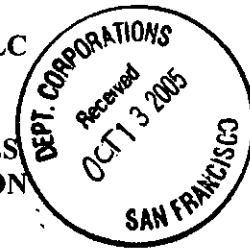


PERSONAL TRAINING INSTITUTE FRANCHISE, LLC

INFORMATION FOR PROSPECTIVE FRANCHISEES
REQUIRED BY THE FEDERAL TRADE COMMISSION



TO PROTECT YOU, WE HAVE REQUIRED YOUR FRANCHISOR TO GIVE YOU THIS INFORMATION. WE HAVE NOT CHECKED IT, AND DO NOT KNOW IF IT IS CORRECT. IT SHOULD HELP YOU MAKE UP YOUR MIND. STUDY IT CAREFULLY. WHILE IT INCLUDES SOME INFORMATION ABOUT YOUR CONTRACT, DO NOT RELY ON IT ALONE TO UNDERSTAND YOUR CONTRACT. READ ALL OF YOUR 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 HAS 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

PERSONAL TRAINING INSTITUTE FRANCHISE, LLC

a New York corporation

1C Miller Place

Smithtown, NY 11787

Telephone: (631) 366-2510

This franchise is for the operation of one on one fitness and nutrition centers providing men and women with the opportunity to train under the supervision of a personal trainer and a nutritionist.

The initial franchise fee is \$19,500 for a single Fitness Center. The estimated initial investment required ranges from \$99,350 to \$188,300.

RISK FACTORS:

1. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT REQUIRE THE FRANCHISEE TO ARBITRATE WITH THE FRANCHISOR ONLY IN NEW YORK. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE WITH THE FRANCHISOR IN NEW YORK THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATE THAT THE LAW OF THE FRANCHISOR'S HOME STATE GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

INFORMATION ABOUT COMPARISONS OF FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATOR LISTED ON 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 AGENCIES LISTED ON EXHIBIT 1 TO THIS OFFERING CIRCULAR.

Effective Date: _____

FOR USE ONLY IN THE STATE OF CALIFORNIA

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RECEIPT

ITEM 1
THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES

The Franchisor

Personal Training Institute Franchise, LLC, (“we”, “our” or “us”) is a New York limited liability company that was formed on September 7, 2004 and has its principal place of business at 1C Miller Place, Smithtown, NY 11787. We do business under our corporate and under our trade name “Personal Training Institute”. We will refer to the person who buys this franchise as “you” throughout this Offering Circular. If the franchise purchaser is a business entity, “you” also includes each partner, shareholder and/or other owner of that entity.

We are offering franchises for the operation of businesses operating under the “Personal Training Institute” name and which provide one on one, individualized personal training for men and women and which provide nutrition guidance to its clients. We do not operate a business that is being franchised. Our principals, Evan Kaplan & Carol Kur, have been involved with Personal Training Institute Centers for over 5 years. We have never offered franchises in any other line of business. We have not sold franchises anywhere but will begin selling in late 2004. Our agents for service of process are listed in Exhibit 1.

Our Affiliate/Predecessor

We have one affiliate, Personal Training Institute, LLC, (“Personal Training Institute LLC”) that currently owns and operates eight Personal Training Institute centers, located at Commack, Huntington, Jericho, Rockville Centre, Plainview, Port Washington, Setauket, and Smithtown in New York. Personal Training Institute LLC owns the marks that will be licensed to you, and has entered into a non-cancelable sub-license with us to use the name and to license it to our franchisees.

The System

Our system includes a proprietary method of interior design, layout, decor, color scheme, fixtures and furnishings; materials and supplies; methods, uniform standards, specifications and procedures for operations; procedures for management control; training and assistance; and merchandising, advertising and promotional programs, all of which may be changed, improved and further developed (the “System”).

The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including the mark “Personal Training Institute” as is now designated and may in the future be designated by us in writing for use with the System (the “Proprietary Mark”).

We will offer “Personal Training Institute” franchises to operators who will operate a fitness center at a new location. In addition, we may also offer our franchise to existing proprietors of exercise facilities who wish to convert their business to an “Personal Training Institute” fitness center (“Fitness Center”). Existing operators who convert their existing operations to “Personal Training Institute” might have a lower initial investment than those who construct new Fitness Centers (see Item 7).

Description of the Franchise Offered

We offer you a franchise agreement (the “Franchise Agreement”) which gives you the right to establish and operate one center in an area that we mutually agree on (“Fitness Center” or “Franchised

Business”). The Franchise Agreement gives you the right to use the Proprietary Mark and the System solely at the Fitness Center.

We offer franchises for the establishment of “Personal Training Institute” Fitness Centers to develop and create individualized fitness training programs for its clients and which are performed by a personal trainer in one-on-one thirty minute sessions two to three times a week by appointment only, in accordance with our System. Clients will also meet with a nutritionist once a week. Our Fitness Centers operate during specific hours of the day and conduct personal training sessions during these hours. Clients will typically register for a package of sessions or for our monthly plan that is a 12 month commitment.

Our concept is to provide personalized, individual training programs for men and women who desire a weight reduction, physical fitness and life improvement and extension alternative to the impersonal gym and athletic facility that has been the traditional method to accomplish these goals. Our experience is that users of our Fitness Centers are people who have a need for facilities close to their homes, seeking individualized training programs designed specifically to fulfill their individual needs and which do not place them on display as may occur at large coed public facilities where such individualization is limited.. Our typical Fitness Center is smaller in overall square footage than the typical gym, therefore, significantly reducing not only the overall total investment required to open and operate a Fitness Center but a substantial portion of day-to-day operating expenses including base rent, common area maintenance, taxes, insurance, electric, water, payroll and a wide variety of expenses normal of a full size gym.

The Fitness Center’s standard design plans include minimal space for local centers based on the assumption that most members need to arrive, participate and return home. The Fitness Center’s concept does not typically include lavish facilities, swimming pools, racquetball courts, saunas, whirlpools, etc., due to the large cash investment and ongoing overhead expense these facilities require. The typical Fitness Center maintains a high profile position within the immediate trade area that will be at a site that has a high traffic count, is visible from the street, is easily accessible and is in a general area that includes a residential neighborhoods having a middle-class demographic profile. The Fitness Centers feature strength training machines and several pieces of cardiovascular equipment - no free weights. You must join related fitness and personal training related associations.

Industry Specific Regulations

You may be required to comply with your state’s statutes or regulations regulating Health Spas, Health Clubs and Health Centers, if these laws exist in your state. For example:

Texas. Tex. Rev. Civ. Stat. Ann. art. 5221L entitled the Health Spa Act requires health spas to provide certain disclosures to prospective members and provide certain financial guarantees including obtaining certain bonds and imposing certain restrictions.

Florida. Sections 501.012 through 501.019 of the Florida Statutes entitled the Health Studio Act requires health spas to provide certain disclosures to prospective members and provide certain financial guarantees including obtaining certain bonds and imposing certain restrictions.

Kentucky. KY. Rev. Civ. Stat. Ann. art. KRS 367.900-367.930 entitled the Health Spa Act requires health spas to provide certain disclosures to prospective members and provide certain financial guarantees including obtaining certain bonds and imposing certain restrictions.

Pennsylvania. PA. Rev. Civ. Stat. Ann. P. L. 672, No. 87, 73 P.S. 2161-2174 entitled the Health Club Act requires health spas to provide certain disclosures to prospective members and provide certain financial guarantees including obtaining certain bonds and imposing certain restrictions.

Tennessee. TN. Rev. Civ. Stat. Ann. Sec. 47-18-301 through 47-18-320 entitled the Health Club Act requires health spas to provide certain disclosures to prospective members and provide certain financial guarantees including obtaining certain bonds and imposing certain restrictions.

OTHER STATES MAY ALSO HAVE LAWS OR REGULATIONS THAT REGULATE HEALTH SPAS AND MAY DEFINE HEALTH SPAS DIFFERENTLY. THESE LAWS OR REGULATIONS MAY ALSO AFFECT THE FINANCIAL REQUIREMENTS FOR OPENING A CENTER. (SEE ITEM 7). THE FRANCHISEE MAY NOT RELY ON OUR OPINION CONCERNING THIS OR ANY OTHER LEGAL COMPLIANCE MATTER AND MUST SOLELY RELY ON ITS OWN COUNSEL FOR LEGAL ADVICE.

You are required to comply with all other local, state and federal laws in the operation of your Personal Training Institute Franchise. There may be other laws applicable to your business and we urge you to make additional inquiries about these laws. Your failure to comply with these laws constitutes a material breach of your Franchise Agreement.

Competition

The general market for physical fitness services is well-established and highly competitive. Your competition may include general physical fitness centers including national and regional chains that may operate more locations and may have greater financial resources, more experienced marketing organizations and greater name recognition than we currently have. You may also compete with other businesses, including chains and independents that are primarily directed to specific sports, such as racquetball, swimming, golf, etc., and may offer competitive facilities and services. In addition to competition, local markets for physical fitness services will be affected by changes in local and national economic conditions and concerns, as well as neighborhood demographic and traffic patterns. The ability of each Fitness Center to compete is dependent on a variety of factors, including, but not limited to, demographics, the immediate neighborhood location and characteristic, accessibility and the individual service, marketing, merchandising, capitalization and diligence of the franchisee.

ITEM 2 **BUSINESS EXPERIENCE**

President: Evan Kaplan

He has been our President since inception. From 2000 to the present, he has been President of our Affiliate. He has 23 years of experience at developing and running multi-unit companies.

Vice President: Carol Kur, R.D.

She has been our Vice President since inception. In 1990 she co-founded our Affiliate with Evelyn Knapp, who is now deceased. Ms. Kur has a B.S. in Clinical Nutrition and an M.S. in Nutrition Education.

Our franchise broker is Oxford Business Consulting, LLC, 19 Beech Place, Huntington, New York 11743, Mr. Glenn Seidman, telephone 631-423-8570.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Offering Circular.

ITEM 4
BANKRUPTCY

No person previously identified in Items 1 or 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

Franchise Agreement

You must pay to us an initial franchise fee of \$19,500 upon execution of the Franchise Agreement. The initial franchise fee is fully earned and non-refundable. If you do not find an acceptable location for your Fitness Center within 180 days from the date the Franchise Agreement is executed, we may, at our option, return your initial franchise fee less \$5,000 for our reasonable out-of-pocket expenses, including attorneys' fees. If you fail to complete the training program to our satisfaction, we may elect to terminate the Franchise Agreement and not refund \$5,000 of your initial franchise fee to cover our reasonable out-of-pocket expenses, including the initial training program.

We sold two of our Affiliate-owned Fitness Centers and waived the initial franchise fee on each sale.

Area Development Agreement

In the event that we sell you an area to be developed containing multiple Fitness Centers, we will charge a Development Fee that is based on the number of Fitness Centers that can be opened within a particular area.

The Development Fee is \$10,000 multiplied by the number of "Personal Training Institute" Fitness Centers that you agree to develop during the development period. You will pay this total amount when you sign the Area Development Agreement, and each time you sign a Franchise Agreement for a Fitness Center to be developed in your area, you will pay the balance of the initial franchise fee due, or \$9,500. The development fee is not refundable under any circumstances.

ITEM 6
OTHER FEES

Name of Fee (1)	Amount	Date Due	Remarks
Continuing Service Fee	5% of Gross Revenue	Payable on the 15 th day of the following month	Gross Revenue means all sales derived from the Fitness Center, except sales and excise taxes. We will debit your account on or after the 15 th day of the month for

Name of Fee (1)	Amount	Date Due	Remarks
			the prior month's Continuing Service Fee (and Brand Development Fee). Funds must be made available in your account for withdrawal. We may require payment other than by automatic debit, and you must comply with our payment instructions. If you do not report the Fitness Center's Gross Revenue, we may debit your account for 120% of the last Continuing Service Fee that we debited. If the Continuing Service Fee we debit is less than the Continuing Service Fee you actually owe us, we will debit your account for the balance on a day we specify. If the Continuing Service Fee we debit is greater than the Continuing Service Fee you actually owe us, we will credit the excess against the amount we otherwise would debit from your account during the following month
Brand Development (National and Regional)	2% of Gross Revenue	Payable monthly on the 10 th day of the month	This Brand Development Fee will be made when we elect to establish a brand development fund. We maintain the right to increase this contribution up to 3% upon the giving of 30 days' written notice to you
Local Advertising	Local Cost	When spent	You must spend this amount on local advertising and promotions
Transfer	\$10,000 to third party	Upon transfer	No fee is imposed for transfers to corporations formed by you for the convenience of ownership. Fees are paid by the buyer
Renewal	25% of the then current initial franchise fee	Payable upon execution of the renewal Franchise Agreement	Payment of the renewal fee is a condition to us granting you the renewal
Initial Personnel Training	Limited to the cost for travel, lodging, and other expenses	As Incurred	We do not charge any additional money for the initial training of the owner, manager, or nutritionist (see Item 11).
Refresher Training Program	\$1,500 to \$2,000 in addition to the cost for travel, lodging, and other expenses	Upon demand	This is a refresher training program is based on need for additional training.
New or Additional Employee Training	\$1,000 to \$2,000 in addition to the cost for travel, lodging, and other expenses	Upon demand	If a new manager or employee is hired, they will need an initial training session.
Software Fee	\$1,500 which covers the cost of the Shape.net only.	At time of delivery	Windows 2000 or later operating system, Word, Excel, Publisher, and Shape.net must be purchased.

Name of Fee (1)	Amount	Date Due	Remarks
Product Purchases	Cost of Strength Training equipment and Cardio equipment	At time of delivery	Discount programs are available through Nautilus and Star Trac
Audit	(a) the amount of the deficiency; (b) if audit is due to non-reporting or understatement, then the cost of inspection is also your responsibility	15 days after billing	You pay twice the deficiency; if an audit reveals understatement of greater than 2% or if you fail to furnish information in a timely fashion, you pay twice the deficiency and can be terminated
Interest on Late Payments	Lesser of 2% per month or highest rate allowed by law	Upon billing	Payable on all overdue amounts
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Payable upon your failure to comply with the Franchise Agreement
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims arising from your Fitness Center's operations
Liquidated Damages	See footnote 2	15 days after termination	

- All fees are imposed by and payable to us, except for your local advertising expenses, and are non-refundable.
- If we terminate the Franchise Agreement with cause, or you terminate the Franchise Agreement with cause, you must pay us liquidated damages equal to the present value (using the then-current 30-Year Treasury Bond rate) of the Continuing Service Fees you would have paid us on the product of (a) your Fitness Center's average monthly Gross Revenue during its most recent 12 months of operation before the termination multiplied by (b) the number of months remaining in the Franchise Agreement had we or you not terminated it.

**ITEM 7
INITIAL INVESTMENT**

Expenditure	Estimated Cost	Method of Payment	When Due	To Whom Payment Made	Refundability
Initial Franchise Fee (1)	\$19,500	Lump sum	On execution of Franchise Agreement	Us	Non-refundable
Furniture, Fixtures and Equipment (2)	\$3,800	As Arranged	As Arranged	Approved Vendors	Non-refundable
Real Property - 3 months rent (3)	\$8,250 - \$18,000	Monthly	As Arranged	Lessor	Non-refundable

Expenditure	Estimated Cost	Method of Payment	When Due	To Whom Payment Made	Refundability
Leasehold Improvements; Construction Costs (4)	\$50,000 - \$100,000	As Arranged	As Arranged	Approved Contractor	Non-refundable
Blue Prints, Plans, Permits	\$2,400 - \$4,000	As Arranged	As Arranged	Approved Contractor	Non-refundable
Signage (5)	\$2,000 - \$4,000	As Arranged	As Arranged	Approved Suppliers	Non-refundable
Opening Inventory and supplies (6)	\$200 - \$2,000	As Arranged	As Arranged	Approved Suppliers	Non-refundable
Grand Opening Advertising (7)	\$2,000 - \$5,000	As Arranged	As Incurred	Suppliers	Non-refundable
Travel and Initial Training (8)	\$2,000 - \$4,000	As Arranged	As Arranged	Suppliers of transportation, food, lodging	Non-refundable
Insurance (9)	\$100 - \$300	As Arranged	As Incurred	Insurers	Non-refundable
Zoning Expenses (10)	\$100 - \$200	As Arranged	As Incurred	City, Town	Non-refundable
Professional Fees (11)	\$2,000 - \$5,000	As Arranged	As Incurred	Professionals	Non-refundable
Costs/Site Selection (12)	\$0				
Royalties - 3 months	Not Calculable	Electronic Funds Transfer	Monthly	Us	Non-refundable
Brand Development Fees	Not Calculable	As Arranged	As Incurred	Us	Non-refundable
Additional Funds (13)	\$5,000 - \$20,000	As Arranged	As Incurred	Approved Suppliers	Non-refundable
Other – Software	\$2,000 - \$2,500	As Arranged	As Incurred	Approved Suppliers	Non-refundable
TOTAL (14)	\$99,350 - \$188,300				

- 1 **Franchise Fee.** The initial franchise fee is discussed in detail in Item 5. This fee may be different if development rights are purchased. This development fee is discussed in detail in Item 5.
- 2 **Equipment.** The figure in the chart is the advance amount you will need to lease your equipment. Your equipment includes the following items: (16) pieces of Nautilus strength training equipment, (6) pieces of Nautilus or Star Trac cardio equipment; 2-3 workstations of computers and printers, fax machine, copier and telephone; built-in desks and reception desk.
- 3 **Real Property.** You will need approximately between 2,200 and 2,800 square feet of interior space for your Fitness Center, which typically would be located in retail and/or commercial space such as a strip shopping mall. The cost per year for leasing commercial space varies considerably depending upon the location and market conditions affecting commercial property. We estimate the costs of leasing commercial space to be anywhere from \$33,000 to \$72,000 per

year. This figure does not include the cost of electric or any other charges. Security deposits could be one to three months as additional rent, which may be required by the Lessor.

- 4 Construction Costs. You will need to install plumbing, lighting and electrical systems, carpeting and painting which comply with our specifications. The cost will vary depending on the condition of the Fitness Center and the amount of construction work and/or dollars negotiated from the landlord.
- 5 Signage. You will need to install interior and exterior signage.
- 6 Inventory and Supplies. You will need our pre-approved forms and stationery.
- 7 Grand Opening Advertising. Prior to opening your Franchised Business, the advertising which you need may include media buys and promotional items including point-of-sale displays and merchandise. This grand opening expenditure must be spent during the first 60 days of operation.
- 8 Training. You will have salary, travel and lodging expenses. You will also have expenses associated with our initial training program. For this training program, we provide instructors and instructional materials, but you will need to arrange for transportation, lodging and food for yourself and employees and for any wages for the employees to travel to the Smithtown, New York area. The cost will depend on the distance you must travel and the type of accommodations you choose.
- 9 Insurance. The figures in the chart are your monthly premiums of \$100 to \$300. In rare cases, you will have to pay the entire annual premium in a lump sum; generally you pay your premiums quarterly or semi-annually.
- 10 Zoning. Unless you must get a variance, waiver or otherwise change current zoning conditions for your location, you will have a zoning expense of between approximately \$100 to \$200.
- 11 Professional Fees. You will need to have an attorney and an accountant and possibly other professionals.
- 12 Real Estate Broker. An independent real estate broker's commissions are typically paid by the landlord.
- 13 Additional Funds. You will need capital to support ongoing expenses, such as payroll, utilities, and local advertising to the extent that these costs are not covered by sales revenue for your first three months of operation. New businesses often generate a negative cash flow. We estimate that the amount given will be sufficient to cover ongoing expenses for the start-up phase of the business, which we calculate to be three months. This is only an estimate and there is no guarantee that additional working capital will not be necessary during this start-up phase or after.
- 14 Total Capital Required. We relied upon our principal's four years of experience in this business in preparing these figures. However, these figures are merely estimates and there is no assurance that additional working capital will not be necessary during this initial phase or after. We urge you to speak with your financial advisor to determine whether you will need to invest additional amounts of money.

In the event development rights are sold, the area developer's initial investment will not be different than as set forth in this Item, with the exception of the Development Fee. The reason for this is because an area developer has to open at least one Fitness Center, which will serve as his/her base of operations.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Our reputation and goodwill is based on, and can be maintained only by, the sale of high quality services and the presentation and sale of those services in an efficient and appealing manner. We have developed standards and specifications for these services provided by you. You must operate your Franchised Business according to these standards. These standards will regulate the types, models and brands of required fixtures, furnishings, equipment, signs, materials and supplies to be used in operating your Fitness Center, required or authorized equipment, products and services offered to customers and product categories and designated or approved suppliers of such items (which may be limited to or include us). These standards will guide you in the performance of the services provided in operating your Franchised Business. We do not currently sell any items that you would use in operating your Franchised Business, but we may do so in the future.

Construction and design specifications, maintenance, equipment, nutrition program, training of clients, types of packages available, consistency of training, methods of training, routines for training, uniforms, etc., are all updated on a regular basis. The specifications are all given out at initial training and in the manual, updated based on new industry trends and approved by the Franchisor.

Although there are no other goods, services, supplies, fixtures, equipment, inventory, computer hardware and software or real estate relating to the establishment or operation of your Franchised Business that you must purchase or lease from us or a designated supplier, you are obligated to purchase or lease fixtures, equipment, including furnishings, products and related supplies that meet our minimum standards and specifications or are from suppliers that we approve. For example, you must operate your Franchised Business using only Nautilus strength training equipment and Nautilus or Star Trac cardio equipment. We will notify you in our Confidential Operations Manual (the "Manual") or other communications of our standards and specifications and/or names of approved suppliers. There may be situations where you can obtain items from any supplier who can satisfy our requirements and, therefore, would be considered an approved supplier. The Franchisor has a negotiated discounted price available to the Franchisee directly from the supplier for fitness equipment and stationery supplies.

Nautilus will pay us 5% of the discounted cost of strength training equipment for the purpose of improving and facilitating the strength training program, and the discounted costs for the cardio equipment that you purchase from them.

If you want to use any product, material or render any service that does not comply with the standards of the System or is to be purchased from a supplier that has not yet been approved, you must first submit a written request for approval of the proposed supplier and obtain our approval of the supplier before purchasing any items from this supplier. We will, within a reasonable time (within 10 days), notify you of our decision. We will, from time to time, establish procedures for submitting requests for approval of items and suppliers and may impose limits on the number of approved items and suppliers. Approval of a supplier may be conditioned on requirements relating to product quality, production and delivery capabilities, ability to meet our supply commitments, financial stability, integrity

of standards of service, familiarity with our System and ability to negotiate favorable terms for our franchisees. We do not generally make available to you these criteria for supplier approval.

You must agree to offer for sale all services approved by us and only those services approved by us, as they exist from time to time. All services approved by us must be offered for sale on a continuous basis at your Fitness Center at the time and in the manner required by us. No sale of any service except those services approved by us may be solicited, accepted or made at or from your Fitness Center. If requested by us on at least 30 days' notice as part of a general program or standardization effort by us, the marketing of a service must be discontinued. Then this service ceases to be an approved service.

We may, from time to time, conduct market research and testing to determine consumer trends and salability of new products, materials and services. You must cooperate by participating in our market research programs, test marketing new products and services and providing timely reports and other relevant information regarding marketing research. In connection with such test marketing, you must purchase a reasonable quantity of products to be tested and effectively promote and make a reasonable effort to sell such products, materials and services.

You may not: (a) render any service at or from any place except your Franchised Business or from within your designated territory; or (b) deliver any service at any place other than your Franchised Business or from within your designated territory.

In addition to the purchases or leases described above, you must obtain and maintain, at your own expense, such insurance coverage that we require from time to time. We may regulate the types, amounts, terms and conditions of insurance coverage required for your Franchised Business and standards for underwriters of policies providing required insurance coverage; our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims.

You currently are required to maintain the following insurance coverage: (1) comprehensive public liability insurance and comprehensive product liability insurance against claims for bodily and personal injury, death, and property damage caused by or occurring in conjunction with the operation of your Franchised Business or your conduct of business pursuant to the Franchise Agreement under one or more policies of insurance containing minimum liability coverage of \$1,000,000 per occurrence; (2) general casualty insurance including fire and extended coverage, vandalism, theft, burglary and malicious mischief insurance for the replacement value of your Franchised Business and its contents of between \$250,000/\$500,000 minimum limits; (3) Workers' Compensation or other employer's liability insurance as well as such other insurance as may be required by statute or rule in the state in which your Franchised Business is located; (4) business interruption and rent insurance for a period adequate to re-establish normal business operations with coverage adequate to coincide with the value of your Franchised Business premises and its contents; and (5) comprehensive plate glass insurance, if applicable. You must maintain all required policies in force during the entire term of the Franchise Agreement and any renewal terms. We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances. Each insurance policy must name us (and, if we request, our directors, employees or shareholders) as additional insureds and must provide us with 30 days' advance written notice of any material modification, cancellation or expiration of the policy.

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.

Obligation	Article in Franchise Agreement	Article in Area Development Agreement	Item in Offering Circular
(a) Site selection and acquisition/lease	Article III	Article II	Items 7 and 11
(b) Pre-opening purchases/lease	Articles VIII	N/A	Items 7 and 11
(c) Site development and other pre-opening requirements	None	N/A	Items 7 and 11
(d) Initial and ongoing training	Article VI	N/A	Items 6, 7 and 11
(e) Opening	Article III	Article I	Item 11
(f) Fees	Articles IV	Article III	Items 5, 6, 7 and 8
(g) Compliance with standards and policies/Operations Manual	Articles VIII and X	N/A	Items 8, 11, 14 and 16
(h) Trademarks and proprietary information	Articles IX	N/A	Items 13 and 14
(i) Restrictions on products/services offered	Articles VIII	N/A	Items 8 and 16
(j) Warranty and customer service requirements	None	None	None
(k) Territorial development and sales quotas	Article I	Article I	Item 12
(l) On-going product/service purchases	Article VIII	N/A	Items 6 and 8
(m) Maintenance, appearance and remodeling requirements	Article II and VIII	N/A	None
(n) Insurance	Article XII	N/A	Items 7 and 8
(o) Advertising	Article IV	N/A	Items 6, 7 and 11
(p) Indemnification	Article XXI	Article IX	Item 6
(q) Owner's participation/management/staffing	Article VIII and XI	Article I	Items 11 and 15
(r) Records/reports	Articles IV	N/A	Item 6
(s) Inspection/audits	Articles IV and XI	N/A	Item 6

Obligation	Article in Franchise Agreement	Article in Area Development Agreement	Item in Offering Circular
(t) Transfer	Article XVI	Article VI	Items 6 and 17
(u) Renewal	Article II	Article I	Items 6 and 17
(v) Post-termination obligations	Article XIV	Article V	Item 17
(w) Non-competition covenants	Article XV	Article V	Item 17
(x) Dispute resolution	Article XXII	Article VIII	Item 17
(y) Strictly enforce standards for training and nutrition counseling	Article VI	N/A	Item 8

ITEM 10
FINANCING

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

ITEM 11
FRANCHISOR'S OBLIGATIONS

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

Before you open your Franchised Business, we will:

1. Use our best efforts to assist you in evaluating a suitable location for your Fitness Center and, after you have selected and we have approved the site, designate your exclusive area or territory. The site must meet our criteria for number of residential homes in the surrounding area, size and cost of the property and other similar factors, including our best business judgment. We may reject any proposed location in our sole discretion. If a mutually agreeable site for your Fitness Center has not been located within 180 days after we execute the Franchise Agreement, we shall have the right to terminate the Franchise Agreement and, at our option, we will refund the initial franchise fee you paid, less \$5,000 to cover our expenses (Franchise Agreement - Section 9.1.2).

We require that certain terms be contained in a lease which you execute for your Fitness Center. We may reject any lease which does not contain provisions which do not meet our standards, specifications and guidelines relating to non-competition on the premises, signage, hours of operation, insurance, default, assignment, subletting and renewal options (Franchise Agreement – Section 9.1.3).

2. Consult with you regarding the construction of the interior of your Fitness Center or interior leasehold improvements. Provide you with model plans and specifications based on typical configurations for the layout of your Fitness Center, including lists and specifications of approved furniture, fixtures, equipment and signs needed to outfit and furnish your Fitness Center in accordance with our uniform image and standards (Franchise Agreement - Section 3.3).

3. Lend you one copy of the Manual (Franchise Agreement - Section 5.1).
4. Train you, the cost of which is included in your initial franchise fee (Franchise Agreement - Section 5.3). This training is described in detail later in this Item.
5. Provide, in addition to or in conjunction with the initial training program, assistance in the opening of your Fitness Center for a period of three days prior to its opening (Franchise Agreement - Section 7.1A).
6. Provide you with our directory of franchisees (Franchise Agreement - Section 5.14).

During the operation of your Franchised Business, we will:

1. Provide guidance and assistance in the operation of your Fitness Center. Such guidance may be provided in the form of weekly correspondence, quarterly field visits and periodic telephone or written communications, and will cover topics such as products or services to be offered to customers; improvements and developments in your Fitness Center; pricing; administrative, bookkeeping, accounting and inventory control procedures; and operating problems encountered by you (Franchise Agreement - Sections 5.11 and 5.12).
2. Issue, modify and supplement standards for the System that may regulate any one or more of the following regarding your Franchised Business: (a) hours of operation, (b) marketing and sale of services, (c) instructions on the performance of specific employees' duties, (d) maintenance of equipment, (e) checklists, (f) records preparation and retention, (g) general rules and regulations for employees, and all other matters that in our sole judgment require standardization and uniformity in all Franchised Businesses (Franchise Agreement – Article XI).
3. Franchisor will provide templates for advertising to choose from and will be updated from time to time. The templates will cover pre-opening and post-opening advertising. Other materials must be approved by the Franchisor (Franchise Agreement - Article V). You may not engage in any promotional activities or sell any products or services, whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system (collectively, the "Electronic Media").
4. Maintain a Brand Development fund ("Fund"). When we elect to establish this Fund, you will be required to pay a monthly, non-refundable Brand Development Fee to the Fund equal to 2% of your monthly Gross Revenue at or from your Fitness Center. The Fund will be used for national and/or regional advertising, publicity and promotion relating to our business. We will determine, in our fully unrestricted discretion, the manner in which the Fund will be spent. Some portion of the Fund may be used for creative concept production, marketing surveys, test marketing and related purposes. We have the right to direct all advertising activities with sole discretion over creative concepts, materials and media used, as well as their placement and allocation. We also have the right to determine, in our sole discretion, the composition of all geographic and market areas for the implementation of these advertising and promotional activities. The Fund is intended to maximize general public recognition in all media, of the Proprietary

Mark and patronage of "Personal Training Institute" Fitness Centers and we have no obligation to ensure that expenditures of the Fund in or affecting any geographic area are proportionate or equivalent to payments of the Brand Development Fee by franchisees operating in that geographic area, or that any Fitness Center will benefit directly or in proportion to the Brand Development Fees paid for the development of advertising and marketing materials or the placement of advertising. No amount of the Fund will be spent for advertising that is principally a solicitation for the sale of franchises. We have the right to reimburse ourselves out of the Fund for the total costs (including indirect costs) of developing, producing and distributing any advertising materials and collecting the Brand Development Fee (including attorneys', auditors' and accountants' fees and other expenses incurred in connection with collecting any Brand Development Fee) and in addition, for the services provided, we will receive out of the Fund an administrative fee equal to 10% of the amounts actually expended to cover our services, salaries, supplies and overhead expenses.

We reserve the right to increase the Brand Development Fee to the Fund to up to 3% of your monthly Gross Revenue. If we determine the need to increase this contribution, we will give you 30 days' written notice of any such increases.

Franchised Businesses owned by us will contribute to the Fund on the same basis as you. Funds from the Brand Development Fees paid will be kept separate and distinct and will be accounted for separately from our other funds. These funds will not be used to defray any of our general operating expenses, except as described in the paragraph above. We will prepare, and furnish to you upon written request, an annual, unaudited statement of funds collected and costs incurred.

You must spend 3% of Gross Revenue, on a monthly basis, for local advertising and promotion in accordance with the Manual. This advertising and promotion must have our prior written approval, and in connection with this approval, we may permit you to use your own advertising material. You must periodically provide us with verification of all expenditures for local advertising, marketing and promotion within 30 days after we request it.

You are required to list separately or participate in an advertisement in the Yellow Pages of your local telephone directories, containing such copy as we may reasonably specify. The cost of such listing shall be paid by you, or by you and other participating franchisees in the case of a joint listing. We will not specify any unreasonably expensive listing.

In addition to the Brand Development Fee and in place of your individual local advertising, marketing and promotional expenditures, to the extent the cooperative amounts are at least as much as your local advertising and promotion contribution, if an advertising cooperative is formed by our franchisees and approved by us, you must agree to contribute to the cooperative the amount agreed upon by a majority of the members of the cooperative, to pay that amount to the advertising cooperative at the times agreed upon by the majority, and abide by the cooperative's rules. The cooperative will determine who will administer the cooperative. The written governing documents will be available for review by you. Cooperatives need not prepare annual or periodic financial statements, but if they are prepared, they may be reviewed by you. We will have the power to require cooperatives to be formed, changed, dissolved or merged.

You must also spend between \$2,000 and \$5,000 for grand opening advertising to be conducted by you in connection with the grand opening of your Franchised Business, which campaign must be conducted during the first 60 days of operations. You must also advertise the name and location of your Franchised Business continuously in the classified or Yellow Pages sections of each local telephone directory distributed within your area under the listing of "Health & Fitness Program Consultants" or such other listing as may be approved by us.

There are presently no advertising councils composed of franchisees, but there may be such councils in the future. Once there are at least 10 Franchised Businesses in operation, we will create an advertising council comprised of franchisees and a company representative. This council will simply advise on advertising policies for the Fund.

Site Selection and Opening

We estimate that between 3 to 9 nine months will elapse from the date of execution of the Franchise Agreement to the opening of your Fitness Center for business. The Franchise Agreement requires that your Fitness Center must be opened for business not later than 180 days after we approve your location for your Fitness Center. You may not open your Fitness Center for business until: (1) you have complied with all requirements regarding site selection, leasing of the site and construction of the Fitness Center; (2) we determine that your Fitness Center has been constructed, decorated, furnished, equipped and stocked with materials and supplies in accordance with plans and specifications we have approved; (3) the initial training program we provided has been completed to our satisfaction by all required persons; (4) the initial franchise fee and all other amounts due to us have been paid; (5) you have furnished us with all certificates of insurance required by the Franchise Agreement; (6) you have obtained all required governmental permits, licenses and authorizations necessary for the operation of your Fitness Center; (7) you are in full compliance with all the terms of the Franchise Agreement; and (8) all items in our opening checklist have been complied with to our satisfaction. The factors which we consider in approving your location include the number of residential homes meeting our criteria and projected growth, size and cost of property, competition and other similar factors.

Training Programs

Before the Franchised Business's opening, we will provide a mandatory training program in the operation of your Franchised Business to you and/or your manager during normal business hours at the Personal Training Institute office or at one of our Affiliate's locations on Long Island, New York. Initial training is for ten days. One section will be available for training of nutrition. If you fail to complete the training program to our satisfaction, we may elect to terminate the Franchise Agreement and return all but \$5,000 of your initial franchise fee to you. The cost of the training program is included in your initial franchise fee and will be provided to you and/or your manager. However, you will be responsible for all costs of travel, food, lodging and other incidental expenses incurred by you and your employees who attend the training program. (Franchise Agreement - Section 5.3.)

We will also provide you with additional training programs, refresher courses, or "on-the-job" training on an as-needed basis for owner and/or manager. Duration of the training is based on material to be covered. You must pay us our Refresher Training Fee (which is currently \$1,500 to \$2,000, depending on the location of your Franchised Business and level of experience of the representative) for each of our representatives conducting such training. The Training Fee for new managers or new

employees is \$1,000 to \$2,000, based on level of training required. You must also pay all expenses of travel, lodging and meals incurred by your representatives. (Franchise Agreement - Section 5.3.)

There currently are no fixed (*i.e.*, monthly or bi-monthly) training schedules.

	Subject	Total Time	Instructional Material	Hours of Classroom Training	Hours of On-The-Job Training	Instructor
ADVERTISING & MARKETING						
1.	Package types, rate cards	0.5		0.5		Partner
2.	Pre-opening-ads, direct mail & signage	0.5		0.5		Partner
3.	Marketing plan - ongoing initiatives	1.0		1.0		Partner
4.	Client retention, referrals & internet leads	1.0		1.0		Partner
5.	In-store promotions & displays	0.5		0.5		Partner
FRONT DESK						
1.	Meeting & greeting inquiries, 1 st time trials & clients	0.5			0.5	Front Desk Admin
2.	Answering the phone	0.5			0.5	Front Desk Admin
3.	Scheduling of clients	1.0			1.0	Front Desk Admin
4.	Collection procedures & credit card processing	0.5			0.5	Front Desk Admin
5.	Client agreements & cancellation policy	0.5			0.5	Front Desk Admin
6.	Database management	3.0			3.0	Front Desk Admin
ACCOUNTING & BUSINESS						
1.	Budgeting	0.5		0.5		Partner
2.	Database management	0.5		0.5		Partner
3.	Bookkeeping systems, payables & monthly financials	1.0		1.0		Partner
4.	Royalty payments	0.5		0.5		Partner
5.	Insurance - property, liability, workmen's comp & unemployment	0.5		0.5		Partner
6.	Equipment & HVAC maintenance & Supplies	1.0		1.0		Partner
7.	Job descriptions &	0.5		0.5		Partner

	Subject	Total Time	Instructional Material	Hours of Classroom Training	Hours of On-The-Job Training	Instructor
	uniforms					
8.	Interviewing, hiring & paperwork Counseling & disciplinary actions	0.5		0.5		Partner
9.	Harassment training	1.0		1.0		Partner
10.	Federal posting requirement, benefits, payroll & processing	0.5		0.5		Partner
TRAINING TO BE A TRAINER						
1.	“Personal Training Institute Experience”, The Benefits of Strength Training, How Heart rate makes a difference, Anaerobic and Aerobic Metabolism, Practical Workouts.	5 hours		5		Director of Training
2.	Muscle Composition and Genetics. Fatigue, one set vs. multiple sets, and free weights vs. Nautilus. Basic Anatomy.	5 hours		5		Director of Training
3.	Joint Actions and Planes of Motion, Practical Workouts Quiz #1 and 2. Timing on the machines practical.	5 hours		5		Director of Training
4.	Advances Techniques and Terms Routine Design, Technique of Verbal Training. Quiz #3. F.I.T. prescription, Cardio Training Workouts. Special Populations.	5 hours		5		Director of Training
5.	Floor Abs, Ball and Bands. Practical Workouts Test. Test	5 hours		5		Director of Training
6.	Interactive sessions with clients and trainers	15 hours		15		Club Managers
TRAINING HOW TO TEACH TO BE A TRAINER						
1.	Teaching from the Class	2 hours		2		Co-founder /

	Subject	Total Time	Instructional Material	Hours of Classroom Training	Hours of On-The-Job Training	Instructor
	Agenda					Ex. Phys.
2.	Teaching practical workouts.	2 hours		2		Co-founder / Ex. Phys.
3.	Testing and evaluations.	1 hour		1		Co-founder / Ex. Phys.
TRAINING NUTRITION						
1.	The blending of nutrition & exercise	2 hours		2		Partner / Reg Diet.
2.	Using nutrition tools & office set up	1 hour		1		Partner / Reg Diet.
3.	Initial nutrition consultations	2 hours		2		Partner / Reg Diet.
4.	ColorFit & Jumpstart weight management programs	3 hours		3		Partner / Reg Diet.
5.	Role of strength training & cardio exercise in weight loss	1 hour		1		Partner / Reg Diet.
6.	Cognitive behaviors	2 hours		2		Partner / Reg Diet.
7.	Interactive sessions with weight loss counselors & clients	10 hours			10	Weight loss counselor
8.	Troubleshooting & role play	2 hours		2		Partner / Reg Diet.

Notes:

1 It is the nature of the business that all aspects of the training are integrated so there are no definitive starting and stopping times.

2 All of our instructors are part of our management. The bios for each instructor is as follows:

Director of Training is Jessica Swanson - started at Personal Training Institute as a trainer in 2/01, became a manager in 5/03, promoted to Director of Training September 04

Registered Dietician is Carol Kur - partner who will teach the nutrition end.

Evan A. Kaplan - partner - will teach the business aspects of the Franchised Business.

There will be an annual meeting that Franchisees must attend.

Computer Systems and Software

We require you to purchase an IBM compatible computer whose configuration should be at least as follows: 2400 MHz, 512 MB RAM, 40 gig Hard Drive, 56x CD-ROM drive, 16-bit sound card, 256-color VGA monitor, Windows 2000 or later version, DSL or cable connection, a high-quality color inkjet printer, Microsoft® Word, Microsoft® Excel, Microsoft® Publisher, Microsoft® Outlook; and Shape.net, which is an internet based software that will assist you in your scheduling. Your hardware may be purchased from the vendor of your choice.

You are required to have high speed or DSL internet access and e-mail. We will use these methods to communicate with our franchisees. There are no specific contractual obligations limiting the frequency or cost of your obligation to acquire upgrades and updates or to replace obsolete or worn out hardware or equipment.

We will have independent access to the information and data collected and/or generated by your computer through the Shape.net system.

Attached to this Offering Circular as Exhibit 7 is the Table of Contents of the Confidential Operations Manual.

ITEM 12 **TERRITORY**

Franchise Agreement

The Franchise Agreement grants you the right to operate your Fitness Center only at the Approved Location. If, at the time of execution of the Franchise Agreement, a location for your Fitness Center has not been obtained by you and approved by us, you will be given an area in which you may obtain your Approved Location. We will grant you an exclusive territory. Your exclusive territory gives you location exclusivity. We (and any affiliates that we periodically might have) will not establish, nor allow another franchise owner to establish, another Fitness Center located within the area that makes up your exclusive territory ("Exclusive Territory"). Your Exclusive Territory will be based upon population size and has to be in a retail or commercial location with good visibility, adequate parking for the area, contain at least 30,000 households in a 4 mile radius if in a suburban area, and one mile if in densely populated city. Your Exclusive Territory will be delineated by zip codes or by a map of the area. You must obtain a location, subject to our approval, as provided in the Franchise Agreement.

During the term of the Franchise Agreement, we (and any affiliates that we periodically might have) have the right:

- (1) to establish and operate, and grant rights to other franchise owners to establish and operate, Fitness Centers or similar businesses at any locations outside your Exclusive Territory and on any terms and conditions we deem appropriate;
- (2) to purchase or otherwise acquire the assets or controlling ownership of one or more businesses identical or similar to your Fitness Center (and/or franchise, license, and/or similar agreements for such businesses), some or all of which might be located anywhere, including within your Exclusive Territory. If there is such a purchase or other acquisition, we will (a) with respect to those businesses which are in your Exclusive Territory and are not franchised or licensed, (i) offer to sell these businesses to you or to any third party at their fair

market value to be operated under our System, or (ii) offer you the opportunity to operate those businesses in partnership with us (or our affiliate) under their original trade identities or a different trade identity that does not include the Proprietary Mark. We have the right to choose which of these alternatives we think best; (b) with respect to those businesses which are franchised or licensed, act as franchisor and/or licensor of those businesses in compliance with the then-effective franchise and/or license agreements;

(3) to be acquired (regardless of the form of transaction) by a business identical or similar to Personal Training Institute Centers, even if the other business operates, franchises and/or licenses competitive businesses within your Exclusive Territory; and

(4) to engage in any other business activities not expressly prohibited by the Franchise Agreement, both within and outside your Exclusive Territory.

You may relocate your Fitness Center within your Exclusive Territory only with our prior written approval. Our approval will be based upon many factors, including the viability of the then-current location and demographics (including number of households, size of the space and rental costs relating to the proposed location). You may not relocate your Fitness Center without our prior approval. Our approval will not be unreasonably withheld. This approval should not be construed as an assurance or guaranty that the new site will be successful. Our approval is based on certain limited set of factors, such as the Business Population Index, traffic patterns, availability of parking, size of the space, lease terms, competition, and similar factors.

You may provide services to customers and prospective customers located within your Exclusive Territory. You may not engage in any promotional activities or sell any products or services, whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system (collectively, the "Electronic Media"); through catalogs or other mail order devices sent or directed to customers or prospective customers located outside of your Exclusive Territory; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located outside of your Exclusive Territory. While you may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located within your Exclusive Territory, and will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers outside of your Exclusive Territory, you may not make any sales or perform services to customers located outside of your Exclusive Territory unless there is no Fitness Center, either franchised or company-owned, located in close proximity to your Fitness Center. You have no options, rights of first refusal, or similar rights to acquire additional franchises.

We have not established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark. We describe earlier in this Item 12 what we may do within and outside of your Exclusive Territory.

Except for any other franchise program that we may develop in the future, neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned Fitness Centers which provide similar products or services under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent.

Continuation of your franchise rights does not depend on your ability to sell a certain volume of memberships each month.

Area Development Agreement

You may (if you qualify) develop and operate a number of Fitness Centers within a specified area (the "Territory"). We and you will identify the Territory in the Area Development Agreement before signing it. The Territory typically is a county or counties or other political subdivisions. We base the Territory's size primarily on the number of Fitness Centers you agree to develop, demographics, and site availability. We and you will negotiate the number of Fitness Centers you must develop to keep your development rights and the dates by which you must develop them. We and you then will complete the schedule in the Area Development Agreement before signing it. Subject to your rights under Franchise Agreements then in effect, we may, after the Area Development Agreement expires or is terminated, establish, or allow others to establish, Fitness Centers within the Territory. While the Area Development Agreement is in effect, we (and our affiliates) will not establish, or allow other franchise owners to establish, Fitness Centers to be located within the Territory. There are no other restrictions on us. You may not develop or operate Fitness Centers outside the Territory. We may terminate the Area Development Agreement if you do not satisfy your development obligations when required.

Except as described above, 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.

ITEM 13 **TRADEMARKS**

We grant to you the right to use certain trademarks, service marks and other commercial symbols in connection with the operation of your franchise. Our Affiliate owns the primary service mark, which is "PTI Personal Training Institute" (the "Proprietary Mark") and has licensed it to us to sub-license it to our franchisees. This Proprietary Mark was registered on the Principal Register of the United States Patent and Trademark Office on November 26, 2002, under registration number 2654808.

There are no currently effective determinations of the United States Patent and Trademark Office, the trademark administrator of this state or any court, nor is there any pending interference, opposition, or cancellation proceeding, nor any pending material litigation involving the Proprietary Mark which may be relevant to their use in this state or in any other state.

There are no agreements currently in effect which limit our right to use or to license others to use the Proprietary Mark, except for the license agreement between us and our Affiliate, which is continuous in nature and not cancellable.

You must promptly notify us of any suspected unauthorized use of the Proprietary Mark, any challenge to the validity of the Proprietary Mark, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Proprietary Mark. We have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Mark, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Mark. We may defend you against any third party claim, suit or demand arising out of your use of the Proprietary Mark. If we, in our sole discretion, determine that you have used the Proprietary Mark in accordance with the Franchise Agreement, the cost of the defense, including the cost of any judgment or settlement, will be borne by us. If we determine that you have not used the Proprietary Mark in accordance with the Franchise Agreement, the cost of the defense, including the cost of any judgment or settlement, will be yours. In the event of any litigation relating to your use of

the Proprietary Mark, you must execute any and all documents and do such acts as may, in our opinion, be necessary to carry out the defense or prosecution, including becoming a nominal party to any legal action. Except to the extent that this litigation is the result of your use of the Proprietary Mark in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs in doing these acts.

There are no infringing uses actually known to us that could materially affect your use of the Proprietary Mark in this state or elsewhere.

We reserve the right to substitute different proprietary marks for use in identifying the System and the businesses operating under it, at our sole discretion. We will bear the costs of modifying your signs and advertising materials to conform to our new Proprietary Marks, but will otherwise have no obligation or liability to you as a result of such substitution.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

There are no patents that are material to the franchise. You do not receive the right to use an item covered by a copyright, but you can use the proprietary and confidential information that is in our Manual. The Manual is described in Item 11 and below. Although we have not filed an application for a copyright registration for the Manual, we claim a copyright and the information in it is proprietary and confidential. You must also promptly tell us when you learn about unauthorized use of this proprietary and confidential information. We are not obligated to take any action, but will respond to this information as we think appropriate.

Confidential Operations Manual

You must operate your Franchised Business according to the standards, methods, policies and procedures specified in the Manual. One copy of the Manual is loaned to you by us for the term of the Franchise Agreement after you and your manager complete our initial training program to our satisfaction.

You must treat the Manual, any other of our manuals which are used in the operation of your Franchised Business, and the information in them as confidential, and must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part, or otherwise give them to any unauthorized person. The Manual will remain our sole property and must be kept in a secure place at the Franchised Business.

We may revise the contents of the Manual, and you must comply with each new or changed standard. You must make sure that the Manual is kept current at all times. In the event of any dispute as to the contents of the Manual, the terms of the master copy maintained by us at our home office will be controlling.

Confidential Information

You must not, during the term of the Franchise Agreement or after the term of the Franchise Agreement, communicate, divulge or use for the benefit of any other person, partnership, association, or corporation any confidential information, knowledge or know-how concerning the methods of operation

of the Franchised Business which may be communicated to you or which you may learn because of your operation under the terms of the Franchise Agreement. Confidential information includes, but is not limited to: (a) Training routines & meal plans (b) price lists and marketing plans and strategies; (c) proprietary computer software functions, capabilities, code, manuals, fixes, work arounds, revision plans, etc.; (d) customer lists, customer identities, customer contacts and customer preferences (including identities and plans for approaching potential customers); and (e) leasing plans, rates and information. You may divulge this confidential information only to those of your employees who have access to and who operate your Fitness Center. Any and all information, knowledge, know-how, techniques and other data which we designate as confidential will be deemed confidential for purposes of the Franchise Agreement.

At our request, you must require your manager and any personnel having access to any of our confidential information to sign agreements that say that they will maintain the confidentiality of information they receive in connection with their employment by you at your Fitness Center. The agreements must be in a form satisfactory to us, including specific identification of us as a third party beneficiary of the covenants with the independent right to enforce them and that they prohibit any direct or indirect ownership in a competing business.

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

During the term of the Franchise Agreement, and at our discretion, you must attend and complete our initial training program, and you (or, if you are a corporation or partnership, a principal or general partner of the corporation or partnership) must devote your full time and best efforts to the management and operation of the Fitness Center. The Fitness Center must have constant supervision by you or by a manager who has satisfactorily completed our training program. You must also maintain a competent, conscientious, trained staff, including a fully trained weight loss counselor and fully trained manager (which may be you), and who have been certified by us, as personal trainers. If you are an individual, we recommend that you be the fully trained manager described above. We impose no limitations as to who you may hire as the manager, except that you must comply with all applicable laws and that you must not harm the goodwill associated with the System and the Proprietary Mark (this requirement may affect who you hire as your manager).

We have the right to approve the manager after training. The manager will not be required to have an equity interest in your business. The manager will be required to attend and complete our training program, as described in Item 11. The manager and other key employees may also be required to enter into an agreement not to compete with businesses under the System while employed by you and for two years thereafter, and an agreement not to reveal confidential information obtained while employed by you. See Item 17 for a description of these obligations.

You must operate the Franchised Business in strict conformity with all applicable Federal, state and local laws, ordinances and regulations. Such laws, ordinances and regulations vary from jurisdiction to jurisdiction and may be implemented or interpreted in a different manner from time to time. It is your sole responsibility to learn of the existence and requirements of all laws, ordinances and regulations applicable to the Franchised Business and to adhere to them and to the then-current implementation or interpretation of them.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must use the Fitness Center solely for the operation of the Fitness Center. You must keep your Fitness Center open and in normal operation for the minimum hours and days as we specify. You must not use or permit the use of the Fitness Center for any other purpose or activity at any time without first obtaining our written consent. You must operate the Fitness Center in strict conformity with the methods, standards and specifications we may require in the Manual or in writing. You must not change the standards, specifications and procedures without our prior written consent.

You must sell or offer for sale only those services that we have approved for sale in writing; you must sell or offer for sale all types of services specified by us; you should not change our standards and specifications without our prior written consent; and you must stop selling and offering for sale any services which we may, in our discretion, disapprove in writing at any time. We have the right to change the types of authorized goods and services and there are no limits on our right to make changes.

The System may be supplemented, improved or modified from time to time by us. You must comply with all of our reasonable requirements in that regard, including offering and selling new or different products or services as specified by us.

You are restricted by the Franchise Agreement, the Manual and any other practice or custom with respect to the goods or services which you may offer, which must be approved by us. You are not restricted as to the customers whom you may solicit or service, except that we do not permit soliciting business outside of your Exclusive Territory.

No subtenants are allowed for physical therapy, massage therapy or similar services.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THIS TABLE LISTS 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.

Provision	Article in Franchise Agreement	Summary
a. Term of the franchise	Article IV	Ten years
b. Renewal or extension of the term	Article IV	Two renewal terms of five years each, subject to performance of contractual requirements
c. Requirements for you to renew or extend	Article IV	Provide notice, compliance with Franchise Agreement, execute new Franchise Agreement, sign release, pay renewal fee, good standing, up-to-date club
d. Termination by you	None	You may seek to terminate your Franchise Agreement on any ground permitted by law

Provision	Article in Franchise Agreement	Summary
e. Termination by us without cause	None	
f. Termination by us with cause	Article XVII	Breach of Franchise Agreement and other grounds; see Article XVII for details
g. "Cause" defined - defaults which can be cured	Article XVII	Breach of Franchise Agreement and other grounds, such as failure to pay fees when due, misuse of Proprietary Marks, sale of an unapproved service; see Article XVII
h. "Cause" defined - defaults which cannot be cured	Article XVII	Breach of Franchise Agreement, such as filing for bankruptcy or assignment for the benefit of creditors
i. Your obligations on termination/non-renewal	Article XVIII	Obligations include discontinue using confidential information and materials, return Manual and payment of amounts due; see Article XVIII
j. Assignment of contract by us	Article XVI	No restriction on right to transfer
k. "Transfer" by you - definition	Article XVI	Transfer all or substantially all of the assets of your business
l. Our approval of transfer by you	Article XVI	We have the right to approve transfers
m. Conditions for our approval of transfer	Article XVI	Includes payment of money owed, non-default, execution of release, transferee qualifications, execution of new agreement and payment of the transfer fee
n. Our right of first refusal to acquire your business	Article XVI	We can match any offer
o. Our option to purchase your business	Article XVIII	Upon expiration, termination, or default, we can buy your Franchised Business
p. Your death or disability	Article XVI	Franchise must be assigned to approved buyer within 90 days
q. Non-competition covenants during the term of the franchise	Article XV	Includes prohibition on owning or operating business which sells similar services
r. Non-competition covenants after the franchise is terminated or expires	Article XV	Includes prohibition on owning or operating business which sells similar services for three years and located within 25 miles of any unit in the System

	Provision	Article in Franchise Agreement	Summary
s.	Modification of the agreement	Article XXI	Must be in writing by both parties
t.	Integration/merger clause	Article XXI	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises may not be enforceable
u.	Dispute resolution by arbitration or mediation	Article XX	Arbitration – New York
v.	Choice of forum	Article XX	New York
w.	Choice of law	Article XXI	New York

	Provision	Article in Area Development Agreement	Summary
a.	Term	Article I	Term of development schedule
b.	Renewal or extension of the term	Article I	Not renewable
c.	Requirements for you to renew or extend	N/A	N/A
d.	Termination by you	None	You may seek to terminate your Area Development Agreement on any ground permitted by law
e.	Termination by us without cause	None	
f.	Termination by us with cause	Article IV	Breach of Area Development Agreement and other grounds; see Article IV for details
g.	“Cause” defined-defaults which can be cured	Article IV	Breach of Area Development Agreement
h.	“Cause” defined - defaults which cannot be cured	Article IV	Breach of Area Development Agreement and other grounds; see Article IV
i.	Your obligations on termination/non-renewal	Article V	Lose development rights
j.	Assignment of contract by us	Article VI	No restriction on right to transfer
k.	“Transfer” by you - definition	Article VI	You cannot assign
l.	Our approval of transfer by you	N/A	
m.	Conditions for our approval of transfer	N/A	
n.	Our right of first refusal to acquire your business	N/A	
o.	Our option to purchase your business	N/A	

	Provision	Article in Area Development Agreement	Summary
p.	Your death or disability	N/A	
q.	Non-competition covenants during the term of the franchise	N/A	
r.	Non-competition covenants after the franchise is terminated or expires	Article V	No interest in a competing business for two years
s.	Modification of the agreement	Article VII	Must be in writing by both parties
t.	Integration/merger clause	Article VII	Only the terms of the Area Development Agreement are binding (subject to state law). Any other promises may not be enforceable
u.	Dispute resolution by arbitration or mediation	Article VIII	Arbitration in New York
v.	Choice of forum	Article VIII	New York
w.	Choice of law	Article VII	New York

These states have statutes which may supersede the Franchise or Area Development Agreement in your relationship with us including the areas of termination and renewal of your franchise: ARKANSAS [Stat. Section 70-807], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Section 42-133e et seq.], DELAWARE [Code, tit.], HAWAII [Rev. Stat. Section 482E-1], ILLINOIS [815 ILLS 705/19 and 705/20], INDIANA [Stat. Section 23-2-2.7], IOWA, [Code Sections 523H.1-523H.17], MICHIGAN [Stat. Section 19.854(27)], MINNESOTA [Stat. Section 80C.14], MISSISSIPPI [Code Section 75-24-51], MISSOURI [Stat. Section 407.400], NEBRASKA [Rev. Stat. Section 87-401], NEW JERSEY [Stat. Section 56:10-1], SOUTH DAKOTA [Codified Laws Section 37-5A-51], VIRGINIA [Code 13.1-557-574], WASHINGTON [Code Section 19.100.180], WISCONSIN [Stat. Section 135.03]. These and other states may have court decisions which may supersede the Franchise or Area Development 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 to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of a Fitness Center. Actual results vary from Fitness Center to Fitness Center and upon Fitness Center ownership and we cannot estimate the results of any particular franchise.

**ITEM 20
LIST OF OUTLETS**

FRANCHISED BUSINESS STATUS SUMMARY FOR YEARS 2002/2003/2004

State	Transfer	Cancelled or Terminated	Not Renewed	Reacquired By Franchisor	Otherwise Left the System	Total From Left Columns (1)	Franchises Operating at Year End
Alabama	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Alaska	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Arizona	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Arkansas	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
California	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Colorado	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Connecticut	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Delaware	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
District of Columbia	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Florida	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Georgia	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Hawaii	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Idaho	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Illinois	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Indiana	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Iowa	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Kansas	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Kentucky	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Louisiana	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Maine	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Maryland	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Massachusetts	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Michigan	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Minnesota	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Mississippi	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Missouri	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Montana	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Nebraska	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Nevada	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
New Hampshire	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
New Jersey	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
New Mexico	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
New York	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
North Carolina	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
North Dakota	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Ohio	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Oklahoma	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Oregon	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Rhode Island	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
South Carolina	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
South Dakota	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0

State	Transfer	Cancelled or Terminated	Not Renewed	Reacquired By Franchisor	Otherwise Left the System	Total From Left Columns (1)	Franchises Operating at Year End
Tennessee	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Texas	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Utah	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Vermont	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Virginia	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Washington	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
West Virginia	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Wisconsin	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Wyoming	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
TOTAL	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0

STATUS OF COMPANY OWNED OUTLETS FOR YEARS 2002/2003/2004

STATE	LOCATIONS CLOSED DURING YEAR	LOCATIONS OPEN DURING YEAR	TOTAL LOCATIONS OPERATING AT YEAR END
New York	0/0/0	6/0/0	0/10/10
Totals	0/0/0	6/0/0	0/10/10

These are Centers that are owned by our Affiliate. In January 2005, our Affiliate sold the Cedarhurst and New Hyde Park, New York locations to franchisees.

PROJECTED OPENINGS THROUGH DECEMBER 31, 2005

State	Franchise Agreements Signed But Unit Not Open	Projected Franchised New Units In The Next Fiscal Year	Projected Company Owned Openings In Next Fiscal Year (1)
Alabama	0	0	0
Alaska	0	0	0
Arizona	0	0	0
Arkansas	0	0	0
California	0	0	0
Colorado	0	0	0
Connecticut	0	0	0
Delaware	0	0	0
District of Columbia	0	0	0
Florida	0	0	0
Georgia	0	0	0
Hawaii	0	0	0
Idaho	0	0	0
Illinois	0	0	0
Indiana	0	0	0
Iowa	0	0	0
Kansas	0	0	0

State	Franchise Agreements Signed But Unit Not Open	Projected Franchised New Units In The Next Fiscal Year	Projected Company Owned Openings In Next Fiscal Year (1)
Kentucky	0	0	0
Louisiana	0	0	0
Maine	0	0	0
Maryland	0	0	0
Massachusetts	0	0	0
Michigan	0	0	0
Minnesota	0	0	0
Mississippi	0	0	0
Missouri	0	0	0
Montana	0	0	0
Nebraska	0	0	0
Nevada	0	0	0
New Hampshire	0	0	0
New Jersey	0	3	0
New Mexico	0	0	0
New York	2	5	0
North Carolina	0	0	0
North Dakota	0	0	0
Ohio	0	0	0
Oklahoma	0	0	0
Oregon	0	0	0
Rhode Island	0	0	0
South Carolina	0	0	0
South Dakota	0	0	0
Tennessee	0	0	0
Texas	0	0	0
Utah	0	0	0
Vermont	0	0	0
Virginia	0	0	0
Washington	0	0	0
West Virginia	0	0	0
Wisconsin	0	0	0
Wyoming	0	0	0
TOTAL	3	8	0

1. Note: It is anticipated there will be no company-owned units established in this calendar year.

A list of the names of all franchisees and their addresses and telephones numbers will be provided in Exhibit 5 to this Offering Circular when applicable.

Since we have not sold a franchise, there are no franchisees who have been terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased doing business under the Franchise Agreement during the fiscal year ended December 31, 2004, nor has any franchisee not communicated with us within 10 weeks of the application date of this filing.

The name and last known home address and telephone number of every franchisee who has had a Franchised Business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of our application date will be listed on Exhibit 6 to the Offering Circular when applicable.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Offering Circular as Exhibit 8 is our audited financial statement as of September 30, 2004, and December 31, 2004.

ITEM 22
CONTRACTS

The Franchise Agreement is attached to this Offering Circular as Exhibit 3. The Area Development Agreement is attached to this Offering Circular as Exhibit 4.

ITEM 23
RECEIPT

Two copies of an acknowledgment of your receipt of this Offering Circular appear at the end of the Offering Circular. Please return one signed copy to us and retain the other for your records.