility, we will:

- (1) Approve a Site that meets our requirements and identify your Territory. (See Item 12). ~~If you are a Charter Franchisee developing a new Gold's Gym Facility and sign our Preliminary Agreement, we and you will agree on an area in which do not have an approved Site when you sign the Standard Franchise Agreement, you must find a~~

~~suitable Site within 90 days propose a suitable site in the Site Selection Area (see Item 12), promptly, and obtain our approval of the Site within 6 months, after you sign the Standard Franchise Agreement; otherwise, we may terminate the Franchise Agreement. The Site must meet our criteria for demographic characteristics; traffic patterns; parking; character of neighborhood; competition from, proximity to, and nature of other businesses; size; appearance; and other physical and commercial characteristics. We typically will approve or disapprove a location you propose within 15 days after receiving the complete site report and other materials we request. We will not sign the Charter Franchise spend the time and effort and incur the expense reasonably required to consider sites you propose. In determining whether to approve or disapprove a proposed Site, we also may consider the Site's proximity both to the Site Selection Area's boundaries and to other existing or potential sites for Gold's Gym Facilities located outside the Site Selection Area. (Standard Franchise Agreement – Section B.1) If you are a Charter Franchisee developing a new Gold's Gym Facility under the Charter Franchise Agreement, we will not sign that Agreement until you locate and secure an acceptable Site. We may terminate the Preliminary Agreement if you do not sign a lease for a suitable Site within the 90 day period. (Preliminary Agreement – Sections 3 and 5; (Charter Franchise Agreement – Sections B.1 and B.2) (See Item 5)~~

~~If you will operate your new Facility under the Standard Franchise Agreement, you will not sign the Preliminary Agreement, but we and you may sign the Standard Franchise Agreement even though you have not yet located and/or we have not yet approved a Site. You must locate and sign a lease for a suitable Site as soon as possible after signing the Standard Franchise Agreement so that you are able to develop and open the Facility within 2 years after signing the Standard Franchise Agreement. The previous paragraph describes our site approval criteria and the timeframe within which we will approve or disapprove a Site you propose. In determining whether to approve or disapprove a proposed Site, we also may consider the Site's proximity both to the Territory's boundaries and to other existing or potential Sites for Gold's Gym Facilities located outside the Territory. We may terminate the Standard Franchise Agreement if you do not locate and sign a lease for an acceptable Site, and develop and open your Facility at that Site, within 2 years after signing the Standard Franchise Agreement. (Standard Franchise Agreement – Sections B.1 and B.2)~~

(2) Approve a lease that meets our requirements. You must present to us for approval a copy of the proposed lease or sublease for the Site before you sign it. The lease or sublease must contain the provisions we periodically specify to protect our interests as your franchisor, including the landlord's obligation to notify us of your default under, or any termination of, the lease or sublease. Under the Standard Franchise Agreement, if we have not disapproved the lease or sublease within 10 business days after receiving it, then it is deemed approved. You must sign a lease or sublease that we approve for an approved Site within 12 months after you sign the Standard Franchise Agreement; otherwise, we may terminate the Franchise Agreement. Although the Charter Franchise Agreement contains no restriction on your time to negotiate and obtain, or our time to review, the lease, you must allow enough time so that you will be able to develop and open the Facility for business with 180 days after signing the Charter Franchise

Agreement. Otherwise, we may terminate that Agreement. (Franchise Agreement – Section B.2)

(3) Give you sample layouts and designs for a Gold's Gym Facility and approve the layouts and designs that you have prepared based on our samples and System Standards. (Franchise Agreement – Section B.3) (See Item 8)

(4) As discussed in Item 8, identify the equipment, fixtures, furnishings, signs, inventory, and other products, materials, and supplies that you must use to develop and operate the Facility; the minimum standards and specifications that you must satisfy; and, if we decide to designate or approve suppliers for items other than logoed merchandise and Website-related services, the names of those suppliers (which may include or be limited to us and/or our affiliates). (Franchise Agreement – Sections B.3 and B.5)

(5) Train up to 2 people from your Facility to operate a Gold's Gym Facility. We describe this training later in this Item. (Franchise Agreement – Section D)

(6) Loan you one copy of the confidential manuals and forms used in operating a Gold's Gym Facility (the "Manual"). Our Manual, bulletins, and other written materials contain our System Standards and other information on your obligations under the Franchise Agreement. However, except where the Franchise Agreement specifies otherwise (see Item 15), System Standards will not include any employment-related policies or procedures and will not regulate the terms and conditions of employment for your employees. Except where the Franchise Agreement specifies otherwise, any information we provide (whether in the Manuals or otherwise) concerning employment-related policies or procedures or relating to the terms and conditions of employment for your employees is for your optional use. We periodically may modify the Manual to reflect changes in System Standards. You must keep the Manual confidential and current and in a secure location at the Facility. You may not copy any part of the Manual other than to operate the Facility. The Manual's table of contents as of our most recent fiscal year end is Exhibit 9-8. (Franchise Agreement – Sections D.4 and F)

At our option, we may post the Manuals on a restricted Website to which you will have access. If we do so, you must periodically monitor the Website for any updates to the Manuals or System Standards. You must keep any passwords and other digital identifications necessary to access the Manuals on such a Website confidential.

(7) Inspect and approve the Facility if it meets our requirements. Under the Standard Franchise Agreement, you must give us 30 days' notice of the Facility's planned opening date and notify us when the Facility is ready for inspection. If we do not inspect the Facility within 10 business days after you tell us it is ready, or give you written comments within 5 business days after our inspection, then the Facility is deemed approved. Although the Charter Franchise Agreement contains no restriction on our time to inspect and approve the Facility, you must obtain our approval sufficiently in advance so that you will be able to open the Facility for business within 180 days after signing the

Charter Franchise Agreement. Otherwise, we may terminate that Agreement. (Franchise Agreement – Section B.4(a))

(8) Determine your Development Schedule and Area if you sign the Development Rights Agreement. We also will review any site you propose and ~~use our reasonable efforts to~~ typically will notify you of our approval or disapproval within ~~10~~ 15 days after receiving ~~all requested information and~~ the complete site report and other materials we request. (Development Rights Agreement – Sections 2, 4, and 6) (See Item 12)

During your operation of the Facility, we will:

(1) Advise you regarding the Facility's operation based on your reports and our evaluations. We also will guide you on specifications, standards, operating procedures, and rules that Gold's Gym Facilities use; purchasing required equipment, attachments, inventory, and supplies; and advertising and marketing programs. We will guide you in the Manual, bulletins, or other written materials; during telephone consultations; and/or during consultations at our office or the Facility. (Franchise Agreement – Section D.4)

(2) Hold regional or national conventions for the Gold's Gym franchise network. (Franchise Agreement – Section D.5) (See Item 6)

(3) Give you updates to the Manual and System Standards as we implement them. Changes in System Standards will not require you to incur additional capital expense unless we reasonably believe that: (a) the changes are necessary to protect public health or safety or to bring the Facility into compliance with applicable laws; or (b) you can amortize the expense over the remaining franchise term, or we extend the term to enable you to do so. (Franchise Agreement – Sections D.4 and F)

(4) Periodically evaluate the Facility to determine your compliance with our System Standards. (Franchise Agreement – Section H) (See ~~Items 5 and 6~~ Item 6)

(5) Maintain and administer the Promotion Fund. (Franchise Agreement – Section G.2) We describe the Promotion Fund below.

Advertising, Marketing, and Promotion

All advertising, promotion, and marketing that you conduct in any medium must be legal and not misleading and conform to our System Standards. Before you use them, you must send us samples or proofs of all advertising, marketing, and promotional materials for the Facility (a) that we have not prepared or previously approved, or (b) that we have prepared or previously approved and which you propose to change in any way. You may not use any advertising, marketing, or promotional materials that we have not approved or have disapproved, and you may not establish or maintain your own separate Website that references you ~~or~~ the Facility or the Marks. (See Item 8) (Franchise Agreement – Section G.1)

We maintain and administer a ~~fund (an advertising program and fund, called the Gold's Gym Advertising Program (GGAP) or the "Promotion Fund.")~~ for advertising, marketing, and public relations programs and materials for the Gold's Gym franchise network. (Franchise Agreement – Section G.2) You currently must contribute \$244 per month to the Promotion Fund, although we periodically may increase this amount. (See Item 6) Each Gold's Gym Facility that we or GHC (directly or through subsidiaries) operates currently contributes to the Promotion Fund on the same basis as you.

We direct all programs that the Promotion Fund finances and have sole control over all creative and business aspects. The Promotion Fund may pay for preparing and producing video, audio, and written materials and electronic media; administering regional and multi-regional marketing and advertising programs, including purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public relations, market research, and other advertising, promotion, and marketing activities. We may place advertising in any media, including print, radio, and television, on a regional or national basis. Our in-house staff and/or national or regional advertising agencies may produce advertising, marketing, and promotional materials. The Promotion Fund periodically will give you samples of advertising, marketing, and promotional formats and materials at no cost. We will sell you multiple copies of these materials at our direct cost of producing them, plus any related shipping, handling, and storage charges. We also may do special promotions that will require additional funds if you wish to participate.

We will account for the Promotion Fund separately from our other funds and not use the Promotion Fund to pay any of our general operating expenses, except for reasonable salaries, administrative costs, travel expenses, and overhead we incur in administering the Promotion Fund and its programs, including conducting market research, preparing advertising, promotion, and marketing materials, and collecting and accounting for Promotion Fund contributions. Our annual compensation for administering the Promotion Fund will not exceed 10% of the annual Promotion Fund contributions. We will not use any Promotion Fund monies for advertising that principally is a solicitation for the sale of franchises. The Promotion Fund is not our asset nor a trust. In any fiscal year, we may spend on the Promotion Fund's behalf more or less than the aggregate contributions of all Gold's Gym Facilities in that year, and the Promotion Fund may borrow from us or others to cover deficits and invest any surplus for future use. We will use interest earned on Promotion Fund contributions to pay costs before spending the Fund's other assets. ~~We will post the Promotion Fund's budget and prepare semi-annual, unaudited financial statements on our Website twice a year for your review. At your request, we will send you a paper copy of the Promotion Fund's budget and unaudited financial statements as they appear on our Website of the Promotion Fund's operations and send them to you upon your written request. We will use commercially reasonable efforts to prepare these financial statements within 60 days after the end of the second quarter of each year and within 90 days after each year-end.~~ During our most recent fiscal year, the Promotion Fund spent 25.18% of its funds on producing advertising and marketing materials, 18% (including salaries of personnel devoted to advertising programs and related activities), 23.1% on sponsorship fees and prize money for contests and events that we sponsored on the Gold's Gym franchise network's behalf, 67.6% on public relations, 84.3% on creative services that advertising agencies provided, 11.31% on Website-related expenses, 22% on media placement, and 10.16% on overhead administrative and other expenses for the Promotion Fund's administration (including amounts payable to us for

administering the Fund). We may delegate our rights and responsibilities regarding the Promotion Fund to any affiliate or other responsible third party, and that entity will have all of the rights and responsibilities described here.

The Promotion Fund is to maximize recognition of the Marks and patronage of all Gold's Gym Facilities. We have no obligation to ensure that Promotion Fund expenditures proportionately benefit any particular geographic area or Gold's Gym Facility, and we need not spend any amount on advertising in the area where your Facility is located. We assume no other direct or indirect liability to you for collecting amounts due to, maintaining, directing, or administering the Promotion Fund.

We may at any time defer or reduce a franchisee's Promotion Fund contributions and, on 30 days' notice, reduce or temporarily suspend the Promotion Fund's operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Promotion Fund. If we terminate the Promotion Fund, we will refund all unspent contributions to us and our affiliates and franchisees in proportion to our and their respective contributions during the preceding 12 month period. We also may forgive, waive, settle, and compromise all claims by or against the Promotion Fund.

We may designate, as a region, any geographic area in which 2 or more Gold's Gym franchisees or licensees operate a total of at least 4 Gold's Gym Facilities in order to establish an Alliance. The Alliance's members in any region will include all Gold's Gym Facility owners in the geographic area comprising that region, including us and our affiliates, if applicable. Each Alliance will establish its own agenda and goals, but we expect Alliances to administer and develop marketing and promotional materials and programs for the region that the Alliance covers. Alliance members also will benefit from the shared experiences about training and other operational issues. However, no Alliance may negotiate, administer, promote, support or otherwise participate in any group purchasing program, purchasing cooperative, or similar collaborative activity that covers or deals with any equipment, products, or services for which we or one of our affiliates has established a group purchasing program, purchasing cooperative, or similar collaborative activity (~~provided that~~ if our or our affiliate's program is intended to benefit the Gold's Gym Facilities that the Alliance's members operate). You may not participate in any Alliance that engages in any of the activities proscribed by the preceding sentence.

If we establish or have established an Alliance for the geographic area in which your Facility is located, you must sign any documents that the Alliance designates and participate in the Alliance's operation as the Alliance requires. Each Gold's Gym Facility owner (including us, our affiliates, and our franchisees and licensees) will have one vote for each Facility that the owner operates within the Alliance's area, and you must abide by the Alliance's decisions. (See Item 6) The Alliance's members will decide whether the Alliance operates from written governing documents and prepares any financial statements. At your request, we will show you a sample of governing documents that other Alliances use. We may form, change, dissolve, or merge Alliances.

If you operate under the Standard Franchise Agreement, your obligation to participate in an Alliance is limited. Although you must comply with the Alliance's decisions regarding advertising within the designated market area (or DMA) that covers your Facility, you need not

comply with the Alliance's decisions regarding other programs and activities (~~for example, group purchasing programs~~). Also, the Alliance may not require you to contribute more than \$500 per Facility per month toward its advertising programs.

We have formed an ~~the Gold's Gym Advertising Council ("GGAC")~~ to assist us in developing advertising, marketing, and promotion concepts and programs that the Promotion Fund implements. We may appoint and remove all ~~Advertising Council~~ GGAC members, and the ~~Council~~ GGAC now includes 613 franchisee representatives ~~and 2 of our officers~~. The ~~Advertising Council~~ GGAC operates only in an advisory capacity and has no decision-making power. We may form, change, or dissolve the ~~Advertising Council~~ GGAC.

Computer Systems

We currently do not require you to buy or lease any electronic cash register or computer systems (although we may do so during the Franchise Agreement's term) and need not assist you in obtaining any computer hardware or software you choose to acquire. (Franchise Agreement – Sections F.1 and F.7)

Opening

We estimate that you will open your Facility about 180 days after you sign the Franchise Agreement if you have located and signed a lease for an approved Site before you sign the Franchise Agreement; otherwise, we estimate that it will take approximately 18 months to locate and sign a lease for an approved Site and develop and open your Facility at that Site. The precise timing depends on the time it takes you to locate an approved Site and sign an approved lease; the Site's location and condition; the work needed to develop the Facility according to our System Standards; completing training; obtaining financing; obtaining insurance; and complying with local laws and regulations. ~~You have~~ You must give us written notice of the Facility's opening date within 5 days after that date. (See Item 6)

You must open and begin operating the Facility on or before the "Mandatory Opening Date" under the Standard Franchise Agreement or within 180 days after signing the Charter Franchise Agreement, or 2 years after signing the Standard Franchise Agreement, to open the Facility for business; otherwise, we may terminate the Franchise Agreement. We will insert the Mandatory Opening Date in an Exhibit to the Standard Franchise Agreement before you sign it. The specific Mandatory Opening Date will depend on a number of factors.

(a) If the Facility is open and operating on the date that you sign the Standard Franchise Agreement, then the Mandatory Opening Date is the date that you sign the Franchise Agreement.

(b) If you have not yet located an approved Site when you sign the Standard Franchise Agreement, but you are opening the Facility pursuant to a previously-signed Development Rights Agreement, then the Mandatory Opening Date is the required opening date for the next Gold's Gym Facility to be developed under that Development Rights Agreement.

(c) If you have not yet located an approved Site when you sign the Standard Franchise Agreement and are not opening the Facility pursuant to a previously-signed Development Rights Agreement, then the Mandatory Opening Date is 2 years after you sign the Franchise Agreement.

You may not pre-sell memberships unless (i) we have approved your plan for doing so and (ii) you and the Facility's proposed general manager have completed pre-opening training. You may pre-sell memberships only in compliance with the approved plan and applicable laws (including laws relating to bonding and escrow requirements). You may not open the Facility for business or sell memberships (except as described above) until (a) we have inspected and approved the Facility for opening; (b) you and your personnel have satisfactorily completed training; (c) you have given us evidence of compliance with bonding, licensing, and other legal requirements; (d) you have paid us all amounts due; and (e) you have obtained required insurance. (Franchise Agreement – Section B.4)

If you previously operated a health and fitness center at the Site that you are converting to a Gold's Gym Facility, then we expect you to begin operating as a Gold's Gym Facility immediately after signing the Franchise Agreement. You:

(1) must cover or remove all signage and other references at the Site to the Facility's former name, and install approved temporary "Gold's Gym" signage at the Site according to our System Standards, within 5 days after signing the Franchise Agreement;

(2) may use the Facility's former name in advertising, marketing, or promotion, including on the telephone, after signing the Franchise Agreement only with our written approval of the proposed method of use; and

(3) must buy and install at the Site approved permanent "Gold's Gym" signage according to our System Standards within 90 days after signing the Franchise Agreement.

Training

Before the Facility opens, we will furnish a 5-day management training program for up to 2 people from your Facility on operating a Gold's Gym Facility. More personnel may attend training (depending on our capacity) at your expense; we currently charge \$500 per person per daysession. (See Item 5) You must pay your and your employee's travel, living, and other expenses during training. We conduct training at our headquarters and training facility in Venice, California or another suitable training facility. Training occurs for you (or your managing owner) and the Facility's manager(s) after you sign the Franchise Agreement and while you are developing the Facility; training for other Facility personnel may occur after you open the Facility for business.

If you sign the Standard Franchise Agreement and already operate at least one Gold's Gym Facility, then training is optional for you (or your managing owner) and your general manager, although you must ensure that all of your staff is properly trained. Training is mandatory for all new franchisees. Last year, about 5065% of all franchisees opening new Gold's Gym Facilities attended our initial training program. Anyone attending our initial training

program must complete it to our satisfaction. You must replace any manager who fails to satisfactorily complete our initial training program. (Franchise Agreement – Section D) (See Item 6)

We currently schedule our management training school once per month, ~~except during December quarter.~~ As of the date of this offering circular, our management training school offered the training described in Exhibit ~~10.9.~~ The Manual and certain handouts that vendors prepare serve as our instructional materials. ~~Mr. Gene LaMott, our President, supervises our initial training program. (See Item 2)~~ Our main instructors are Joel Tallman, our Regional Vice President ~~Northwest, Western U.S.~~ who has been involved in the gym industry since 1984, and Derek Barton, who has worked for our or our Predecessor's affiliates since 1985, most recently serving as Vice President of Communications Karen Wischmann, our Vice President, Training and Development who has 11 years' experience in the gym industry, including multi-facility management. Other vendors and outside instructors also provide some assistance with respect to the products and services they provide.

Under the Charter Franchise Agreement, all new general managers at your Facility must satisfactorily complete our training program before they begin their employment duties. Under the Standard Franchise Agreement, you may train your new general managers or we may provide training materials through self-study programs. Also, you (or your managing owner) or the Facility's general manager must attend and satisfactorily complete any supplemental and refresher training programs we offer, although currently none are planned. You must pay our then current training fee and the manager's compensation and travel and living expenses during training. (See Item 6) ~~If you operate under the Standard Franchise Agreement, we may require either you or your general manager (at your option) to attend no more than one supplemental or refresher training course during any 24 month period, and only one person from all of your Gold's Gym Facilities (if you operate more than one) must attend these supplemental or refresher training courses.~~

You (or your managing owner) or the Facility's general manager must attend an annual regional or national Gold's Gym convention. You must pay the registration fees and all travel and living expenses for these conventions. (Franchise Agreement – Section D.5) (See Item 6)

Item 12

TERRITORY

Preliminary Agreement for Charter Franchisees

~~If you are a Charter Franchisee and sign the Preliminary Agreement for a new Gold's Gym Facility, you must look for an acceptable Site within the area we designate. During the Preliminary Agreement's term, you have the exclusive right to locate a Site for a Gold's Gym Facility within this area, and we will not open, or license or franchise a third party to open, a Gold's Gym Facility in this area. (See Item 5) We reserve all other rights that the Preliminary~~

~~Agreement does not grant you. You will operate the Facility from a location that we first must approve.~~

Franchise Agreement

Franchise Agreement

You will operate the Facility at a specific Site that we first must approve. If you are signing the Standard Franchise Agreement and have not yet located an approved Site when you sign that Agreement, we will designate a "Site Selection Area" when you sign the Franchise Agreement. The Site Selection Area is usually defined by city, town, or similar political or natural boundaries and is the area within which you must look for your Site. You must propose a suitable site in the Site Selection Area promptly, obtain our approval of the Site within 6 months, and sign a lease or sublease we approve for an approved Site within 12 months, after signing the Standard Franchise Agreement. We will not locate, or authorize another party to locate, a Gold's Gym Facility within the Site Selection Area before we designate the Territory (described below). But, we may engage in any other activities we desire within and outside the Site Selection Area during this period, including the activities described in (a), (b) and (c) below.

We will identify your protected territory (the "Territory") before you sign the once you sign a lease or sublease for an approved Site (if you have not located an approved Site when you sign the Standard Franchise Agreement), or upon signing the Franchise Agreement (if you have located an approved Site at that time or are signing the Charter Franchise Agreement). Your Territory does not include any hotels, motels, or similar operations ("Hotels") which are located or eventually built within the boundaries defining the Territory, meaning that any restrictions on our activities within the Territory will not apply to our activities or the rights we grant in or at Hotels. Your Territory's size and shape depend upon the Site (if you have located and we have approved the Site when you sign the Franchise Agreement) and the geographic and demographic area surrounding your Facility, natural boundaries, nearby residences and businesses, and the Territory's demographics. The minimum Territory may be as small as 10 blocks in any direction in a densely populated area or, in some rural areas, up to a 3 to 5 mile radius surrounding your Facility. The Territory will be smaller than the Site Selection Area. Once we designate the Territory, you will have no further territorial or other rights in those portions of the Site Selection Area that are outside the Territory. The boundaries are usually defined by streets, natural boundaries, or zip codes. If you are a Charter Franchisee converting from your old form of franchise or license agreement to the Charter Franchise Agreement, your new Territory might be different from the defined territory under your old form of agreement. If you want to relocate the Facility, you must obtain our prior written consent and reimburse us for our out-of-pocket inspection costs. (See Item 6)

During the Franchise Agreement's term, neither we nor our affiliates will operate or authorize others to operate a Gold's Gym Facility the physical premises of which are located within your Territory. However, we and our affiliates reserve all other rights that the Franchise Agreement does not expressly grant to you. This includes the right (without regard to proximity to the Facility), on such terms and conditions as we deem appropriate, whether ourselves or through authorized third parties (including our affiliates), to:

(a) manufacture, distribute, market, and sell products identified by the Marks in any channel of distribution within or outside the Territory; and

(b) own, establish, and operate, and license and franchise others to own, establish, and operate, health and fitness facilities outside of the Territory, whether under the Marks or other trademarks; and

(c) own, establish, and operate, and license and franchise others to own, establish, and operate, health and fitness facilities located at Hotels the physical premises of which are located within the Territory, whether those facilities operate under the Marks or other trademarks, but those facilities will provide services only to Hotel customers.

There are no restrictions on your soliciting and accepting memberships from outside your Territory or otherwise competing with other Gold's Gym Facilities which are now, or may in the future be, located outside your Territory. Neither we, our affiliates, or franchisees are restricted from soliciting or accepting ~~memberships~~memberships from within your Territory.

We may, but have no obligation to, negotiate agreements with National Membership Accounts for the provision of goods and services by all or a number of Gold's Gym Facilities, including those ~~operated by~~that franchisees and licensees operate. A "National Membership Account" is any entity that represents a group of at least 1,000 persons and that would reasonably require the services of 5 or more Facilities to adequately serve those within its group. Examples of potential National Membership Accounts include large employers, employers with multiple offices, and health plans. Before we agree to terms with any National Membership Account, we will consult with, and obtain the approval of, a majority of the voting advisory board members of the then current association representing a majority of our franchisees and licensees (the "Association"). If the Association's advisory board members approve those terms (or, if there is no Association meeting the definition described above, if we agree to terms with any National Membership Account), you must provide products and services to all valid members of the National Membership Account on those terms. If those terms include maximum prices, you may charge any prices you wish to the National Membership Accounts' members up to and including the maximum prices. However, if you operate under the Standard Franchise Agreement: (a) our agreements with National Membership Accounts will not require you to discount your then current membership prices by more than 25% or to reduce prices for any of your other products or services; and (b) if we receive payments from groups representing National Membership Accounts due either to our establishing the account or their dealings with you and other franchisees and licensees, we will contribute these amounts (other than amounts attributable to Gold's Gym Facilities that we or our affiliates operate) to the Promotion Fund or use them to defray the costs of our national conventions.

Under the Franchise Agreement, you have no options, rights of first refusal, or similar rights to acquire additional franchises within your Territory or contiguous territories. ~~However, if you are a Charter Franchisee and we grant you an additional Gold's Gym Facility franchise within 3 years after you sign our Charter Franchise Agreement for the first time, you will pay Annual Fees for that franchise rather than an Initial Fee and Monthly Fees. (See Items 5 and 6)~~ Continuation of your territorial exclusivity does not depend on your achieving a certain sales

volume, market penetration, or other contingency, and we may not alter your Territory before your Franchise Agreement expires or is terminated (although we may do so upon renewal).

We currently anticipate offering and selling certain products (including Gold's Gym branded apparel, dietary and nutritional supplements, workout accessories, and equipment) and services directly to customers through our Website. ~~While the Franchise Agreement does not require us to share our revenue from selling products and services through our Website, we have chosen to do so for the time being. If a customer who buys products on our Website designates a franchised Gold's Gym Facility as his or her "home gym," then we currently plan to share equally with that franchisee our profits from the sale (after paying all of our costs). We may change these plans at any time. Although we have the right to do so, we have not established and have no current plans to establish other franchises or company-owned outlets or another distribution channel selling or leasing similar products and services under a different trademark.~~

Development Rights Agreement

We and you will identify the Area within which you may develop Gold's Gym Facilities in an exhibit to the Development Rights Agreement before signing it. We typically identify the Area by city, county, or other political subdivisions. We base the Area's size on the number of Gold's Gym Facilities you agree to develop, the market, other characteristics of the Area, and demographic factors, but Development Areas usually are an entire city (for an urban area) or county (for more rural areas). Your Area does not include any Hotels which are located or eventually built within the boundaries defining the Area, meaning that any restrictions on our activities within the Area will not apply to our activities or rights we grant in or at Hotels.

We and you will negotiate the number of Facilities that you must develop, and the dates by which you must develop them, to keep your territorial rights and insert this information in the Development Rights Agreement before signing it. If you are fully complying with the Development Rights Agreement, we will grant you (and your affiliates) franchises to operate the agreed-upon number of Gold's Gym Facilities in the Area. You may not develop Gold's Gym Facilities outside the Area.

If you are fully complying with all of your obligations under the Development Rights Agreement ~~and, and you and your affiliates are fully complying with all of your and their obligations under any Franchise Agreements between us and you (and your affiliates) with us,~~ then, during the Development Rights Agreement's term, we and our affiliates will not operate, or grant rights to others to operate, Gold's Gym Facilities the physical premises of which are located within the Area (except franchises we grant you and your affiliates). However, we may exercise all rights that we reserve under the Franchise Agreement. After the Development Rights Agreement expires or terminates, regardless of the reason, then we and our affiliates may engage, or allow others to engage, in any activities we desire within the Area without any restrictions whatsoever, subject only to your (or your affiliates') rights under Franchise Agreements with us then in effect.

If you fail to meet your Development Schedule, we may terminate the Development Rights Agreement. Otherwise, we may not alter your Area.

Item 13

TRADEMARKS

We grant you the non-exclusive right to use and display the Marks in operating, marketing, and advertising your Facility. GGL (or its predecessor) registered the following primary service marks on the Principal Register of the United States Patent and Trademark Office (the "PTO"): "Gold's Gym," Registration Number 1,203,098 (July 27, 1982); and "new man design," Registration Number 1,835,743 (May 10, 1994). GGL (or its predecessor) has filed all required affidavits and renewal documents. GGL allows us to use and sublicense these Marks under an oral license agreement that GGL may terminate at any time (although, under the Standard Franchise Agreement, GGL confirms that it will allow you to keep using the Marks, subject to the Franchise Agreement's terms, even if our license agreement with GGL terminates).

You must follow our rules when you use the Marks. You may not use any Mark in your corporate or legal business name; on or identifying unauthorized services, merchandise, products, or equipment; at any location other than the Facility (except for approved advertising and marketing); or as part of any domain name ~~or~~ electronic address ~~you maintain~~, or any search engine ~~in which you participate or which references you or the Facility~~, Website or otherwise on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system. You may not manufacture, use, sell, or distribute, or contract with any party other than our or our affiliate's authorized licensees to manufacture, use, sell, or distribute, any products, merchandise, or equipment bearing any of the Marks without our prior written approval. Subject to our approval of the proposed form, you may include in your fictitious name filing, and in the references to your Facility, a geographic reference relating to the Facility's location (as long as the reference complies with our rules and applicable law).

There are no currently effective material determinations of the PTO, 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 Marks. No agreement currently in effect significantly limits our right to use or sublicense the Marks in any manner material to the franchise.

You must notify us promptly of any claim by others (1) that you are infringing their trademark rights by using the Marks or (2) to any rights in the Marks which are inconsistent with the Franchise Agreement or our and GGL's exclusive rights to the Marks. You must fully cooperate with us in prosecuting any infringement claim or defending a claim that you are infringing any other party's trademark rights. We (or GGL) may exclusively control any action or proceeding concerning the Marks. If you comply with the Franchise Agreement, we will defend you with counsel we select and indemnify you against all damages that you incur in a proceeding disputing your right to use the Marks under the Franchise Agreement.

If, in our reasonable opinion, it is desirable to modify or discontinue using any of the Marks and/or to use one or more additional or substitute marks, you must comply with our directions within a reasonable time after receiving notice. If you operate under the Charter Franchise Agreement, we will reimburse you for your reasonable direct expenses (up to \$1,000)

to change the Facility's exterior signs, but we need not reimburse you for any loss of revenue, profits, start-up or other expenses, or any other incidental or consequential damages due to the change in Marks. If you operate under the Standard Franchise Agreement: (a) you may use up your then existing inventory of printed materials (if the law allows); and (b) we will reimburse you for all of your reasonable direct expenses to change the Facility's exterior and interior signs, walls, and other fixed locations bearing the Marks, but we need not reimburse you for any loss of revenue, profits, start-up or other expenses, or damages due to the change in Marks.

We do not actually know of either superior prior rights or infringing uses that could materially affect your use of the Marks.

The Development Rights Agreement does not grant you any right to use the Marks. You derive the right to use the Marks only under a Franchise Agreement.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents are material to the franchise. We claim copyrights in the Manual, advertising and promotional materials, and similar items used in operating the franchise. We have not registered these materials with the U.S. Registrar of Copyrights but need not do so to protect them. You may use these materials only as provided in the Franchise Agreement.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. No agreement limits our right to use or license the copyrighted materials. We do not actually know of any superior prior rights or infringing uses that could materially affect your using the copyrighted materials in any state. We need not protect or defend copyrights, although we intend to do so if in our system's best interests. We may control any action involving the copyrights. No agreement requires us to participate in your defense or indemnify you for damages or expenses in a proceeding involving a copyright.

You will become aware of confidential information that is commercially valuable and is not generally known by the public or other persons who can obtain economic value from its disclosure and use ("Trade Secrets"). We may specifically identify Trade Secrets as being confidential, or their confidential nature will be reasonably apparent to you. The Manual contains Trade Secrets. You must hold all Trade Secrets in confidence and use them only for the purposes authorized by the Franchise Agreement. You must not disclose Trade Secrets except to your employees who need the information to perform their duties.

The Development Rights Agreement does not grant you any right to use our copyrighted materials or Trade Secrets. You derive the right to use these items only under a Franchise Agreement.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Franchise Agreement

We do not require, but do recommend, that you (or your managing owner) personally supervise your Facility. Only a full-time, on-premises manager who (a) devotes his or her full working time and best efforts to the Facility's day-to-day operations, (b) has satisfactorily completed our management training program (or, if you operate under the Standard Franchise Agreement, a comparable training program at your Facility), and (c) is not engaged in any other business endeavor (except passive investments which do not interfere with the performance of his or her duties as manager), may serve as the Facility's manager. No Facility manager may have any direct or indirect financial interest in any related business. Unless we approve, no independent consultant or management company may manage the Facility. The Facility's manager need not have an equity interest in the Facility (or in you).

If you are a corporation, limited liability company, limited partnership, or other business entity operating under the Charter Franchise Agreement, each of your owners must personally guarantee your obligations under the Charter Franchise Agreement and agree to be personally bound by, and personally liable for the breach of, every provision of the Charter Franchise Agreement, including the confidentiality provisions and restrictions on owning interests in or performing services for related businesses. This Continuing Guaranty is part of the Charter Franchise Agreement.

If you are a corporation, limited liability company, limited partnership, or other business entity operating under the Standard Franchise Agreement, each of your owners must sign one of two forms of Continuing Guaranty. An individual or a group owning at least 75% (in the aggregate) of your total authorized ownership interests must personally guarantee all of your monetary and non-monetary obligations under the Standard Franchise Agreement, and agree to be personally bound by these same obligations, by signing substantially the same form of Continuing Guaranty that we use under the Charter Franchise Agreement. Each other owner must (regardless of the size of his or her ownership interest) agree personally to comply only with certain non-monetary obligations under the Standard Franchise Agreement, including the confidentiality provisions and the restrictions on owning interests in or performing services for related businesses. Both forms of Continuing Guaranty are part of the Standard Franchise Agreement.

Development Rights Agreement

You must develop your Area according to the Development Schedule. (See Item 12) We do not require, but do recommend, that you (or your managing owner) personally supervise your development of Gold's Gym Facilities. You must hire sufficient personnel to manage and supervise the development of your Gold's Gym Facilities. The personnel need not have an equity interest in any Facility (or in you) and need not attend our training program. If you are a corporation, limited liability company, limited partnership, or other business entity, your owners

need not sign any Personal Guarantees of your obligations under the Development Rights Agreement.

We will grant Gold's Gym Facility franchises under the Development Rights Agreement only to you or your Affiliated Entities. "Affiliated Entity" means a corporation, limited liability company, or other business entity of which you or one or more of your owners own at least 51% of the total authorized ownership interests, but only if you or your owner(s) have the right to control the entity's management and policies. Franchises that we grant to your Affiliated Entities will count toward your Development Schedule.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer all products and services that we periodically require for Gold's Gym Facilities. We may require you to stop offering any products or services that we no longer authorize. You must buy at least a \$5,000 inventory of authorized Gold's Gym branded products (at wholesale prices) from GGM's licensees before you open your Facility and at least \$500 of these products (at wholesale prices) each calendar quarter during the franchise term. (See Item 8) You may not offer for sale any products or services that are unrelated to the fitness industry. We have the right periodically to change the types of authorized services and products, but we will not require you to incur any capital expense for any modified or new mandatory System Standards unless: (a) we reasonably believe it necessary to protect public health or safety or to enable the Facility to comply with applicable laws; or (b) it would be reasonable to amortize the expense over the remaining term of the Franchise Agreement, or we extend the term to enable you to do so.

Our System Standards may regulate your membership agreement forms and membership sales practices. You must comply with the reciprocity programs we implement, as we periodically modify them. Currently, you must allow any yearly member of a Gold's Gym Facility located more than 50 miles from your Facility to use your Facility without charge (except for charges you impose on your standard members) for up to 14 days per calendar year. Subject to certain rights under the Standard Franchise Agreement, you also must comply with any terms negotiated for National Membership Accounts. (See Item 12)

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THIS TABLE LISTS CERTAIN IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS PERTAINING TO RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS OFFERING CIRCULAR.

Provisions	Section in Agreement	Summary
a. Term of the franchise	Section A.2 of Franchise Agreement and Section 7 of Development Rights Agreement	Up to 5 years if you sign the Charter Franchise Agreement to replace your old form of franchise or license agreement and 5 years if you sign another Charter Franchise Agreement within 3 years after signing your first Charter Franchise Agreement. <u>its term is 5 years.</u> Standard Franchise Agreement typically expires 10 years after the <u>earlier of the Facility's actual opening date or 10 years the 15th day of the 18th month after the Franchise Agreement's effective date</u> on which the Facility is required to open (see Items 8 and 11), whichever provides for the shorter term. If you sign the Standard Franchise Agreement to continue operating your existing Facility under Marks (because your license or franchise agreement expired or is expiring soon), you may choose a 5 year term. Development Rights Agreement expires on date when last Facility under Development Schedule opens or is scheduled to open (whichever is earlier)
b. Renewal or extension of the term	Section K of Franchise Agreement	If you have complied with the Franchise Agreement during its term, you may acquire a renewal franchise for 5 years under Charter Franchise Agreement, or 10 years under Standard Franchise Agreement, on our then current terms (which may be materially different)
c. Requirements for you to renew or extend	Section K of Franchise Agreement	You maintain possession of and modify, remodel, and/or expand Facility to meet then current standards or secure substitute site and develop as a new Facility; give us 12 months' notice and certain financial information; sign then current form of Franchise Agreement and ancillary documents; pay annual, initial, or monthly fee; and sign general releases (if state law allows). Under Standard Franchise Agreement, we may require you to (a) spend only 15% of your Facility's gross revenue during the last year of the franchise term to remodel the Facility at its existing location, or (b) relocate the Facility only if market and economic conditions change, and then only at the end of the lease term
d. Termination by you	Section L.1 of Franchise	You may terminate if we materially breach

Provisions	Section in Agreement	Summary
(†)	Agreement	the Franchise Agreement and fail to cure within 30 days after notice (or, if breach cannot reasonably be cured in 30 days, then within a reasonable time not to exceed 60 days). Except as applicable law allows, you may not terminate the Development Rights Agreement
e. Termination by us without cause (†)	None	We may not terminate the Franchise Agreement or Development Rights Agreement without cause
f. Termination by us with cause (†)	Section L.2 of Franchise Agreement and Section 8 of Development Rights Agreement	We may terminate if you <u>or your owners</u> commit any one of several violations
g. "Cause" defined - defaults which can be cured	Section L of Franchise Agreement and Section 8 of Development Rights Agreement	<p><u>Charter Franchise Agreement:</u> You have 72 hours to cure violations of law (although you must start curing immediately), 5 days to cure payment defaults and failure to maintain insurance, and 30 days to cure defaults not listed in (h) below</p> <p><u>Standard Franchise Agreement:</u> You have the time period (if any) that the law allows to cure violations of law (unless contesting liability), 5 days to cure payment defaults and failure to maintain insurance, 60 days to cure bankruptcy-related filings and your owners' unauthorized transfer of your ownership interests, 180 days to locate substitute Site if the loss of possession was not your fault, and 30 days to cure other defaults not listed in (h) below</p> <p><u>Development Rights Agreement:</u> You have no right to cure defaults under the Development Rights Agreement</p>
h. "Cause" defined - defaults which cannot be cured	Section L.2 of Franchise Agreement and Section 8 of Development Rights Agreement	<p><u>Franchise Agreement:</u> Material misrepresentation or omission in application for franchise or in operating Facility; failure to <u>obtain our approval of the Site, sign an approved lease, or open on time</u> (applies only to Standard Franchise Agreement); abandonment; unauthorized transfer; felony plea or conviction; dishonest or unethical conduct; loss of possession of Facility; unauthorized use of Trade Secrets; failure to</p>

Provisions	Section in Agreement	Summary
		<p>pay taxes; repeated failure to pay amounts to our designated, approved, or recommended suppliers within 30 days after due (unless contesting in good faith); default and failure to cure under material note, lease, or agreement; repeated defaults; termination of an agreement with us or our affiliates (applies only to Charter Franchise<u>other than a Development Rights Agreement</u>); and bankruptcy. (Standard Franchise Agreement allows cure rights for certain of the defaults described in (g) above)</p> <p><u>Development Rights Agreement</u>: Failure to meet Development Schedule; breach of any obligation under Development Rights Agreement; and termination of any Franchise Agreement with you or Affiliated Entity</p>
i. Your obligations on termination/non-renewal	Section M of Franchise Agreement	<p>Pay amounts due (including all unpaid fees and Promotion Fund contributions otherwise owed for remaining unexpired agreement term); de-identify Facility; cancel assumed or fictitious name registrations and assign or cancel electronic address, domain name, search engine, or Website; deliver (under Charter Franchise Agreement) or destroy (under Standard Franchise Agreement) property containing the Marks; make necessary alterations to Facility to prevent a likelihood of confusion with other Facilities; assign telephone numbers (under Standard Franchise Agreement, this applies only to numbers with "GOLD" suffix); notify members of termination; offer refund of membership fees (under Charter Franchise Agreement only); cease using Trade Secrets and Marks; return Manual; and satisfy continuing obligations (see also (n) below)</p>
j. Assignment of contract by us	Section I.1 of Franchise Agreement and Section 9 of Development Rights Agreement	<p>We may assign to any person or entity capable of performing our obligations and change our ownership or form</p>
k. "Transfer" by you – definition	Section I.2 of Franchise Agreement and Section 9 of Development Rights Agreement	<p>Includes transfer of any interest in the Franchise Agreement or Development Rights Agreement, Facility's assets, or you</p>

Provisions	Section in Agreement	Summary
l. Our approval of transfer by you	Section I.3 of Franchise Agreement, and Section 9 of Development Rights Agreement, and Section 8 of Preliminary Agreement	We have the right to approve all transfers under the Development Rights Agreement and Franchise Agreement (other than, under the Standard Franchise Agreement, transfers of ownership interests in you among your owners and for estate planning purposes, grants of some security interests, and sales of some equipment or fixtures). You may not transfer your rights under the Preliminary Agreement
m. Conditions for our approval of transfer	Section I.3 of Franchise Agreement	Full compliance with Franchise Agreement; proposed transferee qualifies, completes training (if applicable), and agrees in writing to be bound by the Franchise Agreement's terms; pay us the transfer fee (see Item 6); transferor and owners sign general releases (if state law allows); transferee's obligations to transferor subordinated; and transferor signs confidentiality agreement. Conditions do not apply if you operate under Standard Franchise Agreement and transfer to third party who will not operate a Gold's Gym Facility at the Site, although you then must pay us the termination payment (see Item 6), sign general release (if state law allows), and comply with (i) above
n. Our right of first refusal to acquire your business	Section I.5 of Franchise Agreement	We have right to match offers under certain conditions
o. Our option to purchase your business	None	None
p. Your death or disability	Section J of Franchise Agreement	Must transfer to approved transferee within 6 months and must appoint new manager within 30 days
q. Non-competition covenants during the term of the franchise	Section E.8 of Franchise Agreement	No involvement in related business anywhere
r. Non-competition covenants after the franchise is terminated or expires	None	None

Provisions	Section in Agreement	Summary
s. Modification of the Agreement	Section O.2 of Franchise Agreement and Section 10 of Development Rights Agreement	Modifications only by written agreement of parties, but we may change Manual and System Standards
t. Integration/merger clause	Section I.4 of Franchise Agreement and Section 10 of Development Rights Agreement	Only terms of Development Rights Agreement and Franchise Agreement (including the Manual and System Standards) are binding (subject to state law). Any other promises might not be enforceable
u. Dispute resolution by arbitration or mediation	Section O.6 of Franchise Agreement and Section 10 of Development Rights Agreement	Except for certain claims, we and you must arbitrate all disputes at a location the arbitrator chooses within 10 miles of our then existing principal business address
v. Choice of forum	Section O.8 of Franchise Agreement and Section 10 of Development Rights Agreement	Litigation generally must be in our home state (subject to state law)
w. Choice of law	Section O.7 of Franchise Agreement and Section 10 of Development Rights Agreement	Except for Federal Arbitration Act and other federal law, California law applies (subject to state law)

(1) ~~Item 5 describes your and our right to terminate the Preliminary Agreement.~~

These states have statutes that might supersede the Franchise Agreement and Development Rights Agreement in your relationship with us, including the areas of termination and renewal of your franchise: ARKANSAS [Ark. Code Sections 4-72-201 to 4-72-210], CALIFORNIA [Bus. & Prof. Code Sections 20000 to 20043], CONNECTICUT [Gen. Stat. Sections 42-133e to 42-133h], DELAWARE [Code Sections 2551 to 2556], HAWAII [Rev. Stat. Section 482E-6], IDAHO [Code Section 29-110], ILLINOIS [815 ILCS Sections 705/19 and 705/20], INDIANA [Stat. Sections 23-2-2.7], IOWA [Code Section 537A.10], MICHIGAN [Stat. Section 19.854(27)], MINNESOTA [Stat. Section 80C.14], MISSISSIPPI [Code Sections 75-24-51 to 75-24-63], MISSOURI [Rev. Stat. Sections 407.400 to 407.410], NEBRASKA [Rev. Stat. Sections 87-401 to 87-410], NEW JERSEY [Rev. Stat. Sections 56:10-1 to 56:10-12], SOUTH DAKOTA [Codified Laws Section 37-5A-51], VIRGINIA [Code Sections 13.1-557 to 13.1-574], WASHINGTON [Code Section 19.100.180], and WISCONSIN [Stat. Sections 135.01 to 135.07]. These and other states might have court decisions that supersede the Franchise Agreement and Development Rights Agreement in your relationship with us, including the areas of termination and renewal of your franchise.

Item 18

PUBLIC FIGURES

We do not use any public figure to promote our franchise.

Item 19

EARNINGS CLAIMS

We do not furnish or authorize our salespersons (including officers and directors) to furnish any oral or written information concerning the actual or potential sales, costs, income, or profits of a Gold's Gym Facility. Actual results may vary from unit to unit, and we cannot estimate the results of any particular Gold's Gym Facility.

Item 20

LIST OF OUTLETS

**CHART 1
FRANCHISED FACILITY SUMMARY
FOR FISCAL YEARS ENDING DECEMBER 31, 2000/2001/2002/2003**

State	Transfers	Canceled or Terminated	Not Renewed	Required Re-acquired By Franchisor	Left the System - Other	Total from Left Column	Franchises Operating At Year End
Alabama	1/0/1/0		0/0/1/0		0/0/2	1/0/2/2	109/9/98
Alaska		0/0/1/0				0/0/1/0	1/1/0/0
Arizona							3/36/6
Arkansas							3/3/3
California	5/2/1/0	7/2/5/1	0/0/1/0	0/1/0/0	0/0/1/3	12/5/8/4	45/44/47/47
Colorado					0/0/1/0	0/0/1/0	1/1/0/0
Connecticut							4/4/45
Delaware	1/0/0					1/0/0	3/34/4
Florida	04/4/42	1/0/1/1	0/0/1		0/0/3	1/4/5/7	54/54/51/48
Georgia	0/3/2/1	0/0/2/2			0/0/1	0/3/4/4	2832/32/32
Hawaii	0/1/0/0					0/1/0/0	4/4/4
Idaho							12/2/25
Illinois					0/0/1	0/0/1	9/10/10/10
Indiana		0/0/3				0/0/3	5/5/53
Iowa	0/0/1		0/0/1			0/0/2	23/3/32
Kansas		0/0/1/0				0/0/1/0	3/32/2
Kentucky	1/0/0				0/0/1	1/0/0/1	68/8/8
Maine	0/0/1					0/0/1	3/3/3
Maryland	1/0/1/0					1/0/1/0	11/14/18/17
Massachusetts	0/0/1/1	1/0/0	0/0/1/1			1/0/2/2	25/29/31/33
Michigan							8/8/8
Minnesota	0/1/0/0	0/1/0/0				0/2/0/0	32/2/24
Mississippi		0/0/1				0/0/1	3/3/32
Missouri		20/0/0/1	0/0/1		0/0/2	20/0/0/4	7/10/11/8
Montana	1/1/0/0					1/1/0/0	2/2/23
Nebraska							3/3/3
Nevada							5/5/5
New Hampshire					0/0/1	0/0/1	6/6/7/7

State	Transfers	Canceled or Terminated	Not Renewed	Required Re-acquired By Franchisor	Left the System - Other	Total from Left Column	Franchises Operating At Year End
New Jersey	0/1/0/0	2/1/2/1				2/2/2/1	13/15/13/12
New Mexico	0/2/0/0	0/0/1/0				0/2/1/0	4/4/4/6
New York	0/1/0/0	2/1/1/0			0/0/1	2/2/1/1	28/30/33/34
North Carolina	1/1/7/3	0/0/1/2	0/0/8			1/1/8/13	25/33/32/24
Ohio							2/2/2/5
Oklahoma					0/0/1/1	0/0/1/1	4/4/3/2
Oregon		14/1/0/0			0/0/1	14/1/0/1	11/10/11/12
Pennsylvania	0/0/2	0/2/2/2			0/0/6	0/2/2/2/10	22/20/21/16
Rhode Island	0/0/1					0/0/1	4/4/4/5
South Carolina		0/0/1				0/0/1	10/13/13/13
Tennessee		0/1/0/0				0/1/0/0	4/5/5/5
Texas		1/1/1/2		2/0/0	0/0/1	3/1/1/1/3	10/10/11/9
Utah	0/0/2	1/0/0				1/0/0/2	10/11/12/13
Virginia	0/0/1/0	0/1/0/0		1/0/0		1/1/1/0	10/13/16/18
Washington		3/2/3/1				3/2/3/1	18/16/15/15
West Virginia							2/2/2
Wisconsin	0/0/1	0/0/2/0				0/0/2/1	3/4/3/3
TOTAL	11/17/18/15	34/13/23/22	0/0/3/12	3/1/0/0	0/0/3/19	48/31/47/69	438/470/483/474

Note: The numbers in the "total" column might exceed the numbers of Gold's Gym Facilities affected because several events might have affected the same Facility. For example, the same Facility might have had multiple owners, or GHC (or its subsidiaries) might have reacquired a Facility whose Franchise Agreement was terminated.

CHART II

STATUS OF COMPANY-OWNED FACILITIES FOR FISCAL YEARS ENDING DECEMBER 31, 2000/2001/2002/2003

State	Facilities Closed During Year	Facilities Opened During Year	Total Facilities Operating At Year End
California		1/1/0/0	23/3/3
Hawaii		1/0/0/0	1/1/1
Maryland		2/0/0/0	3/3/3
Texas		2/1/9/7	2/3/12/19
Virginia	0/0/1	1/1/2/0	6/7/9/8
Washington, D.C.		0/0/1/0	2/2/3/3
TOTAL		7/3/12/7	46/19/31/37

CHART III

PROJECTED OPENINGS FOR FISCAL YEAR ENDING DECEMBER 31, 2002 BEGINNING JANUARY 1, 2004

State	Franchise Agreements Signed But Facilities Not Open	Projected Franchised New Facilities in the Next Fiscal Year	Projected Company Owned Openings in Next Fiscal Year
Alabama	4	1	
Arizona		2	
Arkansas		1	
California	5	3	2
Colorado		2	2
Connecticut	21	1	4
District of Columbia	1	1	2
Delaware			
Florida	56	43	
Georgia	57	42	
Idaho	21	1	
Illinois	1	1	4
Indiana		1	
Kentucky	1	1	
Maine		1	
Maryland	43	42	1
Massachusetts	2		
Minnesota	1		
Missouri	1	42	
Nevada		1	
New Hampshire	4	1	
Jersey			
New Mexico	4	1	
New York	21	2	3
North Carolina	43	1	
Ohio		1	
Oregon	4	1	
Pennsylvania	45	1	
Rhode Island	1		
South Carolina	1		
Tennessee		4	
Texas	42	1	31
Utah	1	1	
Virginia	72	4	
Washington	21		
TOTAL	447	1334	142

Exhibit 65 is a list of the names of all of our franchisees and developers as of December 31, 2002 2003 and the addresses and telephone numbers of their Facilities. Exhibit 76 is a list of the names and last known home or business addresses and telephone numbers of every franchisee and developer who had an outlet terminated, canceled, or not renewed, or who otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement or Development Rights Agreement with us, during our 20022003 fiscal year or who has not communicated with us within 10 weeks of the application date.

Item 21

FINANCIAL STATEMENTS

Exhibit 8 is our unaudited financial statements as of and for the period ending March 31, 2003 and 7 is our audited financial statements as of and for the periods ending December 31, 2002, 2003, December 31, 2001, 2002 and December 31, 2000, 2001.

Item 22

CONTRACTS

The following agreements are exhibits to this offering circular:

- Standard Franchise Agreement – Exhibit 2
- Charter Franchise Agreement – Exhibit 3
- Development Rights Agreement – Exhibit 4
- ~~Preliminary Agreement for Charter Franchisees – Exhibit 5~~
- State Riders to Franchise Agreement – Exhibit ~~11~~10

Item 23

RECEIPT

Our and your copies of the Uniform Franchise Offering Circular Receipt are the last pages of this offering circular.

**EXHIBIT 1
TO THE GOLD'S GYM FRANCHISING, INC.
FRANCHISE OFFERING CIRCULAR**

**STATE AGENCIES/AGENTS FOR
SERVICE OF PROCESS/STATE EFFECTIVE DATES**

**LIST OF STATE AGENCIES/AGENTS
FOR SERVICE OF PROCESS**

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

California

Department of Corporations:
1-866-275-2677

Los Angeles

California Corporations Commissioner
Suite 750
320 West 4th Street
Los Angeles, California 90013-2344
(213) 576-7500

Sacramento

California Corporations Commissioner
1515 K Street, Suite 200
Sacramento, California 95814-4052
(916) 445-7205

San Diego

California Corporations Commissioner
1350 Front Street
San Diego, California 92101-3697
(619) 525-4233

San Francisco

California Corporations Commissioner
1390 Market Street
San Francisco, California 94102-4052
(415) 445-7205

Effective Date: _____, 2004

Hawaii

(for service of process)

The Director of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street
Honolulu, Hawaii 96813
(808) 586-2722

(state agency)

Business Regulation Division, Department
of Commerce and Consumer Affairs
P.O. Box 40
Honolulu, Hawaii 96810
(808) 586-2722

Effective Date: _____, 2004

Illinois

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

Effective Date: _____, 2004

Indiana

(for service of process)
Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

(state agency)
Indiana Secretary of State
Securities Division
Room E-111
302 West Washington Street
Indianapolis, IN 46204
(317)232-6681

Effective Date: _____, 2004

Maryland

(state agency)
Office of the Attorney General-
Securities Division
20th Floor
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(for service of process)
Maryland Securities Commissioner
at the Office of Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

Effective Date: _____, 2004

Michigan

(state agency)
Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
670 G. Mennen Williams Building
525 West Ottawa
Lansing, Michigan 48933-1105
(517) 373-7117

(for service of process)
Michigan Department of Commerce,
Corporations and Securities Bureau
P.O. Box 30054
6546 Mercantile Way
Lansing, Michigan 48909

Effective Date: March 30, 2004

Minnesota

Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101
(651) 296-6328

Effective Date: _____, 2004

New York

(for service of process)

Secretary of the State of New York
41 State Street
Albany, New York 11231
(518) 474-4750

(for other matters)

New York State Department of Law
Investment Protection Bureau
120 Broadway
New York, New York 10271-0332
(212) 416-8000

Effective Date: _____, 2004

North Dakota

North Dakota Securities Department
Fifth Floor
600 East Boulevard
Bismarck, North Dakota 58505
(701) 328-2910

Effective Date: _____, 2004

Oregon

Department of Consumer and Business
Services
Division of Finance and Corporate
Securities
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4140

Effective Date: March 30, 2004

Rhode Island

Division of Securities
Suite 232
233 Richmond Street
Providence, Rhode Island 02903
(401) 277-3048

Effective Date: _____, 2004

South Dakota

Division of Securities
445 E. Capitol
Pierre, South Dakota 57501
(605) 773-4823

Effective Date: _____, 2004

Virginia

(for service of process)

Clerk, State Corporation Commission
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9672

(for other matters)

State Corporation Commission
Division of Securities and Retail
Franchising
1300 East Main Street
Ninth Floor
Richmond, Virginia 23219
(804) 371-9051

Effective Date: _____, 2004

Washington

(for service of process)

Director Department of Financial
Institutions
Washington Department of Financial
Institutions
Securities Division
105 Israel Road SW
Tumwater, Washington 98501

(for other matters)

Department of Financial Institutions
Securities Division
P. O. Box 9033
Olympia, Washington 98507-9033
(360) 902-8760

Effective Date: _____, 2004

Wisconsin

Commissioner of Securities
Wisconsin Department of Financial
Institutions
Division of Securities
345 West Washington Avenue, 4th Floor
Madison, Wisconsin 53703
(608) 266-1064

Effective Date: _____, 2004

EXHIBIT 2
TO THE GOLD'S GYM FRANCHISING, INC.
FRANCHISE OFFERING CIRCULAR

STANDARD FRANCHISE AGREEMENT

**GOLD'S GYM FRANCHISING, INC.
FRANCHISE AGREEMENT**

FRANCHISEE

DATE OF AGREEMENT

ADDRESS OF FACILITY

GOLD'S GYM -
FACILITY NAME

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GOLD'S GYM FRANCHISING, INC.
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Agreement") is made on _____, 200_ (the "Effective Date"), by and between **Gold's Gym Franchising, Inc.**, a Delaware corporation whose principal business address is 358 Hampton Drive, Venice, California 90291 ("we," "us," or "our"), and _____, which will conduct business pursuant to this Agreement under the fictitious business name of: _____, with its location at:

("you" or "your") with reference to the following:

We and our predecessors and Affiliates have developed valuable and proprietary business formats and systems ("Systems") that are used in developing and operating health and fitness centers (called "Facilities") identified by the service mark "Gold's Gym®" and related commercial symbols (the "Marks"). We use and sublicense the Marks with the permission of our Affiliate, Gold's Gym Licensing, Inc., a Delaware corporation ("GGL"), the owner of the Marks. You will have the right to use the Marks in operating a Facility as long as you comply with this Agreement and all System Standards relating to use of the Marks, even if our trademark license with GGL expires or is terminated.

We franchise others to operate one or more Gold's Gym Facilities. You have applied for a franchise to own and operate one Gold's Gym Facility, and we wish to grant you such a franchise on the terms and conditions contained in this Agreement.

THEREFORE, you and we agree as follows:

A. GRANT OF FRANCHISE.

1. Grant. On the terms and conditions of this Agreement, we grant you a franchise ("Franchise") to operate one Facility, and to use the System and the Marks in its operation, at the site identified in Exhibit A (the "Site"), which is located within the geographic area ("Territory") also described in Exhibit A. (If the Site and Territory are not determined as of the Effective Date, they will be determined in accordance with Section B.1 and listed on a revised Exhibit A after the Effective Date.) However, the Territory will not be deemed to include any hotels, motels or similar operations ("Hotels") that currently are located, or during this Agreement's term are built, within the boundaries defining the Territory, meaning that any restrictions on our activities within the Territory will not apply to our activities or rights we grant in or at Hotels.

2. Term. The term of the Franchise (the "Term") shall begin on the Effective Date and shall end, unless sooner terminated, ten (10) years after the earlier of: (a) the Actual Opening Date (defined below), or ten (10) years after the Mandatory Opening Date (defined in Section B.3 below), whichever provides for the shorter Term. (b) the fifteenth (15th) day of the eighteenth (18th) full calendar month following the Effective Date. Except as set forth in Section E.3 with respect to a Conversion Facility, the "Actual Opening Date" means the date on which the Facility

first opens for member workouts of any kind under this Agreement, regardless of when you plan the Facility's "grand opening."

3. Location. You may not operate the Facility from any location other than the Site without our prior written consent. If you request our consent to the relocation of the Facility, you will reimburse us for our out-of-pocket inspection costs promptly upon receipt of our invoice.

4. Territorial Rights. Subject to our reservation of rights described in Subsection A.5 below and your compliance with this Agreement, during the Term we and our Affiliates will not ourselves operate or authorize others to operate a Facility identified by the Marks the physical premises of which are located within your Territory.

5. Reservation of Rights. We reserve all rights not expressly granted to you in this Agreement. Without limitation and without regard to proximity to the Facility, we and our Affiliates reserve the right, on such terms and conditions as we deem appropriate, ourselves or through authorized third parties (including our Affiliates), to:

(a) manufacture, distribute, market, and sell products identified by the Marks in any type of channel of distribution within or outside of the Territory; and

(b) own, establish, and operate, and license and franchise others to own, establish, and operate, Facilities outside of the Territory, whether under the Marks or other trademarks; and

(c) own, establish, and operate, and license and franchise others to own, establish, and operate, Facilities located at Hotels the physical premises of which are located within the Territory, whether such Facilities operate under the Marks or other trademarks, provided that such Facilities will provide services only to Hotel customers.

6. Guaranty. If you are a corporation, partnership, limited liability company, or other legal entity, your shareholders, members, or general partners (collectively, "Owners" but individually an "Owner") owning an aggregate of at least seventy-five percent (75%) of your total authorized ownership interests shall fully guarantee all of your financial and other obligations to us under this Agreement or otherwise arising out of the relationship established by this Agreement, and agree personally to comply with this Agreement's terms, by executing the form of Guaranty attached as Exhibit B. Each remaining Owner who does not sign the form of Guaranty attached as Exhibit B shall, regardless of the size of his, her, or its ownership interest in you, agree personally to comply with the non-monetary obligations contained in this Agreement that are specified in the form of Guaranty attached as Exhibit C by signing such Guaranty. The name of each Owner and his or her percentage of ownership in you are set forth in Exhibit A. Subject to our rights and your obligations in Section I, you will notify us of any change in the information in Exhibit A within ten (10) days after the change occurs.

B. YOUR OBLIGATIONS TO DEVELOP THE FACILITY.

You have the following obligations with respect to locating the Site (if you have not yet located an approved Site as of the Effective Date) and developing and opening your Facility (collectively, "Development Obligations"):

1. Site Selection and Deadline for Obtaining Site Approval. If you have not yet located an approved Site as of the Effective Date, then promptly after the Effective Date, you must deliver to us for our review and approval a complete site report and other materials and information we request for a suitable site within the "Site Selection Area" identified on Exhibit A. Your proposed Site, which must meet our then current site selection criteria for Gold's Gym Facilities, must be available for lease or purchase in time for you to develop and open the Facility at that Site on or before the "Mandatory Opening Date" identified on Exhibit A. You will have the exclusive right to locate a site for a Gold's Gym Facility within the Site Selection Area before we designate the Territory pursuant to Subsection (2) below (unless we terminate the Agreement before then), but we may engage in any other activities we desire within and outside the Site Selection Area during this period (including the activities described in Section A.5).

~~1. Site Selection. If you have not yet located a Site for the Facility as of the Effective Date, then you must locate and sign a lease for a suitable Site for the Facility as soon as possible so that you are able to develop and open the Facility pursuant to this Section B within two (2) years after the Effective Date (the "on or before the Mandatory Opening Date"). You, you must obtain our written approval of the Facility's proposed Site before signing any lease, sublease, or other document for the Site within six (6) months after the Effective Date. We will not unreasonably withhold our approval of a site that meets our criteria for demographic characteristics; traffic patterns; parking; character of neighborhood; competition from, proximity to, and nature of other businesses; other commercial characteristics; and the proposed site's size, appearance, and other physical characteristics. In determining whether to approve or disapprove a proposed Site, we also may consider the Site's proximity both to the Territory Site Selection Area's boundaries and to other existing or potential sites for Gold's Gym Facilities located outside the Territory Site Selection Area. We will spend the time and effort and incur the expense reasonably required to consider sites you propose. After you find and secure the Site, we will insert its address into Exhibit A. We will use our reasonable efforts to review and approve, or disapprove, a site you propose within fifteen (15) days after receiving the complete site report and other materials we request.~~

You acknowledge that, if we recommend or give you information regarding the Site, that is not a representation or warranty of any kind, express or implied, of the Site's suitability for a Gold's Gym Facility. Our recommendation or approval indicates only that we believe the Site meets our then acceptable criteria. However, demographic and/or other factors included in or excluded from our criteria could change, altering the Site's potential. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if the Site we recommend or approve fails to meet your expectations. Your acceptance of the Franchise is based on your own independent investigation of, or agreement in the future to investigate, the Site's suitability.

2. Lease Approval and Designating the Territory. You must present to us for our approval, which we will not unreasonably withhold, any lease or sublease (and any renewals and amendments of the lease or sublease) that will govern your occupancy and lawful possession of the Site. The lease or sublease must contain the provisions we periodically specify to protect our interests as franchisor, including the landlord's obligation to notify us of your default under, or any termination of, the lease or sublease. You may not sign any such lease or sublease (or any renewal or amendment of the lease or sublease) that we have not approved. If we have not disapproved of the lease or sublease in writing within ten (10) business days after we receive a copy of the lease or sublease, then the lease or sublease shall be deemed to be approved. You acknowledge that our approval of the lease or sublease (or renewal or amendment) ~~was not and is~~ not a guarantee or warranty, express or implied, of the success or profitability of a Gold's Gym Facility to be operated at the Site.

Subject to your obligation to develop and open the Facility on or before the Mandatory Opening Date, you must sign a lease or sublease we approve for the Site within twelve (12) months after the Effective Date. After you sign a lease or sublease, we will define the Territory and insert the Site's address and the Territory's description into Exhibit A. The Territory will be smaller than the Site Selection Area, and there is no fixed radius or standard size for the Territory. The actual boundaries of the Territory will depend on many factors, including, without limitation, natural boundaries, the character of the Site and nearby businesses and residences, and the Territory's demographics. Once we define the Territory, you will have no further territorial or other rights in those portions of the Site Selection Area that are outside the Territory.

3. Development. ~~On~~ Notwithstanding any other deadline with respect to obtaining our approval of the Site or signing an approved lease or sublease, on or before the Mandatory Opening Date, you must secure all financing required to develop and operate the Facility; obtain all permits and licenses required to construct and operate the Facility; construct all required improvements to the Site and decorate the Facility, which must include a "Pro Shop," in compliance with our approved plans and specifications; purchase or lease and install all required equipment, fixtures, furnishings, and signs for the Facility; and (subject to Subsection F.7) purchase an opening inventory of required, authorized, and approved products, materials, and supplies. It is your responsibility to prepare all required construction plans and specifications to suit the Facility and to make sure that these plans and specifications comply with the Americans with Disabilities Act (the "ADA") and similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, permit requirements, and lease requirements and restrictions.

4. Opening. On or before the Mandatory Opening Date, you must open the Facility for business utilizing the System; provided, however, you may not open the Facility for business or sell memberships in the Facility (except in accordance with Section F.4) until:

(a) We have inspected and approved the Facility as having been developed in accordance with our specifications and standards. As an alternative, or in addition, to our physical inspection of the Facility, we may require you to send us video tapes and/or photographs of the Facility. You shall give us at least thirty (30) days' prior written notice of the Facility's planned opening date and also shall notify us in writing when the Facility is ready for inspection. If we do not inspect the Facility within ten (10) business days

after your delivery of notice that the Facility is ready for inspection, or if we do not deliver written comments to you regarding our inspection within five (5) business days after the inspection, then the Facility shall be deemed to be approved for opening. Our inspection and approval are limited to ensuring your compliance with our standards and specifications. Our inspection and approval are not designed to assess compliance with federal, state or local laws or regulations, including the ADA, as compliance with such laws is your responsibility. We will not unreasonably withhold our approval of the Facility;

(b) Pre-opening training described in Section D has been completed to our satisfaction;

(c) You have satisfied all bonding, licensing, and other legal requirements for the lawful operation of your Facility and given us satisfactory evidence of compliance;

(d) All amounts due to us have been paid; and

(e) We have received satisfactory evidence that you maintain the insurance required by this Agreement.

You must notify us in writing of the Facility's Actual Opening Date within five (5) days after the Actual Opening Date. If you fail to do so, you must pay us a Five Hundred Dollar (\$500) administrative fee upon receiving our invoice.

5. Products. Prior to opening your Facility and during the Term, you shall purchase, and prominently display and offer for sale in the Facility's "Pro Shop," a representative supply of branded "Gold's Gym" clothing and other consumer products that we determine to be appropriate for sale at Facilities or for use in approved promotions ("Products"). You agree to buy Products (subject to Subsection F.7) only from suppliers that we designate or approve (which may include or even be limited to us, our Affiliates, or our or their licensees). You must buy at least a Five Thousand Dollar (\$5,000) inventory of Products (at wholesale prices) before opening the Facility and at least an additional Five Hundred Dollars (\$500) of Products (at wholesale prices) during each calendar quarter of the Term. Notwithstanding this minimum purchase obligation, throughout the Term, you must reorder and stock such Products as necessary to meet reasonably expected consumer demand at the Facility. Neither you nor we will have any obligation to the other on account of the temporary unavailability of any Products, whether from us, Affiliates, or authorized licensees.

C. FEES.

1. Initial Fee. You shall pay us an initial fee in the amount set forth in Exhibit A in a lump sum upon the execution of this Agreement. This fee is fully earned by us when paid and is not refundable.

2. Monthly Fee. You agree to pay us a monthly fee according to the schedule in Exhibit A (the "Monthly Fee"). Your first Monthly Fee payment is due on the earlier of: (a) the Actual Opening Date (or which is the Effective Date, if the Facility is open and operating on that date), and your (b) the fifteenth (15th) day of the eighteenth (18th) full calendar month following

the Effective Date. The second Monthly Fee payment is due on the fifteenth (15th) day of the month following the month in which the Actual Opening Date falls. All during which your first Monthly Fee payment is due, and all subsequent Monthly Fee payments are due on each fifteenth (15th) day of the the fifteenth (15th) day of each successive month.

At our request, you must sign and deliver to us the documents we require to authorize us to debit your business checking account automatically for the Monthly Fee (beginning with the second Monthly Fee payment due under this Agreement) and other amounts due under this Agreement or any related agreement between us (or our Affiliates) and you. If we institute an automatic debit program for the Facility, we will debit your account for the Monthly Fee on or after the fifteenth (15th) day of each month. You agree to make the funds available for withdrawal by electronic transfer before each due date.

3. Interest on Delinquent Payments. In addition to all other remedies we have, including, without limitation, the right to terminate this Agreement pursuant to Section L, if any Monthly Fees or other amounts you owe us or our Affiliates are not paid or available for withdrawal from your account on the due date, then you shall pay us: (a) a Seventy-Five Dollar (\$75) administrative fee partially to cover the costs and expenses we incur as a result of your failure to pay us the amounts when due; and (b) interest on the unpaid amounts at the rate of one and one-half percent (1.5%) per month, calculated from the date such payment was due until it is received by us, but not to exceed the highest commercial contract rate of interest permitted by law.

D. TRAINING AND GUIDANCE.

1. Initial Training. We will furnish without additional charge at our designated training facility a management training program on the operation of a Facility for up to two (2) people from your Facility. Before you sell any memberships (including, without limitation, through pre-sale), advertise, or open the Facility to the public, you and the Facility's proposed general manager must complete training to our satisfaction. Other people from your Facility may attend our training program after the Facility opens for business. You will be responsible for the compensation and travel and living expenses of your employees during training. If you request training for more than two (2) people, you must pay us our then current fee, in advance, for each additional person. Our current ~~daily~~ training fee is Five Hundred Dollars (\$500) per person for each session. If you already own at least one (1) Facility operating under the Marks, then attendance at this initial training program is optional for you and your general manager, although you will be responsible for training all of your managers and other employees at your Facility to ensure that the Facility is staffed properly and operated in accordance with System Standards.

2. Manager. You will replace any manager who does not satisfactorily complete a management training program, and all new general managers must satisfactorily complete a management training program before they may begin their employment duties. These management training programs may be conducted by us at our designated training facility or by you at your Facility, or they may be self-study programs that we approve or provide. You must pay our then current fee for additional training or self-study programs we provide.

3. Your Training. You will implement a training program for all your employees using training standards and procedures we prescribe and will staff the Facility at all times with a sufficient number of trained employees, including at least one (1) general manager who has completed our management training school to our satisfaction or a comparable training program at your Facility.

4. Manuals and System Standards. We will loan you during the Term one (1) copy of our manuals and forms, consisting of such materials that we generally furnish to our franchisees from time to time for use in operating a Gold's Gym Facility (collectively, "Manuals"). The Manuals, bulletins, and other written materials provided to you from time to time contain mandatory and suggested specifications, standards, operating procedures, and rules ("System Standards") that we prescribe from time to time for the development and operation of the Facility and information relating to your other obligations under this Agreement. The Manuals may be modified from time to time to reflect changes in System Standards, and we will communicate any required changes to you. Our master copy controls. You agree to keep your copy of the Manuals current and in a secure location at the Facility. We are the sole owner of the copyright and all other rights to the Manuals, and you may not reproduce or use them for any purpose other than in connection with your performance under this Agreement.

At our option, we may post the Manuals on a restricted Website to which you will have access. (We define "Website" as an interactive electronic document contained in a network of computers linked by communications software, including, without limitation, the Internet, the World Wide Web and any similar or successor technology). If we do so, you must periodically monitor the Website for any updates to the Manuals or System Standards. You must keep any passwords and other digital identifications necessary to access the Manuals on such a Website confidential.

5. Supplemental Training and Conventions. During the Term, we periodically (~~but not more than once during any twenty-four (24) month period~~) may require you (or, if you are a legal entity, one of your Owners) or, at your option, the Facility's general manager, to attend and complete to our satisfaction any supplemental or refresher training programs on operating Facilities that we choose to provide. If you own at least one (1) other Facility operating under the Marks, then you (or one of your Owners) or, at your option, a general manager from one of your Gold's Gym Facilities may attend such training programs on behalf of all of your Gold's Gym Facilities, although you will be responsible for training all of your managers and other employees at all of your Gold's Gym Facilities on the subjects taught at the supplemental or refresher training programs to ensure that all such Gold's Gym Facilities are operated in accordance with System Standards. We may charge reasonable fees for these programs, and you will be responsible for your personnel's wages and travel and living expenses. You (or, if you are a legal entity, one of your Owners) or the general manager of the Facility must attend the annual national Gold's Gym convention. You will be responsible for the registration fees and travel and living expenses for such convention. (~~The limitation on the number of supplemental or refresher training programs at which we may require your or your general manager's attendance every twenty-four (24) months does not apply to the annual national Gold's Gym convention.~~)

E. MARKS.

1. Right to Use Marks. Your right to use the Marks is derived solely from this Agreement and is limited to your development and operation of the Facility in accordance with and subject to all System Standards and all restrictions contained in this Agreement. The Marks that we currently approve for Facilities are identified on Exhibit D. At our request, you agree to participate, in the manner we reasonably specify, in any Website we have established for the Gold's Gym system. ~~We define a "Website" as an interactive electronic document contained in a network of computers linked by communications software, including the Internet and World Wide Web Home Pages.~~ Except to the extent we authorize you to do so, you may not use or authorize the use of any Mark, or any references to you or the Facility, as part of any domain name ~~or, electronic address that you maintain, or any, search engine in which you participate or which references you or the Facility,~~ Website or otherwise on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system.

2. Ownership and Goodwill of Marks. You acknowledge and agree that we and GGL own all rights in and to the Marks and all related goodwill. You will never (during or after the Term) challenge our and GGL's exclusive rights to the Marks. Your unauthorized use of the Marks will be a material breach of this Agreement and deemed to be an intentional infringement of our trademark rights. Your usage of the Marks and any goodwill established by such use and attributable to such intellectual property will be exclusively for our and GGL's benefit, which means that you have no right to the Marks or the goodwill associated with the Marks (other than the right to use the Marks as provided in this Agreement). All provisions of this Agreement applicable to the Marks apply to all proprietary trademarks, service marks, and commercial symbols we authorize you to use during the Term.

3. Rules For the Use of Marks. You must use the Marks as the sole identification of the Facility at the Site, and only in the manner we prescribe in the Manuals, bulletins, and other notices to you, and give such notice of registration or other claim of trademark rights as we reasonably prescribe. You may not use the Marks: (a) as part of the name of any entity or for any purpose not expressly authorized by this Agreement; (b) on or to identify any services, merchandise, products, or equipment, whether or not sold at the Facility, except for those services authorized to be provided at Gold's Gym Facilities and items that are furnished or sold to you by us or our authorized suppliers or distributors ("Authorized Products"); or (c) at any location other than the Facility at the Site except in approved advertising and marketing. You may not manufacture, use, sell, or distribute, or contract with any party other than our or our ~~affiliate~~ Affiliate's authorized licensees to manufacture, use, sell, or distribute, any products, merchandise, or equipment bearing any of the Marks (other than Authorized Products) without our prior written approval. Any Authorized Products may be sold by you only at retail to customers of the Facility and shall not be sold by you through mail order, through a Website, or at a location other than the Site (except for limited, short term, off-site, promotional purposes we approve in advance). Subject to our approval of the form of the proposed use, which we will not unreasonably withhold or delay, you may include in your fictitious name filing and in the references to your Facility a geographic reference relating to the Facility's location as long as the reference does not interfere with the proper use of the Marks under our System Standards and the required use of the Marks under trademark law.

Notwithstanding the previous paragraph, if you previously operated a health and fitness center at the Site which you are converting to a "Gold's Gym" Facility upon signing this Agreement (a "Conversion Facility"), then you:

(a) must cover or remove all signage and other references at the Site to the Conversion Facility's former name, and install approved temporary "Gold's Gym" signage at the Site according to our System Standards, within five (5) days after signing this Agreement;

(b) may use the Conversion Facility's former name in advertising, marketing or promotion, including on the telephone, after the Effective Date only with our written approval of the proposed method of use; and

(c) must purchase and install at the Site approved permanent "Gold's Gym" signage according to our System Standards within ninety (90) days after signing this Agreement.

If you will operate a Conversion Facility under this Agreement, the date on which you install the approved temporary "Gold's Gym" signage at the Conversion Facility is the "Actual Opening Date" for purposes of this Agreement.

4. Notification of Claims. You will notify us promptly of any claim by others (a) that you are infringing their trademark rights in connection with your use of the Marks or (b) to any rights in the Marks which are inconsistent with this Agreement or our and GGL's exclusive rights to the Marks. You will fully cooperate with us with respect to our prosecution of any infringement claim or our defense of a claim that you are infringing the trademark rights of any third party. We and/or GGL have the exclusive right to control any such prosecution or defense.

5. Indemnification By Us. Provided you comply with the provisions of Subsections 3 and 4 above, we will indemnify, defend, and hold harmless you and your Owners, directors, officers, employees, agents, successors, and assignees (collectively, the "Trademark Indemnified Parties") against, and reimburse all of the Trademark Indemnified Parties for, any Claims (as defined in Section N.3 below) asserted against or incurred by the Trademark Indemnified Parties in any trademark infringement proceeding disputing your authorized use of any Mark under this Agreement if you have timely notified us of the proceeding and comply with our reasonable directions in responding to the proceeding. We may control the defense of any proceeding arising from your authorized use of any Mark under this Agreement. This indemnification will continue in full force and effect notwithstanding this Agreement's termination or expiration.

6. Discontinuance of Use of Marks. If, in our reasonable opinion, it is desirable to modify or discontinue the use of any of the Marks and/or use one or more additional or substitute Marks, you will comply with our directions within a reasonable time after receiving notice, provided, however, that you will be permitted to use until exhausted your then existing inventory of printed materials (unless such use is prohibited by law). We will reimburse you for your reasonable direct expenses to change the Facility's exterior and interior signs, walls, and other fixed locations bearing the Marks. However, we will not be obligated to reimburse you for any loss of revenue, profits, start-up or other such expenses, or any other incidental or consequential

damages attributable to the change in Marks. Nothing in this Section affects your obligation to maintain signage and otherwise display the Marks in accordance with System Standards. If you are not complying with such System Standards in effect as of the Effective Date, you must pay to fix your signage and any other improper uses of the Marks.

7. Trade Secrets. You may become aware of our confidential information which is commercially valuable and is not generally known by the public or other persons who can obtain economic value from its disclosure and use ("Trade Secrets"). Such Trade Secrets may be specifically identified as being confidential, or the confidential nature of such information will be reasonably apparent to you. The Manuals contain our Trade Secrets. You agree to hold all of our Trade Secrets in confidence and to use such information only for the purposes authorized by this Agreement. You will not disclose our Trade Secrets, except to your employees requiring such information to perform their duties.

8. Exclusive Relationship. We would be unable to protect Trade Secrets against unauthorized use or disclosure or to encourage a free exchange of ideas and information among our franchisees and licensees if you were permitted to hold interests in or perform services for a Related Business (defined below). Therefore, we have granted the Franchise to you in consideration of and reliance upon your agreement to deal exclusively with us. You agree that, during the Term, neither you nor any of your Owners, directors, or officers (nor any of your or your Owners', directors', or officers' spouses) will (a) have any direct or indirect interest as an owner – whether of record, beneficially or otherwise – in, or perform services as a director, officer, manager, employee, consultant, representative, or agent for, a Related Business, wherever located or operating, or (b) recruit or hire our employees or the employees of any Gold's Gym Facility without obtaining our or the employer's prior written permission. The term "Related Business" means a gymnasium, an athletic or fitness center, a health club, an exercise or aerobics facility, or one or more similar facilities or businesses, or an entity that grants franchises or licenses for any of these types of businesses.

F. SYSTEM STANDARDS.

1. Compliance with System Standards. The Manuals contain mandatory and recommended System Standards. You will observe all mandatory System Standards as if they were part of this Agreement and operate the Facility in full compliance with all applicable laws, ordinances and regulations. Without limitation of the foregoing, (a) you will not offer, sell, or provide at or from the Facility goods or services not authorized in the Manuals and will offer, sell, and furnish all those goods and services we prescribe from time to time; and (b) you must adhere to the System Standards that we periodically implement relating to branding, signage, cleanliness, exercise and other classes, and other aspects of the Facility's ongoing operation. However, except for the training and other qualifications of the Facility's managers described in Section F.2 below, System Standards will not include any employment-related policies or procedures and will not dictate or regulate the terms and conditions of employment for your employees. Except as described in Section F.2 below, any information we provide (whether in the Manuals or otherwise) concerning employment-related policies or procedures, or relating to the terms and conditions of employment for your employees, is for your optional use. We have the right periodically to modify and supplement the System Standards, and, in the case of mandatory System Standards, such Systems Standards shall constitute legally binding obligations

upon you when communicated to you. You will not be required to incur any capital expense in connection with any modified or new mandatory System Standards, except those which we reasonably believe are necessary for the protection of public health or safety or to enable the Facility to comply with applicable laws; or when it would be reasonable to project the amortization of such expense over the remaining Term; or we agree to extend the Term to enable you to do so.

2. Management of the Facility. The Facility must be under full-time, on premises management by a person who devotes his or her full working time and best efforts to the day-to-day operations of the Facility, has satisfactorily completed our management training program or a comparable training program at your Facility, and is not engaged in any other business endeavor except passive investments which do not interfere with the performance of his or her duties as manager. You must ensure that your managers agree to comply with the restrictions in Subsections E.7 and E.8 above. The use of an independent consultant or management company to manage the Facility is prohibited unless previously approved in writing by us.

3. Membership Agreements. You must ensure that every membership agreement you use complies with all mandatory System Standards and all applicable laws, rules, and regulations of any governmental authority with jurisdiction over the Facility. You must send us (a) copies of all membership agreements you intend to use before you begin offering memberships and (b) copies of any revised membership agreements within ten (10) days after you make any revisions.

4. Presale of Memberships. No memberships may be sold prior to opening the Facility to the general public unless (a) your plan for pre-selling memberships is approved in writing by us, and (b) you and the Facility's proposed general manager have completed to our satisfaction the pre-opening training described in Section D. Once approved, you may pre-sell memberships only in compliance with such approved plan and applicable laws and ordinances, including, without limitation, laws pertaining to bonding and escrow requirements. You must notify us in writing of the first date on which you begin offering memberships for the Facility within five (5) days after that date.

5. Reciprocity. During the Term, you must comply with all standards and requirements of our partial reciprocity program, as we may implement and periodically modify them. Members of your Facility will have similar reciprocal rights at all other Gold's Gym Facilities. In addition, if you notify us that you elect to participate in our full membership reciprocity program applicable to members who have permanently relocated, you will honor your obligations to do so according to our standards and requirements of that program, as we may implement and periodically modify them.

6. Notices. You will prominently display in the Facility such statements which we prescribe from time to time identifying you as our authorized franchisee. All membership agreements, checks, invoices, and stationery and advertising materials which you use in operating your Facility will also have a statement in the form we prescribe identifying you as the owner of the Facility and indicating that you are our authorized franchisee.

7. Equipment; Products. We have the right to require you to purchase from suppliers that we designate or approve (which may include or be limited to us, our Affiliates, and/or other restricted sources), and then use and offer for sale (as applicable) in your Facility, at least seventy-five percent (75%) of the combined total dollar volume of products, equipment, materials, and supplies to be purchased for your Facility annually. We will use commercially reasonable efforts, depending on conditions then prevailing in the market, to ensure that we at all times designate and/or approve at least four (4) vendors for both the cardio equipment and the strength equipment required for the Facility. Subject to the minimum seventy-five percent (75%) purchase obligation noted above, if you wish to use or sell any product, equipment, materials, or supplies, or to buy from a supplier, which we have not then approved, you must establish to our reasonable satisfaction that the item is of equivalent quality and functionality to the item it replaces and/or that the supplier is, among other things, reputable, financially responsible, and adequately insured for product liability claims. Upon request, you must pay our actual expenses in reviewing your request, performing credit and other relevant investigations, and conducting equipment tests. We will use our best efforts to notify you of our approval or disapproval of your request within ninety (90) days after you have furnished us with the information necessary for us to act upon it. Nonetheless, you acknowledge and agree that, if we establish one or more strategic alliances or preferred vendor programs with nationally or regionally known entities who are willing to supply all or some Gold's Gym Facilities with products or services we designate (for example, beverages and equipment), then we may limit the number of approved suppliers with whom you may deal, designate sources that you must use, and/or refuse any of your requests if we believe that this action is in the best interests of the Gold's Gym System, provided, however, that (a) all such restricted purchases shall be included in calculating your minimum seventy-five percent (75%) purchase obligation, and (b) we nonetheless will use commercially reasonable efforts, depending on conditions then prevailing in the market, to ensure that we designate and/or approve at least four (4) vendors from which to choose for both the Facility's cardio equipment and the Facility's strength equipment, and (c) we will use commercially reasonable efforts to ensure that any strategic alliance or preferred vendor program does not result in increased prices to Gold's Gym Facility franchisees and licensees for the items that are the subjects of the alliance or program. You will not provide any service or offer or sell any products at or from the Facility which are unrelated to the fitness industry. We have the right to receive payments from suppliers on account of their sales to you and other licensees and franchisees and to use all such amounts we receive without restriction (unless instructed otherwise by the supplier) for any purposes we deem appropriate, provided, however, that we shall contribute at least ten percent (10%) of such payments to the Promotion Fund. (The obligation to contribute to the Promotion Fund does not apply to any payments that our Affiliates receive in connection with their product licensing activities.)

8. Customer Surveys. We may periodically coordinate or conduct market research studies and similar programs for the Gold's Gym System, and you must assist us in collecting information (including by distributing surveys to your Facility's members and encouraging members to complete surveys on our Website).

9. Associations. You must participate, at your expense, in the International Health and Racquet Sports Association (IHRSA) or similar organization(s) that we periodically designate,

provided, however, that you need not participate in more than one (1) such organization at any one time.

10. National Membership Accounts. We have the right, but not the obligation, to negotiate agreements with National Membership Accounts (defined below) for the provision of goods and services by all Gold's Gym Facilities. Before we agree to terms with any National Membership Account, we will consult with, and obtain the approval of, a majority of the voting advisory board members of the then current association representing a majority of our franchisees and licensees (the "Association") as to the proposed terms for that National Membership Account. If the Association's advisory board members approve those terms (or, if there is no Association meeting the definition described above, if we agree to terms with any National Membership Account), you must provide products and services to all valid members of the National Membership Account on those terms. If those terms include maximum prices, you may charge any prices you wish to the National Membership Account's members up to and including the maximum prices.—You, but you will not be required to discount your then current membership prices by more than twenty-five percent (25%) or to reduce any prices for any of your other products or services. In this Agreement, a "National Membership Account" is any entity that represents a group of at least one thousand (1,000) persons and that would reasonably require the services of five (5) or more Gold's Gym Facilities to properly serve those within its group who might choose to use a Facility's services (for example, a large employer, an employer with multiple offices, or a health plan). We have the right to receive payments from the groups representing the National Membership Accounts on account of our establishing the account or their dealings with you and other licensees and franchisees, but we shall contribute all amounts that we receive (except for payments attributable to Facilities that we or our Affiliates own, the use of which is unrestricted) to the Promotion Fund or use such amounts to defray the costs of our annual national convention.

11. Regional Alliance of Franchisees. You agree that we may designate, as a region, any geographic area in which two (2) or more Gold's Gym franchisees or licensees operate a total of at least four (4) Gold's Gym Facilities in order to establish a regional alliance of franchisees (an "Alliance"). The Alliance's members in any region will include all Gold's Gym Facility owners in the geographic area comprising that region (including us or our Affiliates, if applicable). Each Alliance will establish its own agenda and goals, but we expect Alliances to administer and develop marketing and promotional materials and programs for the region that the Alliance covers. However, no Alliance may negotiate, administer, promote, support, or otherwise participate in any group purchasing program, purchasing cooperative, or similar collaborative activity that covers or deals with any equipment, products, or services for which we or one of our Affiliates has established a group purchasing program, purchasing cooperative, or similar collaborative activity (provided that our or our Affiliate's program is intended to benefit the Gold's Gym Facilities that the Alliance's members operate). You may not participate in any Alliance that engages in any of the activities proscribed by the preceding sentence.

If, as of the time you sign this Agreement, we have established an Alliance for the geographic area in which the Facility is located, or if we establish an Alliance in that area during this Agreement's term, you agree to sign any documents that the Alliance designates and to participate in the Alliance as a majority vote of all members of the Alliance requires, but only with respect to advertising in a properly defined "DMA" (designated market area) within the

geographic area covered by the Alliance (as determined by the Nielsen Ratings or another reasonable source) as long as your Facility is located in or covered by that DMA. Each Gold's Gym Facility owner, including us, our Affiliates, and our franchisees and licensees, will have one vote on all of the Alliance's proposed programs and activities for each Facility that the owner operates within the Alliance's area. Despite your required participation in the Alliance's advertising programs and activities, you need not spend more than Five Hundred Dollars (\$500) per month for such advertising (in addition to your Promotion Fund contribution in Subsection G.2 below). The Alliance and each of its members shall be deemed to be third party beneficiaries of your obligation to contribute up to Five Hundred Dollars (\$500) per month for advertising in the DMA and shall have an independent right to enforce such obligation. Except for this advertising obligation, you need not participate in the Alliance's programs and activities.

G. ADVERTISING, PROMOTION, AND MARKETING.

1. Approval. All advertising, promotion, and marketing conducted by you ("Marketing Materials") must be legal and not misleading and conform to the policies set forth in the Manuals as we prescribe from time to time. ~~All~~Before you use them, you must send us samples or proofs of (a) all Marketing Materials that we have not prepared or already approved—must be approved by us before use and submitted to us, and (b) all Marketing Materials that we have prepared or already approved and which you propose to change in any way. You must send us these materials at least five (5) business days before your date of intended use. If we have not notified you of our disapproval of these materials within three (3) business days after we actually receive them, they shall be deemed to be approved. We will not unreasonably withhold our approval. All Marketing Materials must list our Website address in the manner we specify.

2. Promotion Fund. We have established a fund ("Promotion Fund") for advertising, marketing, and public relations programs and materials. On the fifteenth (15th) day of each month during the Term, you will pay to us or our designated Affiliate, via electronic funds transfer, a contribution to the Promotion Fund ("Promotion Contribution") in the amount set forth in Exhibit A. We may from time to time, but on no less than thirty (30) days' prior written notice to you, increase your Promotion Contribution, but any increase shall not exceed your then current Promotion Contribution by more than twenty-five percent (25%) over any twelve (12) month period. Nonetheless, we may periodically increase your Promotion Contribution by any amount if eighty percent (80%) of the owners of all Gold's Gym Facilities located in the United States (including those operated by us, our affiliates, and our franchisees and licensees) vote for the increase, with the owners receiving one (1) vote for each Facility that they own. However, we will give you at least thirty (30) days' prior written notice of such increase. If you become delinquent in payment of your Promotion Contribution, we may require you to pay your Promotion Contributions annually, in advance, in addition to any remedy we have by reason of such failure. We will administer the Promotion Fund in accordance with the following provisions:

(a) We will direct all programs financed by the Promotion Fund, with sole control over all creative and business aspects. The Promotion Fund may pay for preparing and producing video, audio, and written materials and electronic media; administering regional and multi-regional marketing and advertising programs, including purchasing trade journal, direct mail, and other media advertising and using advertising, promotion,

and marketing agencies and other advisors to provide assistance; and supporting public relations, market research, and other advertising, promotion, and marketing activities. Subject to your payment of the Promotion Contribution, we will furnish you with samples of advertising, marketing, and promotional formats and materials at no extra cost. Additional copies of such materials may be purchased from us at our cost, plus a reasonable charge for shipping, handling, and storage.

(b) We will account for the Promotion Fund separately from our other funds and not use the Promotion Fund to pay any of our general operating expenses, except for reasonable salaries, administrative costs, travel expenses, and overhead we incur in administering the Promotion Fund and its programs, including conducting market research, preparing advertising, promotion, and marketing materials, and collecting and accounting for Promotion Fund contributions. Our annual compensation for administering the Promotion Fund will not exceed 10% of the Promotion Fund's annual contributions. We may spend, on behalf of the Promotion Fund, in any fiscal year more or less than the aggregate Promotion Contributions of all Gold's Gym Facilities in that year, and the Promotion Fund may borrow from us or others to cover deficits or invest any surplus for future use. We will ~~post the Promotion Fund's budget and~~ prepare semi-annual, unaudited financial statements on our Website twice a year for review by our franchisees and licensees on a password-protected basis of the Promotion Fund's operations and provide them to you upon your written request. We will use commercially reasonable efforts to prepare these financial statements within sixty (60) days after the end of the second quarter of each year and within ninety (90) days after each year-end. We may forgive, waive, settle and compromise all claims by and against the Promotion Fund. We may at any time delegate our rights and responsibilities with respect to the Promotion Fund to an Affiliate or other responsible third party.

(c) The Promotion Fund is intended to develop goodwill in connection with the Marks, the products, and services associated with the Marks, and the patronage of all Gold's Gym Facilities. We have no obligation to ensure that expenditures by the Promotion Fund proportionately benefit any particular geographic area or Facility.

(d) Upon thirty (30) days' advance notice, we may terminate entirely, reduce, or temporarily suspend Promotion Contributions and operation of the Promotion Fund (and, if terminated, suspended, deferred, or reduced, reinstate such Promotion Contributions). If the Promotion Fund is terminated, all unspent monies on the date of termination will be distributed to our franchisees making Promotion Contributions, and to us and our Affiliates, in proportion to their, and our, respective Promotion Contributions during the preceding twelve (12) month period.

H. EVALUATIONS.

We and our designated representatives have the right before you open the Facility for business and thereafter from time to time during your regular business hours, and without prior notice to you, to inspect and evaluate the Facility, observe and record operations, interview personnel and members, and, if obtaining and/or disclosing certain information regarding your Facility is required by law, inspect your books and records relating solely to business conducted

at the Facility. You will cooperate with us in these activities. At our request, you agree to pay us our then current evaluation fee (which will not exceed \$500 per evaluation) for our representative to conduct inspections and evaluate the Facility. We may charge the evaluation fee for an annual evaluation of the Facility, for our initial evaluation of the Facility, for our evaluation of any new location for the Facility (although any proposed relocation of the Facility is subject to our approval), and for any re-evaluation to determine whether noted deficiencies have been corrected. (If we charge an evaluation fee, we may require you to pay this fee in advance of our actual evaluation.) If you operate more than one (1) Gold's Gym Facility in the same geographic area, we will use our best efforts to inspect all such Gold's Gym Facilities on the same inspection trip, although the \$500 per Facility evaluation fee still will apply. We will give you a written summary of our evaluation. You will promptly correct at your own expense all deficiencies (i.e., failures to comply with System Standards) noted by our evaluators not later than thirty (30) days following your receipt of our notice of such deficiencies. Failure to timely correct noted deficiencies constitutes a material breach of this Agreement.

I. TRANSFER.

1. By Us. We may assign this Agreement and delegate all or any part of our obligations to any person or entity who or which we reasonably believe is capable of performing our obligations under this Agreement. We also may change our ownership or form without restriction.

2. By You.

(a) Your rights and duties under this Agreement are personal to you. This Franchise has been granted to you in reliance upon our perceptions of your (or your Owners') individual and collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, except as otherwise provided below in this Section I, neither this Agreement (or any right granted or interest in this Agreement), any ownership or other interest in you, nor any of the Facility's assets (including the equipment of the Facility) may be transferred without our prior approval in accordance with the provisions of Subsection 3 below. A transfer of the Facility's ownership, possession, or control may be made, except as otherwise provided below in this Section I, only with a transfer of this Agreement. Any violation of this restriction shall be a material breach of this Agreement, and any unauthorized assignment or transfer will be without effect. The term "transfer" includes, without limitation, your (or your Owners') voluntary, involuntary, direct, or indirect assignment, sale, gift, encumbering, delegation, or other disposition of this Agreement, an ownership interest in you, or the Facility or any of its assets.

(b) Notwithstanding anything to the contrary contained in this Section I:

(i) Any ownership interests in you may be transferred without our prior written approval, whether inter vivos or upon death or disability, to you or to or among your Owners who were Owners as of the Effective Date. However, you shall notify us of that transfer at least ten (10) days before its anticipated effective date.

(ii) You may grant a security interest (including a purchase money security interest) in the Facility's assets (not including this Agreement) to a lender that finances your acquisition, development, and/or operation of the Facility (the "Lender") without having to obtain our prior written approval.

(iii) You may grant a security interest in this Agreement to a Lender if such Lender agrees, at the time you grant the security interest, to comply with the reasonable conditions we require, including, without limitation, notifying us if you are in default of any repayment or other obligation under your financing documents with the Lender, ensuring that a management team that satisfies our System Standards is in place at the Facility before the Lender exercises its secured party rights and takes over operation of the Facility, and agreeing to comply with the transfer restrictions in this Agreement with respect to the Lender's eventual disposition of this Agreement and the Facility. We acknowledge that, as part of your financing arrangement with a Lender, the Lender might require that we agree reasonably to notify the Lender of your defaults under this Agreement and give the lender a reasonable opportunity to cure those defaults. We agree to do so if the Lender so requires us as a condition of providing financing to you and also gives us in writing the necessary contact person and address for such notice. You agree to give us sufficient prior written notice of your proposed arrangement with the Lender so that we can prepare the documents reasonably necessary for execution by you and the Lender to protect our rights.

(iv) Any Owner may, without having to obtain our prior written approval, transfer his or her interest in you to a trust or other entity established by that Owner for estate planning purposes as long as that Owner is a trustee of, or otherwise controls the exercise of the rights in you held by, the trust or other entity, continues to comply with and ensures the trust's or other entity's compliance with the applicable provisions of this Agreement, and notifies us of the transfer at least ten (10) days before its anticipated effective date.

(v) You may sell or otherwise dispose of a piece of the Facility's equipment, furniture, or fixtures in the ordinary course of business (for example, to replace that equipment, furniture, or fixture with new equipment, furniture, or fixtures) as long as your Facility continues to satisfy our System Standards for a Gold's Gym Facility.

(vi) The transfers permitted in subparagraphs (i) through (v) above are not subject to our right of first refusal under Subsection I.5 below.

3. Conditions for Approval of Transfer.

(a) Provided you (and your Owners) are then in compliance with this Agreement, and subject to the other provisions of this Section, we will approve a transfer that satisfies all of the requirements in this Subsection 3. A non-controlling ownership interest in you (determined as of the date on which the proposed transfer will occur) may be transferred if the proposed transferee and its direct and indirect Owners are of good character and

otherwise meet our then applicable reasonable standards for Gold's Gym Facility franchisees. If the proposed transfer is of this Agreement or a controlling interest in you, or is one of a series of transfers (regardless of the period of time over which these transfers take place) which in the aggregate transfer this Agreement or a controlling interest in you, and after such transfer or transfers the Facility will continue to operate as a Gold's Gym Facility, then all of the following conditions must be met before or concurrently with the effective date of the transfer:

(1) The proposed transferee and each of its Owners must be individuals who, in our reasonable judgment, meet our then applicable reasonable standards for new franchisees, including, but not limited to, the fact that they do not operate, directly or indirectly, own or perform services for a Related Business;

(2) The proposed transferee (or its managing Owner) and its general manager (if different from your general manager) must complete our management training school (unless the transferee is an existing licensee, franchisee, or Owner or unless the transfer is of less than fifty percent (50%) of your ownership interests and the Facility will continue to be managed after the transfer by the same general manager and principal employees who managed the Facility before the transfer);

(3) The proposed transferee must have agreed in writing to be bound by all of the terms and conditions of this Agreement;

(4) We must have received a transfer fee of Two Thousand Five Hundred Dollars (\$2,500), unless the transfer is of less than fifty percent (50%) of your ownership interests, in which case the transfer fee shall be One Thousand Dollars (\$1,000);

(5) You (and your transferring Owners) must have signed general releases, in form satisfactory to us, of any and all claims against us and our Affiliates, shareholders, officers, directors, employees, and agents;

(6) If you or your Owners finance any part of the sale price of the transferred interest, you and your Owners must have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements, or security interests that you or your Owners have reserved are subordinate to the transferee's obligation to pay Monthly Fees and other amounts due to us and otherwise to comply with this Agreement; and

(7) You and your transferring Owners (and your transferring Owners' spouses) must agree in writing for our and the transferee's benefit to continue to observe the restrictions contained in Subsection E.7.

(b) The foregoing conditions, and the other restrictions on transfer contained in Subsections I.2 and I.3 above, do not apply if you (or your Owners) propose to sell the Facility (or your Owners' interests in you) to a third party who, after the transfer, no

longer will operate the Facility as a Gold's Gym Facility, provided that, under such circumstances, you must comply with the following conditions:

(1) you must comply with the right of first refusal procedures contained in Subsection I.5 below; and

(2) if we do not exercise our right of first refusal and the third party completes the transfer:

(i) you must pay us, at or before the transfer's closing, the product of all Monthly Fees and Promotion Contributions (with Promotion Contributions being calculated at the level effective on the date of the transfer's closing) that you would have paid us during what would have been the remainder of the Term had the transfer not taken place multiplied by either (x) one hundred and fifty percent (150%) if the third party will operate the Facility after the transfer as a Related Business but not as a Gold's Gym Facility or (y) one hundred percent (100%) if the third party will not operate the Facility after the transfer as a Related Business, and, in addition, you must pay the Alliance for the geographic area in which your Facility is located (at or before the transfer's closing) any amounts then due or to become due with respect to advertising activities and programs to which the Alliance committed before the transfer's closing;

(ii) you and the buyer must sign the form of agreement that we reasonably require in which you and the buyer agree immediately to de-identify the Facility as a Gold's Gym Facility as required under Subsections M.2 and M.3 below; and

(iii) you (and your Owners owning an aggregate of at least seventy-five percent (75%) of your total authorized ownership interests) must sign a general release, in form satisfactory to us, of any and all claims against us and our Affiliates, shareholders, officers, directors, employees, and agents.

4. Transfer to an Entity. If you are then in compliance with this Agreement, you may transfer this Agreement to a legal entity formed solely to operate the Facility and, if applicable, other Gold's Gym Facilities, in which you maintain management control, and of which you own at least a fifty-one percent (51%) financial and voting interest, and provided that all assets of the Facility are owned, and the entire business of the Facility is conducted, by such entity. Transfers of ownership interests in such entity will be subject to the provisions of Subsections I.2 and I.3 above. You will remain liable for performance of this Agreement by any entity to which you transfer this Agreement. You will notify us of any transfer under this Subsection, and, upon our request, the Owners of the entity to which you transfer this Agreement will execute and deliver to us the appropriate forms of Guaranty which are Exhibits B and C to this Agreement.

5. Our Right of First Refusal to Match a Proposed Transfer. During the Term, if you or any of your Owners wish to sell or otherwise transfer an interest in this Agreement and the

Facility, the Facility alone, or an ownership interest in you (except in connection with a transfer set forth in Subsection I.2(b), none of which is subject to this Subsection), you agree to comply with the following requirements.

You shall notify us within fifteen (15) days after you have commenced discussions or other communications, even if preliminary, regarding such a sale or other transfer and then send us written updates of the status of such discussions or communications every sixty (60) days thereafter unless and until such discussions or communications have ceased, in which case you must notify us in writing within five (5) business days that such discussions or communications have ceased. At our option, we may require you to send us, by certified mail or other receipted delivery, copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction. Before moving forward with any such transaction, you (or your Owners) agree to obtain from a responsible and fully disclosed buyer, and then send us, a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating exclusively to an interest in you, in this Agreement and your Facility, or the Facility alone. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer an earnest money deposit equal to Twenty-Five Thousand Dollars (\$25,000). (If a proposed disposition is part of a transaction involving additional Gold's Gym Facilities operating under other Franchise Agreements with us, the proposed buyer must pay you this earnest money deposit for each Gold's Gym Facility involved.)

We may, by delivering written notice to you or your selling Owner(s) within thirty (30) days after we receive both an exact copy of the offer and the Preliminary Due Diligence Package (defined below) (the date on which we have received the exact copy of the offer and the Preliminary Due Diligence Package is called the "Trigger Date"), notify you of our non-binding preliminary intent to purchase or not to purchase the interest proposed to be sold. The "Preliminary Due Diligence Package" is information and copies of documents (where applicable) that you compile and consists of your Facility's financial statements (including monthly revenue information) for the preceding three (3) years, monthly membership information for the preceding three (3) years (that is, the beginning membership base in terms of numbers of members and membership fees, membership additions and cancellations, and the ending membership base for each month in terms of numbers of members and membership fees), a description of the membership packages currently offered, a copy of the Facility's current lease (if we do not already have it), information about the number and compensation of employees working at the Facility, and a description of the competing health clubs operating within the Territory. If we notify you within thirty (30) days after the Trigger Date (the "First Notice Deadline") that we are preliminarily interested in exercising our right of first refusal, we will have an additional thirty (30) days after the First Notice Deadline both to conduct our due diligence and then to notify you of either our binding intent to exercise our right of first refusal or our decision not to exercise this right. (This additional period is called the "Due Diligence Deadline.") If we elect to purchase the interest proposed to be sold for the price and on the terms and conditions contained in the offer:

(a) we may substitute cash for any other form of payment proposed in the offer (such as ownership interests in a privately-held entity);

(b) our credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, we or our designee may provide promissory notes with the same terms as those offered by the proposed buyer, except as to subordination. Regarding subordination, you acknowledge and agree that our obligations under any promissory notes we provide in the transaction would be subordinate to our obligations under the promissory notes then outstanding to any and all lenders, although senior to the equity rights of our owners in us);

(c) we will have an additional thirty (30) days after the Due Diligence Deadline to close; and

(d) we must receive, and you (and your Owners owning an aggregate of at least seventy-five percent (75%) of your total authorized ownership interests) agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a legal entity, as applicable, including, without limitation, representations and warranties regarding:

(i) ownership and condition of and title to ownership interests and/or assets;

(ii) liens and encumbrances relating to ownership interests and/or assets;
and

(iii) validity of contracts and the liabilities, contingent or otherwise, of the entity whose ownership interests are being purchased,

provided, however, that you need not make any representations and warranties that exceed the representations and warranties to which you agreed with the proposed transferee in the executed written offer, if that executed written offer sets forth all of the representations and warranties between the parties for the proposed transfer.

You agree that, if the proposed purchase price is to be paid with ownership interests of a transferee which is a privately-held entity, or with a promissory note given by the transferee (rather than with cash or publicly-traded ownership interests), we may require the true value of the consideration proposed to be given by the transferee to be determined by one of the "Big Four" accounting firms that does not represent either you or us. Except as provided below, the costs of that accounting firm will be shared equally by you and us. Beginning the process of making such determination will toll both the First Notice Deadline and the Due Diligence Deadline for no more than thirty (30) days. We and you shall instruct the accounting firm to complete its determination within such thirty (30) day period. If the accounting firm determines that the true value of the consideration proposed to be given by the transferee is less than the value stated in the original offer to you, you may, within five (5) business days after you receive the determination, choose not to move forward with the proposed transfer. However, if you

decide not to move forward with the proposed transfer, you shall pay the entire cost of the accounting firm (rather than sharing the cost equally with us).

If we do not exercise our right of first refusal, you or your owners may complete the sale to the proposed buyer on the original offer's terms, but subject to our approval of the transfer as provided in Subsections I.2 and I.3 above if, after the transfer, the Facility will continue to operate as a Gold's Gym Facility. This means that, even if we do not exercise our right of first refusal, if the proposed transfer otherwise would not be allowed under Subsections I.2 and I.3 above, you or your owners may not move forward with the transfer at all. If, after the transfer, the Facility no longer will continue to operate as a Gold's Gym Facility or as any other type of Related Business, then you may complete the sale to the proposed buyer as long as you comply with Subsection I.3(b)(2) above.

If you or your owners do not complete the sale to the proposed buyer within ninety (90) days after we notify you that we do not intend to exercise our right of first refusal (whether or not the First Notice Deadline or the Due Diligence Deadline has expired), or if there is a material change in the terms of the sale (which you must tell us promptly), we will have an additional right to accept the sale during the thirty (30) day period following either the expiration of that ninety (90) day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our option. If we once again do not do so, but you or your owners do not complete the sale to the proposed buyer within an additional ninety (90) days after we notify you of that fact, then any proposed transfer thereafter once again must comply with all of the provisions of this Subsection I.5, as though there had not previously been a proposed transfer.

J. **DEATH OR DISABILITY.**

1. Transfer Upon Death or Disability. Upon your death or disability (as defined below) or, if you are a legal entity, upon the death or disability of an Owner with a controlling interest in you, your or the Owner's executor, administrator, conservator, guardian, or other personal representative must, within a reasonable time (not to exceed six (6) months after such death or disability), transfer your or the Owner's interest to a third party in compliance with the terms and conditions applicable to transfers contained in this Agreement, provided, however, if your or the Owner's heirs desire to receive an assignment of the interest, we will allow them to do so if they satisfy the conditions contained in Subsections I.3(a)(1), (2), (3), and (4) above. Failure to comply with this Subsection is a material breach of this Agreement. As used in this Agreement, "disability" means the inability of such person to perform his or her normal responsibilities at the Facility for a consecutive period of at least ninety (90) days or for a total of one hundred eighty (180) days during any twelve (12) month period.

2. Operation Upon Death or Disability. If you or one of your Owners was the manager of the Facility at the time of your or such Owner's death or disability, then, within thirty (30) days after such death or disability, your or your Owner's executor or other personal representative must appoint a qualified manager to operate the Facility. Such manager will be required to complete our management training school.

K. EXPIRATION OF THIS AGREEMENT.

1. Your Right to Acquire a Renewal Franchise. Upon expiration of the Term, if you (and each of your Owners) are then in compliance with this Agreement, and:

(a) you maintain possession of and agree to remodel the Facility, add or replace improvements, equipment, fixtures, furnishings, and signs, and otherwise modify the Facility as we require to bring it into compliance with specifications and standards then applicable for new Gold's Gym Facilities, provided, however, that in doing so you need not spend more than fifteen percent (15%) of the Facility's gross revenue during the Term's last year; or

(b) if you are unable to maintain possession of the Site, or if, in our reasonable judgment based on changed market and economic conditions then in effect in your Territory and near the Facility, the Facility should be relocated, you: (i) secure a substitute Site we approve; (ii) develop the substitute Site in compliance with specifications and standards then applicable for new Facilities; and (iii) continue to operate the Facility at the original Site as is reasonable until operations are transferred to the substitute Site,

then, subject to the terms and conditions set forth in this Section, you will have the right to acquire another Franchise (the "Renewal Franchise") to operate the Facility on the terms and conditions of the Franchise Agreement we are then using in granting Renewal Franchises, any and all of the terms of which may differ materially from those contained in this Agreement, provided, however, that we will not charge you an initial franchise fee for that Renewal Franchise that exceeds fifty percent (50%) of the initial franchise fee that we are then charging for new Gold's Gym Facility franchises. Notwithstanding our right in subparagraph (b) above to require you to relocate the Facility, we will not require you to relocate the Facility in connection with your acquisition of a Renewal Franchise until the then current term of the lease or sublease for your Facility expires (in the case where this Agreement expires before your then current lease term expires). However, you must comply with your obligations in subparagraph (b) above and, if appropriate, commence preparation to relocate the Facility to a new location before the then current term of your lease or sublease expires in order to minimize as reasonably as practicable the time period during which you do not have a Gold's Gym Facility open for business.

2. Grant of a Renewal Franchise. You agree to give us notice of your election to acquire a Renewal Franchise at least twelve (12) months prior to the expiration of the Term. We may require you to provide certain financial information relating to the Facility's operation along with (and after delivering) your notice. If you fail to give us your notice by the required deadline, we will interpret that to be your election not to acquire a Renewal Franchise, and we will take action in reliance on that election. We will advise you within ninety (90) days after we receive your notice of any deficiencies which must be corrected by you before we will grant you a Renewal Franchise or the reason why we will not grant you a Renewal Franchise.

3. Agreements/Releases. If you satisfy all of the other conditions to the grant of a Renewal Franchise, you and your Owners must, at least six (6) months prior to the expiration of the Term, execute and return to us the form of Franchise Agreement and/or any ancillary

agreements we are then using in connection with the grant of Renewal Franchises for Gold's Gym Facilities (modified as permitted in Subsection K.1 above), except the term of such new agreement will be for ten (10) years, commencing immediately after the expiration of the Term, without any further renewal or extension rights. As a further condition to the grant of a Renewal Franchise, you and your Owners owning an aggregate of at least seventy-five percent (75%) of your total ownership interests must also execute and deliver to us (together with delivery of the signed Franchise Agreement) general releases, in form satisfactory to us, of any and all claims against us, our Affiliates, and our and our Affiliates' respective subsidiaries, shareholders, officers, directors, employees, agents, successors, and assigns.

L. TERMINATION OF AGREEMENT

1. By Either Party. Either party may terminate this Agreement if the other commits a material breach of any of its respective obligations under this Agreement (including your breach of your obligation to comply with any System Standard) and fails to correct such breach within thirty (30) days after delivery of written notice of such a breach, provided, however, that if we or you cannot reasonably correct the breach within this thirty (30) day period but provide the other, within this thirty (30) day period, with reasonable evidence of our or your effort to correct the breach within a reasonable time, not to exceed sixty (60) days after delivery of the original written notice of breach, then the cure period shall run through the end of such sixty (60) day period. This Section does not apply to your financial defaults under this Agreement, which are addressed in Subsections L.2(j), (l), and (n)Section L.2 below.

2. Material Breach. The occurrence of any one of the following events shall each constitute non-curable, material breaches of this Agreement. Therefore, in addition to the rights of termination described in Subsection 1 above, we may, at our option, terminate this Agreement, upon delivery of written notice to you, for any of the following breaches of this Agreement without affording you an opportunity to correct such breaches:

(a) you (or any of your Owners) have made any material misrepresentation or omission in connection with your application for and purchase of the Franchise or your operation of the Facility;

(b) you fail to obtain our approval of the Site, to secure the approved Site under a lease or sublease that we approve, or otherwise to meet any of the Development Obligations identified in Section B on or before the applicable deadline established in Section B, or you fail to develop, open and begin operating the Facility in accordance with our System Standards on or before the Mandatory Opening Date;

(c) you abandon or fail actively to operate the Facility (other than due to a force majeure) for two (2) or more consecutive business days, although you may close the Facility for up to thirty (30) days for remodeling and repairs (but if your remodeling or repairs will take more than thirty (30) days, your members must be able to use an alternate location within two (2) miles of your Facility);

(d) you or any of your Owners makes a purported transfer in violation of Section I above, unless, in the case of an unauthorized transfer by one of your Owners, you or one

or more of your remaining Owners purchase the breaching Owner's interest in you within sixty (60) days after the unauthorized transfer;

(e) you (or any of your Owners with a controlling ownership interest in you) are or have been convicted of, or plead or have pleaded no contest to, a felony;

(f) you (or any of your Owners with a controlling ownership interest in you) engage in any dishonest or unethical conduct which, in our reasonable opinion, adversely affects the reputation of the Facility or the goodwill associated with the Marks;

(g) you lose the right to possession of the Site, unless the loss of possession was not due to your fault and you locate a substitute Site within the Territory for the Facility, and begin operating the Facility from that substitute Site, within one hundred and eighty (180) days from the loss of possession;

(h) a Lender forecloses on its lien on a substantial and material portion of the Facility's assets (not including this Agreement);

(i) you (or any of your Owners) misappropriate any Trade Secrets;

(j) you violate any material law, ordinance, or regulation applicable to the Facility and do not begin to correct such noncompliance or violation immediately or do not completely correct such noncompliance or violation within the time period prescribed by law, unless you are in good faith contesting your liability for such violation;

(k) you fail to make any payment due to us and do not correct such failure within five (5) days after delivery of written notice of such failure;

(l) you fail to maintain the insurance required by this Agreement or to furnish us with satisfactory evidence of such insurance within the required time and do not correct such failure within five (5) days after delivery of written notice of such failure;

(m) you fail to pay when due any federal or state income, service, sales, employment, or other taxes due from the operations of the Facility, unless you are in good faith contesting your liability for such taxes through appropriate proceedings;

(n) you (or any of your Owners) breach this Agreement on three (3) or more separate occasions within any period of twelve (12) consecutive months and we notify you of such breaches, whether or not such breaches are individually material breaches or corrected after notice from us;

(o) you repeatedly fail to pay amounts owed to our designated, approved, or recommended suppliers within thirty (30) days following the due date (unless you are contesting the amount in good faith), or you default (and fail to cure within the allocated time) under any material note, lease, or agreement pertaining to the operation or ownership of the Facility; or

(p) any other contract or agreement between us (or any of our Affiliates) and you (or any of your Owners or Affiliates), including any franchise agreement for another Gold's Gym Facility (but excluding any development rights agreement for the development of multiple Gold's Gym Facilities), is terminated before its term expires, regardless of the reason; or

(q) (p) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or a substantial part of your property; the Facility is attached, seized, or levied upon, unless such attachment, seizure, or levy is vacated within sixty (60) days; or any order appointing a receiver, trustee, or liquidator of you or the Facility is not vacated within sixty (60) days following the entry of such order.

M. EFFECT OF TERMINATION OR EXPIRATION OF THIS AGREEMENT.

1. Payment of Amounts Owed to Us. Upon termination or expiration of this Agreement for any reason, within ten (10) days after such termination or expiration, you will pay us all amounts remaining due under this Agreement. In the case of a termination by us with cause or a termination by you without cause, this will be deemed to include all amounts that you would have paid us during what would have been the remainder of the Term had it not been terminated, including, but not limited to, Monthly Fees and Promotion Contributions. However, we and you acknowledge and agree that, in the case of a termination by us with cause or a termination by you without cause, we also will suffer damages other than lost future Monthly Fees and Promotion Contributions (including, without limitation, loss of goodwill relating to the Marks and lost business opportunities). If you (or your Owners) propose to sell the Facility (or your Owners' interests in you) to a third party who, after the transfer, no longer will operate the Facility as a Gold's Gym Facility, you shall pay the amounts set forth in Subsection I.3(b)(2) above, rather than the Monthly Fees and Promotion Contributions that you would have paid us during what would have been the remainder of the Term had it not been terminated. That payment in those circumstances shall be our sole remedy for any damages we incur due to the transfer itself and the cessation of the Facility's operation as a Gold's Gym Facility (but not for any damages we incur due to your failure to comply with any other obligation under this Agreement).

2. Marks. Upon the termination or expiration of this Agreement:

(a) you may not directly or indirectly at any time or in any manner (except with respect to other Gold's Gym Facilities you own and operate) identify yourself or any business as a current or former Gold's Gym Facility, or as one of our current or former franchisees, or use any of the Marks, the System, System Standards, or any colorable imitation thereof;

(b) you will take such action required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any of the Marks and, at our option, to assign to us (or our designee) or cancel any electronic address, domain name or Website,

or rights maintained in connection with any search engine, that associates you with us, the Facility, or the Marks;

(c) you will within fifteen (15) days destroy all signs, Marketing Materials, forms, and other materials containing any of the Marks or otherwise identifying or relating to a Facility;

(d) you will promptly and at your own expense make such alterations as we reasonably specify to distinguish the Facility clearly from its former appearance and from other Gold's Gym Facilities so as to prevent a likelihood of confusion by the public;

(e) you will notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone, telecopy, or other numbers with a suffix of "GOLD" (i.e., the last four numbers are "4653") and any regular, classified, or other telephone directory listings associated with any of the Marks or the Facility, authorize the transfer of such numbers and directory listings to us or our nominee, or instruct the telephone company to forward all calls made to your telephone numbers with a suffix of "GOLD" (i.e., the last four numbers are "4653") to numbers we specify; and

(f) you will notify all of your members of the termination or expiration of this Franchise.

3. Trade Secrets. Upon termination or expiration of this Agreement, you and your Owners will immediately cease to use any of our Trade Secrets in any business or otherwise and return to us all copies of the Manuals and any other confidential materials that we have loaned to you.

4. Continuing Obligations. All of our and your (and your Owners' and Affiliates') obligations which expressly or by their nature survive the termination or expiration of this Agreement will continue in full force and effect subsequent to and notwithstanding its termination or expiration until such obligations are satisfied in full or by their nature expire.

N. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION.

1. Independent Contractors. This Agreement does not create a fiduciary relationship between you and us. We and you are and will be independent contractors, and nothing in this Agreement is intended to create an agency, joint venture, partnership, or employment relationship. Neither party has any right to create any obligation on behalf of the other except as expressly provided in this Agreement.

2. Taxes. You and your Owners are solely responsible for all taxes, however denominated or levied upon you or the Facility, in connection with the business you will conduct under this Agreement (except any taxes we are required by law to collect from you with respect to purchases from us).

3. Indemnification.

(a) You will indemnify, defend, and hold us, our Affiliates, and our and their respective shareholders, directors, officers, employees, agents, successors, and assignees (collectively, "Indemnified Parties") harmless against, and reimburse any one or more of the Indemnified Parties for, all third party claims, any and all taxes, and any and all claims and liabilities directly or indirectly arising out of the operation of the Facility, including, without limitation, those alleged to be or found to have been caused by an Indemnified Party's negligence, unless (and then only to the extent that) the claims or liabilities are determined to be caused solely by the Indemnified Party's negligence, defaults or willful misconduct in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction. For purposes of this indemnification, the reference to "claims and liabilities" (collectively called "Claims" and individually called a "Claim") means all obligations and damages (actual, consequential, exemplary, or other) suffered as a result, and costs reasonably incurred in the defense, of any claim asserted against any of the Indemnified Parties, including, without limitation, accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration, or alternative dispute resolution, and travel and living expenses. Each Indemnified Party has the right to defend any Claim at your expense if you fail to defend the Claim in the manner the Indemnified Party reasonably requires. This indemnity will continue in full force and effect notwithstanding the termination or expiration of this Agreement. Neither we nor any other Indemnified Party is required to seek recovery from any insurer or other third party in order to maintain and recover fully a Claim against you. You agree that our failure to pursue such recovery will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

(b) We agree to indemnify, defend, and hold harmless you and your Owners, directors, officers, employees, agents, successors, and assignees (collectively, "Franchise Owner Indemnified Parties") against, and to reimburse each Franchise Owner Indemnified Party for, all Claims (as defined in subparagraph (a) above) asserted by a third party directly or indirectly arising out of our defaults, negligence, or intentional misconduct toward that third party. Each Franchise Owner Indemnified Party has the right to defend any claim at our expense if we fail to defend the claim in the manner the Franchise Owner Indemnified Party reasonably requires. This indemnity will continue in full force and effect notwithstanding the termination or expiration of this Agreement. A Franchise Owner Indemnified Party need not seek recovery from an insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against us. We agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts you or another Franchise Owner Indemnified Party may recover from us.

4. Insurance. At least thirty (30) days prior to the earlier of: (a) opening the Facility, or (b) your first use of the Marks in any manner, you must obtain and thereafter maintain in full force and effect, throughout the Term, public liability and property damage insurance in the minimum amount of \$1,000,000 per occurrence and ~~\$2,000,000~~3,000,000 in the aggregate for the risks specified in the Manuals and employment practices liability insurance in the minimum

amount of \$500,000 per occurrence. Said coverage shall be on an "occurrence" basis and must provide that it cannot be canceled, terminated, reduced, or amended without the insurer's first giving us at least thirty (30) days' advance written notice. The insurer under any required policy shall at all times maintain at least an "A-VII" rating or better as rated by Best's Insurance Reports. You must cause us and all of our Affiliates of whom we notify you to be named as additional insureds on any such policies and deliver evidence of required insurance coverage to us. Upon issuance of any required insurance policy, and at least thirty (30) days prior to any renewal or replacement of a required insurance policy, you must deliver to us a certificate of insurance evidencing that you have obtained such policy. You must notify us of any lawsuits filed against you within five (5) business days after you have notice of such lawsuits, whether or not you have tendered them to your insurance company for defense and/or coverage. We may, upon sixty (60) days' prior written notice, require reasonable changes in the insurance coverage you are required to maintain to reflect inflation, identification of special risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances.

O. STANDARD CLAUSES.

1. Severability. Except as expressly provided to the contrary in this Agreement, each provision of this Agreement is severable, and if, for any reason, any provision or part of a provision is held to be invalid or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction in a proceeding to which we are a party, that ruling will not impair the operation of, or have any other effect upon, such other portions of this Agreement that remain otherwise intelligible, which will continue to be given full force and effect and bind the parties. If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable by reducing any part or all of it, you and we agree that such covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice than is required under this Agreement of the termination of this Agreement or of our refusal to enter into a Renewal Franchise Agreement, or the taking of some other action not required under this Agreement, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid or unenforceable, the prior notice and/or other action required by such law or rule will be substituted for the comparable provisions of this Agreement, and we will have the right to modify such invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable. You agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions or any System Standard any portion or portions which a court or arbitrator holds to be unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order or arbitration award. Such modifications to this Agreement will be effective only in such jurisdiction, unless we elect to give them greater applicability, and will be enforced as originally made and entered into in all other jurisdictions.

2. Amendment. Subject to our right periodically to modify System Standards and the Manual, the provisions of this Agreement may be modified only by written agreement between you and us.

3. Waiver of Obligations. We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of notice to the other or such other effective date stated in the notice of waiver. Any waiver we or you grant will be without prejudice to any other rights we or you may have, will be subject to our or your continuing review, and may be revoked by us or you at any time and for any reason, provided, however, that any waived breach may not later be used as a ground for terminating this Agreement. Any waiver must be in writing to be enforceable. Our failure to complain or declare that you are in breach of the terms of this Agreement or our failure to give or withhold our approval as provided in this Agreement shall not, except as otherwise provided in this Agreement, constitute a waiver of such breach or of such right to withhold our approval. We will not be deemed to waive or impair any of our rights under this Agreement because of our waiver of or failure to exercise any right, whether of the same, similar, or different nature, with other Gold's Gym Facilities or because of the existence of franchise or license agreements for other Gold's Gym Facilities which contain provisions different from those contained in this Agreement.

4. Costs and Attorneys' Fees. If we incur any costs or expenses, including, without limitation, attorneys' fees, as a result of your non-compliance with this Agreement, you must promptly reimburse us for all such costs and expenses, even if we do not initiate a formal legal proceeding, and also must reimburse us for costs and expenses incurred in connection with any judicial or arbitration proceeding or action (whether incurred before or after the proceeding or action was commenced) if we prevail in such proceeding or action, as determined by the judge, jury, or arbitrator, as applicable.

5. No Off-Sets; Cumulative Rights. You may not take any off-sets from any amounts due us under this Agreement or any other agreements. Our and your rights under this Agreement are cumulative, and no exercise or enforcement of any right or remedy shall preclude our or your exercise or enforcement of any other right or remedy under this Agreement which we or you are entitled by law to exercise or enforce.

6. Arbitration. Except for controversies, disputes, or claims related to or based on your use of the Marks after the expiration or termination of this Agreement, all disputes between us and our Affiliates, and our and their respective shareholders, officers, directors, agents, and employees, and you (and/or your Owners, guarantors, Affiliates, officers, directors, agents, and employees, if applicable) arising out of or related to this Agreement, any other agreement between us and you, or any aspect of our and your relationship, including the arbitrability of the dispute or the validity of any provision of this Agreement, including this Subsection, will be determined exclusively by binding arbitration to be conducted by three (3) arbitrators under the then current commercial arbitration rules of the American Arbitration Association. Arbitration proceedings must be held exclusively at a suitable location to be chosen by the arbitrators which is within ten (10) miles of our then existing principal business address. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the award may be entered in any court of competent jurisdiction. We and you agree to be

bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. We and you further agree that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrators may not consider any settlement discussions or offers that might have been made by either you or us and shall not have the right to declare any Mark generic or otherwise invalid. Except as described in Section O.9, we and you and your Owners waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other. ~~We and you and your Owners~~ agree that, in the event of a dispute between you and us, the party making a claim will be limited to equitable relief and to recovery of any actual damages he, she, or it sustains.

Arbitration must be conducted on an individual, not a class-wide, basis, ~~and an arbitration proceeding between us and; only we (and/or our Affiliates, and our and their respective shareholders, officers, directors, agents, and employees,)~~ and you (and/or your Owners, guarantors, ~~affiliates~~ Affiliates, officers, directors, agents, and employees, if applicable) ~~may not be the parties to any arbitration proceeding described in this Subsection; and no such arbitration proceeding may~~ be consolidated with any other arbitration proceeding between us and any other person, corporation, limited liability company, or partnership. Notwithstanding anything to the contrary contained in this Subsection, we and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction. The provisions of this Subsection will continue in full force and effect notwithstanding the termination or expiration of this Agreement and are intended to benefit and bind certain third party non-signatories.

7. Governing Law. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (15 U.S.C. §§ 1051 et seq.), or other federal law, this Agreement, the Franchise, and all claims arising from the relationship between us and you will be governed by the laws of the State of California, without regard to its conflict of laws principles, except that (a) any California law regulating the sale of franchises, licenses, or business opportunities or governing the relationship of a franchisor and its franchisee or the relationship of a licensor and its licensee will not apply unless its jurisdictional requirements are met independently without reference to this Section, and (b) the enforceability of those provisions of this Agreement which relate to restrictions on your (and your Owners') competitive activities will be governed by the laws of the state in which the Facility is located.

8. Consent to Jurisdiction. Subject to our and your arbitration obligations in Section O.6., you and your Owners agree that all judicial actions brought by us against you or your Owners or by you or your Owners against us or our Affiliates, or our or their shareholders, officers, directors, agents, or employees, must be brought exclusively in the state or federal court of general jurisdiction closest to where our principal business address then is located. You (and each Owner) irrevocably submit to the jurisdiction of such court and waive any objection you, he, or she may have to either jurisdiction or venue. Notwithstanding the foregoing, we may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to

enforce an arbitration award, in any federal or state court in the state in which you reside or the Facility is located.

9. Waiver of Punitive Damages. Except with respect to your and our obligation to indemnify the other pursuant to Subsection N.3 for Claims of others seeking to recover punitive or exemplary damages, and except for claims we bring against you for your unauthorized use of the Marks or misappropriation of any Trade Secrets, we and you and your Owners waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between you and us, the party making a claim will be limited to equitable relief and to recovery of any actual damages he, she, or it sustains.

10. Limitations of Claims. Except for claims arising from your non-payment of amounts due us under this Agreement, any and all claims arising out of or relating to this Agreement or our relationship with you will be barred unless an arbitration proceeding is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims.

11. Construction. The recitals and exhibits to this Agreement and your application for the Franchise are a part of this Agreement, which, together with the Manuals and our System Standards, constitutes our and your entire agreement, and there are no oral or other written understandings, representations, or agreements between us and you relating to the subject matter of this Agreement. Any policies that we adopt and implement from time to time to guide our decision-making are subject to change, are not a part of this Agreement, and are not binding on us. Except as provided in Section F.11 and the indemnification and arbitration Sections, nothing in this Agreement is intended, or will be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement. Except where this Agreement expressly obligates us reasonably to approve any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed or effected actions that require our approval. The headings of the several sections and subsections are for convenience only and do not define, limit, or construe the contents of such sections or subsections. The term "Affiliate," as used with respect to you or us, means any person directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us (as applicable). For purposes of this definition, "control" of a person means ownership or control of a majority of the voting ownership of the person or a combination of voting ownership or one or more agreements that together afford control of the management and policies of such person. If two or more persons are at any time "you" under this Agreement, their obligations and liabilities to us will be joint and several. References to "Owner" mean any person holding a direct or indirect, legal or beneficial ownership interest or voting rights in you (or a transferee). References to a "controlling ownership interest" in you mean the percent of your voting shares or other voting rights that results from dividing one hundred percent (100%) of the ownership interests by the number of your Owners that would exist either immediately before or after the time the determination is made. The term "Facility" includes all of the assets of the Facility you operate under this Agreement, including its revenue and income. The term "force majeure" means any event or condition beyond the reasonable control of the subject party, including, but not limited to, acts of God or a governmental authority. Any time period or deadline imposed on the parties under this Agreement shall be extended or delayed as is reasonably necessary upon the

occurrence of a force majeure (although all payments due under this Agreement must continue to be made). This Agreement may be executed in multiple copies, each of which will be deemed an original.

12. Notices and Payments. All approvals, requests, notices, and reports required or permitted under this Agreement will not be effective unless in writing and delivered to the party entitled to receive the notice in accordance with this Subsection. All such approvals, requests, notices, and reports, as well as all payments, will be deemed delivered at the time delivered by hand; or one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery; or three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid; and must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified.

13. Time. Time is of the essence of this Agreement and each and every provision.

14. Binding Effect. The delivery of this Agreement to you is not an offer. Therefore, this Agreement will not be binding upon us until it is first signed by you, tendered to us for our acceptance, and accepted by us through the signatures of two (2) duly authorized individuals.

15. Exercise of Our Business Judgment. We have the right to operate, develop and change the Systems in any manner that is not specifically prohibited by this Agreement. Whenever we have reserved in this Agreement a right to take or withhold an action, or to grant or decline to grant you a right to take or omit an action, we may, except as otherwise specifically provided in this Agreement, make our decision or exercise our rights based on the information readily available to us and our judgment of what is in our and/or our franchise network's best interests at the time our decision is made, regardless of whether we could have made other reasonable or even arguably preferable alternative decisions or whether our decision or the action we take promotes our financial or other individual interest.

INTENDING TO BE LEGALLY BOUND, the parties have executed and delivered this Agreement on the date stated on the first page.

GOLD'S GYM FRANCHISING, INC.

By: _____
Title: _____

By: _____
Title: _____

Address: 358 Hampton Drive
Venice, California 90291

IF FRANCHISEE IS A CORPORATION, LIMITED LIABILITY COMPANY, OR LIMITED PARTNERSHIP:

Name of Franchisee

Signed: _____

Title: _____

Address: _____

IF FRANCHISEE IS A SOLE PROPRIETORSHIP OR GENERAL PARTNERSHIP:

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

EXHIBIT A

BASIC TERMS

This Exhibit is in reference to that certain Franchise Agreement between Gold's Gym Franchising, Inc., a Delaware corporation, and _____ dated as of _____ (the "Franchise Agreement").

SITE AND SITE SELECTION AREA

(Franchise Agreement Section A.1) ~~Sections A.1 and B.1~~

The Site's address is:

If you have not yet ~~found~~located an approved location for the Facility ~~Site~~ as of the date of this Agreement ~~Effective Date~~, the Site will not be identified until you find and we approve the Site, as provided in Section B.4.1, but you may look for the Site within the following Site Selection Area:

TERRITORY

(Franchise Agreement Section A.1)

The Territory referred to in the Franchise Agreement shall be as follows:

MANDATORY OPENING DATE

(Franchise Agreement Section A.2)

_____ 200

ACTUAL OPENING DATE

(Franchise Agreement Section A.2)

_____ 200

FORM OF FRANCHISEE
 (Franchise Agreement Section A.6)

Sole Proprietorship or General Partnership: If you are a sole proprietorship or a general partnership owned by more than one Owner, each Owner and the percentage of ownership is as follows:

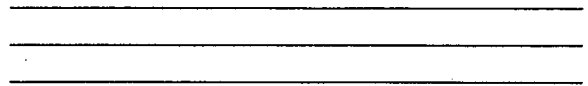
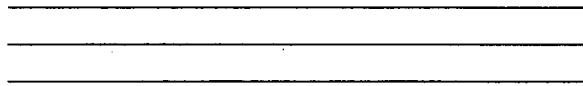
<u>Owner's Name and Address</u>	<u>Percentage of Ownership Interest</u>
Name: _____ Address: _____ _____	_____
Name: _____ Address: _____ _____	_____
Name: _____ Address: _____ _____	_____
Name: _____ Address: _____ _____	_____

Corporation, Limited Liability Company, or Limited Partnership: If you are a legal entity other than a general partnership (i.e., corporation, limited liability company, or limited partnership), please provide the following information:

You are a _____ and were formed on _____ under the laws of the State of _____. You have not conducted business under any name other than your corporate, limited liability company, or limited partnership name and _____.

The following is a list of your directors and officers, if applicable, as of the Effective Date of this Agreement:

<u>Name of Each Director/Officer</u>	<u>Position(s) Held</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____



The following list includes the full name and mailing address of each person who is one of your Owners (as defined in the Franchise Agreement) and fully describes the nature and percentage of each Owner's interest:

<u>Owner's Name and Address</u>	<u>Description and Percentage of Ownership Interest</u>
Name: _____ Address: _____ _____	_____
Name: _____ Address: _____ _____	_____
Name: _____ Address: _____ _____	_____
Name: _____ Address: _____ _____	_____

INITIAL FEE

(Franchise Agreement Section C.1)

The Initial Fee is \$ _____

MONTHLY FEES

(Franchise Agreement Section C.2)

First Fee Period	\$1,000 per month
Second Fee Period	\$1,050 per month
Third Fee Period	\$1,103 per month
Fourth Fee Period	\$1,158 per month
Fifth Fee Period	\$1,216 per month
Sixth Fee Period	\$1,276 per month
Seventh Fee Period	\$1,340 per month
Eighth Fee Period	\$1,407 per month
Ninth Fee Period	\$1,477 per month
Tenth Fee Period	\$1,551 per month

For purposes of calculating the Monthly Fee, the first "Fee Period" means the twelve (12) month period beginning on the date on which the first payment of the Monthly Fee is due under Section C.2 and ending twelve (12) months from that date. Each successive Fee Period is the twelve (12) month period beginning when the previous Fee Period ends.

CURRENT PROMOTION CONTRIBUTION
(Franchise Agreement Section G.2)

\$244 per month.

EXHIBIT B
FULL CONTINUING GUARANTY
("Guaranty")

The undersigned (referred to as "Guarantors"), whose addresses are set forth below, in consideration of the rights and obligations of the parties set forth in the "Franchise Agreement" dated _____ between GOLD'S GYM FRANCHISING, INC. ("Company") and _____ ("Franchisee"), and all amendments thereto (the "Agreement"), covering the following Facility:

do hereby agree as follows:

1. Guarantors do hereby guarantee the full, faithful, and timely payment and performance by Franchisee of all of the payments, covenants, and other obligations of Franchisee under or pursuant to the Agreement, including, without limitation, all payment obligations relating to inventory, goods, and equipment delivered by Company or its approved suppliers to Franchisee. If Franchisee shall default at any time in the payment of any sums, costs, or charges whatsoever, or in the performance of any of the other covenants and obligations of Franchisee, under or pursuant to the Agreement, then Guarantors, at their expense, shall on demand of Company fully and promptly, and well and truly, pay all sums, costs, and charges to be paid by Franchisee, and perform all the other covenants and obligations to be performed by Franchisee, under or pursuant to the Agreement and, in addition, shall on Company's demand pay to Company any and all sums due to Company, including (without limitation) all interest on past-due obligations of Franchisee, costs advanced by Company, and damages and all expenses (including attorneys' fees and litigation costs) that may arise in consequence of Franchisee's default. Guarantors hereby waive all requirements of notice of the acceptance of this Guaranty.

2. Guarantors do hereby agree to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, transfer, and arbitration requirements.

3. A separate action or actions may, at Company's option, be brought and prosecuted against Guarantors, whether or not any action is first or subsequently brought against Franchisee, or whether or not Franchisee is joined in any such action, and Guarantors may be joined in any action or proceeding commenced by Company against Franchisee arising out of, in connection with, or based upon the Agreement. Guarantors waive any right to require Company to pursue any other remedy in Company's power whatsoever, any right to complaint of delay in the enforcement of Company's rights under the Agreement, and any demand by Company and/or prior action by Company of any nature whatsoever against Franchisee or otherwise.

4. This Guaranty shall remain and continue in full force and effect and shall not be discharged in whole or in part notwithstanding (whether prior or subsequent to the execution hereof) any alteration, renewal, extension, modification, amendment, or assignment of, or

subletting, franchising, or licensing under, the Agreement. For the purpose of this Guaranty and the obligations and liabilities of Guarantors, "Franchisee" shall be deemed to include any and all licensees, franchisees, assignees, sublicensees, permittees, or others directly or indirectly operating or conducting a ~~GOLD'S GYM~~ the business of the Facility (as defined in the Agreement) as fully as if any of the same were the named Franchisee under the Agreement.

5. This Guaranty shall apply to: (a) any amendment to the Agreement, (b) any other agreements between the parties in furtherance of the Agreement or in connection with the Facility, and (c) any license or franchise agreement between the parties replacing the Agreement.

6. Guarantors' obligations hereunder shall remain fully binding although Company may have waived one (1) or more defaults by Franchisee, extended the time of performance by Franchisee, released, returned, or misapplied other collateral at any time given as security for Franchisee's obligations (including other guaranties), and/or released Franchisee from the performance of its obligations under the Agreement.

7. This Guaranty shall remain in full force and effect notwithstanding the institution by or against Franchisee of bankruptcy, reorganization, readjustment, receivership, or insolvency proceedings of any nature or the disaffirmance or rejection of the Agreement in any such proceedings or otherwise.

8. If this Guaranty is signed by more than one (1) party, their obligations shall be joint and several.

9. Company may, without notice, assign this Guaranty in whole or in part.

10. In the event that Company should institute any suit or arbitration action against Guarantors for violation of this Guaranty or to enforce any of the covenants or conditions of, or any right of Company under, this Guaranty, or should Guarantors institute any suit or arbitration action against Company arising out of or in connection with this Guaranty, or should either party institute a suit or arbitration action against the other for a declaration of rights under this Guaranty, or should either party intervene in any suit or arbitration action in which the other is a party to enforce or protect its interest or rights under this Guaranty, the prevailing party in any such suit or arbitration action shall be entitled to the fees of its attorney(s) in the reasonable amount to be determined by the court or arbitrator(s) and taxed as a part of the costs therein.

11. The execution of this Guaranty prior to execution of the Agreement shall not invalidate this Guaranty or lessen the obligations of Guarantors hereunder.

IN WITNESS WHEREOF, the undersigned have executed this Guaranty this _____ day of _____.

"GUARANTORS":

Signature

Print Name

Address: _____

Signature

Print Name

Address: _____

Signature

Print Name

Address: _____

Signature

Print Name

Address: _____

EXHIBIT C
LIMITED CONTINUING GUARANTY
("Guaranty")

The undersigned (referred to as "Guarantors"), whose addresses are set forth below, in consideration of the rights and obligations of the parties set forth in the "Franchise Agreement" dated _____ between GOLD'S GYM FRANCHISING, INC. ("Company") and _____ ("Franchisee"), and all amendments thereto (the "Agreement"), covering the following Facility:

do hereby agree as follows:

1. Each Guarantor does hereby agree to be personally bound by, and personally liable for his, her, or its own breach of, the obligations arising under Sections D.4 (last sentence only); E.1, 2, 3 (first paragraph only), 4, 5, 6, 7, and 8; I.2, 3(a), 3(b)(1), and 5; J; K.3 (first sentence only); L.2(a), (e), ~~(d)~~, (e), ~~(f)~~, ~~(i)~~, ~~(n)~~ and ~~(hp)~~; M.2(a), 3, and 4; and O.1, 6, 7, 8, 9, 10, 11, and 12 of the Agreement.

2. A separate action or actions may, at Company's option, be brought and prosecuted against a Guarantor who does not comply with this Guaranty, whether or not any action is first or subsequently brought against Franchisee, or whether or not Franchisee is joined in any such action, and a Guarantor who does not comply with this Guaranty may be joined in any action or proceeding commenced by Company against Franchisee arising out of, in connection with, or based upon the Agreement. Guarantors waive any right to require Company to pursue any other remedy in Company's power whatsoever, any right to complain of delay in the enforcement of Company's rights under the Agreement or this Guaranty, and any demand by Company and/or prior action by Company of any nature whatsoever against Franchisee, another Guarantor, or otherwise.

3. This Guaranty shall remain and continue in full force and effect and shall not be discharged in whole or in part notwithstanding (whether prior or subsequent to the execution hereof) any alteration, renewal, extension, modification, amendment, or assignment of, or subletting, franchising, or licensing under, the Agreement. For the purpose of this Guaranty and the obligations and liabilities of each Guarantor, "Franchisee" shall be deemed to include any and all licensees, franchisees, assignees, sublicensees, permittees, or others directly or indirectly operating or conducting a ~~GOLD'S GYM~~ the business of the Facility (as defined in the Agreement) as fully as if any of the same were the named Franchisee under the Agreement.

4. This Guaranty shall apply to: (a) any amendment to the Agreement, (b) any other agreements between the parties in furtherance of the Agreement or in connection with the Facility, and (c) any license or franchise agreement between the parties replacing the Agreement.

5. Each Guarantor's obligations hereunder shall remain fully binding although Company may have waived one (1) or more defaults by Franchisee or another Guarantor, extended the time of performance by Franchisee or another Guarantor, released, returned, or misapplied other

collateral at any time given as security for Franchisee's obligations (including other guaranties), and/or released Franchisee or another Guarantor from the performance of its, his, or her obligations under the Agreement.

6. This Guaranty shall remain in full force and effect notwithstanding the institution by or against Franchisee of bankruptcy, reorganization, readjustment, receivership, or insolvency proceedings of any nature or the disaffirmance or rejection of the Agreement in any such proceedings or otherwise.

7. Company may, without notice, assign this Guaranty in whole or in part.

8. In the event that Company should institute any suit or arbitration action against one or more Guarantors for their violation of this Guaranty or to enforce any of the covenants or conditions of, or any right of Company under, this Guaranty, or should one or more Guarantors institute any suit or arbitration action against Company arising out of or in connection with this Guaranty, or should either party institute a suit or arbitration action against the other for a declaration of rights under this Guaranty, or should either party intervene in any suit or arbitration action in which the other is a party to enforce or protect its interest or rights under this Guaranty, the prevailing party in any such suit or arbitration action shall be entitled to the fees of its attorney(s) in the reasonable amount to be determined by the court or arbitrator(s) and taxed as a part of the costs therein.

9. The execution of this Guaranty prior to execution of the Agreement shall not invalidate this Guaranty or lessen the obligations of Guarantors hereunder.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the undersigned have executed this Guaranty this _____ day of _____.

"GUARANTORS":

Signature

Print Name

Address: _____

Signature

Print Name

Address: _____

Signature

Print Name

Address: _____

Signature

Print Name

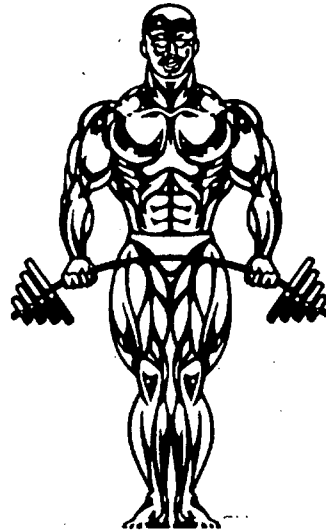
Address: _____

EXHIBIT D

MARKS

**GOLD'S
GYM.®**

**GOLD'S
GYM.®**



**EXHIBIT 3
TO THE GOLD'S GYM FRANCHISING, INC.
FRANCHISE OFFERING CIRCULAR**

CHARTER FRANCHISE AGREEMENT

**GOLD'S GYM FRANCHISING, INC.
CHARTER FRANCHISE AGREEMENT**

FRANCHISEE

DATE OF AGREEMENT

ADDRESS OF FACILITY

GOLD'S GYM -
FACILITY NAME

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GOLD'S GYM FRANCHISING, INC.
CHARTER FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Agreement") is made on _____, 200__ (the "Effective Date"), between **Gold's Gym Franchising, Inc.**, a Delaware corporation whose principal business address is 358 Hampton Drive, Venice, California 90291 ("we," "us," or "our"), and _____, which will conduct business pursuant to this Agreement under the fictitious business name of: _____ with its location at:

_____ ("you" or "your") with reference to the following:

We and our predecessors and Affiliates have developed valuable and proprietary business formats and systems ("Systems") that are used in the development and operation of health and fitness centers (called "Facilities") identified by the service mark "Gold's Gym[®]" and related commercial symbols (the "Marks"). We use and sublicense the Marks with the permission of our Affiliate, Gold's Gym Licensing, Inc., a Delaware corporation ("GGL").

We franchise others to operate one or more Facilities. You have applied for a franchise to own and operate one Facility, and we wish to grant you such a franchise on the terms and conditions contained in this Agreement.

THEREFORE, you and we agree as follows:

A. GRANT OF FRANCHISE.

1. Grant. On the terms and conditions of this Agreement, we grant you a franchise ("Franchise") to operate one Facility, and to use the System and the Marks in its operation, at the site identified in Exhibit A (the "Site"), which is located within the geographic area ("Territory") also described in Exhibit A. However, the Territory does not include any hotels, motels, or similar operations ("Hotels") which are currently located or are built during this Agreement's term within the boundaries defining the Territory.

2. Term. The term of the Franchise (the "Term") shall be for a period commencing on the Effective Date and ending, unless sooner terminated, on the fifth (5th) anniversary of the Anniversary Date identified on Exhibit A (the "Anniversary Date").

3. Location. You may not operate the Facility from any location other than the Site without our prior written consent. If you request our consent to the relocation of the Facility, you will reimburse us for our out-of-pocket inspection costs promptly upon receipt of our invoice.

4. Territorial Rights. Subject to our reservation of rights described in Subsection A.5 below and your compliance with this Agreement, during the Term we will not ourselves operate or authorize others to operate a Facility identified by the Marks the physical premises of which are located within your Territory.

5. Reservation of Rights. We reserve all rights not expressly granted to you in this Agreement. Without limitation and without regard to proximity to the Facility, we and our Affiliates reserve the right, on such terms and conditions as we deem appropriate, ourselves or through authorized third parties (including our Affiliates), to:

(a) manufacture, distribute, market, and sell products and services identified by the Marks or other marks in any type of channel of distribution within or outside of the Territory; and

(b) own, establish, and operate, and license and franchise others to own, establish, and operate, Facilities the physical premises of which are located outside of the Territory, and Facilities located at Hotels the physical premises of which are located both within and outside of the Territory, whether under the Marks or other trademarks; however, the Facilities located at Hotels within the Territory will provide services only to Hotel customers.

6. Guaranty. If you are a corporation, partnership, limited liability company, or other legal entity, each of your shareholders, members, or general partners (an "Owner") will fully guarantee all of your obligations to us under this Agreement or otherwise arising out of the relationship established by this Agreement, and agree personally to comply with this Agreement's terms, by executing the form of Guaranty attached as Exhibit B. The name of each Owner and his or her percentage of ownership in you is set forth in Exhibit A. Subject to our rights and your obligations in Section I, you will notify us of any change in the information in Exhibit A within ten (10) days after the change occurs.

B. YOUR OBLIGATIONS TO DEVELOP THE FACILITY.

You have the following obligations with respect to developing and opening your Facility (collectively, "Development Obligations"):

1. Site Selection. You acknowledge that, before the Effective Date, you located and we approved the Site. You further acknowledge that, if we recommended or gave you information regarding the Site, that was not a representation or warranty of any kind, express or implied, of the Site's suitability for a Gold's Gym Facility. Our recommendation or approval indicated only that we believed the Site met our then acceptable criteria. However, demographic and/or other factors included in or excluded from our criteria could change, altering the Site's potential. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if the Site we recommended or approved fails to meet your expectations. Your acceptance of the Franchise was based on your own independent investigation of the Site's suitability.

2. Lease. You must present to us for our approval any lease or sublease (and any renewals and amendments of the lease or sublease) for the Site. You may not sign any lease or sublease (or any renewal or amendment of the lease or sublease) that we have not approved. You acknowledge that our approval of the lease or sublease (or renewal or amendment) was not and is not a guarantee or warranty, expressed or implied, of the success or profitability of a Gold's Gym Facility to be operated at the Site.

3. Development. Within one hundred eighty (180) days from the Effective Date, you must secure all financing required to develop and operate the Facility; obtain all permits and licenses required to construct and operate the Facility; construct all required improvements to the Site and decorate the Facility, which must include a "Pro Shop," in compliance with our approved plans and specifications; purchase or lease and install all required equipment, fixtures, furnishings, and signs for the Facility; and purchase an opening inventory of required, authorized, and approved products, materials, and supplies. It is your responsibility to prepare all required construction plans and specifications to suit the Facility and to make sure that these plans and specifications comply with the Americans with Disabilities Act (the "ADA") and similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, permit requirements, and lease requirements and restrictions.

4. Opening. Within one hundred and eighty (180) days after the Effective Date, you must open the Facility for business utilizing the System; provided, however, you may not open the Facility for business or sell memberships in the Facility (except in accordance with Section F.4) until:

(a) We have inspected and approved the Facility as developed in accordance with our specifications and standards. As an alternative, or in addition, to our physical inspection of the Facility, we may require you to send us video tapes and/or photographs of the Facility. Our inspection and approval are limited to ensuring your compliance with our standards and specifications. Our inspection and approval are not designed to assess compliance with federal, state or local laws or regulations, including the ADA, as compliance with such laws is your responsibility;

(b) Pre-opening training described in Section D has been completed to our satisfaction;

(c) You have satisfied all bonding, licensing, and other legal requirements for the lawful operation of your Facility and given us satisfactory evidence of compliance;

(d) All amounts due to us have been paid; and

(e) We have received satisfactory evidence that you maintain the insurance required by this Agreement.

5. Products. Prior to opening your Facility, you shall purchase, and prominently display and offer for sale in the Facility's "Pro Shop," all branded "Gold's Gym" clothing and other consumer products that we determine to be appropriate for sale at Facilities or for use in approved promotions ("Products"). You agree to buy Products only from suppliers that we designate or approve (which may include or even be limited to us, our Affiliates, or our or their licensees). You must buy at least a Five Thousand Dollar (\$5,000) inventory of Products (at wholesale prices) before opening the Facility and at least an additional Five Hundred Dollars (\$500) of Products (at wholesale prices) during each calendar quarter of the Term. Notwithstanding this minimum purchase obligation, throughout the Term, you must reorder and stock such Products as necessary to meet reasonably expected consumer demand at the Facility.

Neither you nor we will have any obligation to the other on account of the temporary unavailability of any Products, whether from us, Affiliates, or authorized licensees.

C. **FEES.**

1. **Annual Fee.** You shall pay us the following Annual Fees (the "Annual Fee") during each year of the Term:

First Year Annual Fee:	\$6,000
Second Year Annual Fee:	\$6,300
Third Year Annual Fee:	\$6,615
Fourth Year Annual Fee:	\$6,944
Fifth Year Annual Fee:	\$7,292

The First Year Annual Fee is payable in advance on the Anniversary Date, and each remaining Annual Fee is payable on or before each successive anniversary of that date during the Term. Annual Fees are fully earned by us when paid and are not refundable.

2. **Automatic Debit.** Notwithstanding the provisions of Section C.1. above, either at your request or if you fail to pay us any Annual Fee, Promotion Contribution, or other amount when due, then, in addition to our rights under Section L below, you shall pay the Annual Fee in monthly installments. In either of these events, you must sign and deliver to us the documents we require to authorize us to debit your business checking account automatically for the Annual Fee and other amounts due under this Agreement or any related agreement between us (or our Affiliates) and you. We then will debit your business checking account on or after the fifteenth (15th) day of each month for one-twelfth (1/12) of the Annual Fee and for each Promotion Contribution. You agree to make the funds available for withdrawal by electronic transfer before each due date.

3. **Interest on Delinquent Payments.** In addition to all other remedies we have, including, without limitation, the right to terminate this Agreement pursuant to Section L, if any Annual Fees or other amounts you owe us or our Affiliates are not paid or available for withdrawal from your account on the due date, then you shall pay us: (a) a Fifty Dollar (\$50) administrative fee partially to cover the costs and expenses we incur as a result of your failure to pay us the amounts when due; and (b) interest on the unpaid amounts at the rate of one and one-half percent (1.5%) per month, calculated from the date such payment was due until it is received by us, not to exceed the highest commercial contract rate of interest permitted by law.

4. **Security Deposit.** We and you acknowledge that, under a previous agreement signed between us (or our predecessor) and you (or your predecessor) for the operation of the Facility, you might have given us a security deposit (the "Security Deposit"). We will retain this Security Deposit as security for your financial obligations to us under this Agreement. We may (at our sole option) apply the Security Deposit to any delinquent Annual Fee, interest, Promotion Contribution, evaluation cost, or other amounts due to us. Within ten (10) days after receipt of our request, you agree to replenish any amounts that we have withdrawn from the Security Deposit. We may commingle the Security Deposit with our general funds and retain as our property any interest on the Security Deposit. Within forty-five (45) days after expiration of this

Agreement, we will return any unused portion of the Security Deposit; however, if we terminate this Agreement with cause or you terminate this Agreement without cause, we may retain the Security Deposit in full without the obligation to credit the Security Deposit against any of the other amounts then due. Our rights under this provision are in addition to any other remedy we have, including the right to terminate this Agreement pursuant to the provisions of Section L.

D. TRAINING AND GUIDANCE.

1. Initial Training. We will furnish without additional charge at our designated training facility a management training program on the operation of a Facility for up to two (2) people from your Facility. Before you sell any memberships, advertise, or open the Facility to the public, you and each of your managers must complete training to our satisfaction. Other people from your Facility may attend our training program after the Facility opens for business. You will be responsible for the compensation and travel and living expenses of your employees during training. If you request training for more than two (2) people, you must pay us our then current fee, in advance, for each additional person. Our current daily training fee is Five Hundred Dollars (\$500) per person.

2. Manager. You will replace any person who does not satisfactorily complete our management training program. All new managers must satisfactorily complete this program before they may begin their employment duties. You must pay our then current fee for this additional training.

3. Your Training. You will implement a training program for all your employees using training standards and procedures we prescribe and will staff the Facility at all times with a sufficient number of trained employees, including at least one (1) manager who has completed our management training school to our satisfaction.

4. Manuals and System Standards. We will loan you during the Term one (1) copy of our manuals and forms, consisting of such materials that we generally furnish to our franchisees from time to time for use in operating a Facility (collectively, "Manuals"). The Manuals, bulletins, and other written materials provided to you contain mandatory and suggested specifications, standards, operating procedures, and rules ("System Standards") that we prescribe from time to time for the development and operation of the Facility and information relating to your other obligations under this Agreement. The Manuals may be modified from time to time to reflect changes in System Standards. Our master copy controls. You agree to keep your copy of the Manuals current and in a secure location at the Facility. We are the sole owner of the copyright and all other rights to the Manuals, and you may not reproduce or use them for any purpose other than in connection with your performance under this Agreement.

5. Supplemental Training and Conventions. During the Term, we periodically may require you (or, if you are a legal entity, one of your Owners) or the Facility's manager to attend and complete to our satisfaction any supplemental or refresher training programs on operating Facilities that we choose to provide. We may charge reasonable fees for these programs, and you will be responsible for your personnel's wages and travel and living expenses. You or, if you are a legal entity, one of your Owners or the manager of the Facility must attend an annual regional

or national Gold's Gym convention. You will be responsible for the registration fees and traveling and living expenses for such conventions.

E. MARKS.

1. Right to Use Marks. Your right to use the Marks is derived solely from this Agreement and is limited to your development and operation of the Facility in accordance with and subject to all System Standards and all restrictions contained in this Agreement. The Marks that we currently approve for Facilities are identified on Exhibit C. At our request, you agree to participate, in the manner we specify, in any Website we have established for the Gold's Gym system. We define a "Website" as an interactive electronic document contained in a network of computers linked by communications software, including the Internet and World Wide Web Home Pages. Except to the extent we authorize you to do so, you may not use or authorize the use of any Mark as part of any domain name or electronic address that you maintain, or any search engine in which you participate or which references you or the Facility, on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system.

2. Ownership and Goodwill of Marks. You acknowledge and agree that we and GGL own all rights in and to the Marks and all related goodwill. You will never (during or after the Term) challenge our and GGL's exclusive rights to the Marks. Your unauthorized use of the Marks will be a material breach of this Agreement and deemed to be an intentional infringement of our trademark rights. Your usage of the Marks and any goodwill established by such use will be exclusively for our and GGL's benefit. All provisions of this Agreement applicable to the Marks apply to all proprietary trademarks, service marks, and commercial symbols we authorize you to use during the Term. You have no other rights to the Marks except for the Franchise granted under this Agreement.

3. Rules For the Use of Marks. You must use the Marks as the sole identification of the Facility at the Site, and only in the manner we prescribe in the Manuals, bulletins, and other notices to you, and give such notice of registration or other claim of trademark rights as we prescribe. You may not use the Marks: (a) as part of the name of any entity or for any purpose not expressly authorized by this Agreement; (b) on or to identify any services, merchandise, products, or equipment, whether or not sold at the Facility, except for those services authorized to be provided at Gold's Gym Facilities and items that are furnished or sold to you by us or our authorized suppliers or distributors ("Authorized Products"); or (c) at any location other than the Facility at the Site except in approved advertising and marketing. Any Authorized Products may be sold by you only at retail to customers of the Facility and shall not be sold through mail order, through a Website, or at a location other than the Site (except for limited, short term, off-site, promotional purposes we approve in advance).

Notwithstanding the previous paragraph, if you previously operated a health and fitness center at the Site which you are converting to a "Gold's Gym" Facility upon signing this Agreement (a "Conversion Facility"), then you:

(a) must cover or remove all signage and other references at the Site to the Conversion Facility's former name, and install approved temporary "Gold's Gym" signage

at the Site according to our System Standards, within five (5) days after signing this Agreement;

(b) may use the Conversion Facility's former name in advertising, marketing or promotion, including on the telephone, after the Effective Date only with our written approval of the proposed method of use; and

(c) must purchase and install at the Site approved permanent "Gold's Gym" signage according to our System Standards within ninety (90) days after signing this Agreement.

4. Notification of Claims. You will notify us promptly of any claim by others that you are infringing their trademark rights in connection with your use of the Marks or of any claim by others to any rights in the Marks which are inconsistent with this Agreement or our and GGL's exclusive rights to the Marks. You will fully cooperate with us with respect to our prosecution of any infringement claim or our defense of a claim that you are infringing the trademark rights of any third party. We and/or GGL have the exclusive right to control any such prosecution or defense.

5. Indemnification By Us. Provided you comply with the provisions of Subsections 3 and 4 above, we will defend you with counsel of our selection and indemnify you against all damages for which you are held liable arising from a proceeding disputing your right to use the Marks in the manner authorized by us in this Agreement.

6. Discontinuance of Use of Marks. If, in our reasonable opinion, it is desirable to modify or discontinue the use of any of the Marks and/or use one or more additional or substitute Marks, you will comply with our directions within a reasonable time after receiving notice. We will reimburse you, not to exceed One Thousand Dollars (\$1,000), for your reasonable direct expenses to change the Facility's exterior signs. However, we will not be obligated to reimburse you for any loss of revenue, profits, start-up or other such expenses, or any other incidental or consequential damages attributable to the change in Marks.

7. Trade Secrets. You may become aware of our confidential information which is commercially valuable and is not generally known by the public or other persons who can obtain economic value from its disclosure and use ("Trade Secrets"). Such Trade Secrets may be specifically identified as being confidential, or the confidential nature of such information will be reasonably apparent to you. The Manuals contain our Trade Secrets. You agree to hold all of our Trade Secrets in confidence and to use such information only for the purposes authorized by this Agreement. You will not disclose our Trade Secrets, except to your employees requiring such information to perform their duties.

8. Exclusive Relationship. We would be unable to protect Trade Secrets against unauthorized use or disclosure or to encourage a free exchange of ideas and information among our franchisees and licensees if you were permitted to hold interests in or perform services for a Related Business (defined below). Therefore, we have granted the Franchise to you in consideration of and reliance upon your agreement to deal exclusively with us. You agree that, during the Term, neither you nor any of your Owners, directors, or officers (nor any of your or

your Owners', directors', or officers' spouses or children) will (a) have any direct or indirect interest as an owner – whether of record, beneficially or otherwise – in, or perform services as a director, officer, manager, employee, consultant, representative, or agent for, a Related Business, wherever located or operating, or (b) recruit or hire our employees or the employees of any Gold's Gym Facility without obtaining our or the employer's prior written permission. The term "Related Business" means any business that derives more than 3% of its revenues from the muscle or body building business, a gymnasium, an athletic or fitness center, a health club, an exercise or aerobics facility, or one or more similar facilities or businesses, or an entity that grants franchises or licenses to, or enters into other similar arrangements with, others concerning such businesses.

F. **SYSTEM STANDARDS.**

1. **Compliance with System Standards.** The Manuals contain mandatory and recommended System Standards. You will observe all mandatory System Standards as if they were part of this Agreement. Without limitation of the foregoing, you will not offer, sell, or provide at or from the Facility goods or services not authorized in the Manuals and will offer, sell, and furnish all those goods and services we prescribe from time to time. We have the right periodically to modify and supplement the System Standards, and, in the case of mandatory System Standards, such Systems Standards shall constitute legally binding obligations upon you when communicated to you. You will not be required to incur any capital expense in connection with any modified or new mandatory System Standards, except those which we reasonably believe are necessary for the protection of public health or safety or to enable the Facility to comply with applicable laws; or when it would be reasonable to project the amortization of such expense over the remaining Term; or we agree to extend the Term to enable you to do so.

2. **Management of the Facility.** The Facility must be under full-time, on premises management by a person who devotes his or her full working time and best efforts to the day-to-day operations of the Facility, has satisfactorily completed our management training program, and is not engaged in any other business endeavor except passive investments which do not interfere with the performance of his or her duties as manager. You must ensure that your managers agree to comply with the restrictions in Subsections E.7 and E.8 above. The use of an independent consultant or management company to manage the Facility is prohibited unless previously approved in writing by us.

3. **Membership Agreements.** Every membership agreement shall comply with all mandatory System Standards and all applicable laws, rules, and regulations of any governmental authority with jurisdiction over the Facility.

4. **Presale of Memberships.** No memberships may be sold prior to opening the Facility to the general public unless your plan for pre-selling memberships is approved in writing by us. Once approved, you may pre-sell memberships only in compliance with such approved plan and applicable laws and ordinances.

5. **Reciprocity.** During the Term, you must allow any yearly member of another Gold's Gym Facility located more than fifty (50) miles from the Facility to use the Facility without charge (except for services and goods which would normally be charged to a member of

your Facility) for up to a total of fourteen (14) days per calendar year upon proof of a valid and current Gold's Gym Facility membership. Members of your Facility will have similar reciprocal rights with all other licensed or franchised Gold's Gym Facilities. In addition, if you notify us that you elect to participate in our full membership reciprocity program applicable to members who have permanently relocated, you will honor your obligations to do so.

6. Notices. You will prominently display in the Facility such statements which we prescribe from time to time identifying you as our authorized franchisee. All checks, invoices, and stationery which you use in operating your Facility will also have a statement in the form we prescribe identifying you as the owner of the Facility and indicating that you are our authorized franchisee.

7. Equipment; Products. You will purchase from suppliers we approve (which may include or be limited to us, our Affiliates, and/or other restricted sources), and use and offer for sale in your Facility, only those products, equipment, and attachments which meet our specifications and which we have approved for use or sale. If you wish to use or sell any product, equipment, or attachments, or to buy from a supplier, which we have not approved, you must establish to our satisfaction that the item is of equivalent quality and functionality to the item it replaces and/or that the supplier is, among other things, reputable, financially responsible, and adequately insured for product liability claims. Upon request, you must pay our actual expenses in reviewing your request, performing credit and other relevant investigations, and conducting equipment tests. We will use our best efforts to notify you of our approval or disapproval of your request within ninety (90) days after you have furnished us with the information necessary for us to act upon it. Nonetheless, you acknowledge and agree that, if we establish one or more strategic alliances or preferred vendor programs with nationally or regionally known entities who are willing to supply all or some Gold's Gym Facilities with products or services we designate (for example, beverages and equipment), then we may limit the number of approved suppliers with whom you may deal, designate sources that you must use, and/or refuse any of your requests if we believe that this action is in the best interests of the Gold's Gym System. You will not provide any service or offer or sell any products at or from the Facility which are unrelated to the fitness industry. We have the right to receive payments from suppliers on account of their dealings with you and other licensees and franchisees and to use all amounts we receive without restriction (unless instructed otherwise by the supplier) for any purposes we deem appropriate.

8. Customer Surveys. We may periodically coordinate or conduct market research studies and similar programs for the Gold's Gym System, and you must assist us in collecting information (including by distributing surveys to your Facility's members and encouraging members to complete surveys on our Website).

9. Associations. You must participate, at your expense, in the International Health and Racquet Sports Association (IHRSA) or similar organization(s) that we periodically designate.

10. National Membership Accounts. We have the right, but not the obligation, to negotiate agreements with National Membership Accounts (defined below) for the provision of goods and services by all Gold's Gym Facilities. Before we agree to terms with any National

Membership Account, we will consult with, and obtain the approval of, a majority of the voting advisory board members of the then current association representing a majority of our franchisees and licensees (the "Association") as to the proposed terms for that National Membership Account. If the Association's advisory board members approve those terms (or, if there is no Association meeting the definition described above, if we agree to terms with any National Membership Account), you must provide products and services to all valid members of the National Membership Account on those terms. If those terms include maximum prices, you may charge any prices you wish to the National Membership Account's members up to and including the maximum prices. In this Agreement, a "National Membership Account" is any entity that represents a group of at least one thousand (1,000) persons and that would reasonably require the services of five (5) or more Gold's Gym Facilities to properly serve those within its group who might choose to use a Facility's services (for example, a large employer, an employer with multiple offices, or a health plan).

11. Regional Alliance of Franchisees. You agree that we may designate, as a region, any geographic area in which two (2) or more Gold's Gym franchisees or licensees operate a total of at least four (4) Facilities in order to establish a regional alliance of franchisees (an "Alliance"). The Alliance's members in any region will include all Gold's Gym Facility owners in the geographic area comprising that region (including us or our Affiliates, if applicable). Each Alliance will establish its own agenda and goals, but we expect Alliances to administer and develop marketing and promotional materials and programs for the region that the Alliance covers. However, no Alliance may negotiate, administer, promote, support, or otherwise participate in any group purchasing program, purchasing cooperative, or similar collaborative activity that covers or deals with any equipment, products, or services for which we or one of our Affiliates has established a group purchasing program, purchasing cooperative, or similar collaborative activity (provided that our or our Affiliate's program is intended to benefit the Gold's Gym Facilities that the Alliance's members operate). You may not participate in any Alliance that engages in any of the activities proscribed by the preceding sentence.

If, as of the time you sign this Agreement, we have established an Alliance for the geographic area in which the Facility is located, or if we establish an Alliance in that area during this Agreement's term, you agree to sign any documents that the Alliance designates and to participate in the Alliance as the Alliance requires.

In addition to your Promotion Fund contribution in Subsection G.2 below, you agree to contribute to the Alliance the amount determined by a majority vote of all members of that Alliance. Each Gold's Gym Facility owner (including us, our affiliates, and our franchisees and licensees) will have one vote for each Facility that the owner operates within the Alliance's area. You must abide by the Alliance's decisions.

G. ADVERTISING, PROMOTION, AND MARKETING.

1. Approval. All advertising, promotion, and marketing conducted by you ("Marketing Materials") must be legal and not misleading and conform to the policies set forth in the Manuals as we prescribe from time to time. All Marketing Materials must be approved by us before use and submitted to us at least fifteen (15) days before your date of intended use. All Marketing Materials must list our Website address in the manner we specify.

2. Promotion Fund. We have established a fund ("Promotion Fund") for advertising, marketing, and public relations programs and materials. On the fifteenth (15th) day of each month during the Term, you will pay to us or our designated Affiliate, via electronic funds transfer, a contribution to the Promotion Fund ("Promotion Contribution") in the amount set forth in Exhibit A. We may, from time to time, increase your Promotion Contribution, but any increase shall not exceed your original Promotion Contribution by more than twenty-five percent (25%) over any twelve (12) month period or one hundred percent (100%) over the Term. Nonetheless, we may periodically increase your Promotion Contribution, up to a maximum contribution of \$500 per month, if eighty percent (80%) of Gold's Gym Facility franchisees and licensees vote for the increase. If you become delinquent in payment of your Promotion Contribution, we may require you to pay your Promotion Contributions annually, in advance, in addition to any remedy we have by reason of such failure. We will administer the Promotion Fund in accordance with the following provisions:

(a) We will direct all programs financed by the Promotion Fund, with sole control over all creative and business aspects. The Promotion Fund may pay for preparing and producing video, audio, and written materials and electronic media; administering regional and multi-regional marketing and advertising programs, including purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public relations, market research, and other advertising, promotion and marketing activities. Subject to your payment of the Promotion Contribution, we will furnish you with samples of advertising, marketing, and promotional formats and materials at no extra cost. Additional copies of such materials may be purchased from us at our cost, plus a reasonable charge for shipping, handling, and storage.

(b) We will account for the Promotion Fund separately from our other funds and not use the Promotion Fund to pay any of our general operating expenses, except for reasonable salaries, administrative costs, travel expenses, and overhead we incur in administering the Promotion Fund and its programs, including conducting market research, preparing advertising, promotion, and marketing materials, and collecting and accounting for Promotion Fund contributions. Our annual compensation for administering the Promotion Fund will not exceed 10% of the annual Fund contributions.

We may spend, on behalf of the Promotion Fund, in any fiscal year more or less than the aggregate Promotion Contributions of all Facilities in that year, and the Promotion Fund may borrow from us or others to cover deficits or invest any surplus for future use. We will prepare and furnish to you upon request an annual unaudited financial statement of the Promotion Fund. We may forgive, waive, settle and compromise all claims by and against the Promotion Fund. We may at any time delegate our rights and responsibilities with respect to the Promotion Fund to an Affiliate or other responsible third party.

(c) The Promotion Fund is intended to develop goodwill in connection with the Marks, products and services associated with the Marks, and the patronage of all Facilities. We have no obligation to ensure that expenditures by the Promotion Fund proportionately benefit any particular geographic area or Facility.

(d) Upon thirty (30) days' advance notice, we may terminate entirely, reduce, or temporarily suspend Promotion Contributions and operation of the Promotion Fund (and, if terminated, suspended, deferred, or reduced, reinstate such Promotion Contributions). If the Promotion Fund is terminated, all unspent monies on the date of termination will be distributed to us and our franchisees and licensees making Promotion Contributions in proportion to our and their respective Promotion Contributions during the preceding twelve (12) month period.

H. EVALUATIONS.

We and our designated representatives have the right before you open the Facility for business and thereafter from time to time during your regular business hours, and without prior notice to you, to inspect and evaluate the Facility, observe and record operations, interview personnel and members, and inspect your books and records relating solely to business conducted at the Facility. You will cooperate with us in these activities. Within ten (10) days after your receipt of our invoice, you agree to pay us our then current annual evaluation fee (which will not exceed \$500 per evaluation) for our representative to conduct inspections and evaluate the Facility. (We may require you to pay the annual evaluation fee in advance of our actual evaluation.) Except for the initial evaluation or a relocation evaluation, and any re-inspection or re-evaluation to determine whether noted deficiencies have been corrected, you will not be obligated to pay for more than one evaluation per calendar year. You will promptly correct at your own expense all deficiencies noted by our evaluators not later than thirty (30) days following your receipt of our notice of such deficiencies. Failure to timely correct noted deficiencies constitutes a material breach of this Agreement.

I. TRANSFER.

1. By Us. We may assign this Agreement and delegate all or any part of our obligations to any person or entity who or which we reasonably believe is capable of performing our obligations under this Agreement. We also may change our ownership or form without restriction.

2. By You. Your rights and duties under this Agreement are personal to you. This Franchise has been granted to you in reliance upon our perceptions of your (or your Owners') individual and collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, neither this Agreement (or any right granted or interest in this Agreement), any ownership or other interest in you, nor any of the Facility's assets (including the equipment of the Facility) may be transferred without our prior approval in accordance with the provisions of Subsection 3 below. A transfer of the Facility's ownership, possession, or control may be made only with a transfer of this Agreement. Any violation of this restriction shall be a material breach of this Agreement, and any unauthorized assignment or transfer will be without effect. The term "transfer" includes, without limitation, your (or your Owners') voluntary, involuntary, direct, or indirect assignment, sale, gift, encumbering, delegation, or other disposition of this Agreement, an ownership interest in you, or the Facility or any of its assets.

3. Conditions for Approval of Transfer. Provided you (and your Owners) are then in compliance with this Agreement, and subject to the other provisions of this Section, we will

approve a transfer that satisfies all of the requirements in this Subsection 3. A non-controlling ownership interest in you (determined as of the date on which the proposed transfer will occur) may be transferred if the proposed transferee and its direct and indirect Owners are of good character, otherwise meet our then applicable standards for Gold's Gym Facility franchisees and do not operate, directly or indirectly, a Related Business. If the proposed transfer is of this Agreement or a controlling interest in you, or is one of a series of transfers (regardless of the period of time over which these transfers take place) which in the aggregate transfer this Agreement or a controlling interest in you, all of the following conditions must be met before or concurrently with the effective date of the transfer:

(a) The proposed transferee and each of its Owners must be individuals who meet our then applicable standards for new franchisees and do not operate, directly or indirectly, a Related Business;

(b) The proposed transferee (or its managing Owner) and all managers must complete our management training school (unless the transferee is an existing licensee, franchisee, or Owner);

(c) The proposed transferee must have agreed in writing to be bound by all of the terms and conditions of this Agreement;

(d) We must have received a transfer fee of Two Thousand Five Hundred Dollars (\$2,500), unless the transfer is of less than fifty percent (50%) of your ownership interests, in which case the transfer fee shall be One Thousand Dollars (\$1,000);

(e) You (and your transferring Owners) must have signed general releases, in form satisfactory to us, of any and all claims against us and our Affiliates, shareholders, officers, directors, employees, and agents;

(f) If you or your Owners finance any part of the sale price of the transferred interest, you and your Owners must have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements, or security interests that you or your Owners have reserved are subordinate to the transferee's obligation to pay Annual Fees and other amounts due to us and otherwise to comply with this Agreement; and

(g) You and your transferring Owners (and your transferring Owners' spouses and children) must agree in writing for our and the transferee's benefit to continue to observe the restrictions contained in Subsection E.7.

4. Transfer to an Entity. If you are then in compliance with this Agreement, you may transfer this Agreement to a legal entity formed solely to operate the Facility and, if applicable, other Gold's Gym Facilities, in which you maintain management control, and of which you own at least a fifty-one percent (51%) financial and voting interest, and provided that all assets of the Facility are owned, and the entire business of the Facility is conducted, by such entity. Transfers of ownership interests in such entity will be subject to the provisions of Subsections 2 and 3 above. You will remain liable for performance of this Agreement by any entity to which you transfer this Agreement. You will notify us of any transfer under this Subsection, and, upon our

request, the Owners of the entity to which you transfer this Agreement will execute and deliver to us the Guaranty which is Exhibit B to this Agreement.

5. Our Right of First Refusal to Match a Proposed Transfer. During the Term and for six (6) months after its expiration or termination for any reason, if you or any of your Owners wish to sell or otherwise transfer an interest in this Agreement and the Facility or an ownership interest in you (except a transfer to or among your current Owners or a transfer during the Term which otherwise would not be allowed under Subsections 2 and 3 above, neither of which is subject to this Subsection), and you have reached agreement with a proposed transferee on the terms and conditions of the proposed transfer, then before you or your Owners become legally bound to consummate such transfer, you (or such Owners) shall give us a right of first refusal to accept the proposed transfer ourselves or in favor of our nominee on the same terms and conditions, as limited below, as your proposed transfer to the third party (except that we may substitute cash for the market value of any publicly-traded stock or other ownership interests, as provided below). For proposed transfers during the Term, the right of first refusal process will not be triggered by a proposed transfer that would not be allowed under Subsections 2 and 3 above.

To enable us to exercise our right of first refusal, you or the Owner will provide us with a copy of the agreement you have reached and such other information that we may reasonably request. You agree that, for all proposed transfers, the proposed purchase price shall be in cash only or, if the proposed transferee is a publicly-held entity whose ownership interests are traded on a major stock exchange, a combination of cash and such ownership interests. There may not be any stock or other ownership interests of a privately-held entity, nor promissory notes, nor any other consideration (besides cash or publicly-traded ownership interests) to be given by the proposed transferee, who also must submit to you an earnest money deposit equal to five percent (5%) or more of the offering price. After you send us all required information, we will have forty-five (45) days to notify you of our non-binding intent to exercise our right of first refusal and seventy-five (75) days thereafter to consummate the purchase. If we do not exercise our right of first refusal, you or the selling Owner may consummate such transfer (subject to the other provisions of this Agreement applicable to transfers) on terms that are no more favorable to the transferee than those contained in the notice to us; provided, however, that if such transfer is not completed within ninety (90) days after the later of the end of the forty-five (45) day period noted above (if we have not notified you of our intent to exercise the right of first refusal) or the date on which we confirm that we will not consummate the purchase (if we originally notified you of our intent to exercise the right of first refusal), or if the terms of the proposed transfer change, we shall again have a new right of first refusal on any such transfer.

J. DEATH OR DISABILITY.

1. Transfer Upon Death or Disability. Upon your death or disability (as defined below) or, if you are a legal entity, upon the death or disability of an Owner with a controlling interest in you, your or the Owner's executor, administrator, conservator, guardian, or other personal representative must, within a reasonable time (not to exceed six (6) months after such death or disability), transfer your or the Owner's interest to a third party in compliance with the terms and conditions applicable to transfers contained in this Agreement. Failure to comply with this Subsection is a material breach of this Agreement. As used in this Agreement, "disability"

means the inability of such person to perform his or her normal responsibilities at the Facility for a consecutive period of at least ninety (90) days or for a total of one hundred eighty (180) days during any twelve (12) month period.

2. Operation Upon Death or Disability. If you or one of your Owners was the manager of the Facility at the time of your or such Owner's death or disability, then, within thirty (30) days after such death or disability, your or your Owner's executor or other personal representative must appoint a qualified manager to operate the Facility. Such manager will be required to complete our management training school.

K. EXPIRATION OF THIS AGREEMENT.

1. Your Right to Acquire a Renewal Franchise. Upon expiration of the Term, if you (and each of your Owners) have substantially complied with this Agreement during the Term, are then in compliance with this Agreement, and:

(a) you maintain possession of and agree to remodel and/or expand the Facility, add or replace improvements, equipment, fixtures, furnishings, and signs, and otherwise modify the Facility as we require to bring it into compliance with specifications and standards then applicable for new Facilities; or

(b) if you are unable to maintain possession of the Site, or if in our judgment the Facility should be relocated, you: (i) secure a substitute Site we approve; (ii) develop the substitute Site in compliance with specifications and standards then applicable for new Facilities; and (iii) continue to operate the Facility at the original Site until operations are transferred to the substitute Site;

then, subject to the terms and conditions set forth in this Section, you will have the right to acquire another Franchise (the "Renewal Franchise") to operate the Facility on the terms and conditions of the Franchise Agreement we are then using in granting Renewal Franchises, any and all of the terms of which may differ materially from those contained in this Agreement (including fees and, if appropriate because of changes in the composition and population of your Territory, Territory definition).

2. Grant of a Renewal Franchise. You agree to give us notice of your election to acquire a Renewal Franchise at least twelve (12) months prior to the expiration of the Term. We may require you to provide certain financial information relating to the Facility's operation along with (and after delivering) your notice. If you fail to give us your notice by the required deadline, we will interpret that to be your election to acquire a Renewal Franchise, and we will take action in reliance on that election. We will advise you within ninety (90) days after we receive your notice of any deficiencies which must be corrected by you before we will grant you a Renewal Franchise or the reason why we will not grant you a Renewal Franchise.

3. Agreements/Releases. If you satisfy all of the other conditions to the grant of a Renewal Franchise, you and your Owners must, at least six (6) months prior to the expiration of the Term, execute and return to us the form of Franchise Agreement and any ancillary agreements we are then using in connection with the grant of Renewal Franchises for Facilities

(modified as permitted in Subsection K.1 above), except the term of such new agreement will be for five (5) years, commencing immediately after the expiration of the Term, without any further renewal or extension rights. As a further condition to the grant of a Renewal Franchise, you and each Owner must also execute and deliver to us (together with delivery of the signed Franchise Agreement) general releases, in form satisfactory to us, of any and all claims against us, our Affiliates, and our and our Affiliates' respective subsidiaries, shareholders, officers, directors, employees, agents, successors, and assigns.

L. TERMINATION OF AGREEMENT

1. By Either Party. Either party may terminate this Agreement if the other commits a material breach of its respective obligations under this Agreement and fails to correct such breach within thirty (30) days after delivery of written notice of such a breach.

2. Material Breach. The occurrence of any one of the following events shall each constitute non-curable, material breaches of this Agreement. Therefore, in addition to the rights of termination described in Subsection 1 above, we may, at our option, terminate this Agreement, upon delivery of written notice to you, for any of the following breaches of this Agreement without affording you an opportunity to correct such breaches:

(a) you (or any of your Owners) have made any material misrepresentation or omission in connection with your application for and purchase of the Franchise or your operation of the Facility;

(b) you abandon or fail actively to operate the Facility for two (2) or more consecutive business days;

(c) you or any of your Owners makes a purported transfer in violation of Section I above;

(d) you (or any of your Owners with a controlling ownership interest in you) are or have been convicted of, or plead or have pleaded no contest to, a felony;

(e) you (or any of your Owners with a controlling ownership interest in you) engage in any dishonest or unethical conduct which, in our reasonable opinion, adversely affects the reputation of the Facility or the goodwill associated with the Marks;

(f) you lose the right to possession of the Site;

(g) you (or any of your Owners) misappropriate any Trade Secrets;

(h) you violate any material law, ordinance, or regulation applicable to the Facility and do not begin to correct such noncompliance or violation immediately or do not completely correct such noncompliance or violation within seventy-two (72) hours after you have received notice thereof;

(i) you fail to make any payment due to us and do not correct such failure within five (5) days after delivery of written notice of such failure;

(j) you fail to maintain the insurance required by this Agreement or to furnish us with satisfactory evidence of such insurance within the required time and do not correct such failure within five (5) days after delivery of written notice of such failure;

(k) you fail to pay when due any federal or state income, service, sales, employment, or other taxes due from the operations of the Facility, unless you are in good faith contesting your liability for such taxes through appropriate proceedings;

(l) you (or any of your Owners) commit any breach of this Agreement on three (3) or more separate occasions within any period of twelve (12) consecutive months, whether or not such breaches are individually material breaches, or corrected after notice, or brought to your attention through formal notice from us;

(m) you repeatedly fail to pay amounts owed to our designated, approved, or recommended suppliers within thirty (30) days following the due date (unless you are contesting the amount in good faith), or you default (and fail to cure within the allocated time) under any material note, lease, or agreement pertaining to the operation or ownership of the Facility;

(n) the termination by us on account of default of any other contract with you or any of your Owners (or any Affiliate of yours or your Owners); or

(o) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or a substantial part of your property; the Facility is attached, seized, or levied upon, unless such attachment, seizure, or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee, or liquidator of you or the Facility is not vacated within thirty (30) days following the entry of such order.

M. EFFECT OF TERMINATION OR EXPIRATION OF THIS AGREEMENT.

1. Payment of Amounts Owed to Us. Upon termination or expiration of this Agreement for any reason, within ten (10) days after such termination or expiration, you will pay us all amounts remaining due under this Agreement. In the case of a termination by us with cause or a termination by you without cause, this will be deemed to include all amounts that you would have paid us during what would have been the remainder of the Term had it not been terminated, including, but not limited to, Annual Fees and Promotion Contributions. However, we and you acknowledge and agree that, in the case of a termination by us with cause or a termination by you without cause, we also will suffer damages other than lost future Annual Fees and Promotion Contributions (including, without limitation, loss of goodwill relating to the Marks and lost business opportunities).

2. Marks. Upon the termination or expiration of this Agreement:

(a) you may not directly or indirectly at any time or in any manner (except with respect to other Gold's Gym Facilities you own and operate) identify yourself or any

business as a current or former Gold's Gym Facility, or as one of our current or former franchisees, or use any of the Marks, the System, System Standards, or any colorable imitation thereof;

(b) you will take such action required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any of the Marks and, at our option, to assign to us (or our designee) or cancel any electronic address, domain name, or Website, or rights maintained in connection with any search engine, that associates you with us, the Facility, or the Marks;

(c) you will deliver to us within fifteen (15) days all signs, Marketing Materials, forms, and other materials containing any of the Marks or otherwise identifying or relating to a Facility;

(d) you will promptly and at your own expense make such alterations as we specify to distinguish the Facility clearly from its former appearance and from other Facilities so as to prevent a likelihood of confusion by the public;

(e) you will notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone, telecopy, or other numbers and any regular, classified, or other telephone directory listings associated with any of the Marks or the Facility, authorize the transfer of such numbers and directory listings to us or our nominee, or instruct the telephone company to forward all calls made to your telephone numbers to numbers we specify; and

(f) you will notify all of your members of the termination or expiration of this Franchise and offer to such members the option to terminate their membership and a pro rata refund of all membership fees and other charges which were prepaid by such members and relate to any period after the effective date of termination or expiration of this Franchise.

3. Trade Secrets. Upon termination or expiration of this Agreement, you will immediately cease to use any of our Trade Secrets in any business or otherwise and return to us all copies of the Manuals and any other confidential materials that we have loaned to you.

4. Continuing Obligations. All of our and your (and your Owners' and Affiliates') obligations which expressly or by their nature survive the termination or expiration of this Agreement will continue in full force and effect subsequent to and notwithstanding its termination or expiration until such obligations are satisfied in full or by their nature expire.

N. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION.

1. Independent Contractors. This Agreement does not create a fiduciary relationship between you and us. We and you are and will be independent contractors, and nothing in this Agreement is intended to create an agency, joint venture, partnership, or employment relationship. Neither party has any right to create any obligation on behalf of the other except as expressly provided in this Agreement.

2. Taxes. You and your Owners are solely responsible for all taxes, however denominated or levied upon you or the Facility, in connection with the business you will conduct under this Agreement (except any taxes we are required by law to collect from you with respect to purchases from us).

3. Indemnification. You will indemnify, defend, and hold us, our Affiliates, and our and their respective shareholders, directors, officers, employees, agents, successors, and assignees (collectively, "Indemnified Parties") harmless against, and reimburse any one or more of the Indemnified Parties for, all third party claims, any and all taxes, and any and all claims and liabilities directly or indirectly arising out of the operation of the Facility or your breach of this Agreement ("Claims"), including, without limitation, those Claims alleged to be or found to have been caused by an Indemnified Party's negligence, unless (and then only to the extent that) the Claims are determined to be caused solely by the Indemnified Party's gross negligence or willful misconduct in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction. For purposes of this indemnification, "Claims" include all obligations, damages (actual, consequential, exemplary, or other), and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration, or alternative dispute resolution, and travel and living expenses. Each Indemnified Party has the right to defend any Claim at your expense. This indemnity will continue in full force and effect notwithstanding the termination or expiration of this Agreement. Neither we nor any other Indemnified Party is required to seek recovery from any insurer or other third party in order to maintain and recover fully a Claim against you. You agree that our failure to pursue such recovery will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

4. Insurance. At least thirty (30) days prior to the earlier of: (a) opening the Facility, or (b) your first use of the Marks in any manner, you must obtain and thereafter maintain in full force and effect, throughout the Term, public liability and property damage insurance in the minimum amount of \$1,000,000 per occurrence and \$2,000,000 in the aggregate for the risks specified in the Manuals. Said coverage shall be on an "occurrence" basis and must provide that it cannot be canceled, terminated, reduced, or amended without the insurer's first giving us at least thirty (30) days' advance written notice. The insurer under any required policy shall at all times maintain at least an "A-VII" rating or better as rated by Best's Insurance Reports. You must cause us and all of our affiliates of whom we notify you to be named as additional insureds on any such policies and deliver evidence of required insurance coverage to us. Upon issuance of any required insurance policy, and at least thirty (30) days prior to any renewal or replacement of a required insurance policy, you must deliver to us a certificate of insurance evidencing that you have obtained such policy. You must promptly notify us of any claims paid or reserves made by the insurer under any required policy. We may change the insurance coverage you are required to maintain upon sixty (60) days' prior written notice.

O: STANDARD CLAUSES.

1. Severability. Except as expressly provided to the contrary in this Agreement, each provision of this Agreement is severable, and if, for any reason, any provision or part of a provision is held to be invalid or in conflict with any applicable present or future law or

regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction in a proceeding to which we are a party, that ruling will not impair the operation of, or have any other effect upon, such other portions of this Agreement that remain otherwise intelligible, which will continue to be given full force and effect and bind the parties. If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable by reducing any part or all of it, you and we agree that such covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice than is required under this Agreement of the termination of this Agreement or of our refusal to enter into a Renewal Franchise Agreement, or the taking of some other action not required under this Agreement, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid or unenforceable, the prior notice and/or other action required by such law or rule will be substituted for the comparable provisions of this Agreement, and we will have the right to modify such invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable. You agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions or any System Standard any portion or portions which a court or arbitrator holds to be unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order or arbitration award. Such modifications to this Agreement will be effective only in such jurisdiction, unless we elect to give them greater applicability, and will be enforced as originally made and entered into in all other jurisdictions.

2. Amendment. Subject to our right periodically to modify System Standards and the Manual, the provisions of this Agreement may be modified only by written agreement between you and us.

3. Waiver of Obligations. We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of notice to the other or such other effective date stated in the notice of waiver. Any waiver we or you grant will be without prejudice to any other rights we or you may have, will be subject to our or your continuing review, and may be revoked by us or you at any time and for any reason. Any waiver must be in writing to be enforceable. Our failure to complain or declare that you are in breach of the terms of this Agreement or our failure to give or withhold our approval as provided in this Agreement shall not constitute a waiver of such breach or of such right to withhold our approval. We will not be deemed to waive or impair any of our rights under this Agreement because of our waiver of or failure to exercise any right, whether of the same, similar, or different nature, with other Gold's Gym facilities or because of the existence of franchise or license agreements for other Gold's Gym facilities which contain provisions different from those contained in this Agreement.

4. Costs and Attorneys' Fees. If we incur any costs or expenses, including, without limitation, attorneys' fees, as a result of your non-compliance with this Agreement, you must promptly reimburse us for all such costs and expenses, even if we do not initiate a formal legal

proceeding, and also must reimburse us for costs and expenses incurred in connection with any judicial or arbitration proceeding or action (whether incurred before or after the proceeding or action was commenced) if we prevail in such proceeding or action, as determined by the judge, jury, or arbitrator, as applicable.

5. No Off-Sets; Cumulative Rights. You may not take any off-sets from any amounts due us under this Agreement or any other agreements. Our and your rights under this Agreement are cumulative, and no exercise or enforcement of any right or remedy shall preclude our or your exercise or enforcement of any other right or remedy under this Agreement which we or you are entitled by law to exercise or enforce.

6. Arbitration. Except for controversies, disputes, or claims related to or based on your use of the Marks after the expiration or termination of this Agreement, all disputes between us and our Affiliates, and our and their respective shareholders, officers, directors, agents, and employees, and you (and/or your Owners, guarantors, Affiliates, officers, directors, agents, and employees, if applicable) arising out of or related to this Agreement, any other agreement between us and you, or any aspect of our and your relationship, including the arbitrability of the dispute or the validity of any provision of this Agreement, including this Subsection, will be determined exclusively by binding arbitration to be conducted by one (1) arbitrator under the then current commercial arbitration rules of the American Arbitration Association. Arbitration proceedings must be held exclusively at a suitable location to be chosen by the arbitrator which is within ten (10) miles of our then existing principal business address. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the award may be entered in any court of competent jurisdiction. We and you agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. We and you further agree that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us and shall not have the right to declare any Mark generic or otherwise invalid. Except as described in Section O.9, we and you and your Owners waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other. We and you and your Owners agree that, in the event of a dispute between you and us, the party making a claim will be limited to equitable relief and to recovery of any actual damages he, she, or it sustains.

Arbitration must be conducted on an individual, not a class-wide, basis, and an arbitration proceeding between us and our Affiliates, and our and their respective shareholders, officers, directors, agents, and employees, and you (and/or your Owners, guarantors, affiliates, officers, directors, agents, and employees, if applicable) may not be consolidated with any other arbitration proceeding between us and any other person, corporation, limited liability company, or partnership. Notwithstanding anything to the contrary contained in this Subsection, we and you each have the right in a proper case to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction. The provisions of this Subsection will continue in full force and effect notwithstanding the termination or expiration of this Agreement and are intended to benefit and bind certain third party non-signatories.

7. Governing Law. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (15 U.S.C. §§ 1051 et seq.), or other federal law, this Agreement, the Franchise, and all claims arising from the relationship between us and you will be governed by the laws of the State of California, without regard to its conflict of laws principles, except that (a) any California law regulating the sale of franchises, licenses, or business opportunities or governing the relationship of a franchisor and its franchisee or the relationship of a licensor and its licensee will not apply unless its jurisdictional requirements are met independently without reference to this Section, and (b) the enforceability of those provisions of this Agreement which relate to restrictions on your (and your Owners') competitive activities will be governed by the laws of the state in which the Facility is located.

8. Consent to Jurisdiction. Subject to our and your arbitration obligations in Section O.6., you and your Owners agree that all judicial actions brought by us against you or your Owners or by you or your Owners against us or our Affiliates, or our or their shareholders, officers, directors, agents, or employees, must be held exclusively in the state or federal court of general jurisdiction closest to where our principal business address then is located. You (and each Owner) irrevocably submit to the jurisdiction of such court and waive any objection you, he, or she may have to either jurisdiction or venue. Notwithstanding the foregoing, we may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award, in any federal or state court in the state in which you reside or the Facility is located.

9. Waiver of Punitive Damages. Except with respect to your obligation to indemnify us pursuant to Subsection N.3 for Claims of others seeking to recover punitive or exemplary damages from us, and claims we bring against you for your unauthorized use of the Marks or misappropriation of any Trade Secrets, we and you and your Owners waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between you and us, the party making a claim will be limited to equitable relief and to recovery of any actual damages he, she, or it sustains.

10. Limitations of Claims. Except for claims arising from your non-payment of amounts due us under this Agreement, any and all claims arising out of or relating to this Agreement or our relationship with you will be barred unless an arbitration proceeding is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims.

11. Construction. The recitals and exhibits to this Agreement and your application for the Franchise are a part of this Agreement, which, together with the Manuals and our System Standards, constitutes our and your entire agreement, and there are no oral or other written understandings, representations, or agreements between us and you relating to the subject matter of this Agreement. Any policies that we adopt and implement from time to time are subject to change, are not a part of this Agreement, and are not binding on us. Except as provided in the indemnification and arbitration Sections, nothing in this Agreement is intended, or will be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement. Except where this Agreement expressly obligates us reasonably to approve any of your actions or requests, we have the absolute right to refuse any request you make or to withhold

our approval of any of your proposed or effected actions that require our approval. The headings of the several sections and subsections are for convenience only and do not define, limit, or construe the contents of such sections or subsections. The term "Affiliate," as used with respect to you or us, means any person directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us (as applicable). For purposes of this definition, "control" of a person means ownership or control of a majority of the voting ownership of the person or a combination of voting ownership or one or more agreements that together afford control of the management and policies of such person. If two or more persons are at any time "you" under this Agreement, their obligations and liabilities to us will be joint and several. References to "Owner" mean any person holding a direct or indirect, legal or beneficial ownership interest or voting rights in you (or a transferee). References to a "controlling ownership interest" in you mean the percent of your voting shares or other voting rights that results from dividing one hundred percent (100%) of the ownership interests by the number of your Owners that would exist either immediately before or after the time the determination is made. The term "Facility" includes all of the assets of the Facility you operate under this Agreement, including its revenue and income. This Agreement may be executed in multiple copies, each of which will be deemed an original.

12. Notices and Payments. All approvals, requests, notices, and reports required or permitted under this Agreement will not be effective unless in writing and delivered to the party entitled to receive the notice in accordance with this Subsection. All such approvals, requests, notices, and reports, as well as all payments, will be deemed delivered at the time delivered by hand; or one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery; or three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid; and must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified.

13. Time. Time is of the essence of this Agreement and each and every provision.

14. Binding Effect. The delivery of this Agreement to you is not an offer. Therefore, this Agreement will not be binding upon us until it is first signed by you, tendered to us for our acceptance, and accepted by us through the signatures of two (2) duly authorized individuals.

15. Exercise of Our Business Judgment. We have the right to operate, develop and change the Systems in any manner that is not specifically prohibited by this Agreement. Whenever we have reserved in this Agreement a right to take or withhold an action, or to grant or decline to grant you a right to take or omit an action, we may, except as otherwise specifically provided in this Agreement, make our decision or exercise our rights based on information readily available to us and our judgment of what is in our and/or our franchise network's best interests at the time our decision is made, regardless of whether we could have made other reasonable or even arguably preferable alternative decisions or whether our decision or the action we take promotes our financial or other individual interest.

INTENDING TO BE LEGALLY BOUND, the parties have executed and delivered this Agreement on the date stated on the first page.

GOLD'S GYM FRANCHISING, INC.

By: _____
Title: _____

By: _____
Title: _____

Address: 358 Hampton Drive
Venice, California 90291

IF FRANCHISEE IS A CORPORATION, LIMITED LIABILITY COMPANY, OR LIMITED PARTNERSHIP:

Name of Franchisee

Signed: _____

Title: _____

Address: _____

IF FRANCHISEE IS A SOLE PROPRIETORSHIP OR GENERAL PARTNERSHIP:

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

EXHIBIT A

BASIC TERMS

This Exhibit is in reference to that certain Franchise Agreement between Gold's Gym Franchising, Inc., a Delaware corporation, and _____ dated as of _____ (the "Franchise Agreement").

SITE

(Franchise Agreement Section A.1)

TERRITORY

(Franchise Agreement Section A.1)

The Territory referred to in the Franchise Agreement shall be as follows:

ANNIVERSARY DATE

(Franchise Agreement Section A.2)

The Anniversary Date under the Franchise Agreement shall be _____, 200__.

FORM OF FRANCHISEE

(Franchise Agreement Section A.6)

Sole Proprietorship or General Partnership: If you are a sole proprietorship or a general partnership owned by more than one Owner, each Owner and the percentage of ownership is as follows:

Owner's Name and Address

**Percentage of
Ownership Interest**

Name: _____

Address: _____

Name: _____

Address: _____

Name: _____

Address: _____

Name: _____

Address: _____

Corporation, Limited Liability Company, or Limited Partnership: If you are a legal entity other than a general partnership (i.e., corporation, limited liability company, or limited partnership), please provide the following information:

You are a _____ and were formed on _____ under the laws of the State of _____. You have not conducted business under any name other than your corporate, limited liability company, or limited partnership name and _____.

The following is a list of your directors and officers, if applicable, as of the Effective Date of this Agreement:

Name of Each Director/Officer

Position(s) Held

The following list includes the full name and mailing address of each person who is one of your Owners (as defined in the Franchise Agreement) and fully describes the nature and percentage of each Owner's interest:

<u>Owner's Name and Address</u>	<u>Description and Percentage of Ownership Interest</u>
Name: _____ Address: _____ _____	_____
Name: _____ Address: _____ _____	_____
Name: _____ Address: _____ _____	_____
Name: _____ Address: _____ _____	_____

CURRENT PROMOTION CONTRIBUTION
(Franchise Agreement Section G.2)

\$244.00 per month.

CONVERSION FROM AN EXISTING AGREEMENT

By initialing below, we and you acknowledge that this Franchise Agreement will replace the existing Franchise Agreement or License Agreement between us (or our predecessor) and you (or your predecessor) dated as of _____ covering the Facility (the "Former Agreement"). We and you agree that the Former Agreement is terminated as of the Effective Date. Notwithstanding anything to the contrary in Section C.1, you will not pay the First Year Annual Fee under this Agreement, but instead will pay the Second Year Annual Fee on the next Anniversary Date after signing this Agreement. (Your Anniversary Date under the Former Agreement remains the same under this Agreement.) Further, if you request, and we grant you, one or more additional Gold's Gym Facility franchises before the third anniversary of the Effective Date, then for each such franchise you will sign a franchise agreement substantially similar to this Agreement (including the Annual Fees calculated according to Section C.1. above) rather than our then current form of Franchise Agreement, but not including this special conversion paragraph. However, we and you acknowledge that this provision is not our agreement to grant you a franchise at any time in the future. We have the sole right to determine whether to grant you any additional franchises.

This paragraph applies **only** if both we and you place our initials in the spaces below:

Gold's Gym Franchising, Inc.: _____

Franchisee: _____

EXHIBIT B

CONTINUING GUARANTY

("Guaranty")

The undersigned (referred to as "Guarantors"), whose addresses are set forth below, in consideration of the rights and obligations of the parties set forth in the "Franchise Agreement" dated _____ between GOLD'S GYM FRANCHISING, INC. ("Company") and _____ ("Franchisee"), and all amendments thereto (the "Agreement"), covering the following Facility:

do hereby agree as follows:

1. Guarantors do hereby guarantee the full, faithful, and timely payment and performance by Franchisee of all of the payments, covenants, and other obligations of Franchisee under or pursuant to the Agreement, including, without limitation, all payment obligations relating to inventory, goods, and equipment delivered by Company or its approved suppliers to Franchisee. If Franchisee shall default at any time in the payment of any sums, costs, or charges whatsoever, or in the performance of any of the other covenants and obligations of Franchisee, under or pursuant to the Agreement, then Guarantors, at their expense, shall on demand of Company fully and promptly, and well and truly, pay all sums, costs, and charges to be paid by Franchisee, and perform all the other covenants and obligations to be performed by Franchisee, under or pursuant to the Agreement and, in addition, shall on Company's demand pay to Company any and all sums due to Company, including (without limitation) all interest on past-due obligations of Franchisee, costs advanced by Company, and damages and all expenses (including attorneys' fees and litigation costs) that may arise in consequence of Franchisee's default. Guarantors hereby waive all requirements of notice of the acceptance of this Guaranty.

2. Guarantors do hereby agree to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, and arbitration requirements.

3. A separate action or actions may, at Company's option, be brought and prosecuted against Guarantors, whether or not any action is first or subsequently brought against Franchisee, or whether or not Franchisee is joined in any such action, and Guarantors may be joined in any action or proceeding commenced by Company against Franchisee arising out of, in connection with, or based upon the Agreement. Guarantors waive any right to require Company to pursue any other remedy in Company's power whatsoever, any right to complaint of delay in the enforcement of Company's rights under the Agreement, and any demand by Company and/or prior action by Company of any nature whatsoever against Franchisee or otherwise.

4. This Guaranty shall remain and continue in full force and effect and shall not be discharged in whole or in part notwithstanding (whether prior or subsequent to the execution hereof) any alteration, renewal, extension, modification, amendment, or assignment of, or subletting, franchising, or licensing under, the Agreement. For the purpose of this Guaranty and the obligations and liabilities of Guarantors, "Franchisee" shall be deemed to include any and all licensees, franchisees, assignees, sublicensees, permittees, or others directly or indirectly operating or conducting a GOLD'S GYM Facility (as defined in the Agreement) as fully as if any of the same were the named Franchisee under the Agreement.

5. This Guaranty shall apply to: (a) any amendment to the Agreement, (b) any other agreements between the parties in furtherance of the Agreement or in connection with the Facility, and (c) any license or franchise agreement between the parties replacing the Agreement.

6. Guarantors' obligations hereunder shall remain fully binding although Company may have waived one (1) or more defaults by Franchisee, extended the time of performance by Franchisee, released, returned, or misapplied other collateral at any time given as security for Franchisee's obligations (including other guaranties), and/or released Franchisee from the performance of its obligations under the Agreement.

7. This Guaranty shall remain in full force and effect notwithstanding the institution by or against Franchisee of bankruptcy, reorganization, readjustment, receivership, or insolvency proceedings of any nature or the disaffirmance or rejection of the Agreement in any such proceedings or otherwise.

8. If this Guaranty is signed by more than one (1) party, their obligations shall be joint and several.

9. Company may, without notice, assign this Guaranty in whole or in part.

10. In the event that Company should institute any suit against Guarantors for violation of this Guaranty or to enforce any of the covenants or conditions of, or any right of Company under, this Guaranty, or should Guarantors institute any suit against Company arising out of or in connection with this Guaranty, or should either party institute a suit against the other for a declaration of rights under this Guaranty, or should either party intervene in any suit in which the other is a party to enforce or protect its interest or rights under this Guaranty, the prevailing party in any such suit shall be entitled to the fees of its attorney(s) in the reasonable amount to be determined by the court and taxed as a part of the costs therein.

11. The execution of this Guaranty prior to execution of the Agreement shall not invalidate this Guaranty or lessen the obligations of Guarantors hereunder.

IN WITNESS WHEREOF, the undersigned have executed this Guaranty this _____ day of _____.

"GUARANTORS":

Signature

Signature

Print Name

Print Name

Address: _____

Address: _____

Signature

Signature

Print Name

Print Name

Address: _____

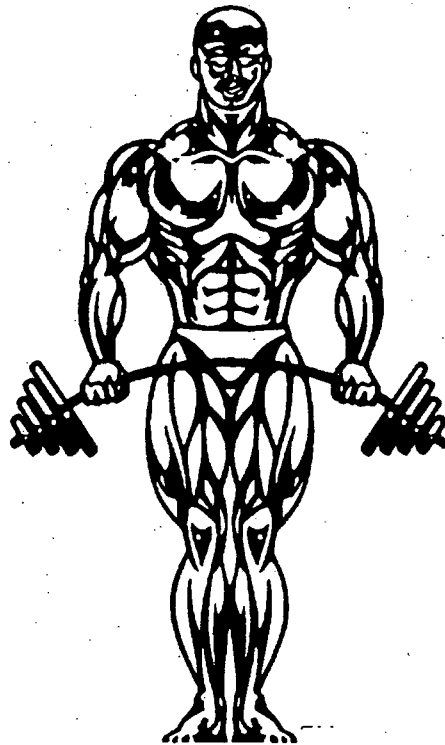
Address: _____

EXHIBIT C

MARKS

**GOLD'S
GYM®**

**GOLD'S
GYM®**



**EXHIBIT 4
TO THE GOLD'S GYM FRANCHISING, INC.
FRANCHISE OFFERING CIRCULAR**

DEVELOPMENT RIGHTS AGREEMENT

GOLD'S GYM FRANCHISING, INC.
DEVELOPMENT RIGHTS AGREEMENT

1. **Background.** This Development Rights Agreement (the "Agreement") is made and entered into on this _____ day of _____, 200__ (the "Agreement Date") by and between Gold's Gym Franchising, Inc. ("we," "us," or "our") and _____ ("you" or "your"). We and you are signing this Agreement because you would like the right to develop and operate a number of health and fitness centers under the "Gold's Gym" name (collectively, "Facilities" or, individually, a "Facility") within a certain geographic area over a certain period of time, and we are willing to grant you such development rights if you comply with this Agreement's terms.

2. **Grant of Development Rights.** Subject to your compliance with this Agreement, we hereby grant you (and/or any of your approved Affiliated Entities) the right to develop _____ () new Gold's Gym Facilities, according to the mandatory development schedule (the "Schedule") identified on Exhibit A to this Agreement, within the geographic area described on Exhibit B to this Agreement (the "Area"). However, the Area will not be deemed to include any hotels, motels, or similar operations ("Hotels") that currently are located, or during this Agreement's term are built, within the boundaries defining the Area, meaning that any restrictions on our activities within the Area will not apply to our activities or rights we grant in or at Hotels. In this Agreement, the term "Affiliated Entity" means any corporation, limited liability company or other business entity of which you or one or more of your owners owns at least 51% of the total authorized ownership interests, as long as you or such owner(s) have the right to control the entity's management and policies.

If you are fully complying with all of your obligations under this Agreement, and you and your Affiliated Entities are fully complying with all of your and their obligations under all Franchise Agreements then in effect between you (or any Affiliated Entity) and us for the operation of Gold's Gym Facilities, then, during this Agreement's term only, we (and our affiliates) will not operate, or grant rights to others to operate, Gold's Gym Facilities the physical premises of which are located within the Area (except for franchises we grant you and your approved Affiliated Entities pursuant to this Agreement). However, you acknowledge and agree that we may engage, and allow others to engage, in any other activities of any nature whatsoever within the Area, including, without limitation, those which we now reserve in our Gold's Gym Franchise Agreement (and related documents). After this Agreement expires or is terminated, regardless of the reason, we (and our affiliates) may establish, and allow others to establish, Gold's Gym Facilities the physical premises of which are located within the Area and engage, and allow others to engage, in any other activities we desire within and outside the Area without any restrictions whatsoever, subject only to your (or your Affiliated Entity's) rights under Franchise Agreements with us then in effect.

3. **Development Fee and Holding Fees.** Simultaneously with signing this Agreement, you must pay us a "Development Fee" of _____ Thousand Dollars (\$____,000.00). The Development Fee is fully earned by us when we and you sign this Agreement and is non-refundable, even if you do not comply with the Schedule. In addition, on each anniversary of the

Agreement Date during this Agreement's term, you must pay us a "Holding Fee" equal to Five Thousand Dollars (\$5,000) multiplied by the number of Facilities remaining on the Schedule with respect to which you or an Affiliated Entity has not then signed a Franchise Agreement and paid the initial franchise fee due under that Franchise Agreement. The Holding Fees are fully earned by us on their due dates and are non-refundable, regardless of whether you comply with the Schedule. Our receipt of a Holding Fee with respect to a Facility that, under the Schedule, was required to be open and operating before the date on which we received the Holding Fee is not our waiver of your failure to comply with the Schedule or of our right to terminate this Agreement under Section 8.

4. **Development Obligations.** To maintain your rights under this Agreement, you (and/or approved Affiliated Entities) must sign Franchise Agreements for, develop, and open for business the agreed-upon number of Gold's Gym Facilities within the Area by the dates set forth on the Schedule, despite any contradictory mandatory opening dates contained in any Franchise Agreements signed pursuant to this Agreement. Time is of the essence under this Agreement. You (or your Affiliated Entity) will operate each Facility under a separate Franchise Agreement with us. We do not apply the Development Fee towards any initial or other fees that you or your Affiliated Entities owe under Franchise Agreements. The Franchise Agreement (and related documents) that you (or your Affiliated Entity) sign for each Facility will be our then current form of Franchise Agreement (and related documents), any or all of the terms of which may differ substantially from the terms contained in our current form of Franchise Agreement. To retain your rights under this Agreement, each Facility opened pursuant to this Agreement must operate continuously throughout this Agreement's term.

5. **No Sublicensing Rights or Rights to Use Marks.** This Agreement does not give you any right to license others to operate Gold's Gym Facilities. Only you (and your approved Affiliated Entities) may open and operate Facilities pursuant to this Agreement and only under Franchise Agreements with us. This Agreement does not grant you any right to use, or authorize others to use, the Marks (as defined in the Franchise Agreement) in any manner. Your right to use the Marks arises only under Franchise Agreements with us. Our affiliate owns all rights to the Marks, and your unauthorized use of the Marks is an infringement of our and our affiliate's rights and a breach of this Agreement.

6. **Grant of Franchises.** You agree to give us all information and materials we request to assess each proposed Facility site and your (or your Affiliated Entity's) financial and operational ability to develop and operate each proposed Facility. We will not unreasonably withhold approval of any site you propose if that site meets our then current site criteria. However, we have the absolute right to disapprove any site that does not meet these criteria. We agree to use our reasonable efforts to review and approve or disapprove the sites you propose within ~~ten~~fifteen (10~~15~~) days after we receive all requested information and materials. If we approve a proposed site, then you or your approved Affiliated Entity (and your or its owners) must sign a separate Franchise Agreement and related documents, including Personal Guarantees, for that Facility. If you or your Affiliated Entity (and your or its owners) do not do so, or are unable to obtain lawful possession of the proposed site within a reasonable time after we approve of the proposed site, we may withdraw our approval. After you (or your Affiliated

Entity) sign the Franchise Agreement and related documents, their terms and conditions will control the development and operation of the Facility.

7. **Term.** This Agreement's term begins on the date we and you sign it and ends on the date when (a) the final Facility under the Schedule has been opened, (b) the final Facility is scheduled to open under the Schedule, or (c) this Agreement otherwise is terminated, whichever occurs first.

8. **Termination.** We may terminate this Agreement and your right to develop additional Gold's Gym Facilities within the Area at any time, effective upon delivery of written notice of termination: (a) if you fail to satisfy either your development obligations under the Schedule or any other obligation under this Agreement, which defaults you have no right to cure; or (b) if any Franchise Agreement between us and you (or your Affiliated Entity) for a Gold's Gym Facility is terminated by us or you for any reason.

9. **Assignment.** You and your owners acknowledge that we are granting you the rights under this Agreement because of our perception of your (and your owners') individual and collective character, skill, business acumen, financial capability and proven ability to operate Gold's Gym Facilities according to our standards. These rights are personal to you and your owners. Therefore, you and your owners may not assign this Agreement or any of your ownership interests without our prior written approval, which we may grant or withhold for any or no reason. We may assign this Agreement or any of our ownership interests without restriction.

10. **Incorporation of Other Terms.** Sections E.7., E.8., N and O of our current standard form of Franchise Agreement for Gold's Gym Facilities, captioned "Trade Secrets," "Exclusive Relationship," "Relationship of the Parties; Indemnification" and "Standard Clauses," respectively, including (without limitation) the provisions relating to arbitration of disputes, are incorporated by reference in this Agreement and will govern all aspects of our relationship and the construction of this Agreement as if fully restated within the text of this Agreement.

GOLD'S GYM FRANCHISING, INC.

By: _____
Title: _____

By: _____
Title: _____

Address: 358 Hampton Drive
Venice, California 90291

IF DEVELOPER IS A CORPORATION, LIMITED LIABILITY COMPANY, OR LIMITED PARTNERSHIP:

Name of Developer

Signed: _____

Title: _____

Address: _____

IF DEVELOPER IS A SOLE PROPRIETORSHIP OR GENERAL PARTNERSHIP:

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name



EXHIBIT A
TO DEVELOPMENT RIGHTS AGREEMENT

You agree to open _____ () additional Gold's Gym Facilities within the Area (besides any Facilities already located in the Area and any Facilities to be developed in the Area under Franchise Agreements signed on or before the Agreement Date) according to the following Schedule:

Facility Opening by (Date)	Cumulative Number of New Facilities To Be Opened and Operating No Later Than the Opening Date (in Previous Column)
1 st Anniversary of Agreement Date	
2 nd Anniversary of Agreement Date	
3 rd Anniversary of Agreement Date	
4 th Anniversary of Agreement Date	

GOLD'S GYM FRANCHISING, INC.

By: _____
 Name: _____
 Title: _____

By: _____
 Name: _____
 Title: _____

[DEVELOPER]

By: _____
 Name: _____
 Title: _____

EXHIBIT B
TO DEVELOPMENT RIGHTS AGREEMENT

The Area is defined as the entire territory encompassed by _____ in the State of _____, as the boundaries of that territory exist on the date of this Agreement.

GOLD'S GYM FRANCHISING, INC.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

[DEVELOPER]

By: _____
Name: _____
Title: _____

**EXHIBIT 5
TO THE GOLD'S GYM FRANCHISING, INC.
FRANCHISE OFFERING CIRCULAR**

LIST OF FRANCHISEES

Gold's Gym Franchising, Inc.

List of Franchisees

as of December 31, 2003

Gym Name	Gym Address	Gym City	Gym State	Gym Zip	Gym Phone	Owners
Dothan	3509 Montgomery Hwy.	Dothan	AL	36303	334-793-7170	Dr. Tim Tucker; Leon Gross
Enterprise	707B Hwy 84 Bypass	Enterprise	AL	36330	334-347-6261	Dr. Tim Tucker; Judy Tucker
Huntsville	721 Clinton Avenue	Huntsville	AL	35801	256-539-3488	Bill Johnston, Jr.
Jacksonville (AL)	500 South Pelham Rd.	Jacksonville	AL	36265	256-782-9797	Harold & Debbie Neal
Montgomery (East)	2300 Berryhill Road	Montgomery	AL	36117	334-271-7575	Dell and Tina Spivey
Gadsden	200 Market Way	Rainbow City	AL	35906	256-413-0055	Stace Beecham
Sheffield	4100 Hatch Blvd.	Sheffield	AL	35660	256-383-GOLD	C.K. Irby, Jr.; C.K. Irby, Sr.;
Tuscaloosa	1335 McFarland Blvd.	Tuscaloosa	AL	35405	205-345-6496	Robert Irby
Bentonville	2614 SE "J" St.	Bentonville	AR	72712	479-464-4653	Daniel Marlar
Fayetteville (AR)	3155 N. College Avenue	Fayetteville	AR	72701	479-521-0585	Rhett Garner; Seth Garner
Fort Smith	1918 S. Phoenix	Fort Smith	AR	72901	479-648-9400	Rhett Garner; Carol Garner
Gilbert	2156 E. Baseline	Mesa	AZ	85204	480-497-8686	Jarot Garner; Carol Garner
Mesa	1046 S. Country Club Dr.	Mesa	AZ	85210	480-833-0099	Brad Neste; Wanda Neste
Ahwatukee	5031 E. Elliot Rd.	Phoenix	AZ	85044	480-961-1000	Brad Neste; Wanda Neste
Tucson (Downtown)	110 South Church Avenue #5030	Tucson	AZ	85701	520-623-6300	Ed Nissan
Tucson (East)	5851 East Speedway	Tucson	AZ	85712	520-751-0303	Ed Nissan
Tucson (North)	7315 North Oracle Road #203	Tucson	AZ	85704	520-297-8000	Ed Nissan
Campbell	700 W. Hamilton Ave.	Campbell	CA	95008	408-379-2951	Jerry McCall
Chico	931 W. 5th Street	Chico	CA	95928	530-893-GOLD	Michael Peters
Citrus Heights	6085 Greenback Lane	Citrus Heights	CA	95621	916-722-5646	Joseph R. Wenson, Dennis
Marin	10 Fifer Avenue	Corte Madera	CA	94925	415-924-GOLD	Brazil
Fresno	4015 N. Blackstone	Fresno	CA	93726	559-229-GOLD	Thomas & Judit Jackovics
Fullerton	1101 South Placentia Avenue	Fullerton	CA	92831	714-680-8881	Kevin Christie; Ed Connors
Goleta	6144 Calle Real	Goleta	CA	93117	805-964-0556	Milos Sarcev
Hayward	214 B Southland Mall Drive	Hayward	CA	94545	510-264-1800	Tony Calhoun
Hollister	1525 Cushman Street	Hollister	CA	95023	831-637-8122	Marc Denola
Hollywood (CA)	1016 N. Cole Avenue	Hollywood	CA	90038	323-462-7012	Karen Fortino, Michael
Huntington Beach	8875 Adams Avenue	Huntington Bea	CA	92646	714-378-4784	Beltran, Victor Reyes
Los Angeles DT	735 South Figueroa Street Suite 100	Los Angeles	CA	90017	213-688-1441	Angel Banos
Madera	1803 Sunset Avenue	Madera	CA	93637	559-673-3054	Paul Giuntini
Modesto North	4120 Dale Rd Suite G	Modesto	CA	95356	209-545-9055	Angel Banos
Morgan Hill	685 Jarvis Drive	Morgan Hill	CA	95037	408-776-1617	Michael C. McGibben
Mountain View	1400 N. Shoreline Blvd. Building D	Mountain View	CA	94043	650-940-1440	John Laroco; Jennifer Elrod
North Hollywood	6233 Laurel Canyon Blvd.	North Hollywood	CA	91606	818-506-4600	Stephanie Lenart
Northridge	9150-B Reseda Blvd.	Northridge	CA	91324	818-772-1400	Jerry McCall
Oakland	600 Grand Ave.	Oakland	CA	94610	510-451-GOLD	Angel Banos
						John Mahli; JJ Mahli
						(son)/mgr
						Thomas & Judit Jackovics;
						Alex Szabo

Gold's Gym Franchising, Inc.
List of Franchisees
as of December 31, 2003

San Diego Ocean Beach	4976 Newport Avenue	Ocean Beach	CA	92107	619-223-8888	Roger Cozzolino, J.P. Yersic, Anthony J. Garilli, Gary
Oxnard (Gonzales)	2945 Los Olivos, Unit 101	Oxnard	CA	93030	805-983-2639	Mirsky, Anthony J. Garilli, Jr. Noel Thompson
Palm Desert	77900 Country Club Drive, Bldg 4	Palm Desert	CA	92211	760-360-0565	Brad Neste; Wanda Neste
Palm Springs	4070 Airport Center Dr.	Palm Springs	CA	92262	760-322-GOLD	Brad Neste; Wanda Neste
Petaluma	1310 Casa Grande Rd., Ste. B	Petaluma	CA	94954	707-778-8889	Michael C. McGibben
Rancho Cordova	11327 Folsom Blvd.	Rancho Cordov	CA	95742	916-853-5646	Timothy G. Bonham
Redondo Beach	200 N. Harbor Drive	Redondo Beach	CA	90277	310-374-5522	Steve Tavera; Abram Tavera
San Diego Sports Arena	3156 Sports Arena Blvd #22	San Diego	CA	92110	619-221-4444	Roger Cozzolino, J.P. Yersic, Anthony J. Garilli, Gary
S.F./Brannan Street	1001 Brannan Street	San Francisco	CA	94103	415-552-GOLD	Mirsky, Anthony J. Garilli, Jr. Thomas, Judith & Sebastyen Jackovics
S.F./Castro	2301 Market St.	San Francisco	CA	94114	415-626-4488	Thomas, Judith & Sebastyen Jackovics
San Jose	1893 Monterey Road	San Jose	CA	95110	408-279-6441	Jerry McCall
San Jose (South)	121 Bernal Road	San Jose	CA	95119	408-360-8440	Jerry McCall
San Jose North	90 Skyport Dr	San Jose	CA	95111	408-271-2415	Jerry McCall
San Mateo	1150 Park Place	San Mateo	CA	94403	650-212-4653	Thomas Jackovics
Santa Barbara (Dntn)	21 W. Carrillo Street	Santa Barbara	CA	93101	805-965-0999	Tony Calhoun
Santa Barbara (Uptn)	3908 State Street	Santa Barbara	CA	93105	805-563-8700	Tony Calhoun
Santa Clara	1900 Duane Avenue	Santa Clara	CA	95054	408-988-4494	Jerry McCall
Santa Cruz	620 Water Street	Santa Cruz	CA	95060	831-425-GOLD	Albert Menna III; Britt Menna
Santa Rosa	515 - 5th Street	Santa Rosa	CA	95404	707-545-5100	Matt Grill
Monterey	1760 Fremont Blvd.	Seaside	CA	93955	831-394-8870	Reggie Jackson
Temecula	26201 Ynez Road	Temecula	CA	92591	909-296-3007	Brad Neste; Wanda Neste
Thousand Oaks (Moorpark)	197 North Moorpark Rd	Thousand Oaks	CA	91360	805-496-9331	Angel Banos
Rancho Santa Margarita	31941 Dove Canyon Drive	Trabuco Canyo	CA	92679	949-888-2722	Roger Cozzolino, J.P. Yersic, Anthony J. Garilli, Gary
Vacaville (Main)	201 Main St	Vacaville	CA	94888	707-447-4653	Mirsky, Anthony J. Garilli, Jr. Rick Martindale
Vallejo	765 Sereno Drive	Vallejo	CA	94589	707-552-4653	Michael McGibben
Victorville	13785 Park Avenue	Victorville	CA	92392	760-243-GOLD	Andrew Furia
Walnut Creek	1853 Ygnacio Valley Rd.	Walnut Creek	CA	94598	925-935-1132	Zack Crouse
Watsonville	100 A Westridge Drive	Watsonville	CA	95076	831-728-4653	Vincent Solbes Frank Rinaldi; Stephen
Bloomfield	107 Old Windsor Road	Bloomfield	CT	06002	860-286-9801	Suschana
Bristol	400 Middle Street	Bristol	CT	06010	860-585-6400	Joseph S. Altheimer

Gold's Gym Franchising, Inc.
List of Franchisees
as of December 31, 2003

Enfield	640 Enfield Street	Enfield	CT	06082	860-253-9521	Frank Rinaldi; Stephen Suschana
Enfield (Scitico)	585 Hazard Avenue	Enfield	CT	06082	860-763-1909	Frank Rinaldi; Stephen Suschana
New Haven	31 Bernhard Road	New Haven	CT	06473	203-773-1578	Dino, Jerry, Richard, Darin Montanari
Dover	650 S. Bay Road	Dover	DE	19901	302-678-4653	Lisa Lawson; Duane Lawson
Rehoboth Beach	3712 Highway One, #11	Rehoboth Beach	DE	19971	302-226-GOLD	Lisa Lawson; Duane Lawson
Newark	5810 Kirkwood Hwy.	Wilmington	DE	19808	302-633-GOLD	Fred Smalls; Hamilton Stolpen
Wilmington (DE)	4401-R Governor Printz Blvd.	Wilmington	DE	19802	302-764-5656	Frank Aciermo, Jr.
Altamonte Springs	130 E. Altamonte Drive	Altamonte Sprit	FL	32701	407-831-0100	Pleasant Lewis
Boca Raton (East)	499 Northeast Spanish River Blvd.	Boca Raton	FL	33431	561-362-6001	Gerry Angers; David Schneider
Boca Raton (West)	11427 W. Palmetto Park Rd.	Boca Raton	FL	33427	561-470-9494	David Schneider, Gerry Angers, John Boyer
Bradenton	4836 14th Street West	Bradenton	FL	34207	941-748-4653	Joseph Hammond
Brandon	901 Lithia-Pinecrest Rd.	Brandon	FL	33511	813-662-2274	Walter Roberts
Cape Coral	1013 Cape Coral Pkwy E.	Cape Coral	FL	33904	239-549-3354	Pierre Narath
Clearwater	1580 McCullen Road	Clearwater	FL	34619	727-791-8550	Doug Pearson
Coral Gables	3737 S.W. 8th Street	Coral Gables	FL	33134	305-445-5161	Al Ferrara; Edward Benson; Jon Finkin
Deerfield Beach	3650 SW 10th Street	Deerfield Beach	FL	33442	954-418-8400	John Boyer; Todd Keiser; Gerry Angers; David Schneider
Delray Beach	5030 Atlantic Avenue	Delray Beach	FL	33486	561-495-2324	John Boyer; Gerry Angers; David Schneider
Destin	12200 Emerald Coast Pkwy.	Destin	FL	32550	850-837-7071	Michael Lobner; Stephanie Lobner
Fort Lauderdale	1427 E. Commercial Blvd.	Fort Lauderdale	FL	33334	954-491-GOLD	Aitor Arrieta; Anthony DiMuzio
Fort Myers	8540 Dayton Ave.	Fort Myers	FL	33907	239-278-GOLD	Pierre Narath
Fort Walton Beach	234 N.E. Eglin Parkway	Fort Walton Be	FL	32547	850-863-3222	Michael Lobner; Stephanie Lobner
Hollywood (FL)	3120 Oakwood Blvd.	Hollywood	FL	33020	954-927-3481	Ed Benson; Al Ferrara; Jon D. Finkin
Jacksonville (South)	8552 Bay Meadow Road	Jacksonville	FL	32256	904-448-0600	Kris Krieger; Kurt Krieger
Jacksonville (West)	3794 Blanding Blvd.	Jacksonville	FL	32210	904-317-0608	
Jupiter	201 N US Highway 1, Suite 6C	Jupiter	FL	33477	561-743-3700	Jeffrey Goldsmith
Lakeland	3625 S. Florida Avenue	Lakeland	FL	33803	863-646-3036	E.P. Bagwell; Lee Rogers; John Zachary Rogers; Katherine R. Neel

Gold's Gym Franchising, Inc.

List of Franchisees

as of December 31, 2003

Melbourne	3008 W. New Haven Ave.	Melbourne	FL	32904	321-676-4073	Tony and Salley Hopkins Al Ferrara; Linda Ferrara; Jon D. Finkin Michael Sontag
Miami	1617 S. W. 107th Ave.	Miami	FL	33165	305-553-8878	
Miami (South)	15924 S.W. 92nd Avenue	Miami	FL	33157	305-256-0065	
South Beach	1400 Alton Road	Miami Beach	FL	33139	305-538-4653	
Miami Lakes	16357 N.W. 57th Avenue	Miami Lakes	FL	33014	305-621-GOLD	Ronald Bell; Anthony Barkett
Naples	2151 Trade Center Way	Naples	FL	34109	239-598-4466	Jerry R. Pitkin
New Port Richey	4900 U.S. Highway 19	New Port Richey	FL	34652	727-849-8606	Barl Azirovic
Dr. Phillips (Orlando)	7733 Turkey Lake Road	Orlando	FL	32819	407-226-9996	Pleasant Lewis Gil Ward; Linda Ward; John Ward; Teresa Ward; John Lanes; Shellie Lanes Bret James Michael McKinney and Joseph Chapman Edward Benson Doug Pearson Scott Suggden; Patrick Piper Gil Ward; Linda Ward; John Ward; Teresa Ward; John Lanes; Shellie Lanes Bruce Day; Robert Sanore Keith & Dianna Binney Doug Pearson Doug Pearson; Bob Buchanan; Cindie Unger. Joe Calabria Ronald Bell William H. Jackson Douglas Dickinson; Pamela Dickinson Douglas and Pamela Dickinson Doug Pearson Pierre A. Narath James T. McHale III David Gurnsey Pleasant Lewis James Broussard, Mark Montgomery L. J. and Barbara Arnold Christopher R. Palmer
Ormond Beach	306 N. Nova Road	Ormond Beach	FL	32174	386-677-4949	
Palm Beach Gardens	9910 Alternate A1A	Palm Beach Gz	FL	33410	561-694-6727	
Panama City	1344 West 15th Street	Panama City	FL	32401	850-872-1955	
Pembroke Pines	9057 Taft Street	Pembroke Pine	FL	33024	954-432-9990	
St Petersburg (North)	6421 - 66th Street North	Pinellas Park	FL	33781	727-541-7296	
Port Charlotte	4300 King's Highway, Unit A	Port Charlotte	FL	33980	941-627-5509	
Port Orange	3761 South Nova Road	Port Orange	FL	32119	386-756-8282	
Sarasota	3762 Bee Ridge Road	Sarasota	FL	34233	941-923-GOLD	
Spring Hill	5400 Pinehurst Drive	Spring Hill	FL	34606	352-684-2468	
St. Petersburg (NE)	203 - 38th Avenue North	St. Petersburg	FL	33704	727-822-9394	
St. Petersburg (South)	4949 34th St. South	St. Petersburg	FL	33711	727-864-0333	
Stuart	41 S.W. Monterey Road	Stuart	FL	34994	772-287-0222	
Miami Beach (North)	17050 Collins Avenue	Sunny Isles Be:	FL	33160	305-945-7570	
Sunrise	4545 N. Pine Island Rd.	Sunrise	FL	33351	954-741-5511	
Tallahassee (Dntn)	1147 Apalachee Parkway	Tallahassee	FL	32301	850-942-9712	
Tallahassee (North)	2695 Capital Circle, N.E.	Tallahassee	FL	32308	850-385-9712	
Tampa (Central)	3689 W. Waters Avenue	Tampa	FL	33614	813-935-BODY	
Venice (FL)	2105 S. Tamiami Trail	Venice	FL	34293	941-496-9588	
Palm Beach	2101 Palm Beach Lakes Blvd.	West Palm Bee	FL	33409	561-471-8880	
Winter Haven	5636 Cyprus Gardens Blvd.	Winter Haven	FL	33884	863-291-GOLD	
Winter Springs	5920 Red Bug Lake Road	Winter Springs	FL	32708	407-696-0600	
Acworth (Bells Ferry)	5505 Bells Ferry Road	Acworth	GA	30102	770-592-4950	
Albany (GA)	2700 Dawson Rd., #31	Albany	GA	31707	229-888-3305	
Alpharetta	11105 State Bridge Rd., Suite 400	Alpharetta	GA	30022	770-754-1500	

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List of Franchisees
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Atlanta Midtown	57 Forsyth Street	Atlanta	GA	30303	404-524-4653	Mark Montgomery; Justin Paulk
Buford	4450 Nelson Brogdon Blvd., #12-A	Buford	GA	30518	770-945-7385	James Mroczowski; Cary Grayson Carter; Mark Montgomery
Calhoun	610 Redbud Road	Calhoun	GA	30701	706-629-9101	Pam Stephens
Canton	553 Riverstone Parkway	Canton	GA	30114	770-720-4653	James Broussard, Mark Montgomery
Carrollton	830 Maple Street	Carrollton	GA	30117	770-830-6900	Harold and Debbie Neal
Cartersville	150 Market Square	Cartersville	GA	30120	770-382-4653	Mr. Brooke Temple
Conyers	2202 Salem Road	Conyers	GA	30013	770-483-0099	Joseph D. Cunningham;
Cumming	2 Tri County Plaza	Cumming	GA	30040	770-844-7500	Kristine K. Cunningham
Douglasville	8741 Hospital Drive	Douglasville	GA	30134	770-949-7507	Bill Howell
Douglasville (South)	4600 Legend Place	Douglasville	GA	30135	770-949-1116	Gordon Johnson
Duluth (GA)	3545 Peachtree Industrial Blvd.	Duluth	GA	30096	770-622-5150	Gordon Johnson
Ellenwood	1790 Panola Road	Ellenwood	GA	30294	770-323-5553	Adam Ponzio; Andy Ponzio
Fayetteville (GA)	720 North Glynn Street	Fayetteville	GA	30214	770-716-7090	James & Susan Viar, Louis Goveno
Peachtree City (East)	1964 Highway 54 West	Fayetteville	GA	30214	770-487-4273	J.D. Holmes
Gainesville (GA)	2480 Limestone Parkway	Gainesville	GA	30501	770-534-3648	J. D. Holmes
Acworth	3161 Cobb Pkwy., #300	Kennesaw	GA	30152	770-529-7200	John Gregory McCosh
Kennesaw	3220 Busbee Drive	Kennesaw	GA	30144	770-425-4653	Mark Montgomery; Elijah W. Phillips; Lenette Brady
Lilburn	4805 Lawrenceville Hwy.	Lilburn	GA	30047	770-931-2262	Jim Rogers; Mark Montgomery
Macon	4357 Forsyth Road	Macon	GA	31210	478-471-9199	Adam Ponzio; Andy Ponzio
West Cobb	3565 Austell Road Suite 25	Marietta	GA	30008	770-432-8688	Jim Stewart
Newnan	19-A Millard Farmer Industrial Blvd	Newnan	GA	30263	770-251-9909	Gordon Johnson
Norcross	6315 Spalding Drive	Norcross	GA	30092	770-209-9955	John Cristiano
Peachtree City (West)	2011 Commerce Drive No.	Peachtree City	GA	30269	770-631-9901	John Cristiano
Roswell	608 Holcomb Bridge Rd., #200	Roswell	GA	30076	770-641-3933	J. D. Holmes
Sandy Springs	6335 Roswell Road	Sandy Springs	GA	30328	404-303-0496	Brenda Fetta; Zach Melendrez; Evelyne Lloyd;
Statesboro	1525 Fair Road	Statesboro	GA	30458	912-871-6622	Teddy Payne
Eagle's Landing	250 Business Center Drive	Stockbridge	GA	30281	678-565-8682	Mark Montgomery
Warner Robins	1827 Watson Blvd.	Warner Robins	GA	31093	478-329-0200	Robert Lefavi, Ph.D.; Ronald Finger, M.D.
Woodstock	238 Arnold Mill Rd.	Woodstock	GA	30188	770-924-6266	James & Susan Viar, Louis Goveno
Kailua-Kona	74-5583 Luhia Street	Kailua-Kona	HI	96740	808-334-1977	Tom Crawford
Kihei	41 East Lipoa Street	Kihei, Maui	HI	96753	808-874-2844	Mark Montgomery; Justin Paulk

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Lahaina	840 Wainee Street	Lahaina, Maui	HI	96761	808-667-7474	Jim Moser
Wailuku	850 Kolu St., A-3	Wailuku, Maui	HI	96793	808-242-6851	Jim Moser; Bill King
Iowa City/Coralville	401 Oakdale Blvd	Coralville	IA	52241	319-338-3488	Brian Allen
Davenport	4885 Utica Ridge Road	Davenport	IA	52807	563-355-2900	Chris Agnew
Boise (Fairview)	8650 Fairview Ave	Boise	ID	83704	208-377-4653	Josh Wheeler
Boise (Grove)	245 S. Capitol Blvd	Boise	ID	83702	208-853-4653	Josh Wheeler
Boise (Park Center)	404 E. Park Center Blvd, Suite 150 & 300	Boise	ID	83706	208-345-4653	Josh Wheeler
Meridian	1455 Country Terrace Way	Meridian	ID	83642	208-323-4653	Josh Wheeler
Nampa	2111 N. Cassia St	Nampa	ID	83651	208-465-4653	Josh Wheeler
Aurora	300 N. Highland	Aurora	IL	60506	630-264-1571	Jim Johnston; Steve Rance;
Bloomington	11 Currency Drive	Bloomington	IL	61704	309-661-GOLD	Chris Hyllton
Bradley	710 W. Broadway	Bradley	IL	60915	815-932-3177	John E. Morgan
Champaign	1914A Round Barn Rd.	Champaign	IL	61821	217-359-FIRM	John Janota; Tim Zych
Decatur	2807 N. Main Street	Decatur	IL	62526	217-872-2777	Daniel McCulley; Joelle
Gurnee	1655 Nations Drive	Gurnee	IL	60031	847-662-4600	Michael A. Lambdin
Joliet	2701 Black Road	Joliet	IL	60435	815-729-4503	Richard P. Glass, Jr.
Morton	1630 N. Main St	Morton	IL	61550	309-263-4653	John Janota; Tim Zych
Mount Zion	1033 North State Highway 121	Mount Zion	IL	62549	217-864-5000	Todd D. Grimm
Urbana	1305 East Colorado	Urbana	IL	61801	217-344-GOLD	Jon Aschermann; Lori Hall
Fort Wayne	6145 W. Jefferson Blvd.	Fort Wayne	IN	46804	260-432-4653	Daniel McCulley; Joelle
Castleton	9402 Uptown Dr.	Indianapolis	IN	46256	317-598-9399	McCulley
Merrillville	3240 East 84th Place	Merrillville	IN	46410	219-947-7667	Thomas W. Kelley
Merriam	6501 South Frontage Rd.	Merriam	KS	66202	913-722-2001	Marcus Casteel
Olathe	431 N. Lindenwood Drive	Olathe	KS	66062	913-782-6878	Pete Kutsugas; Dr. Paul
Alexandria (Northern KY)	8109 Alexandria Pike	Alexandria	KY	41001	859-635-0800	Madison; Dr. Cresley Walker
Bowling Green	600 U.S. 31 W. Bypass, Unit 18-A	Bowling Green	KY	42101	270-793-9591	Wade Ferguson; Anna Marie
Erlanger	3137 Dixie Highway	Erlanger	KY	41018	859-341-4653	Ferguson
Lexington	230 West Main St., 7th Floor	Lexington	KY	40507	859-281-5110	Wade Ferguson; Anna Marie
(Downtown/Executive)	3650 Boston Rd.	Lexington	KY	40514	859-219-9558	Ferguson
Lexington (Millipond)	2909 Richmond Road	Lexington	KY	40509	859-269-2492	Royce Pulliam; Tomi Pulliam
Lexington (Richmond Road)	1850 S. Hurstbourne Parkway	Louisville	KY	40220	502-499-6266	Shane Puckett
Louisville		Louisville	KY			Royce Pulliam; Tomi Pulliam

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Louisville (Southwest) Amherst	7410 Dixie Hwy 10 University Dr.	Louisville Amherst	KY MA	40258 01002	502-933-4653 413-549-6559	Tim Switzer, Roy Switzer Fran Shea
Andover (Downtown)	10-12 Mainstreet	Andover	MA	01810	978-474-1888	John Grossi; Ralph Bagarella; David Dos Santos Francis Shea II; Joseph Travia
Arlington (MA)	30 Park Avenue	Arlington	MA	02474	781-646-4653	Alan Waltzman, Mike Eisenstadt, Ron Vachon Francis Shea II; Joseph Travia
Ashland MA	200 Homer Ave	Ashland	MA	01721	1-508-881-9909	Andrew DeMore, John Grossi, Joe Grossi, Paul Lorenti
Boston	71 Landsdowne Street	Boston	MA	02215	617-536-6066	Joe Grossi, David Livingstone Jay Steinmetz; Joseph Hernon
Braintree	288 Wood Rd	Braintree	MA	02184	781-849-0444	Allan Tassel; Glenn Anthony Saul Friedman Mary Lambert Marc Orlandella; Ralph Ungaro
Burlington MA	12 A Street	Burlington	MA	01803	781-273-3331	Aaron B. & Stuart A. Bornstein Paul Barilone Fran Shea
Chelmsford	5 Court House Lane	Chelmsford	MA	01824	978-453-4173	John Grossi; Ralph Bagarella; David Dos Santos Sean C. Brady; Christopher Benhardt
Danvers Dartmouth East Bridgewater	30 Prince Street 24 Ventura Drive 649 Oak Street	Danvers Dartmouth East Bridgewater	MA MA MA	01923 02747 02333	978-777-3151 508-998-7070 508-690-1100	Alan Tassel; Glenn Anthony Saul Friedman Mary Lambert Marc Orlandella; Ralph Ungaro
Everett (MA)	68 Vine Street	Everett	MA	02149	617-381-9100	Aaron B. & Stuart A. Bornstein Paul Barilone Fran Shea
Hyannis Marlborough Maynard	287 Iyanough Rd., Rt. 28 771 Boston Post Road 4 Clock Tower Place STE 105	Hyannis Marlborough Maynard	MA MA MA	02601 01752 01754	508-790-4477 508-480-8949 978-461-4994	John Grossi; Ralph Bagarella; David Dos Santos Sean C. Brady; Christopher Benhardt
Methuen	116 Pleasant Valley	Methuen	MA	01844	978-975-0660	Alan Tassel; Glenn Anthony Saul Friedman Mary Lambert Marc Orlandella; Ralph Ungaro
Milford Natick Needham	196 E. Main Street 1 H. F. Brown Way 150 A Street	Milford Natick Needham	MA MA MA	01757 01760 02494	508-473-4462 508-820-8886 781-444-6537	Alan Tassel; Glenn Anthony Saul Friedman Mary Lambert Marc Orlandella; Ralph Ungaro
Norton	314 E. Main Street	Norton	MA	02766	508-286-5900	Alan Tassel; Glenn Anthony Saul Friedman Mary Lambert Marc Orlandella; Ralph Ungaro
Salem (MA) Salisbury (MA)	38 Swampscott Road 191 Elm Street - Rt. 110	Salem Salisbury	MA MA	01970 01952	978-745-4007 978-462-5662	Alan Tassel; Glenn Anthony Saul Friedman Mary Lambert Marc Orlandella; Ralph Ungaro
Saugus South Boston Stoughton	1277 Broadway 323 Dorchester Ave 525 Washington Street	Saugus South Boston Stoughton	MA MA MA	01906 02127 02072	781-231-2505 617-268-5500 781-344-2222	Alan Tassel; Glenn Anthony Saul Friedman Mary Lambert Marc Orlandella; Ralph Ungaro

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Swansea Tewksbury	207 Swansea Mall Dr. 540 Main Street	Swansea Tewksbury	MA MA	02777 01876	508-679-9793 978-640-1572	June and Robert Siravo Jay Steinmetz; Dan Cudak Francis Shea II; Joseph Travia
Concord (MA) West Roxbury	61-63 Domino Drive 1600 VFW Parkway	West Concord West Roxbury	MA MA	01742 02132	978-369-8822 617-327-GOLD	Frank Rinaldi; Stephen Suschana
West Springfield Westborough Woburn	1452 Memorial Avenue One Oak Street 35 Industrial Parkway	West Springfield Westborough Woburn	MA MA MA	01089 01581 01801	413-746-2677 508-366-7006 781-935-5355	Joe Grossi; David Livingston Andrienne Fitzgerald; Anne Roche
Worcester Annapolis Baltimore/Inner Harbor East Towson	40 Millbrook Street 1127 West Street 601 East Pratt Street 8910 Walton woods Road	Worcester Annapolis Baltimore Carney	MA MD MD MD	01606 21401 21202 21234	508-757-3900 410-295-0893 410-576-7771 410-663-8070	Eric Krieger; Kary Krieger Eric Krieger; Kary Krieger Eric Krieger; Kary Krieger Bruce Kent Ebel, Carolyn Ebel, John Burchette
Crofton Damascus Frederick	1625 Crofton Centre 9930 Main Street 5620-B Buckeystown Pike	Crofton Damascus Frederick	MD MD MD	21114 20872 21704	410-451-GOLD 301-482-1900 301-698-GOLD	Dan Makosy; Doug Makosy Dan Makosy; Doug Makosy Greg Weiss and Carl Bessman
Gaithersburg Glen Burnie	255 Muddy Branch Road 6324 Ritchie Highway	Gaithersburg Glen Burnie	MD MD	20878 21061	301-721-4653 410-789-GOLD	Leo Gutierrez
Hagerstown	18726 North Pointe Drive	Hagerstown	MD	21742	301-733-0980	Kirk Galiani; John Galliani; Eric Cummings, E Easton Jeff Mayerson, Spencer Bryant
Laurel Ocean City Silver Spring Silver Spring (City Place)	3541 B Fort Mead Road 11545 Coastal Hwy 2144 Industrial Parkway 8661 Colesville Road 15 W. Aylesbury Road 111 Alleghany Avenue	Laurel Ocean City Silver Spring Silver Spring	MD MD MD MD	20724 21842 20904	301-490-5050 410-723-4653 301-680-0505	William Bowen Jeff Mayerson
Timonium Towson	8661 Colesville Road 15 W. Aylesbury Road 111 Alleghany Avenue	Silver Spring Timonium Towson	MD MD MD	20910 21093 21204	301-585-4653 410-252-9271 410-769-8806	Scott Campbell Eric Krieger; Kary Krieger Eric Krieger; Kary Krieger Robert Rhodes; Scott Campbell; Allan Kagen;
Waldorf Westminster	3317 Plaza Way 400 N. Center Street	Waldorf Westminster	MD MD	20603 21157	301-932-4653 410-848-5007	David Jackson; Matt Rhodes- Kropf; Jeremy Mario Richard Maffezzoli Kevin Mahaney; Larry Mahaney
Bangor	424 Odlin Road	Bangor	ME	04401	207-947-0763	Patrick Welch; Curtis Tripp;
Biddeford	420 Alfred Road	Biddeford	ME	04005	207-284-9924	Linda Monmaney William Whitmore; Stephen Colucci
Portland (ME) Battle Creek	380 Western Avenue 5700 Beckley Rd. Suite G-1	South Portland Battle Creek	ME MI	04106 49015	207-761-9099 269-979-7800	Joel Potter

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Dearborn	5100 Schaefer	Dearborn	MI	48126	313-846-0300	Patrick Allison; James Esshaki
East Lansing	4790 South Hagadorn suite #134C	East Lansing	MI	48823	517-827-GOLD	Michael Foley
Howell (MI)	951 North Latson Road	Howell	MI	48843	517-540-9800	Michael Croskey; Frank & Janice Croskey
Livonia	33523 Eight Mile Rd., D-5	Livonia	MI	48152	248-474-7714	Bill Furnari; Sheri Van Schoyck
Harbor Country	530 South Whittaker	New Buffalo	MI	49117	616-469-0585	Paul & Karla Madison
Royal Oak	1600 N. Stephenson Hwy.	Royal Oak	MI	48067	248-543-7100	Mark Vestevich; Philip Vestevich, Esq.
Wixom	31060 Wixom Road	Wixom	MI	48393	248-960-7766	Michael Pokorski/Jennifer Custer-Pokorski
St. Cloud	805 County Road 120	Sartell	MN	56377	320-654-9090	Brad Kloss
St. Cloud (South)	1124 Kuhn Drive	St. Cloud	MN	56301	320-654-1101	Brad Kloss
Vadnais Heights	905 E County Road E	Vadnais	MN	55127	651-766-8888	Brad Kloss
White Bear Lake	2730 County Road, East	White Bear Lak	MN	55110	651-777-6800	Brad Kloss
Columbia (MO)	16 North Tenth Street	Columbia	MO	65201	573-874-0800	Jay D'Amato
Columbia South	10 West Nifong Blvd, Suite G	Columbia	MO	65203	573-441-0059	Jay D'Amato
Independence	3520 S. Noland Road	Independence	MO	64055	816-252-0220	Wade Ferguson; Anna Marie Ferguson
Kansas City (North)	1141 N.E. Vivion Road	Kansas City	MO	64118	816-454-2700	Wade Ferguson; Anna Marie Ferguson
Westport	4050 Pennsylvania	Kansas City	MO	64111	816-931-9888	Wade Ferguson; Anna Marie Ferguson
Maryland Heights	12632 Dorsett Road	Maryland Heigr	MO	63043	314-542-4277	Todd Beckman
St. Louis	1520 Washington Ave.	St. Louis	MO	63103	314-621-4653	Jay D'Amato
St. Louis (Concord)	151 Concord Plaza	St. Louis	MO	63128	314-842-6550	Todd Beckman; Ryan Woods
Ocean Springs	1509 Bienville Blvd.	Ocean Springs	MS	39564	228-872-9999	Mitchell S. McDowell; Amy McDowell
Starkville	307 HWY 12 West	Starkville	MS	39759	662-324-5200	Linda Collinsworth
Bozeman	1605 Main Street	Bozeman	MT	59715	406-522-7777	Larry Berg, Keith Hamburg
Great Falls	715 13th Avenue S.	Great Falls	MT	59405	406-727-8888	Larry Berg, Keith Hamburg
Missoula	2800 S. Reserve St.	Missoula	MT	59801	406-549-9181	Jared Langley
Asheboro	1210 US Hwy 64 West	Asheboro	NC	27203	336-626-4653	Virginia Rich; Edward Rich
Burlington	607 Alamance Road	Burlington	NC	27215	336-227-6565	Mike & Patricia McCall
Charlotte/Crown Point	2200 Coronation Blvd.	Charlotte	NC	28227	704-849-7799	Ron Withrow
Charlotte/Pineville	8500 Pineville Matthews Rd.	Charlotte	NC	28226	704-341-1314	Ron Withrow
Charlotte/Southpark	6010 Fairview Road, #110	Charlotte	NC	28210	704-554-1010	Ronald Withrow
Charlotte/University	8109-A University City Blvd.	Charlotte	NC	28213	704-548-0202	Ron Withrow
Lake Norman Cornelius	20420 Hwy 73	Cornelius	NC	28031	704-896-2582	Ron Withrow
Gastonia	212 South New Hope Road	Gastonia	NC	28054	704-868-4050	Gerald Kennedy

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Goldsboro	1306 Parkway Drive	Goldsboro	NC	27530	919-759-2348	Dr. Edward Sanders; Dr. Edward McKenzie
Greensboro (Northwest)	3912 Battle Ground Ave.	Greensboro	NC	27410	336-282-6877	
Greensboro (Southwest)	5004 -C High Point Road	Greensboro	NC	27407	336-218-7001	
High Point	265 Eastchester Drive, Suite 135	High Point	NC	27262	336-885-8000	
Jacksonville (NC)	4126 Henderson Drive	Jacksonville	NC	28546	910-347-8880	Dr. Edward Sanders; Dr. Edward McKenzie
Lexington	280 N. Talbert Blvd.	Lexington	NC	27292	336-236-6088	Steve Safrit; Matt Marsh
Mooreville	191A W. Plaza Dr.	Mooreville	NC	28117	704-664-4000	Dr. Kevin Craft; Dr. Emmett Montgomery
Morehead City	5167 Hwy 70	Morehead City	NC	28557	252-247-4653	Michael Valentino, Robert Lennon, Kieth Walker, David Kesler
New Bern	3340 Martin Luther King Drive	New Bern	NC	28560	252-634-9499	Mike Valentino
Salisbury (NC)	2318 South Main Street	Salisbury	NC	28144	704-633-6638	Steve Safrit, Jr.; Matthew Marsh
Pinehurst	195 W. Morganton Road	Southern Pines	NC	28387	910-693-1400	Mike Valentino
Porter's Neck	7979 Market Street	Wilmington	NC	28411	910-686-1766	Mike Valentino, Robert Lennon
Wilmington (N)	5026 Market St	Wilmington	NC	28403	910-392-3999	Michael Valentino; Robert Lennon
Wilmington (NC)	4310 Shipyard Blvd.	Wilmington	NC	28403	910-350-8289	Michael Valentino; Robert Lennon
Winston Salem	3576 Yadkinville Road	Winston Salem	NC	27106	336-924-2600	John Bates; Scott Byrd
Winston-Salem (West)	420-Q Jonestown Road	Winston-Salem	NC	27104	336-765-2202	John L. Gregory; Greg Knouse; Joseph Edwards
Lincoln	1241 North 48th St.	Lincoln	NE	68504	402-467-GOLD	Joel Potter
Omaha (North)	10930 Emmet St., Ste. A	Omaha	NE	68164	402-496-8900	Joel Potter
Omaha (South)	5103 S. 108th Street	Omaha	NE	68137	402-339-GOLD	Joel Potter
Derry	10 A Street	Derry	NH	03038	603-432-0999	Jay Steinmetz; Joe Hernon
Hudson NH	76 Derry Road	Hudson	NH	03051	603-880-4646	Theodore Bernson, Christopher Jordan
Keene	149 Emerald Street	Keene	NH	03431	603-358-6606	Jim Ruggiero; Chris Ruggiero
Manchester (NH)	89 Dow Street	Manchester	NH	03101	603-641-6500	Theodore Bernson; Christopher Jordan
Merrimack	515 Daniel Webster Highway	Merrimack	NH	03054	603-429-GOLD	Theodore Bernson; Christopher Jordan
Nashua	522 Amherst Street	Nashua	NH	03063	603-889-4653	Theodore Bernson;
Portsmouth	8 Greenleaf Woods Dr.	Portsmouth	NH	03801	603-436-6664	Christopher Jordan Pierre Narath

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Belleville	471 Cortlandt Street	Belleville	NJ	07109	973-751-6999	Alex Sicignano; David Chui; Augie DaSilva
Cranford	12 Commerce Drive	Cranford	NJ	07016	908-709-4200	Dennis Cunha; Francisco Cunha
Delran	1060 Chester Avenue	Delran	NJ	08075	856-461-GOLD	Bill Griggs; Michael Jackson
Green Brook	119-131 Rte. 22 E.	Green Brook	NJ	08812	732-968-6500	Rob Zampetti; Mary Zampetti
Howell (NJ)	4481 Route 9	Howell	NJ	07731	732-905-0999	Mark and Karen Steinfeld
Middletown (NJ)	205 Harmony Road	Middletown	NJ	07748	732-671-4800	Bruce Filaski
Princeton	4250 Route 1 North	Monmouth Junction	NJ	08852	732-329-8300	Randy and Bonnie Vey
Paramus	49 E. Midland Avenue	Paramus	NJ	07652	201-265-7722	Michael B. Epstein; Arthur B. Carril, Jr.
Point Pleasant	107 River Avenue	Point Pleasant	NJ	08742	732-899-1001	Mark Steinfeld
Riverdale	92 Route 23 North	Riverdale	NJ	07457	973-839-8606	Charles A. Brown; Charles G. Brown
Totowa	18 Furler Street	Totowa	NJ	07512	973-256-GOLD	Andy and Joanne Picarelli
Whippany	50 Route 10 West	Whippany	NJ	07981	973-386-0777	Alex Sicignano; David Chui; Augie DaSilva
Albuquerque (NE)	5001 Montgomey Blvd. NE	Albuquerque	NM	87109	505-881-8500	Troy Finfrook; Kathy Finfrook Steve D'Amico; Elise
Albuquerque (West)	6211 Fourth Street NW	Albuquerque	NM	87107	505-341-4653	D'Amico
Carlsbad	1101 W. Mermod	Carlsbad	NM	88220	505-885-8996	Stacy E. Bowman
Las Cruces (North)	900 North Telshor Blvd.	Las Cruces	NM	88011	505-532-6654	Justin Estes, Johnny Bourland
Las Cruces (South)	421 Avenida De Mesilla	Las Cruces	NM	88005	505-523-4988	Justin Estes, Johnny Bourland
Rio Rancho	2003 Southern Blvd., #115	Rio Rancho	NM	87124	505-896-1955	Steve D'Amico; Elise
Las Vegas (South)	9310 S. Eastern Ave., #110	Henderson	NV	89123	702-914-5885	D'Amico
Las Vegas (East)	3750 E. Flamingo Rd.	Las Vegas	NV	89121	702-451-4222	Brad Neste; Wanda Neste
Las Vegas (West)	4720 W. Sahara Ave.	Las Vegas	NV	89102	702-877-6966	Brad Neste; Wanda Neste
Las Vegas/Summerlin (NW)	7501 W. Lake Mead Blvd.	Las Vegas	NV	89128	702-360-8205	Brad Neste; Wanda Neste
Las Vegas (North)	4180 W. Craig Road	North Las Vegas	NV	89031	702-646-4669	Brad Neste; Wanda Neste
Astoria	3801 35th Avenue	Astoria	NY	11101	718-472-4455	Carlos Navarro; Saverio Anastasio
Bellmore	2060 Bellmore Avenue	Bellmore	NY	11710	516-221-1800	Anthony Caliendo; Glenn Morale; Keith Ryan
Bronx (East)	3060 Westchester Ave.	Bronx	NY	10461	718-863-FITT	Jeff Innocenti; James Innocenti; Gino Laverghetta
Brooklyn	6161 Strickland Ave	Brooklyn	NY	11234	718-241-2623	Steve Gordon; Frank Russo
Brooklyn Heights	85 Livingston Street	Brooklyn	NY	11201	718-596-GOLD	Steve Gordon; Frank Russo

Gold's Gym Franchising, Inc.
List of Franchisees
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Carmel	160 Route 52	Carmel	NY	10512	845-228-2818	Peter D. Picca, Jr.; Eileen Picca
Buffalo (North)	770 Wehrle Drive	Cheektowaga	NY	14225	716-626-1963	Joseph Bueme William Lia, Sr.; William Lia, Jr.; Michael Lia
Clifton Park	1208 Route 146	Clifton Park	NY	12065	518-348-1500	Joe Bueme
Lancaster (NY)	1402 French Road	Dewitt	NY	14043	716-656-1530	Peter Thun
Dewitt	5791 Widewaters Pkwy	Dewitt	NY	13214	315-446-0376	Gus Orlando; Paul Kessler; Steve Kirshner
East Northport	1 Larkfield Road	East Northport	NY	11731	631-757-3377	Michael D'Amodio
Deer Park	41 Mercedes Way	Edgewood	NY	11717	631-586-4663	Tony Callendo; Glenn Morale; Keith Ryan
North Shore	190 Broadway Avenue	Garden City Pa	NY	11040	516-742-4477	Michael Lia; William Lia, Jr.
Albany (NY)	2080 Western Avenue	Guilfordland	NY	12084	518-464-1500	Chuck Paszek
Hamburg	23 Lake St	Hamburg	NY	14075	716-648-0677	Michael Hagopian
Monroe Woodbury	60 Rte. 17 M	Harriman	NY	10926	845-783-0909	Steve Gordon; Frank Russo
Howard Beach	157-05 Crossbay Blvd., 2nd Fl.	Howard Beach	NY	11414	718-845-GOLD	William Lia, Sr.; William Lia, Jr.; Michael Lia
Latham	800 New Loudon Road	Latham	NY	12110	518-786-1500	Peter Thun
Liverpool	7455 Morgan Road	Liverpool	NY	13090	315-451-5050	Leo Prestopino
Lynbrook	230 Hempstead Ave.	Lynbrook	NY	11563	516-599-8441	Christine & Ronald Fulciniti; Robert Roche
Middletown (NY)	15 Industrial Drive	Middletown	NY	10941	845-344-GOLD	Gary Prince; Dennis Tan; Max Pierre
Manhattan (NY)	250 West 54th Street	New York	NY	10019	212-307-7760	Mary Murphy; Bill Austin
Newburgh	15 Raquet Road	Newburgh	NY	12550	845-564-7500	Jeff Tobin
Port Jefferson	200 Wilson Street	Port Jefferson	NY	11776	631-331-6100	Todd Levine
Rochester	726 E. Ridge Road	Rochester	NY	14621	585-467-GOLD	Michael A. Shestock
Rochester/Airport	1250 Scottsville Road	Rochester	NY	14624	585-235-4290	Dave Pomponio
South Shore	700-1 Union Parkway	Ronkonkoma	NY	11779	631-737-GOLD	Michael D'Amodio, Art Gutierrez
Smithtown	100 Landing Avenue	Smithtown	NY	11787	631-863-1616	Steve Weinberger; Bev Francis
Syosset	235-C Robbins Lane	Syosset	NY	11791	516-933-1111	Mary Murphy; Bill Austin
Wappingers Falls	1572 Route 9, Home Depot Plaza	Wappingers Fa	NY	12590	845-298-GOLD	Joseph Bueme; Chuck Paszek
Buffalo (South)	2745 Seneca Street	West Seneca	NY	14224	716-824-GOLD	Jeff Innocenti; James Innocenti; Gino Laverghetta
White Plains	33 South Broadway	White Plains	NY	10601	914-390-3488	Carlos Navarro; Saverio Anastasio
Woodside	61-10 Queens Blvd.	Woodside	NY	11377	718-426-9000	Jeffrey Innocenti; Gino LaVenghetta
Yonkers	320 Yonkers Avenue	Yonkers	NY	10701	914-376-3831	Royce Pulliam; Tomi Pulliam
Cincinnati (Eastgate)	4450 Eastgate Blvd	Cincinnati	OH	45245	513-943-4653	

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Cincinnati (Fields Ertel)	4772 Fields Ertel Road	Cincinnati	OH	45249	513-583-0100	Royce Pulliam; Tomi Pulliam
Cincinnati (Skytop)	5266 Beechmont Ave	Cincinnati	OH	45230	513-221-4653	Royce Pulliam; Tomi Pulliam
Cincinnati (Western Hills)	5131 Glencrossing Way	Cincinnati	OH	45238	513-347-4653	Royce Pulliam
Columbus (OH)	3614 Indianola Avenue	Columbus	OH	43214	614-262-GOLD	David DiSabato
Oklahoma City (N)	1121 E. Memorial Dr., #211	Oklahoma City	OK	73131	405-478-4967	Joel Potter
Tulsa	5899 S. Garnett Road	Tulsa	OK	74146	918-258-5000	Jim Parham
Albany (OR)	1715 Hill Street, S.E.	Albany	OR	97321	541-917-3488	Corrinne LeBlanc; Sherry Blackman
Bend	2410 NE Twin Knolls Dr.	Bend	OR	97701	541-389-GOLD	Chris Hayes
Corvallis	1820 S.W. Third Street	Corvallis	OR	97333	541-758-9440	Patrick and Suzie Downing
Eugene	1009 Green Acres Road	Eugene	OR	97408	541-484-0970	Troy Finfrock
Gresham	23500 S.E. Stark	Gresham	OR	97030	503-667-2290	Donovan Card
Keizer	3840-60 N. River Road	Keizer	OR	97303	503-390-4653	Corrinne LeBlanc; Sherry Blackman
McMinnville (OR)	1461 N.E. Highway 99W	McMinnville	OR	97128	503-434-5044	R. Michael Strange; David Faxon
Medford North	3581 Lear Way	Medford	OR	97504	541-779-0585	Jeff and Teri Baptiste
Newberg	1150 Industrial Parkway #6	Newberg	OR	97132	503-538-0747	Mike Strange; David Faxon
Roseburg	442 N. E. Oakland, #5	Roseburg	OR	97470	541-673-0555	Alan Corder
Salem (South)	3589 Fairview Industrial Dr., S.E.	Salem	OR	97302	503-391-5438	Corrinne LeBlanc; Sherry Blackman
Springfield (OR)	5630 Main Street	Springfield	OR	97478	541-746-3533	Troy and Kathy Finfrock
Allentown	3300 Lehigh St.	Allentown	PA	18103	610-797-6800	Kurt Krieger; Kris Krieger
Bethlehem	2134 West Union Blvd.	Bethlehem	PA	18018	610-882-4088	Kurt Krieger; Kris Krieger
Carlisle	1225 Ritner Hwy	Carlisle	PA	17013	717-218-0282	John Spayd
Conshohocken	200 W. Ridge Pike	Conshohocken	PA	19428	610-940-6787	Kevin Burke; Teresa Burke;
Elkins Park	46 E. Church Road	Elkins Park	PA	19027	215-379-3488	John DePrince
Hershey	583 E. Main St.	Hummelstown	PA	17036	717-566-9331	Donald Lee; Joyce Lee
King of Prussia	431 West Valley Forge Road	King of Prussia	PA	19406	610-205-3570	Kevin Burke; Teresa Burke;
Kingston (PA)	310 Market Street	Kingston	PA	18704	570-283-9750	John DePrince
Oaks	422 Business Center Drive	Oaks	PA	19456	610-650-3166	James M. Gress
Philadelphia (NE)	2451 Grant Avenue	Philadelphia	PA	19114	215-673-GOLD	Philip Sciscione
Limerick	70 Buckwalter Road, A1	Royersford	PA	19468	610-948-4088	Katharina Schwemlein
Scranton	1003 N. Keyser Avenue	Scranton	PA	18504	570-343-GOLD	Philip Sciscione; Susan Sciscione
Thorndale	50 James Buchanan Dr.	Thorndale	PA	19372	610-380-GOLD	Charles Davis; Alice Davis
Reading	1119 Bern Road	Wyomissing	PA	19610	610-372-9131	Robert J. McMahon
York (North)	2340 N. George St.	York	PA	17402	717-846-4700	Kurt Krieger; Kris Krieger; Wm. Stauffer

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York (South)	298 Pauline Drive	York	PA	17403	717-741-9529	Kurt Krieger; Kris Krieger
North Providence	1527 Smith St	North Providence	RI	02911	401-714-0786	David Walker Barry Field; Maria Director; Michael Field
Providence	603 Pawtucket Avenue	Pawtucket	RI	02860	401-722-6600	
Smithfield	970 Douglas Pike	Smithfield	RI	02917	401-232-3375	Dave, Brian, Josephine Dutra
Cranston	200 Bald Hill Road	Warwick	RI	02886	401-732-9773	David F. Walker
Warwick	2429 Post Road	Warwick	RI	02886	401-739-9408	Vincent Malaga, Mary Ann Di Scullo, Ronald Zickendraith, Carole Ann Di Scullo
Aiken	101 Corporate Pkwy	Aiken	SC	29803	803-648-GOLD	J. C. Hall; Robert Smith; Shaun Smith
Hilton Head	1541 Fording Island Rd.	Bluffton	SC	29910	843-837-GOLD	John L. Ferguson IV & Lori Ferguson
Boiling Springs	3565 Boiling Springs Rd.	Boiling Springs	SC	29316	864-814-5600	Leon Galloway; Wayne Truesdale; Phil Holden
Clemson	1019 Tiger Blvd., #100	Clemson	SC	29631	864-653-7949	Paul Keller
Columbia/Harbinson	275-2 Harbinson Blvd.	Columbia	SC	29212	803-749-9700	John H. Burriss
Columbia/Northeast	9940 Two Notch Road	Columbia	SC	29223	803-419-0222	John H. Burriss
Columbia/St. Andrews	508 Evelyn Drive	Columbia	SC	29210	803-798-1000	John H. Burriss, Jr.;
Columbia/Lexington	619 N. Lake Drive	Lexington	SC	29072	803-359-6100	Catherine A. Burriss; Louisa John H. Burriss
Myrtle Beach	951 Jason Blvd.	Myrtle Beach	SC	29577	843-448-3939	Robert Hirsch Michael Valentino, Robert Lennon, Jr., Robert C. Lennon, Sr.
North Myrtle Beach	3302 Highway 17 South	North Myrtle Beach	SC	29582	843-361-9966	
Rock Hill	1335 Celanese Road	Rock Hill	SC	29732	803-327-5500	Kathleen & Larry Wilson
Seneca	107 Nelson Lane	Seneca	SC	29678	864-882-3540	Paul Keller
Spartanburg	445 S. Blackstone Road	Spartanburg	SC	29301	864-574-5600	Cliff Hall
Nashville (Murfreesboro Road)	2401 Edge O' Lake Drive	Antioch	TN	37013	615-366-1063	Royce Pulliam; Tomi Pulliam
Jackson (TN)	106 Carriage House Dr.	Jackson	TN	38305	731-668-9243	Joel McAlexander
Madison TN (Rivergate)	1615 Gallatin Pike North	Madison	TN	37115	615-366-1063	Royce Pulliam; Tomi Pulliam
Murfreesboro	313 So. Church Street	Murfreesboro	TN	37130	615-849-8844	Mike & Lisa Wayne
Nashville (Nolensville/Brentwood)	5704 Nolensville Road	Nashville	TN	37211	615-333-3633	Royce Pulliam; Tomi Pulliam John Zachary Rogers; John C. Rogers; Lee Rogers;
Abilene	4502 Buffalo Gap Rd.	Abilene	TX	79606	915-695-8900	Katherine Neel
Amarillo	3000 Blackburn	Amarillo	TX	79109	806-359-5438	Rowland K. Rebe; Tony Rea
S Arlington	4001 S.W. Plaza, #103	Arlington	TX	76016	817-478-8270	Scott Theeringer

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Carrollton (TX) Dallas (Downtown)	4125 Old Denton Road 700 N. Harwood	Carrollton Dallas	TX TX	75007 75201	972-939-2582 214-953-1144	Scott Theeringer, Robert Holland Scott Theeringer Scott Theeringer; Robert
Fort Worth	6910 Green Oaks Rd	Fort Worth	TX	76116	817-737-2276	Holland Scott Theeringer & Robert
Garland Lubbock	1332 Beltline Road 5025 50th St. Suite D	Garland Lubbock	TX TX	75040 79414	972-496-4653 806-793-4653	Holland Stephen Langdon John Zachery Rogers; Lee Rogers; E.P. Bagwell; Katherine Neel
Wichita Falls	4105 Maplewood Avenue	Wichita Falls	TX	76308	940-696-0831	
American Fork	648 E st rd	American Fork	UT	84003	801-492-4652	Scott Felsted; Troy Peterson Scott Felsted; Troy Peterson;
Cedar City Layton Ogden Ogden (Downtown)	1605 West Regency 70 S. Fairfield Rd., #13 270 - 12th Street 550 25th Street	Cedar City Layton Ogden Ogden	UT UT UT UT	84720 84041 84404 84401	435-867-5077 801-546-4653 801-399-0557 801-399-5861	Dean Virtel Gary L. Nielsen Gary L. Nielsen Gary L. Nielsen
North Orem	44 East 800 North	Orem	UT	84097	801-765-4653	Scott Felsted, Troy Peterson
Provo	1640 S. State Street	Orem	UT	84058	801-377-GOLD	Scott Felsted; Troy Peterson Scott Felsted; Troy Peterson;
Provo (S.E.) Roy	460 North 900 East 1935 West 5700 South	Provo Roy	UT UT	84606 84067	801-377-2666 801-779-3720	Dean Virtel Gary L. Nielsen Scott Felsted; Troy Peterson;
Spanish Fork St. George	795 E. 800 N. 348 N. Bluff St.	Spanish Fork St. George	UT UT	84660 84770	801-798-9900 435-628-9201	Dean Virtel Travis Izatt
West Jordan	7836 South Redwood Road	West Jordan	UT	84084	801-565-1800	Scott Felsted; Troy Peterson
West Valley Alexandria (VA) Ashburn	3952 West 3500 South 7770 Richmond Hwy Bldg 3 Ashbrook Place	West Valley Alexandria Ashburn	UT VA VA	84120 22306 20147	801-969-2344 703-360-1400 703-858-5530	Scott Felsted; Troy Peterson Pleasant Lewis Doug Berlin; John Custard Brad Thornton; Ken Thornton; Linda Thornton;
Chantilly Charlottesville Herndon Herndon (Village Centre)	14290 Sullyfield Circle, Ste 400 153 Zan Road 490 Eiden Street	Chantilly Charlottesville Herndon	VA VA VA	20151 22901 20170	703-378-GOLD 434-973-1307 703-467-0500	Josh Harwood Eric A. Heinsohn Doug Berlin; John Custard
Lynchburg Manassas	2445 Centerville Road 7700 Gunston Plaza 2505 Wards Road 8260 Shoppers Square	Herndon Lorton Lynchburg Manassas	VA VA VA VA	20171 22079 24502 20111	703-793-9400 703-339-6339 804-237-4157 703-369-4950	Doug Berlin; John Custard Lori and Jeremy Lowell Rob Krieger

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Richmond (Fan)	8 South Harvie St	Richmond	VA	23220	804-864-5438	Leo Gutierrez
Richmond (VA)	8904 West Broad Street	Richmond	VA	23294	804-968-GOLD	Michael S. Krongaard
Roanoke	3270 Electric Road	Roanoke	VA	24018	540-527-4653	Tom Wallace
Stafford (Aquia)	2852 Jeff Davis Hwy #501	Stafford	VA	22554	540-659-3488	William Hoyt
Stafford (Garrisonville)	1075 Garrisonville Rd., Suite 114	Stafford	VA	22554	540-720-7043	William Hoyt
Sterling	21620 Ridgeway Circle	Sterling	VA	20166	703-406-1622	Doug Berlin, John Custard
Virginia Beach	3809 Princess Anne Road	Virginia Beach	VA	23456	757-471-6900	Kirk Galliani, A. John Galliani
Winchester	1109 Berryville Avenue	Winchester	VA	22601	540-667-GOLD	Claude Lawson
Woodbridge, VA	12550 Dillingham Square	Woodbridge	VA	22192	703-680-7000	Lori and Jeremy Lowell
Arlington (WA)	3131 Smokey Point Drive	Arlington	WA	98223	360-657-4653	Leonard Moskowitz; Chad Macomber
Bellingham	1504 Iowa Street	Bellingham	WA	98226	360-671-GOLD	James E. and Deborah Sincraugh
Bothell	18524 Bothell-Everett Hwy.	Bothell	WA	98012	425-486-2805	John Hamilton
Everett (WA)	2902 Rucker Avenue	Everett	WA	98201	425-258-3862	Brant Wacker; Richard and Donna Wacker
Kirkland	11133 - 120th Ave. N.E.	Kirkland	WA	98033	425-827-0777	Jim Severns; Peter Dierickx
Marysville	1052 State Avenue	Marysville	WA	98270	360-658-GOLD	
Olympia	505 Plum Street S.E.	Olympia	WA	98501	360-352-2533	Franklin J. Barcellona
Renton II	10728 S.E. Carr Rd.	Renton	WA	98055	425-793-5457	Joel Tallman; Lawrence Brown; John Maillet; Larry Hatch
Seattle (Capitol Hill)	401 Broadway Ave E.	Seattle	WA	98102	206-322-2322	Mark Pavlovic
Seattle (Convention Center)	825 Pike Street	Seattle	WA	98101	206-583-0640	Mark Pavlovic
Seattle (North)	9701 Aurora Ave., North	Seattle	WA	98103	206-524-5543	Mark Pavlovic
Spokane (North)	10101 N. Nevada	Spokane	WA	99218	509-465-0500	David McCann; Alethea McCann
Spokane	East 2921 E. 57th Street	Spokane	WA	99223	509-448-5800	David McCann; Alethea McCann
Wenatchee	12 North Worthen	Wenatchee	WA	98801	509-663-4965	Mr. Blair McHaney; Ms. Jacki Thomas
Yakima	2500 Business Ln.	Yakima	WA	98901	509-574-0711	Steve Pratt; Mike Pratt
Appleton	2700 W. College Avenue	Appleton	WI	54914	920-733-GOLD	Jon E. Barton; Paul DeLange
Eau Claire	3250 Hamilton Ave.	Eau Claire	WI	54701	715-552-4570	Rockwell C. Holmquist; Brent K. Wirsing
Kenosha	6302 - 75th Street	Kenosha	WI	53142	262-697-9444	John Newell; Gary and Lawrence Glick
Charles Town	B-16 Somerset Plaza	Charles Town	WV	25414	304-728-4653	John Link; Chris Cope; Kirk Galliani; John Galliani; Patti Cope
Martinsburg	1300 N. Queen Street	Martinsburg	WV	25401	304-264-4653	John Link; Kirk Galliani; John Galliani

**EXHIBIT 6
TO THE GOLD'S GYM FRANCHISING, INC.
FRANCHISE OFFERING CIRCULAR**

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

Gym Name	Gym State	Owner Name	Home Address	Home City	Home State	Home Zip	Telephone
Birmingham	AL	David Link	5101 North 23rd Road	Arlington	VA	22207	205-979-9384
Mobile	AL	Mark Fisher	5007 North Davis Hwy	Pensacola	FL	32504	850-968-6706
Modesto	CA	Fred Stephens	2528 Pescadero Place	Modesto	CA	95355	209-605-2821
Simi Valley	CA	Tony Calhoun	21 W. Carrillo St.	Santa Barbara	CA	93101	805-682-1626
Vacaville	CA	Rick Martindale	135 Dobbins St	Vacaville	CA	95688	707-448-5151
Valencia	CA	David Conner	915 Meadowhawk Drive	Vacaville	CA	95687	707-448-5151
Bonita Springs	FL	Greg Bedrosian	2418 Venus Dr	Los Angeles	CA	90046	818-370-6494
Brandon	FL	John Pierce	5661 14th Ave SW	Naples	FL	34116	239-455-0442
Brandon	FL	Sherry Nord	8815 Arborway Ct	Indianapolis	IN	46268	317-872-5737
Naples	FL	John Pierce	5662 14th Ave SW	Naples	FL	34117	239-455-0442
Pensacola	FL	Mark Fisher	5008 North Davis Hwy	Pensacola	FL	32504	850-968-6706
Pensacola North	FL	Mark Fisher	5008 North Davis Hwy	Pensacola	FL	32504	850-968-6706
Tampa (Palms)	FL	Michelle/Michael Belliveau	17711 Ridgeway Pointe Pl	Tampa	FL	33647	813-486-6422
South Miami	FL	Jeff Tobin	120 South Prospect Dr	Coral Gables	FL	33133	305-773-5090
Atlanta	GA	James Tudor	266 Normandy Drive	Marietta	GA	30064	678-523-0996
La Grange	GA	Henry Hutcheson	5070 Midland Terrace	Midland	GA	31820	706-563-5758
Marietta (North)	GA	John Coffee	1756 Twin Brook Drive	Marietta	GA	30067	770-321-6900
Roswell	GA	Chris Palmer	1350 Woodvine Way	Alpharetta	GA	30005	404-925-3275
Cedar Rapids	IA	Todd Williams	3111 Carroll Dr. SE	Cedar Rapids	IA	52403	319-363-4451
Davenport	IA	Scott Walker	534 48th Avenue	East Moline	IL	61244	309-796-2025
Orland Park	IL	Anthony Fulco	8523 Meadow Lane	Darien	IL	60561	630-910-6340
Greenwood	IN	Greg Feldman	17 Market Street	Indianapolis	IN	46241	317-951-1478
Indianapolis (Downtown)	IN	Greg Feldman	17 Market Street	Indianapolis	IN	46241	317-951-1478
Indianapolis (Northeast)	IN	Greg Feldman	17 Market Street	Indianapolis	IN	46241	317-951-1478
Paducah	KY	Jeff James	P.O. Box 132	Paducah	KY	42002	270-898-7392
Springfield (MA)	MA	Matt DuFresne	P.O. Box 425	Southwick	MA	01077	413-788-0448
Westboro	MA	Jeffrey Goldsmith	63 Lebeaux Drive	Shrewsbury	MA	01545	561-743-3700
Portland	ME	Greg Sandora	110 Alice St.	Portland	ME	04103	207-878-3866
Cape Girardeau	MO	Jerry McClane & Sandra McClane	237 Kensington	Cape Girardeau	MO	63701	314-785-0000
Festus	MO	Mike & Jennifer Rubottom	802 Weaver Rd	Festus	MO	63028	636-933-4567
Manchester	MO	Richard & Linda Cappaert	12316 Tempo Drive	St. Louis	MO	63146	314-740-3539
Moberly	MO	Jay D'Amato	30 Raintree Ct	St. Peters	MO	63376	314-348-4128
Jackson (MS)	MS	Beverly Polk	709 Hawthorn Green Dr	Ridgeland	MS	39157	601-978-3151
Cary	NC	Edward K. Sampson	1382 Kildaire Farm Rd. 405	Cary	NC	27512	919-816-9854
Cary (South)	NC	Edward K. Sampson	1387 Kildaire Farm Rd. 405	Cary	NC	27517	919-816-9859
Cary (West)	NC	Edward K. Sampson	1386 Kildaire Farm Rd. 405	Cary	NC	27516	919-816-9858
Concord/Kannapolis	NC	Jeff Stec	17030 Winged Thistle Ct	Davidson	NC	28036	704-425-2378
Fayetteville	NC	Dr. Edward Sanders	4126 Henderson Drive	Jacksonville	NC	28546	919-460-6837
Gamer	NC	Edward K. Sampson	1383 Kildaire Farm Rd. 405	Cary	NC	27513	919-816-9855
Hickory	NC	Ric Flair	7205 Piper Pointe Ln	Charlotte	NC	28277	828-322-2200
Pinehurst	NC	Matt Sakurada	130N Steele St Suite A	Sanford	NC	27330	919-770-9329
Raleigh	NC	Edward K. Sampson	1381 Kildaire Farm Rd. 405	Cary	NC	27511	919-816-9853
Raleigh (North)	NC	Edward K. Sampson	1385 Kildaire Farm Rd. 405	Cary	NC	27515	919-816-9857
Raleigh (West)	NC	Edward K. Sampson	1384 Kildaire Farm Rd. 405	Cary	NC	27514	919-816-9856
Winston-Salem	NC	Virginia Collins	5032 Heidel Berg Ct	Winston-Salem	NC	27106	336-575-5787
Winston-Salem (West)	NC	Virginia Collins	5033 Heidel Berg Ct	Winston-Salem	NC	27107	336-575-5788
West Lebanon	NH	Ryan Fitzsimons	66 Benning St	West Lebanon	NH	03784	603-448-6600
Mt. Laurel	NJ	Michael Jackson	12 Douglass Ln	Lumberton	NJ	08055	856-461-4653
Kingston	NJ	Bill Griggs	18 Summerhill Ln	Medford	NJ	08055	856-461-4653
Kingston	NY	Hans Hanson	19 Holiday Dr	Woodstock	NY	12498	845-679-3327
Lawton	OK	Brad Pletch	138 Elm St	Saugerties	NY	12477	845-246-9451
Lawton	OK	Fred Pletch	1231 East Beltline Rd #103	Lawton	OK	73505	214-693-1739
Ashland	OR	Jake Grabow	1881 Fairhill Drive	Roseburg	OR	97470	541-482-5510

Gym Name	Gym State	Owner Name	Home Address	Home City	Home State	Home Zip	Telephone
Carlisle	PA	Joyce Freeman	29 Deveonshire Sq	Mechanicsburg	PA	17050	717-877-6854
Chambersburg	PA	William Stauffer	125 Fieldstone Drive	Carlisle	PA	17013	717-790-9802
Hanover	PA	Pat and Gayle Baurle	770 Priority Road	York	PA	17404	717-843-2810
Harrisburg (East)	PA	Tyrin/Sherry Sterling	340 Carlson Rd	Hummelston	PA	17036	717-329-4011
Harrisburg (West)	PA	William Stauffer	125 Fieldstone Drive	Carlisle	PA	17013	717-790-9802
Lancaster	PA	Larry Collins	9 Kingston Rd	Brownstone	PA	17508	717-569-0283
Lebanon	PA	Tony Sergo	902 Race Avenue	Lancaster	PA	17603	717-569-0589
Scranton	PA	Tyrin/Sherry Sterling	340 Carlson Rd	Hummelston	PA	17036	717-329-4011
State College	PA	James Gress	702 Scott Road	Clarks Summit	PA	18411	570-283-9750
York (North)	PA	Eric/Kary Krieger	601 East Pratt Street	Baltimore	MD	21202	410-746-7039
Warwick	RI	Pat and Gayle Baurle	770 Priority Road	York	PA	17404	717-843-2810
Greenville	SC	Dave Walker	41 Bright Water Avenue	Warwick	RI	02884	401-732-9773
Galveston	TX	Tony Opperman	109 Cherrywood Trail	Greer	SC	29650	864-346-9111
North Arlington	TX	Charles Garcia	UNKNOWN				713-538-2410
North Dallas	TX	Scott Theerfing	3600 Smoothstone	Plano	TX	75074	214-912-5999
St. George	UT	Scott Theerfing	3601 Smoothstone	Plano	TX	75075	214-912-5999
West Valley	UT	Vince Engle	845 N 400 East	Bountiful	UT	84010	435-628-9201
Issaquah	WA	Mer Rasmussen	5772 S 1300 W	Salt Lake City	UT	84123	801-969-2344
Appleton	WI	Joel Tallman	10728 S.E. Carr Rd.	Renton	WA	98055	425-793-5457
		George Varish	14108 County Line Rd	Cleveland	WI	53015	920-565-4192

**EXHIBIT 7
TO THE GOLD'S GYM FRANCHISING, INC.
FRANCHISE OFFERING CIRCULAR**

FINANCIAL STATEMENTS

GOLD'S GYM FRANCHISING, INC.

Financial Statements

Years ended December 31, 2003 and 2002 with Report of Independent Auditors

Gold's Gym Franchising, Inc.

Financial Statements

Years ended December 31, 2003 and 2002

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Report of Independent Auditors

Board of Directors and Shareholder
Gold's Gym Franchising, Inc.

We have audited the accompanying balance sheets of Gold's Gym Franchising, Inc. as of December 31, 2003 and 2002, and the related statements of income, shareholder's equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gold's Gym Franchising, Inc. as of December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

March 9, 2004

Gold's Gym Franchising, Inc.

Balance Sheets

	December 31	
	2003	2002
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ —	\$ —
Prepaid expenses and other current assets	33	4
Accounts receivable	186	194
Deferred taxes	330	20
	549	218
Property and equipment, net	18	26
Due from Gold's Holding Corp.	4,507	2,900
Intangible assets	3,545	4,517
Deferred taxes	845	647
Other	—	3
Total assets	\$ 9,464	\$ 8,311
Liabilities and shareholder's equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 268	\$ 122
Intercompany loan payable	5,272	5,272
Deferred revenue	930	876
Taxes payable	759	4
	7,229	6,274
Security deposits	823	860
Total liabilities	8,052	7,134
Shareholder's equity:		
Common stock, \$0.01 par value, 3,000 shares authorized, 100 shares issued and outstanding	—	—
Additional capital	—	—
Retained earnings	1,412	1,177
Total shareholder's equity	1,412	1,177
Total liabilities and shareholder's equity	\$ 9,464	\$ 8,311

See accompanying notes.

Gold's Gym Franchising, Inc.

Statements of Income

	Year ended December 31	
	2003	2002
	<i>(In Thousands)</i>	
Revenue:		
Franchise fees and other revenue	\$ 4,984	\$ 4,037
Operating costs and expenses:		
General and administrative	3,510	2,795
Depreciation and amortization	984	983
	<u>4,494</u>	<u>3,778</u>
Operating income	490	259
Provision for income taxes	(255)	(247)
Net income	<u>\$ 235</u>	<u>\$ 12</u>

See accompanying notes.

Gold's Gym Franchising, Inc.

Statements of Shareholder's Equity

	Common Stock	Additional	Retained	Total
	Shares	Capital	Earnings	
	Amount			
		<i>(In Thousands)</i>		
Balance at December 31, 2001	100	\$ 5,272	\$ 1,165	\$ 6,437
Transfer	-	(5,272)	-	(5,272)
Net income	-	-	12	12
Balance at December 31, 2002	100	-	1,177	1,177
Net income	-	-	235	235
Balance at December 31, 2003	100	\$ -	\$ 1,412	\$ 1,412

See accompanying notes.

Gold's Gym Franchising, Inc.

Statements of Cash Flows

	Year ended December 31	
	2003	2002
	<i>(In Thousands)</i>	
Operating activities		
Net income	\$ 235	\$ 12
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	984	983
Deferred taxes	(509)	(227)
Changes in operating assets and liabilities:		
Accounts receivable	8	(194)
Prepaid expenses	(29)	9
Accounts payable and accrued expenses	146	24
Income taxes	755	(214)
Deferred revenue	54	236
Security deposits	(37)	(24)
Cash provided by operating activities	<u>1,607</u>	<u>605</u>
Investing activities		
Capital expenditures	—	(20)
Cash used in investing activities	—	(20)
Financing activities		
Net amounts due from Gold's Holding Corp.	<u>(1,607)</u>	<u>(612)</u>
Cash used in financing activities	<u>(1,607)</u>	<u>(612)</u>
Decrease in cash and equivalents	—	(27)
Cash and cash equivalents beginning of year	—	27
Cash and cash equivalents at end of year	<u>\$ —</u>	<u>\$ —</u>

See accompanying notes.

Gold's Gym Franchising, Inc.

Notes to Financial Statements

December 31, 2003

1. Basis of Presentation

Gold's Gym Franchising, Inc. (the Company) was formed on August 24, 1999 as a wholly owned subsidiary of Gold's Holding Corp. (Holding), a wholly owned subsidiary of Gold's Gym International, Inc., in connection with the purchase of assets from Gold's Gym Enterprises, Inc. and affiliates (the Transaction). The financial statements present the results of operations, financial position, and cash flows relating to the operations of the franchise assets acquired. The Company is the franchiser of Gold's Gym fitness facilities throughout the world. The Company is one of the largest franchisers of fitness facilities in the world, with 509 operating franchised facilities in 43 states and the District of Columbia and 25 countries throughout the world at December 31, 2003.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at date of purchase to be cash equivalents.

Revenue Recognition

Franchise agreements generally have initial terms of either five or ten years. Initiation fees are recognized when all material services relating to the sale have been substantially performed. Annual franchise fees are recognized ratably throughout the period to which they relate.

Area development agreements relate to the purchase of an exclusive right to develop a geographical region. These area development agreements provide for a certain number of units to be developed over a specific period of time. Fees received from area development agreements are recognized ratably over the term of the agreement.

Gold's Gym Franchising, Inc.

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Master franchise agreements relate to the development of geographic areas where the Company sells all rights and obligations to develop the area and where the purchaser acts as the franchisor over the term of the agreement. Initiation fees received from these agreements are recognized upon the initiation of the agreement. Periodic fees are recognized ratably throughout the period to which they relate.

National Advertising Campaign

Fitness facilities contribute a monthly fee to the Gold's Gym Advertising Program. The monthly fee was \$195 through September 30, 2003 and was increased to \$244 beginning October 1, 2003. The Company uses these funds to procure national advertising that benefits all Gold's Gym franchisees. The excess of funds received over current expenditures is recorded as a liability on the Company's balance sheet.

Security Deposits

Certain of the older franchise agreements required the payment of a security deposit. The security deposit is either returned to the franchisee or applied to the franchise fee or any other amounts owed at the end of the franchise term.

3. Property and Equipment

Property and equipment is recorded at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets of five to seven years. Accumulated depreciation totaled approximately \$36,000 and \$24,000 at December 31, 2003 and 2002, respectively.

4. Due from Gold's Holding Corp.

Payroll and other corporate expenses are paid by Holding and are charged to the Company at cost. Cash collections are remitted to Holding. The net amount of cash remitted over expenses paid on the Company's behalf is recorded as due from Gold's Holding Corp. This advance has no fixed repayment terms and accrues interest at 8.3%.

Gold's Gym Franchising, Inc.

Notes to Financial Statements (continued)

4. Due from Gold's Holding Corp. (continued)

The Company is charged a license fee by one of the subsidiaries of International for use of the Gold's Gym name. Fees totaled \$1,007,000 and \$811,000 for the years ended December 31, 2003 and 2002, respectively. The Company was charged a management fee by Holding of \$459,000 and \$289,000 for the years ended December 31, 2003 and 2002, respectively.

5. Intangible Assets

Intangible assets represent the estimated fair value of franchise agreements acquired in connection with the Transaction. This intangible asset is being amortized on a straight-line basis over its estimated useful life of eight years. Amortization expense was approximately \$972,000 for both the years ended December 31, 2003 and 2002.

6. Intercompany Loan Payable

When formed, the Company received approximately \$5 million in assets from Holding. The contribution was initially recorded as capital. The contribution of \$5,272,000 was recharacterized as a loan payable to Holding in June 2002 to more accurately reflect a push down of Holding's capital structure. The loan payable accrues interest at 8.33% on an annual basis.

7. Income Taxes

The Company files its federal income taxes as part of the consolidated return of Gold's Gym International, Inc. Federal income taxes are calculated in the accompanying financial statements on a separate return basis.

Deferred tax assets are determined based on the difference between the financial statement and tax bases of assets using enacted tax rates in effect for the year in which the differences are expected to reverse.

Gold's Gym Franchising, Inc.

Notes to Financial Statements (continued)

7. Income Taxes (continued)

The tax effect of each type of temporary difference that gives rise to a significant portion of deferred taxes follows:

	December 31	
	2003	2002
	<i>(In Thousands)</i>	
Assets		
Intangibles	\$ 786	\$ 618
Deferred revenue	324	5
Foreign tax credit	61	29
Other	4	15
	<u>1,175</u>	<u>667</u>
Less valuation allowance	-	-
	<u>\$1,175</u>	<u>\$ 667</u>

The provision for income taxes consists of the following:

	2003	2002
		<i>(In Thousands)</i>
Current:		
Federal	\$ 471	\$ 248
State	56	37
Foreign	33	29
	<u>560</u>	<u>314</u>
Deferred:		
Federal	(307)	(66)
State	2	(1)
	<u>(305)</u>	<u>(67)</u>
	<u>\$ 255</u>	<u>\$ 247</u>

8. Commitments and Contingencies

The Company is a guarantor under a credit agreement held by Holding. Subsequent to year-end, Holding amended the credit agreement to extend the payment terms to 2005. As of December 31, 2003, the outstanding balance of the debt for which Franchising is a guarantor is approximately \$42.5 million.

GOLD'S GYM FRANCHISING, INC.

Financial Statements

Years ended December 31, 2001 and 2000 with Report of Independent Auditors

Gold's Gym Franchising, Inc.

Financial Statements

Years ended December 31, 2001 and 2000

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Report of Independent Auditors

Board of Directors and Shareholder
Gold's Gym Franchising, Inc.

We have audited the accompanying balance sheets of Gold's Gym Franchising, Inc. as of December 31, 2001 and 2000, and the related statements of income, cash flows, and shareholder's equity for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gold's Gym Franchising, Inc. as of December 31, 2001 and 2000, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

February 28, 2002

Gold's Gym Franchising, Inc.

Balance Sheets

As of December 31, 2001 and 2000
(Dollars in Thousands)

	December 31	
	2001	2000
Assets		
Current assets:		
Cash and cash equivalents	\$ 27	\$ 90
Prepaid expenses and other current assets	13	43
	<u>40</u>	<u>133</u>
Property and equipment, net	17	21
Due from Gold's Holding Corp.	2,288	694
Intangible assets	5,489	6,461
Deferred taxes	440	176
Other	3	3
Total assets	<u><u>\$ 8,277</u></u>	<u><u>\$ 7,488</u></u>
Liabilities and shareholder's equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 98	\$ 136
Deferred revenue	640	579
Taxes payable	218	150
	<u>956</u>	<u>865</u>
Security deposits	884	889
Total liabilities	<u>1,840</u>	<u>1,754</u>
Shareholder's equity:		
Common stock, \$0.01 par value, 3,000 shares authorized, 100 shares issued and outstanding	—	—
Additional capital	5,272	5,272
Retained earnings	1,165	462
Total shareholder's equity	<u>6,437</u>	<u>5,734</u>
Total liabilities and shareholder's equity	<u><u>\$ 8,277</u></u>	<u><u>\$ 7,488</u></u>

See accompanying notes.

Gold's Gym Franchising, Inc.

Statements of Income

Years ended December 31, 2001 and 2000
(Dollars in Thousands)

	Year ended December 31	
	2001	2000
Revenue:		
Franchise fees	\$ 3,581	\$ 3,212
Other	—	12
	<u>3,581</u>	<u>3,224</u>
Operating costs and expenses:		
Depreciation and amortization	980	974
General and administrative	1,277	1,400
Licensing fee	607	550
	<u>2,864</u>	<u>2,924</u>
Operating income	717	300
Interest income	188	53
Income before income taxes	905	353
Provision for income taxes	(202)	(141)
Net income	<u>\$ 703</u>	<u>\$ 212</u>

See accompanying notes.

Gold's Gym Franchising, Inc.

Statements of Cash Flows

Years ended December 31, 2001 and 2000

(Dollars in Thousands)

	Year ended December 31	
	2001	2000
Operating activities		
Net income	\$ 703	\$ 212
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	980	974
Deferred taxes	(196)	(118)
Changes in operating assets and liabilities:		
Prepaid expenses and other	30	(16)
Accounts payable and accrued expenses	(38)	93
Income taxes	-	(68)
Deferred revenue	61	(251)
Other	(5)	-
Cash provided by operating activities	<u>1,535</u>	<u>826</u>
Investing activities		
Capital expenditures	(4)	(16)
Cash used in investing activities	<u>(4)</u>	<u>(16)</u>
Financing activities		
Net amounts due from Gold's Holding Corp.	(1,594)	(468)
Amounts due to National Advertising Campaign	-	(487)
Cash used in financing activities	<u>(1,594)</u>	<u>(955)</u>
Decrease in cash and equivalents	(63)	(145)
Cash and cash equivalents beginning of period	90	235
Cash and cash equivalents at end of period	<u>\$ 27</u>	<u>\$ 90</u>

See accompanying footnotes.

Gold's Gym Franchising, Inc.

Statements of Shareholder's Equity

Years ended December 31, 2001 and 2000
(Dollars in Thousands)

	Common Stock		Additional	Retained	
	Shares	Amount	Capital	Earnings	Total
Balance at December 31, 1999	100	\$-	\$5,272	\$ 250	\$5,522
Net Income	-	-	-	212	212
Balance at December 31, 2000	100	-	5,272	462	5,734
Net income	-	-	-	703	703
Balance at December 31, 2001	100	\$-	\$5,272	\$ 1,165	\$6,437

See accompanying footnotes.

Gold's Gym Franchising, Inc.

Notes to Financial Statements

December 31, 2001 and 2000

1. Basis of Presentation

Gold's Gym Franchising, Inc. (the Company) was formed on August 24, 1999 as a wholly owned subsidiary of Gold's Holding Corp (Holding), a wholly owned subsidiary of Gold's Gym International, Inc., in connection with the purchase of assets from Gold's Gym Enterprises, Inc. (the Transaction). The financial statements present the results of operations, financial position and cash flows relating to the operations of the franchise assets acquired. The Company is the franchiser of Gold's Gym fitness facilities throughout the world. The Company is the largest franchiser of fitness facilities in the world, with 607 franchised facilities in 45 states and the District of Columbia and 29 countries throughout the world at December 31, 2001.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at date of purchase to be cash equivalents.

Revenue Recognition

Franchise agreements generally have initial terms of either five or ten years. Initiation fees are recognized when all material services relating to the sale have been substantially performed. Annual franchise fees are recognized ratably throughout the period to which they relate.

Gold's Gym Franchising, Inc.

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

National Advertising Campaign

Fitness facilities contribute \$195 per month to the Gold's Gym Advertising Program. The Company uses these funds to procure national advertising that benefits all Gold's Gym franchisees. The excess of funds received over current expenditures is recorded as a liability on the Company's balance sheet. There was no such liability at December 31, 2001.

Security Deposits

Certain of the older franchise agreements required the payment of a security deposit. The security deposit is either returned to the franchisee or applied to the franchise fee or any other amounts owed.

3. Property and Equipment

Property and equipment is recorded at cost. Depreciation is computed on a straight-line basis, over the estimated useful lives of the assets of five to seven years. Accumulated depreciation totaled approximately \$13,000 and \$4,000 at December 31, 2001 and 2000, respectively.

4. Due from Gold's Holding Corp.

Payroll and other corporate expenses are paid by Holding and are charged to the Company at cost. Cash collections are remitted to Holding. The net amount of cash remitted over expenses paid on the Company's behalf is recorded as due from Gold's Holding Corp. This advance has no fixed repayment terms and accrues interest at 10%.

The Company is charged a license fee by one of the subsidiaries of International for use of the Gold's Gym name. Fees totaled \$607,000 and \$550,000 for the years ended December 31, 2001 and 2000, respectively.

Gold's Gym Franchising, Inc.

Notes to Financial Statements (continued)

5. Intangible Assets

Intangible assets represent the estimated fair value of franchise agreements acquired in connection with the Transaction. This intangible asset is being amortized on a straight-line basis over its estimated useful life of eight years. Amortization expense was approximately \$972,000 and \$970,000 for the years ended December 31, 2001 and 2000, respectively.

6. Income Taxes

The Company files its federal income taxes as part of the consolidated return of Gold's Gym International, Inc. Federal income taxes are calculated in the accompanying financial statements on a separate return basis.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting and income tax purposes, which, at December 31, 2001 and 2000, consists of temporary differences resulting from the intangible asset.

The provision for income taxes consists of the following (in thousands):

	<u>2001</u>	<u>2000</u>
Current		
Federal	\$ 315	\$ 213
State	83	46
	<u>398</u>	<u>259</u>
Deferred		
Federal	(125)	(96)
State	(71)	(22)
	<u>(196)</u>	<u>(118)</u>
	<u>\$ 202</u>	<u>\$ 141</u>

**EXHIBIT 8
TO THE GOLD'S GYM FRANCHISING, INC.
FRANCHISE OFFERING CIRCULAR**

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	Module 2	Writing Your Operational Business Plan		
	Module 3	Producing a Pro-Forma		
	Module 4	Producing a Profit and Loss Statement		
	Module 5	Managing from Your Profit and Loss Statement		
			Total Volume 1 Pages = 15	
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	Module 2	Selecting an Accountant to Manage Your Books		
	Module 3	Selecting Accounting Software to Manage Your Books		
	Module 4	Understanding Accounting for Gyms		
	Module 5	Producing a Profit and Loss Statement		
	Module 6	Managing from Your Profit and Loss Statement		
	Module 7	Running a Purchase Order System (PO) in Your Gym		
			TOTAL PAGES: 21	
Volume 3	The GGG to Gym Development			
	Module 1	Site Selection		
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	Module 3	Using the Spec Book to Build Your Gym		
	Module 4	Hiring a Contractor for your Build Out or Remodel		
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	Module 6	Branding in Your Gym		
	Module 7	Negotiating Your Gym Lease		
	Module 8	Using the National Vendor Program		
			Total Volume 3 Pages = 24	
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		Module 2	Conflict Management and Confrontational Skills for Managers
		Module 3	Overcoming Negativity in the workplace
		Module 4	How to Supervise People
		Module 5	Project Management Skills for the Gold's Gym Manager
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Volume 6	Management Training Part 2		
		Module 1	The Job Description of the General Manager
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		Module 10	Your Job Description
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		Module 3	The Challenges of In-House Training
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		Module 15	Training your Personal Training Manager
		Module 16	Setting Expectations for your Personal Training Staff
		Module 17	Teaching your Personal Trainers to Sell
		Module 18	Integrating your Personal Trainers with your sales staff
		Module 19	Personal Training Intern Programs
		Module 20	Selling Supplements in your Personal Training
	Running Independent Personal Training	Module 1	Description of Independent Personal Trainers
		Module 2	The Benefits of Independent Personal Trainers
		Module 3	The Challenges of Independent Personal Trainers
		Module 4	Hiring Independent Personal Trainers
		Module 5	Personal Training Certifications
		Module 6	Insurance Provisions of Independent Personal Trainers
		Module 7	How to Structure Your Independent Personal Training Agreements
		Module 8	Setting up Your Independent Personal Training Department
		Module 9	The General Orientation
		Module 10	The Personal Training Sessions
		Module 11	Selling Personal Training at Point of Sale with Independent Training Staff
		Module 12	Selling Personal Training on the Floor
		Module 13	Accounting for Independent Personal Training
		Module 14	Training your Independent Personal Trainers
		Module 15	Training your Independent Personal Training Manager
		Module 16	Setting Expectations for your Independent Personal Training Staff

		Module 17	Independent Trainers and Your Sales Staff
		Module 18	Integrating your Personal Trainers with your sales staff
		Module 19	Personal Training Intern Programs
		Module 20	Selling Supplements in your Personal Training
		Module 21	Code of Conduct
	Using Personal Training Company	Module 1	Description of Personal Training Companies
		Module 2	The Benefits of Personal Training Companies
		Module 3	The Challenges of Personal Training Companies
		Module 4	Hiring Personal Training Companies
		Module 5	Personal Training Certifications
		Module 6	Insurance Provisions of Personal Training Companies
		Module 7	How to Structure Your Personal Training Company Agreements
		Module 8	The General Orientation
		Module 9	The Personal Training Sessions
		Module 10	Selling Personal Training at Point of Sale with Personal Training Companies
		Module 11	Selling Personal Training on the Floor
		Module 12	Accounting for Personal Training Companies
		Module 13	Training your Personal Training Company
		Module 14	Setting Expectations for your Personal Training Company and their Staff
		Module 15	Personal Training Companies and Your Sales Staff
		Module 16	Selling Supplements in your Personal Training
			TOTAL PAGES: 280
Volume 10	Running Your Front Desk		
		Module 1	The Purpose of Your Front Desk
		Module 2	Hiring Great Front Desk Staff
		Module 3	Your POS System
		Module 4	Setting up Your Front Desk
		Module 5	How to Pay your Front Desk
		Module 6	Selling Retail and Concessions at Your Front Desk
		Module 7	Opening Your Gym
		Module 8	Closing Your Gym
		Module 9	Checking In Members at Your Front Desk
		Module 10	Your Front Desk Systems
		Module 11	Your Front Desk Binders and Logs
		Module 12	Registering a Guest at the Front Desk
		Module 13	Setting Expectations for Your Front Desk Staff
		Module 14	Guest Fees at Your Gym
		Module 15	Meeting and Greeting Your Members
		Module 16	Collecting Past Due Money at Your Front Desk
		Module 17	Your Paging System
		Module 18	How to Answer Your Telephone at the Front Desk
		Module 19	Booking Tanning Appointments at the Front Desk

		Module 20	Booking Classes at Your Front Desk
		Module 21	Managing Your Personal Training Appointments at Your Front Desk
		Module 22	Collecting Payments at Your Front Desk
		Module 23	Managing Walk Thrus from your Front Desk
		Module 24	Managing Rush Periods from your Front Desk
		Module 25	Reciprocation of Gold's Gym
		Module 26	IHRSA Guests
			TOTAL PAGES: 110
Volume 11	Running Your Kids Club		
		Module 1	The Purpose of Your Kid's Club
		Module 2	Setting up Your Kid's Club
		Module 3	Rules and Regulations for Your Kid's Club
		Module 4	Hiring Great Kid's Club Personnel
		Module 5	How to Pay your Kid's Club Staff
		Module 6	Selling Kid's Club Sessions
		Module 7	Kid's Club Signage
		Module 8	Liability in Your Kid's Club
		Module 9	Setting Expectations for your Kid's Club Staff
		Module 10	Your Kid's Club Systems
		Module 11	Your Kid's Club Logs and Binders
		Module 12	Checking In and Releasing Children at Your Kid's Club
		Module 13	Meeting and Greeting Your Members at Kid's Club
		Module 14	How to Answer Your Telephone in the Kid's Club
		Module 15	Programming and Games for Your Kid's Club
			TOTAL PAGES: 45
Volume 12	Running Your Group Exercise Department		
		Module 1	The Purpose of Your Group Exercise Department
		Module 2	Setting up Your Group Exercise Department
		Module 3	Rules and Regulations for Your Group Exercise Department
		Module 4	Hiring Great Group Exercise Personnel
		Module 5	How to Pay your Group Exercise Staff
		Module 6	Group Exercise Programming
		Module 7	Group Exercise Signage
		Module 8	Liability in Your Group Exercise Department
		Module 9	Setting Expectations for your Group Exercise Staff
		Module 10	Your Group Exercise Systems
		Module 11	Your Group Exercise Logs and Binders
		Module 12	Group Exercise Certifications
		Module 13	Meeting and Greeting Your Members in Your Group Exercise Classes
		Module 14	Setting Your Group Exercise Schedule
		Module 15	Posting Your Group Exercise Schedule on the Web Site
			TOTAL PAGES: 45
Volume 13	Running Your Maintenance and Facility Management		

		Module 1	Setting Up Ycur Gyms Facility Maintenance Department
		Module 2	Hiring Your Facility Maintenance Employees
		Module 3	How to Pay Your Facility Maintenance Employees
		Module 4	Choosing Your Facility Vendors
		Module 5	Setting Up Ycur Facility Maintenance Log
		Module 6	Setting Up Ycur Equipment's Preventative Maintenance Schedule
		Module 7	Working with Your Equipment Manufacturers Representative
		Module 8	Working with Cleaning Porters
		Module 9	Outsourcing Your Facility Cleaning
		Module 10	Your Daily Walk Through Lcg
		Module 11	Setting Up a Facility Team Clean Schedule
			TOTAL PAGES: 33

Volume 14	Marketing and Promoting Your Gym		
		Module 1	How to use the Gold's Gym Marketing Binder
		Module 2	How to Budget for Marketing in your Business Plan
		Module 3	How to Measure your Marketing Results
		Module 4	How to Outsource Your Marketing to an Agency or Media Buyer
		Module 5	The top 10 Marketing Plans that Gold's Gym Owners use
		Module 6	The top 10 Gym Promotions that Gold's Gym Owners use
		Module 7	Understanding Media and Marketing Purchasing
		Module 8	How to Set an Annual Marketing Schedule
		Module 9	How to Set an Annual Promotions Schedule
			TOTAL PAGES: 27

Volume 15	Creating Policies and Procedures for Your Gym		
		Module 1	SOP
			TOTAL PAGES: 45

Volume 16	<u>The GGG to Human Recourses</u>		
		Module 1	Employee Job Descriptions
		Module 2	Employee Compensation Plans
		Module 3	Clocking In and Out
		Module 4	Processing Payroll
		Module 5	Processing Overtime
		Module 6	New Hire Paperwork
		Module 7	Employee Terminations
		Module 8	Employee Disciplinary Procedures
		Module 9	New Hire Orientations
		Module 10	Employee Handbook
		Module 11	Sexual Harassment in the work place
		Module 12	Discrimination in the work place
		Module 13	Managing PTO
		Module 14	Employee Benefit Packages
		Module 15	401(K) Packages
		Module 16	Recruiting
		Module 17	Interviewing Skills

**EXHIBIT 9
TO THE GOLD'S GYM FRANCHISING, INC.
FRANCHISE OFFERING CIRCULAR**

TRAINING CURRICULUM

Gold's Gym University Agenda

Day 1

- **9:30am – 10:45 am**
Welcome
- **11:00am – 11:30 am**
Fitness and Franchise Overview- Karen Wischmann
and Joel Tallman
- **11:30 am – 12:00 am**
Franchise Operations and Support- Joel Tallman
- **12:00 pm – 1:15 pm**
Lunch- Body Masters
- **1:15pm – 2:00pm**
Understanding Your Franchise Agreement- Joel
Tallman
- **2:15pm – 3:30pm**
Budgeting- Karen Wischmann
- **3:45 pm – 5:45 pm**
Human Resources- Suzanne Berthey

Day 2

- **9:00 am – 10:45 am**
Site Selection and The First 12 Months- Bruce Ebel
- **11:00 am – 12:30 am**
Architectural Design- Rudy Fabiano
- **12:30 pm – 1:30pm**
Lunch- Precor
- **1:45 pm – 3:15 pm**
Marketing and Branding- Joel Tallman
- **3:30 pm – 5:15 pm**
Selling Corporate Memberships- Anthony Baynard



Gold's Gym University Agenda

Day 3

- 9:00 am – 6:00 pm
Running Your Sales Department- Karen
Wischmann/Joel Tallman
- 12:00pm – 1:00pm
Lunch – Nautilus

Day 4

- 9:00 am – 10:30 am
Running Your Group Exercise Department- Lori
Lowell
- 10:45 am – 12:30 pm
Running Your Personal Training Department- Karen
Wischmann
- 12:30pm – 1:30pm
Lunch- Star Trac
- 1:45pm – 3:15pm
Gym Operations- Joel Tallman
- 3:30 pm – 5:00 pm
HR Paperwork- Suzanne Berthey
- 5:30pm Dinner with Cybex



GGU
GOLD'S GYM UNIVERSITY

Gold's Gym University Agenda

Day 5

- **9:00 am – 11:00 am**
Running Your Billing Department- Jeff Skeen
- **11:15 am – 12:15 am**
Selling Retail and Concessions- Ed Powderly
- **12:00 am –1:00 pm**
Lunch- Lifefitness
- **1:30 pm – 3:00 pm**
NVP- Marielle Eagles



GGU

GOLD'S GYM UNIVERSITY

**EXHIBIT 10
TO THE GOLD'S GYM FRANCHISING, INC.
FRANCHISE OFFERING CIRCULAR**

**ADDITIONAL DISCLOSURES AND RIDERS
REQUIRED BY STATE FRANCHISE LAWS**

**ADDITIONAL DISCLOSURES FOR THE
MULTI-STATE FRANCHISE OFFERING CIRCULAR OF
GOLD'S GYM FRANCHISING, INC.**

The following are additional disclosures for the Franchise Offering Circular of Gold's Gym Franchising, Inc. required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently, without reference to these additional disclosures.

CALIFORNIA

1. The following paragraph is added at the end of Item 3:

Except as disclosed above, neither we nor any person identified in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, 15 U.S.C.A. Section 78a et seq., suspending or expelling such person from membership in such association or exchange.

2. 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 OFFERING CIRCULAR.

3. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE THE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF CORPORATIONS BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR EXISTING FRANCHISE.

4. OUR WEBSITE, www.goldsgym.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS AT www.corp.ca.gov.

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

The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of certain of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of certain of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20043).

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

The Franchise Agreement and Development Rights Agreement require binding arbitration. The arbitration will occur at a suitable site that the arbitrator chooses within 10 miles of our then existing principal business address (currently in Venice, California), with the costs being borne by the respective parties as the arbitrators determine. 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 provision of the Franchise Agreement and Development Rights Agreement restricting venue to a forum outside the State of California.

The Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Sections 101 et seq.).

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable; however, we and you agree to enforce the liquidated damages clause to the extent the law allows.

ILLINOIS

1. The "Summary" section of Item 17(v), entitled Choice of forum, is deleted and replaced with the following:

Subject to your arbitration obligation, all litigation will be in Illinois.

2. The "Summary" section of Item 17(w), entitled Choice of law, is deleted and replaced with the following:

Except for Federal Arbitration Act and other federal law, Illinois law applies.

MARYLAND

~~1. The following is added to the end of Item 5, entitled INITIAL FRANCHISE FEE:
Despite the disclosures in this Item 5, you will not pay any fee to us or our affiliates until immediately after we have completed all of our initial obligations to you under the applicable agreement.~~

2.1 The following is added to the end of the "Summary" sections of Item 17(c), entitled **Requirements for you to renew or extend**, and Item 17(m), entitled **Conditions for our approval of transfer**:

However, any release required as a condition of renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

3.2 The following is added to the end of the "Summary" section of Item 17(h), entitled **"Cause" defined - defaults which cannot be cured**:

The Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.); however, we and you will enforce the provision to the extent the law allows.

4.3 The "Summary" section of Item 17(v), entitled **Choice of forum**, is deleted and replaced with the following:

Litigation generally must be in the state or federal court located closest to our then existing principal business address (currently in Venice, California), except that, subject to your arbitration obligation, you may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5.4 The "Summary" section of Item 17(w), entitled **Choice of law**, is deleted and replaced with the following:

California law generally applies, except (a) for federal law, and (b) to the extent otherwise required by applicable law with respect to claims arising under the Maryland Franchise Registration and Disclosure Law.

6.5 The following is added to the end of the chart in Item 17:

Despite any contradicting provision in the Franchise Agreement, you have 3 years from the date on which we grant you the franchise to bring a claim under the Maryland Franchise Registration and Disclosure Law.

MINNESOTA

1. **Initial Fee**. Item 5 is deleted in its entirety and replaced with the following:

Initial Fee under the Standard Franchise Agreement

~~The "Initial Fee" that you will pay under the Standard Franchise Agreement depends on whether you are developing a new Gold's Gym Facility or continuing to operate an existing~~

~~Gold's Gym Facility. The Initial Fee is payable in a lump sum immediately after you open your Facility and is not refundable under any circumstances.~~

~~(1) If you are developing a new Gold's Gym Facility under the Standard Franchise Agreement, your Initial Fee is \$20,000.~~

~~(2) If you already operate a Gold's Gym Facility under a franchise or license agreement that is expiring soon or has expired, and are signing the Standard Franchise Agreement to continue operating your Facility under the Marks, you may choose the Standard Franchise Agreement's term. If you choose a 10 year term, your Initial Fee is \$10,000 (which is one half of our current Initial Fee). If you choose a 5 year term, your Initial Fee is \$5,000.~~

~~Preliminary Agreement for Charter Franchisees~~

~~If you are a Charter Franchisee and you have not yet located, and/or we have not yet approved, a site for your new Gold's Gym Facility, or at any other time during our and your investigative and due diligence process, you must (at our option) sign the Preliminary Agreement (Exhibit 5).~~

~~You may terminate the Preliminary Agreement any time before signing the Charter Franchise Agreement. We may terminate the Preliminary Agreement: (a) for any or no reason within 30 days after we sign it; (b) if you do not select and we do not approve an acceptable Site, and/or you do not sign a Charter Franchise Agreement, within 90 days after we sign the Preliminary Agreement; (c) if you have made any material misrepresentation or omission in your franchise application; or (d) if you are convicted of or plead no contest to a felony or other crime or offense, or engage in any conduct, which in our opinion might adversely affect a Gold's Gym Facility's reputation or the goodwill associated with the Marks.~~

~~Only Charter Franchisees developing new Gold's Gym Facilities will sign Preliminary Agreements. If you are not a Charter Franchisee, you will not sign a Preliminary Agreement but instead will sign a Standard Franchise Agreement (even if you have not yet located and/or we have not yet approved your Facility's site).~~

~~Annual Fees under the Charter Franchise Agreement~~

~~Instead of paying the Initial Fee and Monthly Fees (as described in Item 6) due under the Standard Franchise Agreement, our Charter Franchisees will remain on their familiar program of Annual Fees. Annual Fees are not refundable.~~

~~If you are a Charter Franchisee and are converting from your old form of agreement to the Charter Franchise Agreement, your Anniversary Date under your old form of agreement remains the same under your new Charter Franchise Agreement. (See Item 17(a)) Your first year under the Charter Franchise Agreement will end on the first Anniversary Date after you sign the Charter Franchise Agreement. (For example, if your Anniversary Date under your old form of agreement is June 30 and you sign the Charter Franchise Agreement on September 30 to replace your old form of agreement, the first year of the term under your Charter Franchise Agreement~~

~~will end on the following June 30, which is your original Anniversary Date. You keep the same Anniversary Date.) The second year's Annual Fee is due on the first Anniversary Date after you sign the Charter Franchise Agreement. (See Item 6) You owe no further Annual Fees until that Anniversary Date. (You would have paid an Annual Fee on the previous Anniversary Date under your old form of agreement that essentially will cover the Annual Fee due for the portion of the first year of the Charter Franchise Agreement's term that begins when you sign the Charter Franchise Agreement and ends on the following Anniversary Date.)~~

~~If you have paid us a Security Deposit under your old form of franchise or license agreement, we may retain the Security Deposit under the Charter Franchise Agreement. We may commingle the Security Deposit with our general funds and keep any interest on the Security Deposit. If we apply any of the Security Deposit toward your obligations to us during the Charter Franchise Agreement's term, you must replenish the Security Deposit to its original amount within 10 days after our notice to you. Within 45 days after the Charter Franchise Agreement expires or after you terminate the Agreement for cause, we will return any unused portion of the Security Deposit. However, if we terminate the Charter Franchise Agreement for cause or you terminate the Agreement without cause, we may keep the entire Security Deposit. (See Items 6 and 17) We do not collect a Security Deposit under any Franchise Agreement for a new Facility.~~

~~If you are a Charter Franchisee and already converted from your old form of agreement to the Charter Franchise Agreement, and if you request and we grant you a new Gold's Gym Facility franchise within 3 years after the effective date of the original Charter Franchise Agreement, then you will pay Annual Fees for that franchise instead of paying the Initial Fee described above and the Monthly Fee described in Item 6. Your first year Annual Fee for that franchise is \$6,000, and the Annual Fees for the remaining years are described in Item 6. You will sign the Charter Franchise Agreement (or a substantially similar form of agreement) for that franchise, but that Agreement will not grant you any rights with respect to additional Gold's Gym Facilities.~~

Charges for Training

~~We will train up to 2 people from the Facility (including you and your general manager) at no additional charge. Additional personnel may attend training (depending on our capacity) at your expense. We currently charge \$500 per person per day, and this fee is not refundable. We describe our training program in Item 11.~~

Development Fee under the Development Rights Agreement

~~You must pay us a lump sum development fee on the date your first Facility opens for business. Your development fee is \$10,000 multiplied by the number of Gold's Gym Facilities you agree to develop in the Area. We and you will determine this fee jointly and insert it in the Development Rights Agreement before signing it. The development fee is not refundable under any circumstances, and we do not apply the development fee toward any Initial Fees for Facilities you develop.~~

Range of Initial Fees and Development Fees

~~During our most recent fiscal year, franchisees paid us initial fees under Franchise Agreements ranging from \$6,000 to \$20,350 and development fees under Development Rights Agreements ranging from \$10,000 to \$120,000.~~

2. Renewal, Termination, Transfer and Dispute Resolution. The following is added at the end of the chart in Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement and Development Rights Agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J might prohibit us from requiring litigation to be conducted outside Minnesota. Those provisions also provide that no condition, stipulations or provision in the Franchise Agreement or Development Rights Agreement shall in any way abrogate or reduce any rights you have under the Minnesota Franchises Law, including (if applicable) the right to submit matters to the jurisdiction of the courts of Minnesota and the right to any procedure, forum or remedies that the laws of the jurisdiction provide.

Any release required as a condition of renewal or transfer/assignment will not apply to the extent prohibited by the Minnesota Franchises Law.

Minn. Rule Part 2860.4400J might prohibit a franchisee from waiving rights to a jury trial; waiving rights to any procedure, forum or remedies provided by the laws of the jurisdiction; or consenting to liquidated damages, termination penalties or judgment notes. However, we and you will enforce these provisions in our Franchise Agreement and Development Rights Agreement to the extent the law allows.

NEW YORK

1. The following information is added to the cover page of the offering circular:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT 1 OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS OFFERING CIRCULAR. IF YOU LEARN THAT ANYTHING IN THE OFFERING CIRCULAR IS

UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.

2. The following is added at the end of Item 3:

Except as disclosed in Item 3, with regard to us, our predecessor, the persons identified in Item 2 of this offering circular, or an affiliate offering franchises under our principal trademark:

- A. There is no pending administrative, criminal, or civil action alleging: a felony; violation of a franchise, antitrust, or securities law; fraud; embezzlement; fraudulent conversion; misappropriation of property; unfair or deceptive practices; or comparable civil or misdemeanor allegations.
- B. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or been held liable in a civil action alleging: violation of a franchise, antitrust, or securities law; fraud; embezzlement; fraudulent conversion; misappropriation of property; unfair or deceptive practices; or comparable allegations.
- C. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, as a result of a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a franchise as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Except as disclosed above, neither we nor any of our predecessors, affiliates, officers, or general partners have, during the 10 year period immediately preceding the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the U.S. Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of ours held this position in the company or partnership.

4. The following is added to the paragraph in Item 5 entitled **Initial Fee under the Standard Franchise Agreement:**

The Initial Fee partially covers the costs we incur in producing operations manuals, training you, and providing assistance in opening and operating the Facility.

5. The following is added to the end of the "Summary" sections of Item 17(c), entitled **Requirements for you to renew or extend**, and Item 17(m), entitled **Conditions for our approval of transfer:**

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following is added to the end of the "Summary" section of Item 17(j), entitled **Assignment of contract by us:**

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement and the Development Rights Agreement.

7. The following is added to the end of the "Summary" sections of Item 17(v), entitled **Choice of forum**, and Item 17(w), entitled **Choice of law:**

However, the governing choice of law and choice of forum shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York.

NORTH DAKOTA

1. The following is added to the end of the "Remarks" column of the "Liquidated Damages Upon Franchise Agreement Termination" row of the Item 6 chart:

We and you acknowledge that this provision might not be enforceable under the North Dakota Franchise Investment Law; however, we and you will enforce the provision to the extent the law allows.

2. The following is added to the end of the "Summary" sections of Item 17(c), entitled Requirements for you to renew or extend, and Item 17(m), entitled Conditions for our approval of transfer:

However, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3. The following is added to the end of the "Summary" section of Item 17(u), entitled Dispute resolution by arbitration or mediation:

However, to the extent required by the North Dakota Franchise Investment Law (unless preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree.

4. The "Summary" section of Item 17(v), entitled Choice of forum, is deleted and replaced with the following:

Litigation generally must be in the state or federal court located closest to our then existing principal business address (currently in Venice, California), except that, subject to your arbitration obligation, to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

5. The "Summary" section of Item 17(w), entitled Choice of law, is deleted and replaced with the following:

California law generally applies, except (a) for federal law, and (b) to the extent otherwise required by the North Dakota Franchise Investment Law, North Dakota law applies.

RHODE ISLAND

1. The "Summary" section of Item 17(v), entitled Choice of forum, is deleted and replaced with the following:

Litigation generally must be in the state or federal court located closest to our then existing principal business address (currently in Venice, California), except that, subject to your arbitration obligation, to the extent required by applicable law, you may bring an action in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

2. The "Summary" section of Item 17(w), entitled **Choice of law**, is deleted and replaced with the following:

California law generally applies, except (a) for federal law, and (b) to the extent otherwise required by applicable law with respect to claims arising under the Rhode Island Franchise Investment Act.

WASHINGTON

The following paragraph is added at the end of Item 17:

If any of the provisions in this offering circular or the Franchise Agreement are inconsistent with the relationship provisions of Revised Code of Washington Section 19.100.180 or any other requirements of the Washington Franchise Investment Protection Act (the "Act"), then (if the Act applies by its terms) the provisions of the Act will prevail over the inconsistent terms of the offering circular, Franchise Agreement and/or Development Rights Agreement.

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE
STATE-SPECIFIC RIDERS TO THE
STANDARD FRANCHISE AGREEMENT**

Gold's Gym ~~2003-2004~~2005 State Pages
30292318-630426704.2

**RIDER TO THE GOLD'S GYM FRANCHISING, INC.
STANDARD FRANCHISE AGREEMENT
FOR USE IN ILLINOIS**

This Rider is entered into this ____ day of _____, 200_, by and between GOLD'S GYM FRANCHISING, INC., a Delaware corporation ("we," "us," or "our"), and _____ ("you" or "your").

1. **Background.** We and you are parties to that certain Franchise Agreement dated _____, 200_ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Illinois and the Facility that you will operate under the Franchise Agreement will be located in Illinois, and/or (b) you are a resident of Illinois.

2. **Governing Law.** Subsection O.7 of the Franchise Agreement is deleted and replaced with the following:

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (15 U.S.C. Sections 1051 et seq.), or other federal law, this Agreement, the Franchise, and all claims arising from the relationship between us and you will be governed by the laws of the State of Illinois as long as the jurisdictional requirements of such Illinois laws are met independently without reference to this paragraph. If the jurisdictional requirements of any Illinois laws are not met independently, then this Agreement, the Franchise, and all claims arising from the relationship between us and you will, to that extent only, be governed by the laws of the State of California, without regard to its conflict of laws principles, except that (a) any California law regulating the sale of franchises, licenses, or business opportunities or governing the relationship of a franchisor and its franchisee or the relationship of a licensor and its licensee will not apply unless its jurisdictional requirements are met independently without reference to this Section, and (b) the enforceability of those provisions of this Agreement which relate to restrictions on your (and your Owners') competitive activities will be governed by the laws of the state in which the Facility is located.

3. **Consent to Jurisdiction.** Subsection O.8 of the Franchise Agreement is deleted and replaced with the following:

Subject to our and your arbitration obligations in Section O.6., you and your Owners agree that all judicial actions brought by us against you or your Owners or by you or your Owners against us or our Affiliates, or our or their shareholders, officers, directors, agents, or employees, must be brought exclusively in a court located in Illinois.

4. **Limitations of Claims.** Subsection O.10 of the Franchise Agreement is deleted and replaced with the following:

Except for claims arising from your non-payment of amounts due us under this Agreement, any and all claims arising out of or relating to this Agreement or our relationship with you will be barred unless a legal action or arbitration proceeding is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims. However, this Section shall not act as a condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987.

5. **Construction.** The first sentence of Subsection 0.11 of the Franchise Agreement is deleted and replaced with the following:

The recitals and exhibits to this Agreement and your application for the Franchise are a part of this Agreement, which, together with the Manuals and our System Standards, constitutes our and your entire agreement, and there are no other oral or other written understandings, representations, or agreements between us and you (except for our representations made in the Franchise Offering Circular that you received from us), relating to the subject matter of this Agreement.

INTENDING TO BE LEGALLY BOUND, the parties have executed and delivered this Rider on the date stated on the first page.

GOLD'S GYM FRANCHISING, INC.

By: _____
Title: _____

By: _____
Title: _____

Address: 358 Hampton Drive
Venice, California 90291

IF FRANCHISEE IS A CORPORATION, LIMITED LIABILITY COMPANY, OR LIMITED PARTNERSHIP:

Name of Franchisee

Signed: _____

Title: _____

Address: _____

IF FRANCHISEE IS A SOLE PROPRIETORSHIP OR GENERAL PARTNERSHIP:

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

**RIDER TO THE GOLD'S GYM FRANCHISING, INC.
STANDARD FRANCHISE AGREEMENT
FOR USE IN MARYLAND**

This Rider is entered into this _____ day of _____, 200__, by and between GOLD'S GYM FRANCHISING, INC., a Delaware corporation ("we," "us," or "our"), and _____ ("you" or "your").

1. **Background.** We and you are parties to that certain Franchise Agreement dated _____, 200__ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of Maryland, and/or (b) the Facility that you will operate under the Franchise Agreement will be located in Maryland.

2. **Initial Fee.** ~~The first sentence of Subsection C.1 of the Franchise Agreement is deleted in its entirety and replaced with the following:~~

~~You shall pay us an initial fee in the amount set forth in Exhibit A in a lump sum immediately after you begin operating your Facility.~~

3. **Initial Training.** ~~The fifth sentence of Subsection D.1 of the Franchise Agreement is deleted in its entirety and replaced with the following:~~

~~If you request training for more than two (2) people, you must pay us our then-current fee for each additional person. This fee is payable in advance of the training (or payable when the Facility begins operating if the Facility is not then open).~~

4. **Releases.** The following is added to the end of Subsections I.3(a)(5), I.3(b)(2)(iii), and K.3 of the Franchise Agreement:

; however, any release required as a condition of renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

5.3. **Termination of Agreement-Material Breach.** The following is added to the end of Subsection L.2(pq) of the Franchise Agreement:

We and you acknowledge that certain aspects of this provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.); however, we and you agree to enforce the provision to the extent the law allows.

6.4. **Governing Law.** Subsection O.7 of the Franchise Agreement is deleted and replaced with the following:

All matters relating to arbitration will be governed by the Federal Arbitration Act Sections 1 et seq.) Except to the extent governed by the Federal

Arbitration Act, the United States Trademark Act of 1946 (15 U.S.C. Sections 1051 et seq.), or other federal law, this Agreement, the Franchise, and all claims arising from the relationship between us and you will be governed by the laws of the State of California, without regard to its conflict of laws principles, except that (a) any California law regulating the sale of franchises, licenses, or business opportunities or governing the relationship of a franchisor and its franchisee or the relationship of a licensor and its licensee, will not apply unless its jurisdictional requirements are met independently without reference to this Section, (b) the enforceability of those provisions of this Agreement which relate to restrictions on your (and your Owners') competitive activities will be governed by the laws of the state in which the Facility is located; and (c) Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

7.5. Consent to Jurisdiction. Subsection O.8 of the Franchise Agreement is deleted and replaced with the following:

Subject to our and your arbitration obligations in Section O.6, you and your Owners agree that all judicial actions brought by us against you or your Owners or by you or your Owners against us or our Affiliates, or our or their shareholders, officers, directors, agents, or employees, must be held exclusively in the state or federal court of general jurisdiction closest to where our principal business address then is located. You (and each Owner) irrevocably submit to the jurisdiction of such court and waive any objection you, he, or she may have to either jurisdiction or venue. However, subject to your arbitration obligation, you may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Notwithstanding the foregoing, we may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award, in any federal or state court in the state in which you reside or the Facility is located.

8.6. Limitations of Claims. The following is added to the end of Subsection O.10 of the Franchise Agreement:

; provided, however, that this limitation of claims shall not act to reduce the three (3) year statute of limitations afforded you for bringing a claim under the Maryland Franchise Registration and Disclosure Law.

INTENDING TO BE LEGALLY BOUND, the parties have executed and delivered this Rider on the date stated on the first page.

GOLD'S GYM FRANCHISING, INC.

By: _____

Title: _____

By: _____

Title: _____

Address: 358 Hampton Drive
Venice, California 90291

IF FRANCHISEE IS A CORPORATION, LIMITED LIABILITY COMPANY, OR LIMITED PARTNERSHIP:

Name of Franchisee

Signed: _____

Title: _____

Address: _____

IF FRANCHISEE IS A SOLE PROPRIETORSHIP OR GENERAL PARTNERSHIP:

Signature

Printed Name

Signature

Signature

Printed Name

Signature

Printed Name

Printed Name

**RIDER TO THE GOLD'S GYM FRANCHISING, INC.
STANDARD FRANCHISE AGREEMENT
FOR USE IN MINNESOTA**

This Rider is entered into this ____ day of _____, 200__, by and between GOLD'S GYM FRANCHISING, INC., a Delaware corporation ("we," "us," or "our"), and _____ ("you" or "your").

1. **Background.** We and you are parties to that certain Franchise Agreement dated _____, 200__ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the Facility that you will operate under the Franchise Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Minnesota.

2. **Initial Fee.** ~~The first sentence of Subsection C.1 of the Franchise Agreement is deleted in its entirety and replaced with the following:~~

~~You shall pay us an initial fee in the amount set forth in Exhibit A in a lump sum immediately after you open your Facility.~~ 3. **Releases.** The following is added to the end of Subsections I.3(a)(5), I.3(b)(2)(iii), and K.3 of the Franchise Agreement:

; however, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

4.3. **Renewal and Termination.** The following is added to the end of Subsections K.2 and L.2 of the Franchise Agreement:

However, with respect to franchises governed by Minnesota law, we 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 of non-renewal of this Agreement.

5.4. **Payment of Amounts Owed to Us.** The following is added as a new fourth sentence to Subsection M.1 of the Franchise Agreement:

We and you acknowledge that certain parts of this provision are not enforceable under Minn. Rule Part 2860.440J; however, we and you agree to enforce the provision to the extent the law allows.

6.5 **Governing Law.** The following is added to the end of Subsection O.7 of the Franchise Agreement:

However, nothing in this Agreement shall abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

7.6 **Consent to Jurisdiction.** The following is added to the end of Subsection O.8 of the Franchise Agreement:

However, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us, except in certain specified cases, from requiring litigation to be conducted outside Minnesota. Nothing in this Agreement shall abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

8.7 **Waiver of Punitive Damages.** If required by the Minnesota Franchises Law, Subsection O.9 of the Franchise Agreement is deleted.

9.8 **Limitations of Claims.** The following is added to the end of Subsection O.10 of the Franchise Agreement:

However, Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than three (3) years after the cause of action accrues.

~~{The remainder of this page is intentionally left blank.}~~

INTENDING TO BE LEGALLY BOUND, the parties have executed and delivered this Rider on the date stated on the first page.

GOLD'S GYM FRANCHISING, INC.

By: _____
Title: _____

By: _____
Title: _____

Address: 358 Hampton Drive
Venice, California 90291

IF FRANCHISEE IS A CORPORATION, LIMITED LIABILITY COMPANY, OR LIMITED PARTNERSHIP:

Name of Franchisee

Signed: _____

Title: _____

Address: _____

IF FRANCHISEE IS A SOLE PROPRIETORSHIP OR GENERAL PARTNERSHIP:

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

**RIDER TO THE GOLD'S GYM FRANCHISING, INC.
STANDARD FRANCHISE AGREEMENT
FOR USE IN NEW YORK**

This Rider is entered into this ____ day of _____, 200__, by and between GOLD'S GYM FRANCHISING, INC., a Delaware corporation ("we," "us," or "our"), and _____ ("you" or "your").

1. **Background.** We and you are parties to that certain Franchise Agreement dated _____, 200__ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of New York and the Facility that you will operate under the Franchise Agreement will be located or operated in New York; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in New York.

2. **Transfer-By Us.** The following is added to the end of Subsection I.1 of the Franchise Agreement:

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

3. **Releases.** The following is added to the end of Subsections I.3(a)(5), I.3(b)(2)(iii), and K.3 of the Franchise Agreement:

; however, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of the proviso that the non-waiver provisions of General Business Law 687 and 687.5 be satisfied.

4. **Termination of Agreement-By Either Party.** The following is added to the end of Subsection L.1 of the Franchise Agreement:

You also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. **Governing Law and Consent to Jurisdiction.** The following is added to the end of Subsections O.7 and O.8 of the Franchise Agreement:

This Subsection shall not be considered a waiver of any right conferred upon you by Article 33 of the General Business Law of the State of New York.

INTENDING TO BE LEGALLY BOUND, the parties have executed and delivered this Rider on the date stated on the first page.

GOLD'S GYM FRANCHISING, INC.

By: _____
Title: _____

By: _____
Title: _____

Address: 358 Hampton Drive
Venice, California 90291

IF FRANCHISEE IS A CORPORATION, LIMITED LIABILITY COMPANY, OR LIMITED PARTNERSHIP:

Name of Franchisee

Signed: _____

Title: _____

Address: _____

IF FRANCHISEE IS A SOLE PROPRIETORSHIP OR GENERAL PARTNERSHIP:

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

**RIDER TO THE GOLD'S GYM FRANCHISING, INC.
STANDARD FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA**

This Rider is entered into this ____ day of _____, 200__ by and between GOLD'S GYM FRANCHISING, INC., a Delaware corporation ("we," "us," or "our"), and _____ ("you" or "your").

1. **Background.** We and you are parties to that certain Franchise Agreement dated _____, 200__ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of North Dakota and the Facility that you will operate under the Franchise Agreement will be located or operated in North Dakota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in North Dakota.

2. **Releases.** The following is added to the end of Subsections I.3(a)(5), I.3(b)(2)(iii), and K.3 of the Franchise Agreement:

; however, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3. **Payment of Amounts Owed to Us.** The following is added as a new fourth sentence to Subsection M.1 of the Franchise Agreement:

We and you acknowledge that certain parts of this provision might not be enforceable under the North Dakota Franchise Investment Law; however, we and you agree to enforce the provision to the extent the law allows.

4. **Arbitration.** The first paragraph of Subsection O.6 of the Franchise Agreement is deleted and replaced with the following:

Except for controversies, disputes, or claims related to or based on your use of the Marks after the expiration or termination of this Agreement, all disputes between us and our Affiliates, and our and their respective shareholders, officers, directors, agents, and employees, and you (and/or your Owners, guarantors, Affiliates, officers, directors, agents, and employees, if applicable) arising out of or related to this Agreement, any other agreement between us and you, or any aspect of our and your relationship, including the arbitrability of the dispute or the validity of any provision of this Agreement, including this Subsection, will be determined exclusively by binding arbitration to be conducted by three (3) arbitrators under the then current commercial arbitration rules of the American Arbitration Association. Arbitration proceedings must be held exclusively at a suitable location to be chosen by the arbitrators which is within ten (10) miles of our then existing principal business address; however, to the extent required by

the North Dakota Franchise Investment Law (unless preempted by the Federal Arbitration Act), arbitration proceedings will be held at a site to which we and you agree. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.). Judgment upon the award may be entered in any court of competent jurisdiction. We and you agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. We and you further agree that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrators may not consider any settlement discussions or offers that might have been made by either you or us and shall not have the right to declare any Mark generic or otherwise invalid. Except as described in Section O.9, we and you and your Owners waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other. ~~We and you and your Owners~~ agree that, in the event of a dispute between you and us, the party making a claim will be limited to equitable relief and to recovery of any actual damages he, she, or it sustains.

5. **Governing Law.** Subsection O.7 of the Franchise Agreement is deleted and replaced with the following:

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (15 U.S.C. Sections 1051 et seq.), or other federal law, this Agreement, the Franchise, and all claims arising from the relationship between us and you will be governed by the laws of the State of California, without regard to its conflict of laws principles, except that (a) any California law regulating the sale of franchises, licenses, or business opportunities or governing the relationship of a franchisor and its franchisee or the relationship of a licensor and its licensee will not apply unless its jurisdictional requirements are met independently without reference to this section; (b) the enforceability of those provisions of this Agreement which relate to restrictions on your (and your Owners') competitive activities will be governed by the laws of the state in which the Facility is located; and (c) to the extent required by the North Dakota Franchise Investment Law, North Dakota law will apply to this Agreement.

6. **Consent To Jurisdiction.** Subsection O.8 of the Franchise Agreement is deleted and replaced with the following:

Subject to our and your arbitration obligations in Section O.6, you and your Owners agree that all judicial actions brought by us against you or your Owners or by you or your Owners against us or our Affiliates, or our or their shareholders, officers, directors, agents, or employees, must be held exclusively in

the state or federal court of general jurisdiction closest to where our principal business address then is located. You (and each Owner) irrevocably submit to the jurisdiction of such court and waive any objection you, he, or she may have to either jurisdiction or venue. However, that to the extent required by applicable law, subject to your arbitration obligation, you may bring an action in North Dakota. Notwithstanding the foregoing, we may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award, in any federal or state court in the state in which you reside or the Facility is located.

7. **Waiver of Punitive Damages.** To the extent required by the North Dakota Franchise Investment Law, Subsection O.9 of the Franchise Agreement is deleted.

8. **Limitations of Claims.** The following is added to the end of Subsection O.10 of the Franchise Agreement:

The time limitations set forth in this Subsection might be modified by the North Dakota Franchise Investment Law.

[The remainder of this page is intentionally left blank.]

INTENDING TO BE LEGALLY BOUND, the parties have executed and delivered this Rider on the date stated on the first page.

GOLD'S GYM FRANCHISING, INC.

By: _____
Title: _____

By: _____
Title: _____

Address: 358 Hampton Drive
Venice, California 90291

IF FRANCHISEE IS A CORPORATION, LIMITED LIABILITY COMPANY, OR LIMITED PARTNERSHIP:

Name of Franchisee

Signed: _____

Title: _____

Address: _____

IF FRANCHISEE IS A SOLE PROPRIETORSHIP OR GENERAL PARTNERSHIP:

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

**RIDER TO THE GOLD'S GYM FRANCHISING, INC.
STANDARD FRANCHISE AGREEMENT
FOR USE IN RHODE ISLAND**

This Rider is entered into this ____ day of _____, 200__ by and between GOLD'S GYM FRANCHISING, INC., a Delaware corporation ("we," "us," or "our"), and _____ ("you" or "your").

1. **Background.** We and you are parties to that certain Franchise Agreement dated _____, 200__ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of Rhode Island and the Facility that you will operate under the Franchise Agreement will be located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Rhode Island.

2. **Governing Law.** Subsection O.7 of the Franchise Agreement is deleted and replaced with the following:

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (15 U.S.C. Sections 1051 et seq.), or other federal law, this Agreement, the Franchise, and all claims arising from the relationship between us and you will be governed by the laws of the State of California, without regard to its conflict of laws principles, except that (a) any California law regulating the sale of franchises, licenses, or business opportunities or governing the relationship of a franchisor and its franchisee or the relationship of a licensor and its licensee will not apply unless its jurisdictional requirements are met independently without reference to this section, (b) the enforceability of those provisions of this Agreement which relate to restrictions on your (and your Owners') competitive activities will be governed by the laws of the state in which the Facility is located, and (c) to the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.

3. **Consent to Jurisdiction.** Subsection O.8 of the Franchise Agreement is deleted and replaced with the following:

Subject to our and your arbitration obligations in Section O.6, you and your Owners agree that all judicial actions brought by us against you or your Owners or by you or your Owners against us or our Affiliates, or our or their shareholders, officers, directors, agents, or employees, must be held exclusively in the state or federal court of general jurisdiction closest to where our principal business address then is located. You (and each Owner) irrevocably submit to the jurisdiction of such court and waive any objection you, he, or she may have to either jurisdiction or venue. However, subject to your arbitration obligation, to

the extent required by applicable law, you may bring an action in Rhode Island for claims arising under the Rhode Island Franchise Investment Act. Notwithstanding the foregoing, we may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award, in any federal or state court in the state in which you reside or the Facility is located.

INTENDING TO BE LEGALLY BOUND, the parties have executed and delivered this Rider on the date stated on the first page.

GOLD'S GYM FRANCHISING, INC.

By: _____
Title: _____

By: _____
Title: _____

Address: 358 Hampton Drive
Venice, California 90291

IF FRANCHISEE IS A CORPORATION, LIMITED LIABILITY COMPANY, OR LIMITED PARTNERSHIP:

Name of Franchisee

Signed: _____

Title: _____

Address: _____

IF FRANCHISEE IS A SOLE PROPRIETORSHIP OR GENERAL PARTNERSHIP:

Signature

Signature

Printed Name

Printed Name

Signature

Signature

Printed Name

Printed Name

**RIDER TO THE GOLD'S GYM FRANCHISING, INC.
STANDARD FRANCHISE AGREEMENT
FOR USE IN WASHINGTON**

This Rider is entered into this ____ day of _____, 200__, by and between **GOLD'S GYM FRANCHISING, INC.**, a Delaware corporation ("we," "us," or "our"), and _____ ("you" or "your").

1. **Background.** We and you are parties to that certain Franchise Agreement dated _____, 200__ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of Washington; and/or (b) the Facility that you will operate under the Franchise Agreement will be located or operated in Washington; and/or (c) any of the offering or sales activity relating to the Franchise Agreement occurred in Washington.

2. **Washington Law.** The following is added as new Section O.15 to the Franchise Agreement:

15. Washington Law. The State of Washington has a statute, RCW 19.100.180 (the "Act"), which might supersede this Agreement in your relationship with us, including the areas of termination and renewal of your franchise. There might also be court decisions which supersede the Agreement in your relationship with us, including termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, if required by the Act (unless the Act is preempted by the Federal Arbitration Act), 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.

In the event of a conflict of laws, to the extent required by the Act, the provisions of the Act, Chapter 19.100 RCW, shall prevail.

To the extent required by the Act, a release or waiver of rights executed by you shall not include rights under the Act, except when executed pursuant to a negotiated settlement after the Franchise 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, or rights or remedies under the Act, such as a right to a jury trial, might not be enforceable; however, we and you agree to enforce them to the extent the law allows.

To the extent required by the Act, transfer fees are collectable to the extent that they reflect our reasonable estimate or actual costs in effecting a transfer.

The undersigned acknowledges receipt of this Rider.

INTENDING TO BE LEGALLY BOUND, the parties have executed and delivered this Rider on the date stated on the first page.

GOLD'S GYM FRANCHISING, INC.

By: _____
Title: _____

By: _____
Title: _____

Address: 358 Hampton Drive
Venice, California 90291

IF FRANCHISEE IS A CORPORATION, LIMITED LIABILITY COMPANY, OR LIMITED PARTNERSHIP:

Name of Franchisee

Signed: _____

Title: _____

Address: _____

IF FRANCHISEE IS A SOLE PROPRIETORSHIP OR GENERAL PARTNERSHIP:

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE
STATE-SPECIFIC RIDERS TO THE
CHARTER FRANCHISE AGREEMENT**

Gold's Gym ~~2003-2004~~-2005 State Pages
30292318-630426704.2

**RIDER TO THE GOLD'S GYM FRANCHISING, INC.
CHARTER FRANCHISE AGREEMENT
FOR USE IN ILLINOIS**

This Rider is entered into this ____ day of _____, 200__, by and between **GOLD'S GYM FRANCHISING, INC.**, a Delaware corporation ("we," "us," or "our"), and _____ ("you" or "your").

1. **Background.** We and you are parties to that certain Franchise Agreement dated _____, 200__ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Illinois and the Facility that you will operate under the Franchise Agreement will be located in Illinois, and/or (b) you are a resident of Illinois.

2. **Governing Law.** Subsection O.7 of the Franchise Agreement is deleted and replaced with the following:

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (15 U.S.C. Sections 1051 et seq.), or other federal law, this Agreement, the Franchise, and all claims arising from the relationship between us and you will be governed by the laws of the State of Illinois as long as the jurisdictional requirements of such Illinois laws are met independently without reference to this paragraph. If the jurisdictional requirements of any Illinois laws are not met independently, then this Agreement, the Franchise, and all claims arising from the relationship between us and you will, to that extent only, be governed by the laws of the State of California, without regard to its conflict of laws principles, except that (a) any California law regulating the sale of franchises, licenses, or business opportunities or governing the relationship of a franchisor and its franchisee or the relationship of a licensor and its licensee will not apply unless its jurisdictional requirements are met independently without reference to this Section, and (b) the enforceability of those provisions of this Agreement which relate to restrictions on your (and your Owners') competitive activities will be governed by the laws of the state in which the Facility is located.

3. **Consent to Jurisdiction.** Subsection O.8 of the Franchise Agreement is deleted and replaced with the following:

Subject to our and your arbitration obligations in Section O.6., you and your Owners agree that all judicial actions brought by us against you or your Owners or by you or your Owners against us or our Affiliates, or our or their shareholders, officers, directors, agents, or employees, must be held exclusively in a court located in Illinois.

4. **Limitations of Claims.** Subsection O.10 of the Franchise Agreement is deleted and replaced with the following:

Except for claims arising from your non-payment of amounts due us under this Agreement, any and all claims arising out of or relating to this Agreement or our relationship with you will be barred unless a legal action or arbitration proceeding is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims. However, this Section shall not act as a condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987.

5. **Construction.** The first sentence of Subsection 0.11 of the Franchise Agreement is deleted and replaced with the following:

The recitals and exhibits to this Agreement and your application for the Franchise are a part of this Agreement, which, together with the Manuals and our System Standards, constitutes our and your entire agreement, and there are no other oral or other written understandings, representations, or agreements between us and you (except for our representations made in the Franchise Offering Circular that you received from us), relating to the subject matter of this Agreement.

INTENDING TO BE LEGALLY BOUND, the parties have executed and delivered this Rider on the date stated on the first page.

GOLD'S GYM FRANCHISING, INC.

By: _____
Title: _____

By: _____
Title: _____

Address: 358 Hampton Drive
Venice, California 90291

IF FRANCHISEE IS A CORPORATION, LIMITED LIABILITY COMPANY, OR LIMITED PARTNERSHIP:

Name of Franchisee

Signed: _____

Title: _____

Address: _____

IF FRANCHISEE IS A SOLE PROPRIETORSHIP OR GENERAL PARTNERSHIP:

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

**RIDER TO THE GOLD'S GYM FRANCHISING, INC.
CHARTER FRANCHISE AGREEMENT
FOR USE IN MARYLAND**

This Rider is entered into this _____ day of _____, 200__, by and between **GOLD'S GYM FRANCHISING, INC.**, a Delaware corporation ("we," "us," or "our"), and _____ ("you" or "your").

1. **Background.** We and you are parties to that certain Franchise Agreement dated _____, 200__ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of Maryland, and/or (b) the Facility that you will operate under the Franchise Agreement will be located in Maryland.

2. **Initial Training.** ~~The fifth sentence of Subsection D.1 of the Franchise Agreement is deleted in its entirety and replaced with the following:~~

~~If you request training for more than two (2) people, you must pay us our then-current fee for each additional person. This fee is payable in advance of the training (or payable when the Facility begins operating if the Facility is not then open).~~

3. **Releases.** The following is added to the end of Subsections I.3(e) and K.3 of the Franchise Agreement:

; however, any release required as a condition of renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

4.3. **Termination of Agreement-Material Breach.** The following is added to the end of Subsection L.2(o) of the Franchise Agreement:

We and you acknowledge that certain aspects of this provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.); however, we and you agree to enforce the provision to the extent the law allows.

5.4. Governing Law. Subsection O.7 of the Franchise Agreement is deleted and replaced with the following:

All matters relating to arbitration will be governed by the Federal Arbitration Act Sections 1 et seq.) Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (15 U.S.C. Sections 1051 et seq.), or other federal law, this Agreement, the Franchise, and all claims arising from the relationship between us and you will be governed by the laws of the State of California, without regard to its conflict of laws principles, except that (a) any California law regulating the sale of franchises, licenses, or business opportunities, or governing the relationship of a franchisor and its franchisee or the relationship of a licensor and its licensee, will not apply unless its jurisdictional requirements are met independently without reference to this Section, (b) the enforceability of those provisions of this Agreement which relate to restrictions on your (and your Owners') competitive activities will be governed by the laws of the state in which the Facility is located; and (c) Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

6.5. Consent to Jurisdiction. Subsection O.8 of the Franchise Agreement is deleted and replaced with the following:

Subject to our and your arbitration obligations in Section O.6, you and your Owners agree that all judicial actions brought by us against you or your Owners or by you or your Owners against us or our Affiliates, or our or their shareholders, officers, directors, agents, or employees, must be held exclusively in the state or federal court of general jurisdiction closest to where our principal business address then is located. You (and each Owner) irrevocably submit to the jurisdiction of such court and waive any objection you, he, or she may have to either jurisdiction or venue. However, subject to your arbitration obligation, you may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Notwithstanding the foregoing, we may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award, in any federal or state court in the state in which you reside or the Facility is located.

7.6. Limitations of Claims. The following is added to the end of Subsection O.10 of the Franchise Agreement:

; provided, however, that this limitation of claims shall not act to reduce the three (3) year statute of limitations afforded you for bringing a claim under the Maryland Franchise Registration and Disclosure Law.

[The remainder of this page is intentionally left blank.]

INTENDING TO BE LEGALLY BOUND, the parties have executed and delivered this Rider on the date stated on the first page.

GOLD'S GYM FRANCHISING, INC.

By: _____
Title: _____

By: _____
Title: _____

Address: 358 Hampton Drive
Venice, California 90291

IF FRANCHISEE IS A CORPORATION, LIMITED LIABILITY COMPANY, OR LIMITED PARTNERSHIP:

Name of Franchisee

Signed: _____

Title: _____

Address: _____

IF FRANCHISEE IS A SOLE PROPRIETORSHIP OR GENERAL PARTNERSHIP:

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

**RIDER TO THE GOLD'S GYM FRANCHISING, INC.
CHARTER FRANCHISE AGREEMENT
FOR USE IN MINNESOTA**

This Rider is entered into this _____ day of _____, 200__, by and between GOLD'S GYM FRANCHISING, INC., a Delaware corporation ("we," "us," or "our"), and _____ ("you" or "your").

1. **Background.** We and you are parties to that certain Franchise Agreement dated _____, 200__ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the Facility that you will operate under the Franchise Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Minnesota.

2. **Annual Fee.** ~~Subsection C.1 of the Franchise Agreement is deleted in its entirety and replaced with the following:~~

~~Annual Fee. You shall pay us the following Annual Fees (the "Annual Fee") during each year of the Term:~~

First Year Annual Fee:	\$6,000
Second Year Annual Fee:	\$6,300
Third Year Annual Fee:	\$6,615
Fourth Year Annual Fee:	\$6,944
Fifth Year Annual Fee:	\$7,292

~~The First Year Annual Fee is payable in a lump sum immediately after you open your Facility and covers the first year following the Anniversary Date. Each remaining Annual Fee is payable in advance on or before each successive anniversary of the Anniversary Date during the Term. Annual Fees are fully earned by us when paid and are not refundable.~~ 3. **Releases.** The following is added to the end of Subsections I.3(e) and K.3 of the Franchise Agreement:

; however, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

4.3. **Renewal and Termination.** The following is added to the end of Subsections K.2 and L.2 of the Franchise Agreement:

However, with respect to franchises governed by Minnesota law, we 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 of non-renewal of this Agreement.

5.4. Payment of Amounts Owed to Us. The following is added as a new fourth sentence to Subsection M.1 of the Franchise Agreement:

We and you acknowledge that certain parts of this provision are not enforceable under Minn. Rule Part 2860.440J; however, we and you agree to enforce the provision to the extent the law allows.

6.5. Arbitration. The second paragraph of Subsection O.6 of the Franchise Agreement is deleted in its entirety and replaced with the following:

Arbitration must be conducted on an individual, not a class-wide, basis, ~~and an arbitration proceeding between us and; only we (and/or our Affiliates, and our and their respective shareholders, officers, directors, agents, and employees,) and you (and/or your Owners, guarantors, affiliates Affiliates, officers, directors, agents, and employees, if applicable) may not be the parties to any arbitration proceeding described in this Subsection; and no such arbitration proceeding may~~ be consolidated with any other arbitration proceeding between us and any other person, corporation, limited liability company, or partnership. Notwithstanding anything to the contrary contained in this Subsection, we and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction. The provisions of this Subsection will continue in full force and effect notwithstanding the termination or expiration of this Agreement and are intended to benefit and bind certain third party non-signatories.

7.6. Governing Law. The following is added to the end of Subsection O.7 of the Franchise Agreement:

However, nothing in this Agreement shall abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

8.7. Consent to Jurisdiction. The following is added to the end of Subsection O.8 of the Franchise Agreement:

However, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us, except in certain specified cases, from requiring litigation to be conducted outside Minnesota. Nothing in this Franchise Agreement shall abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

9.8. Waiver of Punitive Damages. If required by the Minnesota Franchises Law, Subsection O.9 of the Franchise Agreement is deleted.

~~10.9~~ **Limitations of Claims.** The following is added to the end of Subsection O.10 of the Franchise Agreement:

However, Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than three (3) years after the cause of action accrues.

[The remainder of this page is intentionally left blank.]

INTENDING TO BE LEGALLY BOUND, the parties have executed and delivered this Rider on the date stated on the first page.

GOLD'S GYM FRANCHISING, INC.

By: _____
Title: _____

By: _____
Title: _____

Address: 358 Hampton Drive
Venice, California 90291

IF FRANCHISEE IS A CORPORATION, LIMITED LIABILITY COMPANY, OR LIMITED PARTNERSHIP:

Name of Franchisee

Signed: _____

Title: _____

Address: _____

IF FRANCHISEE IS A SOLE PROPRIETORSHIP OR GENERAL PARTNERSHIP:

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

**RIDER TO THE GOLD'S GYM FRANCHISING, INC.
CHARTER FRANCHISE AGREEMENT
FOR USE IN NEW YORK**

This Rider is entered into this ____ day of _____, 200__ by and between **GOLD'S GYM FRANCHISING, INC.**, a Delaware corporation ("we," "us," or "our"), and _____ ("you" or "your").

1. **Background.** We and you are parties to that certain Franchise Agreement dated _____, 200__ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of New York and the Facility that you will operate under the Franchise Agreement will be located or operated in New York; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in New York.

2. **Transfer-By Us.** The following is added to the end of Subsection I.1 of the Franchise Agreement:

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

3. **Releases.** The following is added to the end of Subsections I.3(e) and K.3 of the Franchise Agreement:

; however, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of the proviso that the non-waiver provisions of General Business Law 687 and 687.5 be satisfied.

4. **Termination of Agreement-By Either Party.** The following is added to the end of Subsection L.1 of the Franchise Agreement:

You also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. **Governing Law and Consent to Jurisdiction.** The following is added to the end of Subsections O.7 and O.8 of the Franchise Agreement:

This Subsection shall not be considered a waiver of any right conferred upon you by Article 33 of the General Business Law of the State of New York.

INTENDING TO BE LEGALLY BOUND, the parties have executed and delivered this Rider on the date stated on the first page.

GOLD'S GYM FRANCHISING, INC.

By: _____
Title: _____

By: _____
Title: _____

Address: 358 Hampton Drive
Venice, California 90291

IF FRANCHISEE IS A CORPORATION, LIMITED LIABILITY COMPANY, OR LIMITED PARTNERSHIP:

Name of Franchisee

Signed: _____

Title: _____

Address: _____

IF FRANCHISEE IS A SOLE PROPRIETORSHIP OR GENERAL PARTNERSHIP:

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

**RIDER TO THE GOLD'S GYM FRANCHISING, INC.
CHARTER FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA**

This Rider is entered into this ____ day of _____, 200__, by and between **GOLD'S GYM FRANCHISING, INC.**, a Delaware corporation ("we," "us," or "our"), and _____ ("you" or "your").

1. **Background.** We and you are parties to that certain Franchise Agreement dated _____, 200__ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of North Dakota and the Facility that you will operate under the Franchise Agreement will be located or operated in North Dakota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in North Dakota.

2. **Releases.** The following is added to the end of Subsections I.3(e) and K.3 of the Franchise Agreement:

; however, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3. **Payment of Amounts Owed to Us.** The following is added as a new fourth sentence to Subsection M.1 of the Franchise Agreement:

We and you acknowledge that certain parts of this provision might not be enforceable under the North Dakota Franchise Investment Law; however, we and you agree to enforce the provision to the extent the law allows.

4. **Arbitration.** Subsection O.6 of the Franchise Agreement is deleted and replaced with the following:

Except for controversies, disputes, or claims related to or based on your use of the Marks after the expiration or termination of this Agreement, all disputes between us and our Affiliates, and our and their respective shareholders, officers, directors, agents, and employees, and you (and/or your Owners, guarantors, Affiliates, officers, directors, agents, and employees, if applicable) arising out of or related to this Agreement, any other agreement between us and you, or any aspect of our and your relationship, including the arbitrability of the dispute or the validity of any provision of this Agreement, including this Subsection, will be determined exclusively by binding arbitration to be conducted by one (1) arbitrator under the then current commercial arbitration rules of the American Arbitration Association. Arbitration proceedings must be held exclusively at a suitable location to be chosen by the arbitrator which is within ten (10) miles of our then existing principal business address; however to the extent required by

the North Dakota Franchise Investment Law (unless preempted by the Federal Arbitration Act), arbitration proceedings will be held at a site to which we and you agree. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.). Judgment upon the award may be entered in any court of competent jurisdiction. We and you agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. We and you further agree that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us and shall not have the right to declare any Mark generic or otherwise invalid. Except as described in Section O.9, we and you and your Owners waive to the fullest extent permitted by law any right to or claim for, and the arbitrator may not award, any punitive or exemplary damages against the other. ~~We and you and your Owners~~ agree that, in the event of a dispute between you and us, the party making a claim will be limited to equitable relief and to recovery of any actual damages he, she, or it sustains.

Arbitration must be conducted on an individual, not a class-wide, basis, ~~and an arbitration proceeding between us and; only we (and/or our Affiliates, and our and their respective shareholders, officers, directors, agents, and employees,) and you (and/or your Owners, guarantors, affiliates Affiliates, officers, directors, agents, and employees, if applicable) may not be the parties to any arbitration proceeding described in this Subsection; and no such arbitration proceeding may~~ be consolidated with any other arbitration proceeding between us and any other person, corporation, limited liability company, or partnership. Notwithstanding anything to the contrary contained in this Subsection, we and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction. The provisions of this Subsection will continue in full force and effect notwithstanding the termination or expiration of this Agreement and are intended to benefit and bind certain third party non-signatories.

5. **Governing Law.** Subsection O.7 of the Franchise Agreement is deleted and replaced with the following:

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (15 U.S.C. Sections 1051 et seq.), or other federal law, this Agreement, the Franchise, and all claims arising from the relationship between us and you will be governed by the laws of the State of California, without regard to its conflict of laws principles, except that (a) any California law regulating the sale of franchises, licenses, or business opportunities or governing the relationship of a franchisor and its

franchisee or the relationship of a licensor and its licensee will not apply unless its jurisdictional requirements are met independently without reference to this section; (b) the enforceability of those provisions of this Agreement which relate to restrictions on your (and your Owners') competitive activities will be governed by the laws of the state in which the Facility is located; and (c) to the extent required by the North Dakota Franchise Investment Law, North Dakota law will apply to this Agreement.

6. **Consent To Jurisdiction.** Subsection O.8 of the Franchise Agreement is deleted and replaced with the following:

Subject to our and your arbitration obligations in Section O.6, you and your Owners agree that all judicial actions brought by us against you or your Owners or by you or your Owners against us or our Affiliates, or our or their shareholders, officers, directors, agents, or employees, must be held exclusively in the state or federal court of general jurisdiction closest to where our principal business address then is located. You (and each Owner) irrevocably submit to the jurisdiction of such court and waive any objection you, he, or she may have to either jurisdiction or venue. However, to the extent required by the North Dakota Franchise Investment Law, subject to your arbitration obligation, you may bring an action in North Dakota. Notwithstanding the foregoing, we may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award, in any federal or state court in the state in which you reside or the Facility is located.

7. **Waiver of Punitive Damages.** To the extent required by the North Dakota Franchise Investment Law, Subsection O.9 of the Franchise Agreement is deleted.

8. **Limitations of Claims.** The following is added to the end of Subsection O.10 of the Franchise Agreement:

The time limitations set forth in this Subsection might be modified by the North Dakota Franchise Investment Law.

[The remainder of this page is intentionally left blank.]

INTENDING TO BE LEGALLY BOUND, the parties have executed and delivered this Rider on the date stated on the first page.

GOLD'S GYM FRANCHISING, INC.

By: _____
Title: _____

By: _____
Title: _____

Address: 358 Hampton Drive
Venice, California 90291

IF FRANCHISEE IS A CORPORATION, LIMITED LIABILITY COMPANY, OR LIMITED PARTNERSHIP:

Name of Franchisee

Signed: _____

Title: _____

Address: _____

IF FRANCHISEE IS A SOLE PROPRIETORSHIP OR GENERAL PARTNERSHIP:

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

**RIDER TO THE GOLD'S GYM FRANCHISING, INC.
CHARTER FRANCHISE AGREEMENT
FOR USE IN RHODE ISLAND**

This Rider is entered into this ____ day of _____, 200__, by and between **GOLD'S GYM FRANCHISING, INC.**, a Delaware corporation ("we," "us," or "our"), and _____ ("you" or "your").

1. **Background.** We and you are parties to that certain Franchise Agreement dated _____, 200__ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of Rhode Island and the Facility that you will operate under the Franchise Agreement will be located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Rhode Island.

2. **Governing Law.** Subsection O.7 of the Franchise Agreement is deleted and replaced with the following:

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (15 U.S.C. Sections 1051 et seq.), or other federal law, this Agreement, the Franchise, and all claims arising from the relationship between us and you will be governed by the laws of the State of California, without regard to its conflict of laws principles, except that (a) any California law regulating the sale of franchises, licenses, or business opportunities or governing the relationship of a franchisor and its franchisee or the relationship of a licensor and its licensee will not apply unless its jurisdictional requirements are met independently without reference to this section, (b) the enforceability of those provisions of this Agreement which relate to restrictions on your (and your Owners') competitive activities will be governed by the laws of the state in which the Facility is located, and (c) to the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.

3. **Consent to Jurisdiction.** Subsection O.8 of the Franchise Agreement is deleted and replaced with the following:

Subject to our and your arbitration obligations in Section O.6, you and your Owners agree that all judicial actions brought by us against you or your Owners or by you or your Owners against us or our Affiliates, or our or their shareholders, officers, directors, agents, or employees, must be held exclusively in the state or federal court of general jurisdiction closest to where our principal business address then is located. You (and each Owner) irrevocably submit to the jurisdiction of such court and waive any objection you, he, or she may have to either jurisdiction or venue. However, subject to your arbitration obligation, to

the extent required by applicable law, you may bring an action in Rhode Island for claims arising under the Rhode Island Franchise Investment Act. Notwithstanding the foregoing, we may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award, in any federal or state court in the state in which you reside or the Facility is located.

INTENDING TO BE LEGALLY BOUND, the parties have executed and delivered this Rider on the date stated on the first page.

GOLD'S GYM FRANCHISING, INC.

By: _____
Title: _____

By: _____
Title: _____

Address: 358 Hampton Drive
Venice, California 90291

IF FRANCHISEE IS A CORPORATION, LIMITED LIABILITY COMPANY, OR LIMITED PARTNERSHIP:

Name of Franchisee

Signed: _____

Title: _____

Address: _____

IF FRANCHISEE IS A SOLE PROPRIETORSHIP OR GENERAL PARTNERSHIP:

Signature

Signature

Printed Name

Printed Name

Signature

Signature

Printed Name

Printed Name

**RIDER TO THE GOLD'S GYM FRANCHISING, INC.
CHARTER FRANCHISE AGREEMENT
FOR USE IN WASHINGTON**

This Rider is entered into this ____ day of _____, 200__, by and between **GOLD'S GYM FRANCHISING, INC.**, a Delaware corporation ("we," "us," or "our"), and _____ ("you" or "your").

1. **Background.** We and you are parties to that certain Franchise Agreement dated _____, 200__ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of Washington; and/or (b) the Facility that you will operate under the Franchise Agreement will be located or operated in Washington; and/or (c) any of the offering or sales activity relating to the Franchise Agreement occurred in Washington.

2. **Washington Law.** The following is added as new Section O.15 to the Franchise Agreement:

15. Washington Law. The State of Washington has a statute, RCW 19.100.180 (the "Act"), which might supersede this Agreement in your relationship with us, including the areas of termination and renewal of your franchise. There might also be court decisions which supersede the Agreement in your relationship with us, including termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, if required by the Act (unless the Act is preempted by the Federal Arbitration Act), 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.

In the event of a conflict of laws, to the extent required by the Act, the provisions of the Act, Chapter 19.100 RCW, shall prevail.

To the extent required by the Act, a release or waiver of rights executed by you shall not include rights under the Act, except when executed pursuant to a negotiated settlement after the Franchise 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, or rights or remedies under the Act, such as a right to a jury trial, might not be enforceable; however, we and you agree to enforce them to the extent the law allows.

To the extent required by the Act, transfer fees are collectable to the extent that they reflect our reasonable estimate or actual costs in effecting a transfer.

The undersigned acknowledges receipt of this Rider.

INTENDING TO BE LEGALLY BOUND, the parties have executed and delivered this Rider on the date stated on the first page.

GOLD'S GYM FRANCHISING, INC.

By: _____
Title: _____

By: _____
Title: _____

Address: 358 Hampton Drive
Venice, California 90291

IF FRANCHISEE IS A CORPORATION, LIMITED LIABILITY COMPANY, OR LIMITED PARTNERSHIP:

Name of Franchisee

Signed: _____

Title: _____

Address: _____

IF FRANCHISEE IS A SOLE PROPRIETORSHIP OR GENERAL PARTNERSHIP:

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE
STATE-SPECIFIC RIDERS TO THE
DEVELOPMENT RIGHTS AGREEMENT**

Gold's Gym 2003-2004-2005 State Pages
30292318-630426704.2

**RIDER TO THE GOLD'S GYM FRANCHISING, INC.
DEVELOPMENT RIGHTS AGREEMENT
FOR USE IN ILLINOIS**

This Rider is entered into this ____ day of _____, 200__, by and between GOLD'S GYM FRANCHISING, INC., a Delaware corporation ("we," "us," or "our"), and _____ ("you" or "your").

1. **Background.** We and you are parties to that certain Development Rights Agreement dated _____, 200__ (the "Development Rights Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Development Rights Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Development Rights Agreement occurred in Illinois and the business that you will operate under the Development Rights Agreement will be located in Illinois, and/or (b) you are a resident of Illinois.

2. **Governing Law.** Subsection O.7 of our current standard form of Franchise Agreement, incorporated by reference under Section 10 of the Development Rights Agreement, is deleted and replaced with the following:

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (15 U.S.C. Sections 1051 et seq.), or other federal law, this Agreement, the Franchise, and all claims arising from the relationship between us and you will be governed by the laws of the State of Illinois as long as the jurisdictional requirements of such Illinois laws are met independently without reference to this paragraph. If the jurisdictional requirements of any Illinois laws are not met independently, then this Agreement, the Franchise, and all claims arising from the relationship between us and you will, to that extent only, be governed by the laws of the State of California, without regard to its conflict of laws principles, except that (a) any California law regulating the sale of franchises, licenses, or business opportunities or governing the relationship of a franchisor and its franchisee or the relationship of a licensor and its licensee will not apply unless its jurisdictional requirements are met independently without reference to this Section, and (b) the enforceability of those provisions of this Agreement which relate to restrictions on your (and your Owners') competitive activities will be governed by the laws of the state in which the Facility is located.

3. **Consent to Jurisdiction.** Subsection O.8 of our current standard form of Franchise Agreement, incorporated by reference under Section 10 of the Development Rights Agreement, is deleted and replaced with the following:

Subject to our and your arbitration obligations in Section O.6., you and your Owners agree that all judicial actions brought by us against you or your Owners or by you or your Owners against us or our Affiliates, or our or their

shareholders, officers, directors, agents, or employees, must be brought exclusively in a court located in Illinois.

4. **Limitations of Claims** Subsection O.10 of our current standard form of Franchise Agreement, incorporated by reference under Section 10 of the Development Rights Agreement, is deleted and replaced with the following:

Except for claims arising from your non-payment of amounts due us under this Agreement, any and all claims arising out of or relating to this Agreement or our relationship with you will be barred unless a legal action or arbitration proceeding is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims. However, this section shall not act as a condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987.

5. **Construction.** The first sentence of Subsection 0.11 of our current standard form of Franchise Agreement, incorporated by reference under Section 10 of the Development Rights Agreement, is deleted and replaced with the following:

The recitals and exhibits to this Agreement and your application for the rights this Agreement grants are a part of this Agreement, which, together with the Manuals and our System Standards, constitutes our and your entire agreement, and there are no other oral or other written understandings, representations, or agreements between us and you (except for our representations made in the Franchise Offering Circular that you received from us), relating to the subject matter of this Agreement.

INTENDING TO BE LEGALLY BOUND, the parties have executed and delivered this Rider on the date stated on the first page.

GOLD'S GYM FRANCHISING, INC.

By: _____

Title: _____

By: _____

Title: _____

Address: 358 Hampton Drive
Venice, California 90291

IF DEVELOPER IS A CORPORATION, LIMITED LIABILITY COMPANY, OR LIMITED PARTNERSHIP:

Name of Developer

Signed: _____

Title: _____

Address: _____

IF DEVELOPER IS A SOLE PROPRIETORSHIP OR GENERAL PARTNERSHIP:

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

**RIDER TO THE GOLD'S GYM FRANCHISING, INC.
DEVELOPMENT RIGHTS AGREEMENT
FOR USE IN MARYLAND**

This Rider is entered into this _____ day of _____, 200__, by and between **GOLD'S GYM FRANCHISING, INC.**, a Delaware corporation ("we," "us," or "our"), and _____ ("you" or "your").

1. **Background.** We and you are parties to that certain Development Rights Agreement dated _____, 200__ (the "Development Rights Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Development Rights Agreement. This Rider is being signed because (a) you are a resident of Maryland, and/or (b) the business that you will operate under the Development Rights Agreement will be located in Maryland.

2. **Development Fee.** ~~Section 3 of the Development Rights Agreement is deleted in its entirety and replaced with the following:~~

~~You must pay us a "Development Fee" in a lump sum on the date your first Facility begins operating. Your "Development Fee" equals Ten Thousand Dollars (\$10,000.00) multiplied by the number of Facilities that you agree to develop under this Agreement. The Development Fee is fully earned by us upon payment and is non-refundable.~~3. **Governing Law.** Subsection O.7 of our current standard form of Franchise Agreement, incorporated by reference under Section 10 of the Development Rights Agreement, is deleted and replaced with the following:

All matters relating to arbitration will be governed by the Federal Arbitration Act Sections 1 *et seq.*) Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (15 U.S.C. Sections 1051 *et seq.*), or other federal law, this Agreement and all claims arising from the relationship between us and you will be governed by the laws of the State of California, without regard to its conflict of laws principles, except that (a) any California law regulating the sale of franchises, licenses, or business opportunities or governing the relationship of a franchisor and its franchisee or the relationship of a licensor and its licensee will not apply unless its jurisdictional requirements are met independently without reference to this Section, and (b) Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

4.3. **Consent to Jurisdiction.** Subsection O.8 of our current standard form of Franchise Agreement, incorporated by reference under Section 10 of the Development Rights Agreement, is deleted and replaced with the following:

Subject to our and your arbitration obligations in Section O.6, you and your Owners agree that all judicial actions brought by us against you or your

Owners or by you or your Owners against us or our Affiliates, or our or their shareholders, officers, directors, agents, or employees, must be held exclusively in the state or federal court of general jurisdiction closest to where our principal business address then is located. You (and each Owner) irrevocably submit to the jurisdiction of such court and waive any objection you, he, or she may have to either jurisdiction or venue. However, subject to your arbitration obligation, you may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Notwithstanding the foregoing, we may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award, in any federal or state court in the state in which you reside or your business is located.

5.4. Limitations of Claims. The following is added to the end of Subsection O.10 of our current standard form of Franchise Agreement, incorporated by reference under Section 10 of the Development Rights Agreement:

; provided, however, that this limitation of claims shall not act to reduce the three (3) year statute of limitations afforded you for bringing a claim under the Maryland Franchise Registration and Disclosure Law.

INTENDING TO BE LEGALLY BOUND, the parties have executed and delivered this Rider on the date stated on the first page.

GOLD'S GYM FRANCHISING, INC.

By: _____
Title: _____

By: _____
Title: _____

Address: 358 Hampton Drive
Venice, California 90291

IF DEVELOPER IS A CORPORATION, LIMITED LIABILITY COMPANY, OR LIMITED PARTNERSHIP:

Name of Developer

Signed: _____

Title: _____

Address: _____

IF DEVELOPER IS A SOLE PROPRIETORSHIP OR GENERAL PARTNERSHIP:

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

**RIDER TO THE GOLD'S GYM FRANCHISING, INC.
DEVELOPMENT RIGHTS AGREEMENT
FOR USE IN MINNESOTA**

This Rider is entered into this ____ day of _____, 200__, by and between GOLD'S GYM FRANCHISING, INC., a Delaware corporation ("we," "us," or "our"), and _____ ("you" or "your").

1. **Background.** We and you are parties to that certain Development Rights Agreement dated _____, 200__ (the "Development Rights Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Development Rights Agreement. This Rider is being signed because (a) the business that you will operate under the Development Rights Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Development Rights Agreement occurred in Minnesota.

2. **Development Fee.** ~~Section 3 of the Development Rights Agreement is deleted in its entirety and replaced with the following:~~

~~You must pay us a "Development Fee" in a lump sum on the date your first Facility opens for business. Your "Development Fee" equals Ten Thousand Dollars (\$10,000.00) multiplied by the number of Facilities that you agree to develop under this Agreement. The Development Fee is fully earned by us upon payment and is non-refundable.~~

3.2. **Termination.** The following is added to the end of Section 8 of the Development Rights Agreement:

However, to the extent required by applicable law, we 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).

4.3. **Governing Law.** The following is added to the end of Subsection O.7 of our current standard form of Franchise Agreement, incorporated by reference under Section 10 of the Development Rights Agreement:

However, nothing in this Agreement shall abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

5.4. Consent to Jurisdiction. The following is added to the end of Subsection O.8 of our current standard form of Franchise Agreement, incorporated by reference under Section 10 of the Development Rights Agreement:

However, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us, except in certain specified cases, from requiring litigation to be conducted outside Minnesota. Nothing in this Agreement shall abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

6.5. Waiver of Punitive Damages. If required by the Minnesota Franchises Law, Subsection O.9 of our current standard form of Franchise Agreement, incorporated by reference under Section 10 of the Development Rights Agreement, is deleted.

7.6. Limitations of Claims. The following is added to the end of Subsection O.10 of our current standard form of Franchise Agreement, incorporated by reference under Section 10 of the Development Rights Agreement:

However, Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than three (3) years after the cause of action accrues.

~~{The remainder of this page is intentionally left blank.}~~

INTENDING TO BE LEGALLY BOUND, the parties have executed and delivered this Rider on the date stated on the first page.

GOLD'S GYM FRANCHISING, INC.

By: _____
Title: _____

By: _____
Title: _____

Address: 358 Hampton Drive
Venice, California 90291

IF DEVELOPER IS A CORPORATION, LIMITED LIABILITY COMPANY, OR LIMITED PARTNERSHIP:

Name of Developer

Signed: _____

Title: _____

Address: _____

IF DEVELOPER IS A SOLE PROPRIETORSHIP OR GENERAL PARTNERSHIP:

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

**RIDER TO THE GOLD'S GYM FRANCHISING, INC.
DEVELOPMENT RIGHTS AGREEMENT
FOR USE IN NEW YORK**

This Rider is entered into this ____ day of _____, 200__, by and between GOLD'S GYM FRANCHISING, INC., a Delaware corporation ("we," "us," or "our"), and _____ ("you" or "your").

1. **Background.** We and you are parties to that certain Development Rights Agreement dated _____, 200__ (the "Development Rights Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Development Rights Agreement. This Rider is being signed because (a) you are a resident of New York and the business that you will operate under the Development Rights Agreement will be located or operated in New York; and/or (b) any of the offering or sales activity relating to the Development Rights Agreement occurred in New York.

2. **Termination.** The following is added to the end of Section 8 of the Development Rights Agreement:

You may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

3. **Assignment.** The following is added to the end of Section 9 of the Development Rights Agreement:

However, to the extent required by applicable law, we will not assign this Agreement except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

4. **Governing Law and Consent to Jurisdiction.** The following is added to the end of Subsections O.7 and O.8 of our current standard form of Franchise Agreement, incorporated by reference under Section 10 of the Development Rights Agreement:

This Subsection shall not be considered a waiver of any right conferred upon you by Article 33 of the General Business Law of the State of New York.

INTENDING TO BE LEGALLY BOUND, the parties have executed and delivered this Rider on the date stated on the first page.

GOLD'S GYM FRANCHISING, INC.

By: _____
Title: _____

By: _____
Title: _____

Address: 358 Hampton Drive
Venice, California 90291

IF DEVELOPER IS A CORPORATION, LIMITED LIABILITY COMPANY, OR LIMITED PARTNERSHIP:

Name of Developer

Signed: _____

Title: _____

Address: _____

IF DEVELOPER IS A SOLE PROPRIETORSHIP OR GENERAL PARTNERSHIP:

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

**RIDER TO THE GOLD'S GYM FRANCHISING, INC.
DEVELOPMENT RIGHTS AGREEMENT
FOR USE IN NORTH DAKOTA**

This Rider is entered into this ____ day of _____, 200__, by and between GOLD'S GYM FRANCHISING, INC., a Delaware corporation ("we," "us," or "our"), and _____ ("you" or "your").

1. **Background.** We and you are parties to that certain Development Rights Agreement dated _____, 200__ (the "Development Rights Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Development Rights Agreement. This Rider is being signed because (a) you are a resident of North Dakota and the business that you will operate under the Development Rights Agreement will be located or operated in North Dakota; and/or (b) any of the offering or sales activity relating to the Development Rights Agreement occurred in North Dakota.

2. **Arbitration.** Subsection O.6 of our current standard form of Franchise Agreement, incorporated by reference under Section 10 of the Development Rights Agreement, is deleted and replaced with the following:

Except for controversies, disputes, or claims related to or based on your use of the Marks after the expiration or termination of this Agreement, all disputes between us and our Affiliates, and our and their respective shareholders, officers, directors, agents, and employees, and you (and/or your Owners, guarantors, Affiliates, officers, directors, agents, and employees, if applicable) arising out of or related to this Agreement, any other agreement between us and you, or any aspect of our and your relationship, including the arbitrability of the dispute or the validity of any provision of this Agreement, including this Subsection, will be determined exclusively by binding arbitration to be conducted by three (3) arbitrators under the then current commercial arbitration rules of the American Arbitration Association. Arbitration proceedings must be held exclusively at a suitable location to be chosen by the arbitrators which is within ten (10) miles of our then existing principal business address; however, to the extent required by the North Dakota Franchise Investment Law (unless preempted by the Federal Arbitration Act), arbitration proceedings will be held at a site to which we and you agree. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.). Judgment upon the award may be entered in any court of competent jurisdiction. We and you agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. We and you further agree that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrators may not consider any settlement discussions or offers that might have been made by either you or us and shall not have the right

to declare any Mark generic or otherwise invalid. Except as described in Section O.9, we and you and your Owners waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary ~~damages~~ damages against the other. ~~We and you and your Owners agree that, in the event of a dispute between you and us, the party making a claim will be limited to equitable relief and to recovery of any actual damages he, she, or it sustains.~~

Arbitration must be conducted on an individual, not a class-wide, basis, ~~and an arbitration proceeding between us and; only we (and/or our Affiliates, and our and their respective shareholders, officers, directors, agents, and employees,) and you (and/or your Owners, guarantors, affiliates~~ Affiliates, officers, directors, agents, and employees, if applicable) ~~may not be the parties to any arbitration proceeding described in this Subsection; and no such arbitration proceeding may~~ be consolidated with any other arbitration proceeding between us and any other person, corporation, limited liability company, or partnership. Notwithstanding anything to the contrary contained in this Subsection, we and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction. The provisions of this Subsection will continue in full force and effect notwithstanding the termination or expiration of this Agreement and are intended to benefit and bind certain third party non-signatories.

3. **Governing Law.** Subsection O.7 of our current standard form of Franchise Agreement, incorporated by reference under Section 10 of the Development Rights Agreement, is deleted and replaced with the following:

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. Sections 1 et seq.). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (15 U.S.C. Sections 1051 et seq.), or other federal law, this Agreement and all claims arising from the relationship between us and you will be governed by the laws of the State of California, without regard to its conflict of laws principles, except that (a) any California law regulating the sale of franchises, licenses, or business opportunities or governing the relationship of a franchisor and its franchisee, or the relationship of a licensor and its licensee will not apply unless its jurisdictional requirements are met independently without reference to this section; and (b) to the extent required by the North Dakota Franchise Investment Law, North Dakota law will apply to this Agreement.

4. **Consent To Jurisdiction.** Subsection O.8 of our current standard form of Franchise Agreement, incorporated by reference under Section 10 of the Development Rights Agreement, is deleted and replaced with the following:

Subject to our and your arbitration obligations in Section O.6, you and your Owners agree that all judicial actions brought by us against you or your Owners or by you or your Owners against us or our Affiliates, or our or their shareholders, officers, directors, agents, or employees, must be held exclusively in

the state or federal court of general jurisdiction closest to where our principal business address then is located. You (and each Owner) irrevocably submit to the jurisdiction of such court and waive any objection you, he, or she may have to either jurisdiction or venue. However, to the extent required by the North Dakota Franchise Investment Law, subject to your arbitration obligation, you may bring an action in North Dakota. Notwithstanding the foregoing, we may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award, in any federal or state court in the state in which you reside or your business is located.

5. **Waiver of Punitive Damages.** To the extent required by the North Dakota Franchise Investment Law, Subsection O.9 of our current standard form of Franchise Agreement, incorporated by reference under Section 10 of the Development Rights Agreement, is deleted.

6. **Limitations of Claims.** The following is added to the end of Subsection O.10 of our current standard form of Franchise Agreement, incorporated by reference under Section 10 of the Development Rights Agreement:

The time limitations set forth in this Subsection might be modified by the North Dakota Franchise Investment Law.

[The remainder of this page is intentionally left blank.]

INTENDING TO BE LEGALLY BOUND, the parties have executed and delivered this Rider on the date stated on the first page.

GOLD'S GYM FRANCHISING, INC.

By: _____
Title: _____

By: _____
Title: _____

Address: 358 Hampton Drive
Venice, California 90291

IF DEVELOPER IS A CORPORATION, LIMITED LIABILITY COMPANY, OR LIMITED PARTNERSHIP:

Name of Developer

Signed: _____

Title: _____

Address: _____

IF DEVELOPER IS A SOLE PROPRIETORSHIP OR GENERAL PARTNERSHIP:

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

**RIDER TO THE GOLD'S GYM FRANCHISING, INC.
DEVELOPMENT RIGHTS AGREEMENT
FOR USE IN RHODE ISLAND**

This Rider is entered into this _____ day of _____, 200__, by and between GOLD'S GYM FRANCHISING, INC., a Delaware corporation ("we," "us," or "our"), and _____ ("you" or "your").

1. **Background.** We and you are parties to that certain Development Rights Agreement dated _____, 200__ (the "Development Rights Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Development Rights Agreement. This Rider is being signed because (a) you are a resident of Rhode Island and the business that you will operate under the Development Rights Agreement will be located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Development Rights Agreement occurred in Rhode Island.

2. **Governing Law.** Subsection O.7 of our current standard form of Franchise Agreement, incorporated by reference under Section 10 of the Development Rights Agreement, is deleted and replaced with the following:

All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. Sections 1 *et seq.*). Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (15 U.S.C. Sections 1051 *et seq.*), or other federal law, this Agreement and all claims arising from the relationship between us and you will be governed by the laws of the State of California, without regard to its conflict of laws principles, except that (a) any California law regulating the sale of franchises, licenses, or business opportunities or governing the relationship of a franchisor and its franchisee, or the relationship of a licensor and its licensee, will not apply unless its jurisdictional requirements are met independently without reference to this section, and (b) to the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.

3. **Consent to Jurisdiction.** Subsection O.8 of our current standard form of Franchise Agreement, incorporated by reference under Section 10 of the Development Rights Agreement, is deleted and replaced with the following:

Subject to our and your arbitration obligations in Section O.6, you and your Owners agree that all judicial actions brought by us against you or your Owners or by you or your Owners against us or our Affiliates, or our or their shareholders, officers, directors, agents, or employees, must be held exclusively in the state or federal court of general jurisdiction closest to where our principal business address then is located. You (and each Owner) irrevocably submit to the jurisdiction of such court and waive any objection you, he, or she may have to either jurisdiction or venue. However, subject to your arbitration obligation, to the extent required by applicable law, you may bring an action in Rhode Island for

claims arising under the Rhode Island Franchise Investment Act. Notwithstanding the foregoing, we may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award, in any federal or state court in the state in which you reside or your business is located.

INTENDING TO BE LEGALLY BOUND, the parties have executed and delivered this Rider on the date stated on the first page.

GOLD'S GYM FRANCHISING, INC.

By: _____
Title: _____

By: _____
Title: _____

Address: 358 Hampton Drive
Venice, California 90291

IF DEVELOPER IS A CORPORATION, LIMITED LIABILITY COMPANY, OR LIMITED PARTNERSHIP:

Name of Developer

Signed: _____

Title: _____

Address: _____

IF DEVELOPER IS A SOLE PROPRIETORSHIP OR GENERAL PARTNERSHIP:

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

**RIDER TO THE GOLD'S GYM FRANCHISING, INC.
DEVELOPMENT RIGHTS AGREEMENT
FOR USE IN WASHINGTON**

This Rider is entered into this _____ day of _____, 200__, by and between GOLD'S GYM FRANCHISING, INC., a Delaware corporation ("we," "us," or "our"), and _____ ("you" or "your").

1. **Background.** We and you are parties to that certain Development Rights Agreement dated _____, 200__ (the "Development Rights Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Development Rights Agreement. This Rider is being signed because (a) you are a resident of Washington; and/or (b) the business that you will operate under the Development Rights Agreement will be located or operated in Washington; and/or (c) any of the offering or sales activity relating to the Development Rights Agreement occurred in Washington.

2. **Washington Law.** The following is added as new Section 11 to the Development Rights Agreement:

11. Washington Law. The State of Washington has a statute, RCW 19.100.180 (the "Act"), which might supersede this Agreement in your relationship with us, including the areas of termination and renewal of this Agreement. There might also be court decisions which supersede the Agreement in your relationship with us, including termination and renewal of this Agreement.

In any arbitration involving a franchise purchased in Washington, if required by the Act (unless the Act is preempted by the Federal Arbitration Act), 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.

In the event of a conflict of laws, to the extent required by the Act, the provisions of the Act, Chapter 19.100 RCW, shall prevail.

Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act, such as a right to a jury trial, might not be enforceable.

The undersigned acknowledges receipt of this Rider.

INTENDING TO BE LEGALLY BOUND, the parties have executed and delivered this Rider on the date stated on the first page.

GOLD'S GYM FRANCHISING, INC.

By: _____
Title: _____

By: _____
Title: _____

Address: 358 Hampton Drive
Venice, California 90291

IF DEVELOPER IS A CORPORATION, LIMITED LIABILITY COMPANY, OR LIMITED PARTNERSHIP:

Name of Developer

Signed: _____

Title: _____

Address: _____

IF DEVELOPER IS A SOLE PROPRIETORSHIP OR GENERAL PARTNERSHIP:

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

**RIDER TO THE GOLD'S GYM FRANCHISING, INC.
PRELIMINARY AGREEMENT FOR CHARTER FRANCHISEES
FOR USE IN MARYLAND**

This Rider is entered into this _____ day of _____, 200____, by and between **GOLD'S GYM FRANCHISING, INC.**, a Delaware corporation ("we," "us," or "our"), and _____ ("you" or "your").

1. We and you are parties to that certain Preliminary Agreement for Charter Franchisees dated _____, 200____ (the "Preliminary Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Preliminary Agreement. This Rider is being signed because (a) you are a resident of Maryland, and/or (b) the Gold's Gym Facility that you will operate if you sign a Franchise Agreement with us will be located in Maryland.

2. Section 2 of the Preliminary Agreement is deleted in its entirety.

3. The last sentence in Section 5 of the Preliminary Agreement is deleted in its entirety.

4. Section 7 of the Preliminary Agreement is deleted in its entirety.

~~INTENDING TO BE LEGALLY BOUND~~, the parties have executed and delivered this Rider on the date stated above.

GOLD'S GYM FRANCHISING, INC.

a Delaware corporation

NAME OF APPLICANT

By: _____

Signed: _____

Its: _____

Title: _____

By: _____

Address: _____

Its: _____

Address: 358 Hampton Drive
Venice, California 90291

NAME OF APPLICANT

Signed: _____

Title: _____

Address: _____

NEW YORK REPRESENTATIONS PAGE

THE FRANCHISOR REPRESENTS THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

RECEIPT

THIS OFFERING CIRCULAR SUMMARIZES PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS OFFERING CIRCULAR AND ALL AGREEMENTS CAREFULLY.

IF WE OFFER YOU A FRANCHISE, WE MUST PROVIDE THIS OFFERING CIRCULAR TO YOU BY THE EARLIEST OF:

- A. THE FIRST PERSONAL MEETING TO DISCUSS OUR FRANCHISE; OR
- B. TEN BUSINESS DAYS (14 CALENDAR DAYS IN ILLINOIS) BEFORE SIGNING OF A BINDING AGREEMENT; OR
- C. TEN BUSINESS DAYS (14 CALENDAR DAYS IN ILLINOIS) BEFORE ANY PAYMENT TO US.

YOU MUST ALSO RECEIVE A FRANCHISE AGREEMENT CONTAINING ALL MATERIAL TERMS AT LEAST FIVE BUSINESS DAYS BEFORE YOU SIGN ANY FRANCHISE AGREEMENT.

IF WE DO NOT DELIVER THIS OFFERING CIRCULAR ON TIME, OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND THE APPROPRIATE STATE AGENCY IDENTIFIED ON EXHIBIT 1.

We authorize the appropriate state agency identified on Exhibit 1 to receive service of process for us in the particular state.

I have received a Multistate Franchise Offering Circular issued on March 30, 2004 and effective in the franchise registration states on the dates noted in Exhibit 1. This Offering Circular included the following Exhibits:

- 1. List of State Agencies/Agents for Service of Process/State Effective Dates
- 2. Standard Franchise Agreement
- 3. Charter Franchise Agreement
- 4. Development Rights Agreement
- 5. List of Franchisees
- 6. List of Franchisees Who Have Left the System
- 7. Financial Statements
- 8. Manual Table of Contents
- 9. Training Curriculum
- 10. Additional Disclosures and Riders Required by State Franchise Laws

Date

Prospective Franchisee

RECEIPT

THIS OFFERING CIRCULAR SUMMARIZES PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS OFFERING CIRCULAR AND ALL AGREEMENTS CAREFULLY.

IF WE OFFER YOU A FRANCHISE, WE MUST PROVIDE THIS OFFERING CIRCULAR TO YOU BY THE EARLIEST OF:

- A. THE FIRST PERSONAL MEETING TO DISCUSS OUR FRANCHISE; OR
- B. TEN BUSINESS DAYS (14 CALENDAR DAYS IN ILLINOIS) BEFORE SIGNING OF A BINDING AGREEMENT; OR
- C. TEN BUSINESS DAYS (14 CALENDAR DAYS IN ILLINOIS) BEFORE ANY PAYMENT TO US.

YOU MUST ALSO RECEIVE A FRANCHISE AGREEMENT CONTAINING ALL MATERIAL TERMS AT LEAST FIVE BUSINESS DAYS BEFORE YOU SIGN ANY FRANCHISE AGREEMENT.

IF WE DO NOT DELIVER THIS OFFERING CIRCULAR ON TIME, OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND THE APPROPRIATE STATE AGENCY IDENTIFIED ON EXHIBIT 1.

We authorize the appropriate state agency identified on Exhibit 1 to receive service of process for us in the particular state.

I have received a Multistate Franchise Offering Circular issued on March 30, 2004 and effective in the franchise registration states on the dates noted in Exhibit 1. This Offering Circular included the following Exhibits:

- 1. List of State Agencies/Agents for Service of Process/State Effective Dates
- 2. Standard Franchise Agreement
- 3. Charter Franchise Agreement
- 4. Development Rights Agreement
- 5. List of Franchisees
- 6. List of Franchisees Who Have Left the System
- 7. Financial Statements
- 8. Manual Table of Contents
- 9. Training Curriculum
- 10. Additional Disclosures and Riders Required by State Franchise Laws

Date

Prospective Franchisee