



ANYTIME FITNESS  
FRANCHISE DISCLOSURE DOCUMENT

ANYTIME FITNESS, LLC  
a Minnesota limited liability company  
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The franchise we offer is for a fitness center designed to operate with minimal overhead and labor costs. We also offer the opportunity to open a more limited Anytime Fitness Express center.

The total investment necessary to begin operation of an Anytime Fitness center is between \$78,599 and \$345,499. This includes an initial franchise fee of \$29,999 for a new franchisee, as well as the cost of certain items that most franchisees purchase from us or our affiliates before they begin operating, which items range in total cost from \$27,400 to \$59,133. For an Anytime Fitness Express center, your initial investment should range from \$61,599 to \$215,299 for a new franchisee. This includes an initial franchise fee of \$23,999, as well as the cost of certain items that most franchisees purchase from us or our affiliates before they begin operating, which items range in total cost from \$22,000 to \$48,289.

This Disclosure Document summarizes certain provisions of our franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the Franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact your sales representative at 12181 Margo Avenue South, Suite 100, Hastings, Minnesota 55033, telephone: 800-704-5004.

The terms of your contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisory, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

ISSUANCE DATE: March 29, 2013. (See Exhibit A for State Specific Effective Dates.)

**ITEM 19.**  
**FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document. Financial performance

information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

#### AVERAGE MEMBER NUMBERS

We had 1,521 Anytime Fitness clubs open for at least 12 months as of February 28, 2013. The average number of members at these clubs as of that date was 806. 625 of the 1,521 clubs that were open for at least 12 months as of February 28, 2013 (41%) had 806 or more members, and 896 (59%) had less than 806 members. This is an increase from an average of 737 members as of February 28, 2011, and 769 members as of February 29, 2012.

We also had 44 Anytime Fitness Express clubs open for at least 12 months as of February 28, 2013. The average number of members at these clubs was 526. 18 of the 44 clubs that were open for at least 12 months as of February 28, 2013 (41%) had 526 or more members, and 26 (59%) had less than 526 members.

#### STATEMENT OF ANNUAL PROJECTED REVENUES AND EARNINGS FOR AN ANYTIME FITNESS CENTER

The following are statements of projected annual revenues and earnings for a franchised Anytime Fitness center. These projections are for a second year of operation. They assume that at the end of the first year you have a fixed number of memberships, and, even though most of our clubs continue to increase their memberships after the first year, that you remain at that level for the entire year, adding as many new members as the number of members that leave. (During the first year, it will take you time to build your member base.) We have listed below three projections, one based on a center having 500 members, one based on 806 members, and one based on 1,000 members. They are based on revenue information provided to us by our designated billing processor for our franchisees in 2012, and on the 23 Anytime Fitness centers that we or our affiliates operated during all or part of 2012.

The first example, for a 500-member club, is intended to give you an idea of the revenues, expenses and projected income of a club that performs well below our average, but is still profitable. Of the 1,521 Anytime Fitness clubs open for at least 12 months as of February 28, 2013, 1,282 (84%) had over 500 members as of February 28, 2013. The 806-member example will give you an idea of the revenues, expenses and income of a club that is able to maintain throughout the year the same number of members as the average number of members we had in our clubs that were open for at least 12 months as of February 28, 2013 (a relatively strong time of year for club memberships). Of the 1,521 Anytime Fitness clubs open for at least 12 months as of February 28, 2013, 625 (41%) had over 806 members as of February 28, 2013. The 1,000-member example gives you an idea of the revenues, expenses and profitability of a high achieving club. Of the 1,521 Anytime Fitness clubs open for at least 12 months as of February 28, 2013, 341 (22%) had over 1,000 members as of February 28, 2013.

The assumptions we made in compiling these projections are detailed following the projections. Any change in these assumptions would require material alterations to the projections.

	500 Members	806 Members	1,000 Members
<b>Revenues<sup>1</sup></b>			
Enrollment Fee <sup>2</sup>	\$11,000	\$17,800	\$22,100
Membership Fees <sup>3,4</sup>	188,100	303,100	376,100
Vending Revenues <sup>5</sup>	1,500	2,400	3,000
Personal Training <sup>6</sup>	<u>42,500</u>	<u>68,400</u>	<u>84,900</u>
<b>Total Revenues<sup>7</sup></b>	<b>\$243,100</b>	<b>\$391,700</b>	<b>\$486,100</b>
<b>Operating Expenses<sup>1</sup></b>			
Rent <sup>8</sup>	81,500	81,500	81,500
Equipment Lease <sup>9</sup>	45,600	45,600	45,600
Personal Training Commissions <sup>6</sup>	21,250	34,200	42,450
Royalties	6,000	6,000	6,000
Processing/Credit Card Fees <sup>10</sup>	10,300	16,700	20,700
Bad Debt <sup>11</sup>	6,800	10,900	13,500
Utilities <sup>12</sup>	19,800	19,800	19,800
Insurance	2,650	2,650	2,650
Proximity Cards <sup>2, 3</sup>	1,100	1,700	2,100
Advertising Funds <sup>13</sup>	3,600	3,600	3,600
Local Advertising <sup>14</sup>	6,000	8,200	9,200
Anytime Health Fees <sup>15</sup>	2,700	2,700	2,700
Vending Products <sup>5</sup>	500	700	900
Maintenance	6,200	10,000	12,400
Software/Web Hosting <sup>16</sup>	2,400	2,400	2,400
Bodyworkz Fees <sup>17</sup>	1,900	1,900	1,900
Fitness on Request	1,200	1,200	1,200
Annual Conference Fee	389	389	389
Miscellaneous <sup>18,20</sup>	<u>12,000</u>	<u>15,000</u>	<u>17,500</u>
<b>Total Operating Expenses</b>	<b>\$231,899</b>	<b>\$265,139</b>	<b>\$286,489</b>
<b>Income Before Salaries, Depreciation, Interest, Taxes and Debt Expense<sup>19</sup></b>	<b>\$11,211</b>	<b>\$125,561</b>	<b>\$199,611</b>
<b>Manager Salary and Payroll Costs<sup>19</sup></b>		<b>\$35,000</b>	<b>\$45,000</b>
<b>Income Before Depreciation, Interest, Taxes and Debt Expense<sup>19,20,21</sup></b>	<b><u>\$11,211</u></b>	<b><u>\$91,561</u></b>	<b><u>\$154,611</u></b>

These figures are only estimates of what we think you can earn based on the assumptions described below. Your results may differ. There is no assurance that you will sell as many memberships or earn as much.

These figures were prepared without an audit. Prospective franchisees or sellers of franchises should be advised that no certified public accountant has audited these figures or expressed his/her opinion with regard to the content or form.

#### NOTES AND ASSUMPTIONS

1. We rounded most revenues and expenses to the nearest \$100.
2. In projecting enrollment fee revenues and the cost of proximity cards, we assumed that 45% of your members would be replaced through attrition, and that the average enrollment fee you charge is \$49. The 45% attrition rate is an average in the industry.
3. In projecting membership revenues, we had to make certain assumptions regarding the types of memberships you will sell in your center and the prices you will charge for each type of membership. Based on reports we received from our designated billing processor, the average Anytime Fitness franchisee for whom they processed memberships fees in 2012 had 75% as many membership agreements in effect as members. In other words, if you have 500 members, on average, you could expect to have 375 memberships, with approximately 75% of those memberships being individual memberships, and 25% of those memberships being couples (or family or multiple) memberships. Some of these memberships will be for fitness only, while others will include tanning memberships. It is up to you to set your own prices for each type of membership you sell (subject to minimum and maximum amounts we may specify). Based on the report from our designated processor, the average monthly membership fees paid under each membership agreement to our Anytime Fitness franchisees for whom they processed billings in 2012 was \$43.45. (Individual memberships would typically pay lower fees, couples memberships would pay fees higher than the average, and those with tanning would pay higher fees than those without tanning.) We used this average in compiling the membership fee projection. However, membership rates will vary significantly between clubs, depending upon what you elect to charge, how your rates are affected by competition, the number of members you have who add tanning memberships, the number of couples memberships you sell, and the number of memberships you sell that receive corporate discounts, and we do not represent that any franchisee can expect to attain any particular level of sales.
4. Under the 2010 Affordable (Health) Care Act, you are required to collect sales taxes on tanning services, and remit those taxes to the Internal Revenue Service. We assumed that you will collect the tax and pay it to the taxing authorities, which has no effect on your bottom line, and that tanning sales will not be impacted by this new tax.)
5. It is up to you to determine whether you offer vending machines in your center, the products you place in those machines and the vending prices. The amounts we have projected for vending revenue reflect the per membership revenues we receive from vending. We also do not tell you the sources from which you can purchase vending products. We assumed you would purchase your vending products from a warehouse seller such as Sam's Club, and that you pick up these items. If you go to other sources, or have these products delivered, your expenses will likely be higher.
6. Most of our clubs hire personal trainers to provide personal training services to their members. Members pay the trainers, and our franchisees typically collect a percentage of what the trainers receive. (In some cases, franchisees charge trainers a monthly rental, and allow them to keep all or a greater share of the training revenues they receive.) We have projected training revenues equal to \$84.90 per member per year. The training fees will vary by trainer, but the average training fee is \$40 an hour. Thus, the training revenues assume you have between 2 and 4 members per day, 5 days per week, taking training. We believe that this is consistent with the average for all our franchisees, but many franchisees do not report their training revenues to us. We also projected that you pay one-half of these

revenues to your trainer. If you perform all or a portion of the training services yourself, this would increase your income from operating your center.

7. There are other revenue sources we have not included. For example, we have recommended that our clubs charge members \$1 a month for membership in Anytime Health (\$2 for a couples or family membership). While we included in expenses the fees you pay us for each member (which we cap at \$225 a month), since the majority of our clubs have elected not to separately charge their members for these memberships, we did not include them in revenues. Likewise, we recommend that our franchisees charge members a club enhancement fee of \$20-\$25 per year that can be used to purchase new equipment and upgrade their club. While more than a third of our clubs are charging these fees, and most of our newer clubs are charging them, we have not included these fees in revenues because we also did not include in your expenses the cost of purchasing new equipment or upgrading your facilities. Thus, if you are charging these fees, your cash flow would increase.

8. Your rent can vary significantly depending on the size and location of your center. However, in our experience, the number of members you have does not necessarily correlate to the size of your center. Our projections therefore assumed that the center had 4,500 square feet, and that the gross rent paid was \$18.11 per square foot per year. If you have a larger center, or you pay more for rent, your rent expense could increase significantly.

9. This amount assumes you enter into a 3 year lease purchase agreement for your equipment, paying approximately 15% down, and financing the balance. For a center with 4,500 square feet, we estimated that the balance was \$110,500. (Larger centers will typically have more equipment. See Item 7 for additional information about the range of initial investment for equipment and improvements.) Our projection assumes an interest rate of 10% per annum. We also assumed you are required to pay sales tax of 6 5/8% on these lease payments. These numbers will likely be different for each franchisee, as you may decide to make more of a down payment (which would lower your payments), you may decide to finance your equipment over a longer period of time (which will also lower your payments), you may have to pay a higher interest rate (which would increase your payments), and your sales tax may be higher or lower than 6 5/8%. In our company-owned centers, we typically purchase these assets without leasing.

10. Processing and credit card fees will vary depending on how many members prepay their membership fees, how many pay by credit card, and the credit card they use. In our experience, costs for these services generally average about 5.5% of your membership fees.

11. We assumed you would have 3.6% bad debt on your membership fees. This is consistent with the bad debt experience for our franchisees in 2012 as reported to us by our designated billing processor.

12. This amount includes gas, electric, water, cable, Internet and telephone. It assumes utilities average \$4.40 per square foot.

13. This amount is based on our current requirement that you contribute \$300 per month to our General Advertising Fund.

14. We expect you to spend at least \$6,000 per year for advertising. Our projection assumes your spending on local advertising increases more as you have more members.

15. As noted in footnote 7, you will be selling Anytime Health memberships for us, and you keep everything you charge for those memberships above \$0.50 for individual members, and \$1.00 for



couples or family memberships. However, the maximum amount you must pay us each month for these memberships is \$225 (and \$675 if you own 3 or more centers).

16. In some states, you will also be required to pay sales tax on these fees. We have not included those sales taxes because they are payable in only a handful of states.

17. You are not required to use the Bodyworkz Training Program, but our revenue projection assumes that you do so. Thus, we have also assumed expenses of \$160 per month for using this program. (If you have more than 2 centers, the fee is actually reduced to \$135 per month for the second and any subsequent center.)

18. Miscellaneous includes janitorial services, legal and accounting fees, cell phone, supplies, licenses, and other similar items. Many of these costs can vary significantly depending on the location of your center and the time you spend looking for the best possible cost on these items. The projections are consistent with the experience of our company owned centers.

19. The low projection assumes you act as manager of your center and do not receive a separate salary. As your business grows, you may wish to hire a manager to oversee the club operations. We are assuming you would pay that manager \$2,000 per month, plus commissions and limited benefits, so that with payroll costs, the total cost for a manager will be \$35,000 a year. This is consistent with what we understand to be the average compensation our franchisees pay their managers. In the 1,000 member projection, we assumed the manager would receive a salary of \$2,500 per month, plus commissions and benefits. Except as noted in footnote 6, the projections assume you do not hire any other employees to help you. (Because our centers are designed to operate 24 hours a day, without the necessity of having staff on premises, you should not need any other employees. However, some states or municipalities may require you have an employee on premises whenever your center is open. If you are an absentee-owner, or you operate in a location that requires the center to be staffed at all times, your expenses will increase significantly because you will have to pay salaries and benefits to employees. In our company-owned centers, we do pay a manager, or a management fee, to somebody to oversee the centers for us. Thus, we had additional expenses for wages or management fees.)

20. Because each location is different, actual revenues, expenses and income will vary at each location. We do not represent that any franchisee can expect to attain the revenues or income shown in these statements. Also, because these statements are for a second year of operation, results for a new franchisee are likely to differ from the results shown in the projections.

21. We also recommend that you set aside at least \$500 per month per square foot to defray the cost of remodeling and acquiring new equipment for your Anytime Fitness center as a condition to renewing your franchise. We have not deducted these amounts from the projected income because (i) these are still your monies and therefore it would not affect your profitability to set the amounts aside, and (ii) we recommend that you charge your members a club enhancement that will generate these amounts and we did not include the club enhancement fees in the projected revenues.

We gave you information above about the number of all our centers that were open for at least 12 months as of February 28, 2013. We or our affiliates operated 12 of those centers for the entire 12 months ended February 28, 2013. 10 of those 12 centers (83.3%) exceeded the membership numbers, revenue and income projections in the first (500 members) column, 5 (47.7%) exceeded the membership numbers, revenue and income projections in the second (806 members) column, and 3 (25%) exceeded the membership numbers, revenues and income projections in the third (1,000 members) column. Because our franchisees are not required to give us this level of detail as to their revenues and expenses, we cannot tell you how many of our franchisees exceeded the projected revenues or projected profits.

STATEMENT OF ANNUAL PROJECTED REVENUES AND EARNINGS  
FOR AN ANYTIME FITNESS EXPRESS® CENTER

The following are statements of projected annual revenues and earnings for a franchised Anytime Fitness Express® center. These projections are for a second year of operation. They assume that at the end of the first year you have a fixed number of memberships, and, even though most of our clubs continue to increase their memberships after the first year, that you remain at that level for the entire year, adding as many new members as the number of members that leave. (During the first year, it will take you time to build your member base.) We have listed below three projections, one based on a center having 350 members, one based on 526 members, and one based on 650 members. They are based on revenue information provided to us by our designated billing processor for our 44 Anytime Fitness Express franchisees that operated during all of the 12 months ended February 28, 2013, and our expense experience operating Anytime Fitness centers.

The first example, for a 350 member club, is intended to give you an idea of the revenues, expenses and projected income of a club that performs well below our average, but is still profitable. Of the 44 Anytime Fitness Express clubs open for at least 12 months as of ended February 28, 2013, 36 (82%) had over 350 members as of February 28, 2013. The 526 member example will give you an idea of the revenues, expenses and income of a club that is an above average club, and is able to maintain throughout the year the same number of members as the average number of members at those of our clubs that were open for at least 12 months as of February 28, 2013. Of the 44 Anytime Fitness Express clubs that were open for at least 12 months as of February 28, 2013, 18 (41%) had 526 or more members as of February 28, 2013. The third example gives you an idea of the revenues, expenses and profitability of a high-achieving club with 650 members. Of the 44 Anytime Fitness Express clubs that were open for at least 12 months as of February 28, 2013, 13 (30%) had 650 or more members as of February 28, 2013.

	350 Members	526 Members	650 Members
<b>Revenues<sup>1</sup></b>			
Enrollment Fee <sup>2</sup>	\$7,700	\$11,600	\$14,300
Membership Fees <sup>3,4</sup>	136,900	205,700	254,200
Vending Revenues <sup>5</sup>	1,100	1,600	2,000
<b>Total Revenues<sup>6</sup></b>	<b>\$145,700</b>	<b>\$218,900</b>	<b>\$270,500</b>
<b>Operating Expenses<sup>1</sup></b>			
Rent <sup>7</sup>	39,900	39,900	39,900
Equipment Lease <sup>8</sup>	35,100	35,100	35,100
Royalties	6,000	6,000	6,000
Processing/Credit Card Fees <sup>9</sup>	7,500	11,300	14,000
Bad Debt <sup>10</sup>	4,900	7,400	9,200
Utilities <sup>11</sup>	12,800	12,800	12,800
Insurance	2,000	2,000	2,000
Proximity Cards <sup>2,3</sup>	700	1,100	1,400
Advertising Fund <sup>12</sup>	3,600	3,600	3,600
Local Advertising <sup>13</sup>	4,000	5,400	6,000
Anytime Health Fees <sup>14</sup>	2,700	2,700	2,700



	350 Members	526 Members	650 Members
Vending Products <sup>5</sup>	500	700	900
Maintenance	4,300	6,500	8,100
Software/Web Hosting <sup>15</sup>	2,400	2,400	2,400
Annual Conference Fee	389	389	389
Miscellaneous <sup>16</sup>	<u>10,000</u>	<u>12,000</u>	<u>14,000</u>
<b>Total Operating Expenses<sup>18</sup></b>	<b>\$136,789</b>	<b>\$149,289</b>	<b>\$158,489</b>
<b>Income Before Salaries, Depreciation, Interest, Taxes and Debt Expense<sup>17,18,19</sup></b>	<b><u>\$8,911</u></b>	<b><u>\$69,611</u></b>	<b><u>\$112,011</u></b>

These figures are only estimates of what we think you can earn based on the assumptions described below. Your results may differ. There is no assurance that you will sell as many memberships or earn as much.

These figures were prepared without an audit. Prospective franchisees or sellers of franchises should be advised that no certified public accountant has audited these figures or expressed his/her opinion with regard to the content or form.

#### NOTES AND ASSUMPTIONS

1. We rounded most revenues and expenses to the nearest \$100.
2. In projecting enrollment fee revenues and the cost of proximity cards, we assumed that 45% of your members would be replaced through attrition, and that the average enrollment fee you charge is \$49. The 45% attrition rate is an average in the industry.
3. In projecting membership revenues, we had to make certain assumptions regarding the types of memberships you will sell in your center and the prices you will charge for each type of membership. Based on reports we received from our designated billing processor, the average Anytime Fitness franchisee for whom they processed memberships fees in 2012 had 75% as many membership agreements in effect as members. In other words, if you have 350 members, on average, you could expect to have 262 memberships, with approximately 75% of those memberships being individual memberships, and 25% of those memberships being couples (or family or multiple) memberships. Some of these memberships will be for fitness only, while others will include tanning memberships. It is up to you to set your own prices for each type of membership you sell (subject to minimum and maximum amounts we may specify). Based on the report from our designated processor, the average monthly membership fees paid under each membership agreement to our Anytime Fitness Express franchisees for whom they processed billings in 2012 was \$43.45. (Individual memberships would typically pay lower fees, couples memberships would pay fees higher than the average, and those with tanning would pay higher fees than those without tanning.) We used this average in compiling the membership fee projection. However, membership rates will vary significantly between clubs, depending upon what you elect to charge, how your rates are affected by competition, the number of members you have who add tanning memberships, the number of couples memberships you sell, and the number of memberships you sell that receive corporate discounts, and we do not represent that any franchisee can expect to attain any particular level of sales.

4. Under the 2010 Affordable (Health) Care Act, you are required to collect sales taxes on tanning services, and remit those taxes to the Internal Revenue Service. We assumed that you will collect the tax and pay it to the taxing authorities, which has no effect on your bottom line, and that tanning sales will not be impacted by this new tax.)

5. It is up to you to determine whether you offer vending machines in your center, the products you place in those machines and the vending prices. The amounts we have projected for vending revenue reflect the per membership revenues we receive from vending. We also do not tell you the sources from which you can purchase vending products. We assumed you would purchase your vending products from a warehouse seller such as Sam's Club, and that you pick up these items. If you go to other sources, or have these products delivered, your expenses will likely be higher.

6. There are other revenue sources we have not included. For example, we have recommended that our clubs charge members \$1 a month for membership in Anytime Health (\$2 for a couples or family membership). While we included in expenses the fees you pay us for each member (which we cap at \$225 a month), since the majority of our clubs have elected not to separately charge their members for these memberships, we did not include them in revenues. Likewise, we recommend that our franchisees charge members a club enhancement fee of \$20-25 per year that can be used to purchase new equipment and upgrade their club. While more than a third of our clubs are charging these fees, and most of our newer clubs are charging them, we have not included these fees in revenues because we also did not include in your expenses the cost of purchasing new equipment or upgrading your facilities. Thus, if you are charging these fees, your cash flow would increase.

7. Your rent can vary significantly depending on the size and location of your center. However, in our experience, the number of members you have does not necessarily correlate to the size of your center. Our projections therefore assumed that the center had 2,900 square feet, and that the gross rent paid was \$13.76 per square foot per year. If you have a larger center, or you pay more for rent, your rent expense could increase significantly.

8. This amount assumes you enter into a 3 year lease purchase agreement for your equipment, paying approximately 15% down, and financing the balance. For a center with 2,900 square feet, we estimated that the balance was \$85,000. (Larger centers will typically have more equipment. See Item 7 for additional information about the range of initial investment for equipment and improvements.) Our projection assumes an interest rate of 10% per annum. We also assumed you are required to pay sales tax of 6 5/8% on these lease payments. These numbers will likely be different for each franchisee, as you may decide to make more of a down payment (which would lower your payments), you may decide to finance your equipment over a longer period of time (which will also lower your payments), you may have to pay a higher interest rate (which would increase your payments), and your sales tax may be higher or lower than 6 5/8%. In our company-owned centers, we typically purchase these assets without leasing.

9. Processing and credit card fees will vary depending on how many members prepay their membership fees, how many pay by credit card, and the credit card they use. In our experience, costs for these services generally average about 5.5% of your membership fees.

10. We assumed you would have 3.6% bad debt on your membership fees. This is consistent with the bad debt experience for our franchisees in 2012 as reported to us by our designated billing processor.

11. This amount includes gas, electric, water, cable, Internet and telephone. It assumes utilities average \$4.40 per square foot.

12. This amount is based on our current requirement that you contribute \$300 per month to our General Advertising Fund.

13. We expect you to spend at least \$4,000 per year for advertising. Our projection assumes your spending on local advertising increases as you have more members.

14. As noted in footnote 7, you will be selling Anytime Health memberships for us, and you keep everything you charge for those memberships above \$0.50 for individual members, and \$1.00 for couples or family memberships. However, the maximum amount you must pay us each month for these memberships is \$225 (or \$675 if you own 3 or more centers).

15. In some states, you will also be required to pay sales tax on these fees. We have not included those sales taxes because they are payable in only a handful of states.

16. Miscellaneous includes janitorial services, legal and accounting fees, cell phone, supplies, licenses, and other similar items. Many of these costs can vary significantly depending on the location of your center and the time you spend looking for the best possible cost on these items. The projections are consistent with the experience of our company owned centers.

17. The projection assumes you act as manager of your center and do not receive a separate salary. We therefore have not included any additional expense for salary. The projections assume you do not hire any other employees to help you. Because our centers are designed to operate 24 hours a day, without the necessity of having staff on premises, you should not need any other employees. However, some states or municipalities may require you have an employee on premises whenever your center is open. If you are an absentee-owner, or you operate in a location that requires the center to be staffed at all times, your expenses will increase significantly because you will have to pay salaries and benefits to employees. In our company-owned centers, we do pay a manager, or a management fee, to somebody to oversee the centers for us. Thus, we had additional expenses for wages or management fees.

18. Because each location is different, actual revenues, expenses and income will vary at each location. We do not represent that any franchisee can expect to attain the revenues or income shown in these statements. Also, because these statements are for a second year of operation, results for a new franchisee are likely to differ from the results shown in the projections.

19. We also recommend that you set aside at least \$500 per month per square foot to defray the cost of the remodeling and refreshing you must do to your Anytime Fitness center as a condition to renewing your franchise. We have not deducted these amounts from the projected income because (i) these are still your monies and therefore it would not affect your profitability to set the amounts aside, and (ii) we recommend that you charge your members a club enhancement that will generate these amounts and we did not include the club enhancement fees in the projected revenues.

**ADDITIONAL ASSUMPTIONS APPLICABLE TO BOTH ANYTIME FITNESS CENTERS AND  
ANYTIME FITNESS EXPRESS CENTERS:**

A. We did not provide any allowance for corporate or personal income taxes.

B. While we did include expenses for a lease/purchase of your equipment, we did not include any other expenses for depreciation, amortization, interest, or the repayment of debt. We anticipate every franchisee will fund its initial investment differently, and we therefore cannot project how you would account for these items.

C. The projections are based on economic conditions that existed in March 2013, with no consideration in any category for inflation related adjustments or further weaknesses in general economic conditions.

D. The projections assume you follow our guidelines in terms of the products and services you offer and the way you operate your business. If you do not, your results will likely vary dramatically from the results we have projected.

Written substantiation for the financial performance representations made in this Item 19 will be made available to you upon reasonable request.

We recommend you use QuickBooks Pro, the desktop version, as your accounting system. Most of the centers we used in compiling these projections used the accounting system we and our affiliates use in centers we operate. That system is consistent with generally accepted accounting principles.

We provided substantially the same services to those centers as we will offer to you. All of these centers offered substantially the same products and services as you are expected to offer.

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#### RESULTS OF REINVENTIONS AND RELOCATIONS

This Disclosure Document is being given both to existing Anytime Fitness franchisees who will be signing a new franchise agreement as a condition to renewing their existing franchise, and to prospective new franchisees. If you are an existing franchisee who is nearing the expiration of your Franchise Agreement, you must upgrade, or "reinvent" your Anytime Fitness Center as a condition to renewing your franchise. You may also be considering relocating your Anytime Fitness Center.

Between July 17, 2011, and July 27, 2012, we had 42 Anytime Fitness centers that completed their reinventions, and 33 that relocated their business, all as part of the renewal of their franchise. We compared their average results for the months after their reinvention or relocation, through January 2013, to their average results for the 12 months before their reinvention or relocation. While individual clubs varied significantly from the averages, some having very high improvements, and some showing negative results, on average, these centers showed increases in average monthly revenues and new memberships, and decreases in average monthly attrition, following their reinvention or relocation.

If you renew your franchise, and complete your reinvention or relocation, your results will likely differ from the averages. In fact, there is no assurance that you will increase your Gross Revenues or memberships, or decrease attrition following your re-invention or relocation. However, the results for these 75 centers were as follows:

RE-INVENTIONS (42 IN TOTAL)			
	Average Percentage	Number and Percentage Achieving Better Than Average Results	Number and Percentage Showing Less Than Average Results
Increase in average monthly gross revenues	9.8%	14 (33.33%)	28 (66.7%)
Increase in average monthly memberships	4.9%	20 (47.6%)	22 (52.4%)
Decrease in average monthly attrition	5.0%	22 (52.4%)	20 (47.6%)

RELOCATIONS (33 IN TOTAL)			
	<u>Average Percentage</u>	<u>Number and Percentage Achieving Better Than Average Results</u>	<u>Number and Percentage Showing Less Than Average Results</u>
Increase in average monthly gross revenues	14.6%	13 (39.4%)	20 (60.6%)
Increase in average monthly memberships	18.7%	15 (45.5%)	18 (55.5%)
Decrease in average monthly attrition	9.3%	17 (51.5%)	16 (48.5%)

The figures above are based upon reports from our franchisees, and from their billing processor, and have not been audited.

We do not furnish or authorize our salespersons to furnish any other oral or written information concerning the actual, average or potential sales, costs, income or profits of an Anytime Fitness or Anytime Fitness Express business. If you receive any other oral or written information concerning the actual, average or potential sales, income or profits of an Anytime Fitness or Anytime Fitness Express center from any of our representatives, or from a person claiming to act on our behalf, you should immediately report that incident to us, as we have not authorized that information. You should not rely on any oral or written estimate or projection of sales, income or profits, or statement of actual, average, estimated or potential sales, income or profits of an existing or future Anytime Fitness or Anytime Fitness Express center, because reliance on that information would not be reasonable in light of the fact that we have not authorized that information to be provided to you or to any other prospective franchisee.

Other than the preceding financial performance representations, Anytime Fitness does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Meredith Bauer at 12181 Margo Avenue South, Suite 100, Hastings, Minnesota 55033, telephone: (651) 438-5000, the Federal Trade Commission, and the appropriate state regulatory agencies.