

|      |                                                                        |    |
|------|------------------------------------------------------------------------|----|
| 1    | EXECUTIVE SUMMARY.....                                                 | 2  |
| 1.1  | Introduction.....                                                      | 2  |
| 1.2  | Club Positioning .....                                                 | 2  |
| 1.3  | Market Considerations .....                                            | 3  |
| 1.4  | Keys to Success.....                                                   | 3  |
| 2    | BUSINESS DEFINITION.....                                               | 5  |
| 2.1  | Mission Statement.....                                                 | 5  |
| 2.2  | Legal Structure .....                                                  | 5  |
| 2.3  | Financial Requirements.....                                            | 5  |
| 2.4  | Financial Break Down of Start-up Costs .....                           | 6  |
| 3    | FITNESS MARKET .....                                                   | 7  |
| 3.1  | Membership Growth Accelerated Following Surgeon General's Report ..... | 7  |
| 3.2  | Equipment and Facility Reinvestment Pumps up Profits.....              | 8  |
| 3.3  | Fourth-Quarter Results Show Health Clubs Recession-Resistant .....     | 9  |
| 3.4  | Non-Dues Revenue Sources Key to Long-Term Growth .....                 | 10 |
| 3.5  | Maturing Markets.....                                                  | 11 |
| 3.6  | Facilities .....                                                       | 11 |
| 3.7  | Programming.....                                                       | 12 |
| 3.8  | The Competition .....                                                  | 13 |
| 4    | PRODUCTS AND SERVICES .....                                            | 14 |
| 4.1  | Membership Details.....                                                | 14 |
| 4.2  | Weight and Strength Training.....                                      | 14 |
| 4.3  | Cardiovascular Training .....                                          | 14 |
| 4.4  | Personal Training .....                                                | 14 |
| 4.5  | Group Programming.....                                                 | 15 |
| 4.6  | Group Classes.....                                                     | 15 |
| 4.7  | Nutritional Education Program .....                                    | 16 |
| 4.8  | Supplements .....                                                      | 16 |
| 4.9  | Pro-Shop .....                                                         | 16 |
| 4.10 | Juice Bar .....                                                        | 17 |
| 4.11 | Drinks .....                                                           | 17 |
| 5    | STRATEGY AND IMPLEMENTATION .....                                      | 18 |
| 5.1  | Member Profile .....                                                   | 18 |
| 5.2  | Club Atmosphere.....                                                   | 18 |
| 5.3  | Sales Strategy .....                                                   | 19 |
| 5.4  | Marketing Strategy .....                                               | 19 |
| 6    | BUSINESS OBJECTIVES AND GOALS.....                                     | 21 |
| 7    | ORGANIZATION AND STAFFING.....                                         | 22 |
| 7.1  | The Management Team .....                                              | 22 |
| 7.2  | Outside Expertise and Resources .....                                  | 25 |
| 8    | Ownership.....                                                         | 27 |
| 8.1  | Jeff Levin.....                                                        | 27 |
| 9    | PROFIT & LOSS .....                                                    | 28 |
| 9.1  | Projected Membership .....                                             | 28 |
| 9.2  | Projected Sales .....                                                  | 28 |
| 9.3  | Cash Flow .....                                                        | 29 |
| 9.4  | Financial Projections .....                                            | 29 |