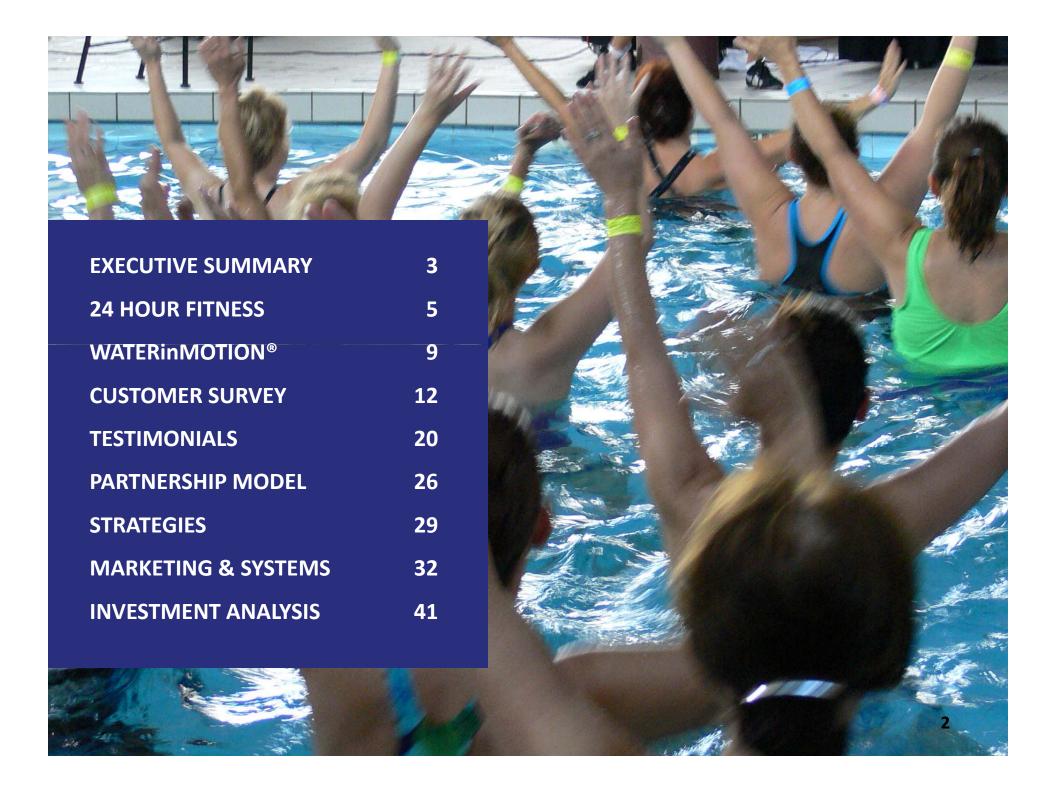


Aqua Group Exercise Programs







EXECUTIVE SUMMARY

This proposal outlines strategic recommendations to drive attendance and membership enrollments with the launch of WATERinMOTION® programming across the 24 Hour Fitness Club Chain.

Challenges that can impede growth and success with regards to water exercise programming include a poor member experience, lackluster staff recruitment and retention, and operational inefficiencies.

A partnership with WATERinMOTION® insures programming excellence through Instructor Certification Trainings, program management systems and performance tracking. Additionally, there are two WATERinMOTION® programming options for clubs – WATERinMOTION® Original and WATERinMOTION® Platinum.

At a single club level, this proposal is conservatively projected (using a Waterfall Model) will drive 50-100 new members per year, worth \$14K to \$28K in membership revenue per facility. For 70 clubs, the projection is an additional 3,500 to 7,000 new members with corresponding operating income of \$804K to \$1.6M annually.





WATERinMOTION® Original is the newest aqua exercise workout that provides a low impact, high-energy challenge for participants of all ages, skill and fitness levels. Jump in and make a splash with this dynamic cardiovascular workout, which tones and tapers the entire body. With land equivalent intensity, fantastic sing-along quality music, and dynamic Instructors, your members will enjoy the pure fun of this 60 minute water extravaganza. Aqua-PHOBES will forever become aqua-FANS when they "Catch the Wave"! Incredible music, invigorating movement, and magnificent marketing are the pillars of this amazing program. Land instructors smoothly and easily transition into the pool. Aquatic programs show increases in staff retention and membership usage.



WATERINMOTION® Platinum is a shallow-water, low-impact aqua exercise experience that offers active aging adults and de-conditioned participants a fun workout improving cardiovascular endurance, agility, balance, strength and flexibility. This customized exercise system provides quarterly-released music, easy-to teach and learn choreography, fantastic marketing and scientifically designed programming and education. Our **WATERINMOTION® Platinum** certified Instructors can gently share the pure joy of exercise through this buoyant, heart-healthy program.

BENEFITS OF LICENSING A WATERINMOTION® PROGRAM

- Increased Usage of the Most Expensive
 Piece of 24 Hour Fitness Equipment (the Pool)
- Consistency of Programming
- Quality Control of Instructor Delivery
- Ease of Program Management and Execution
- Improved Teacher Recruitment & Retention
- Increased Member Satisfaction
- Enhanced Member Referrals & Retention
- Improved Aqua Department Branding
- Low Cost Entry into Pre-choreographed Aqua Programs
- Significant Savings on WATERinMOTION®
 Instructors as Compared to Freestyle Teachers





Profiling the Strategy





24 HOUR FITNESS OVERVIEW

Throughout the 30+ year history of 24 Hour Fitness, they've held fast to their mission of helping people improve their lives through fitness. They recognize that every person has their own set of goals and their own unique perspective of what a fitness center means to them. Some members want to shed a few extra pounds and some members simply want to get healthier. 24 Hour Fitness makes clubs affordable and accessible to people of all abilities and fitness levels because they believe there is an athlete in all of us.

24 Hour Fitness demonstrates its leadership and philosophy of fitness through meaningful partnerships with like-minded companies, properties, and organizations. This is accomplished through a commitment to the community. They continually look for positive ways to help promote health and well-being through meaningful programs that champion research, education, and funding for important health initiatives.

FAMILY OF CLUBS

24 Hour Fitness clubs come in a variety of shapes and sizes to match the distinct fitness goals and lifestyles of their members. Their family of clubs includes the following:

- Ultra Sport Clubs
- Super Sport Clubs
- Sport Clubs
- Active/Express/FitLite Clubs



SILVER&FIT® ENDORSED

American Specialty Health Fitness (ASH Fitness) and the Silver&Fit® program, an exercise program that can drive new members to your fitness facility, are proud sponsors of WATERINMOTION® and WATERINMOTION® Platinum.

Be part of a new initiative in the health care and wellness fields, where you can join a dynamic network that serves nearly 2 million eligible Silver&Fit® members.

It is our understanding that a goal of 24 Hour Fitness is to accommodate the active aging population. With WATERinMOTION® programs endorsed by Silver&Fit, this gives 24 Hour Fitness the advantage of increased notoriety and credibility in this growing group aqua exercise population.







24 HOUR FITNESS OVERVIEW

There are more than 400 - 24 Hour Fitness club locations in the U.S. 24 Hour Fitness clubs are currently running a mixture of proprietary, freestyle and branded programs across their locations. Class types include:

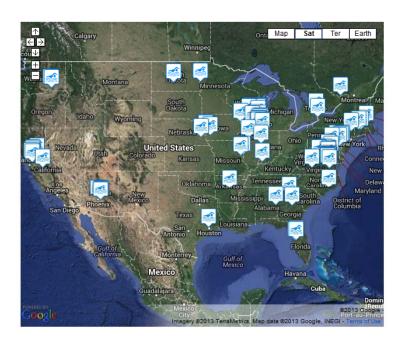
- Active Aging Classes
- Aerobic and Step Classes
- Boot Camp Classes
- Cycling Classes
- Dance Classes
- Kick Boxing Classes
- Les Mills Classes
- Mind/Body Classes
- Strength Training Classes
- Water Exercise Classes
- Zumba Group Exercise Classes



WATERINMOTION® OVERVIEW

WATERINMOTION® is licensed in over 160 facilities across North America ranging from:

- Independent Health Clubs
- Small Health Club Chains
- YMCA Associations
- Independent YMCA Facilities
- JCCs
- Park Districts
- Recreation Centers
- Gold's Gyms





Catch The Wave!







ABOUT WATERINMOTION®

WATERinMOTION® is the newest aqua exercise workout that provides a low impact, high-energy challenge for participants of all ages, skill and fitness levels. Jump in and make a splash with this dynamic cardiovascular workout that tones and tapers the entire body. With land equivalent intensity, fantastic sing-along quality music, and dynamic instructors, enjoy the pure fun of this 60 minute water extravaganza. Aqua-phobes will forever become aqua-FANS when they "Catch the Wave"! Incredible music, invigorating movement, and magnificent marketing are the pillars of this amazing program. Land instructors smoothly and easily transition into the pool. Aquatic programs show increases in staff retention and membership usage.

ABOUT SCW FITNESS EDUCATION

SCW Fitness Education is a nationally recognized fitness education body that provides exercise programming solutions, hands-on instructor certifications, continuing education courses and national conventions to fitness professionals since 1987. SCW is the distributor of the Les Mills group fitness programs in the Midwest and created and distributes WATERinMOTION®; a prechoreographed, quarterly-released, aquatic exercise program offered worldwide. Fitness professionals of all types attend one of our seven MANIA® Fitness Professional Training Events in Philadelphia, California, Florida, Atlanta, Dallas, Midwest (Chicago), and Boston. SCW is "where fitness professionals go to learn.







THE POWER OF 'GROUP'

THE POWER OF GROUP EXERCISE

- 90% of exercisers prefer to work out in a group
- Satisfied group exercise members refer people 3 times more often than other facility members
- Retention rates are higher for group exercise members than for machine members
- Improving the average number of visits per week a member makes to a facility by 1 will lead to a 3% increase in the clubs retention
- Group exercise members average number visits per week is 2 versus non-group exercise is <2
- 45.6% of facility members say group fitness is important to keep them motivated as a member
- 60% of people choose group exercise as the #1 important service offered by a health club
- Over 40% of health facility members cite "variety of classes" as one of the key features they enjoy about a typical facility experience
- Members who participate in group fitness classes intend to renew their memberships 9% more often than members who do not – 72% vs. 63%



THE POWER OF WATERINMOTION® GROUP AQUA EXERCISE

- Water exercise is typically the weakest link in a group fitness schedule
- Water fitness instructors are typically the least educated, least up-skilled and least supported staff in a fitness facility
- Attracts and retains an active older adult market
- Provides a low impact, high energy workout perfect for both older and younger adults
- Supplies the perfect cross training environment for athletes of all levels and all ages
- Improves cardiovascular, musculoskeletal and bone density in the comfortable environment for beginning exercisers
- Aquatic exercise participants are the most loyal of all group exercise individuals ensuring membership retention, recommendations and renewals
- 60% of the WATERinMOTION® clients feel so connected to, and proud of, WATERinMOTION® that they desire to spread the word and become Trainers and DVD stars
- 100% of the WATERinMOTION® Instructors, Managers and Directors would recommend WATERinMOTION® to other facilities, Instructors and students





Customer Survey Results







QUESTION 1. What is your role in your club/facility?

	Executive Director	2.7%
	Fitness Director	4.0%
	Aquatic Director	6.7%
	Group Exercise Manager	14.7%
	Land Group Exercise Instructor	12.0%
ŀ	Aqua Group Exercise Instructor	60.0%
L		

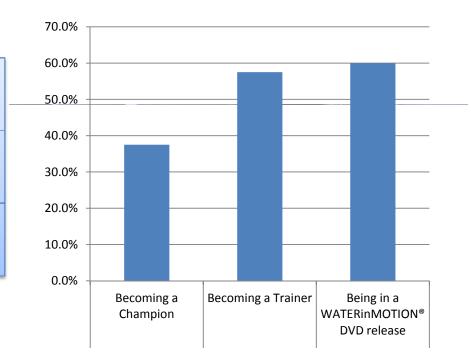
Survey sent to 250 individuals with 73 respondents, equaling a 29.2% return. This large survey return demonstrates a strong affiliation and commitment to WATERinMOTION®.



QUESTION 2. Would you be interested in the following information?

_	Becoming a Champion	37.5%
	Becoming a Trainer	57.5%
	Being in a WATERinMOTION® DVD release	60.0%

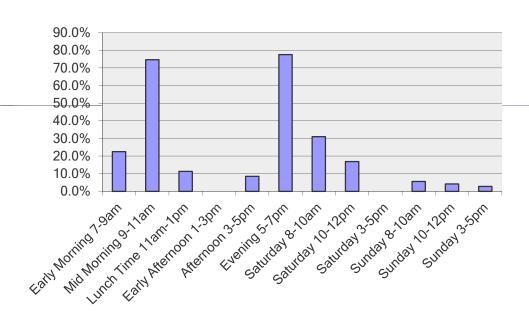
Survey results demonstrate affiliate's commitment, belief and willingness to invest deeper into the WATERinMOTION® program.





QUESTION 3. Between what times of the day would you position WATERinMOTION®?

Early Morning 7-9am	22.5%
Mid Morning 9-11am	74.6%
Lunch Time 11am-1pm	11.3%
Early Afternoon 1-3pm	0.0%
Afternoon 3-5pm	8.5%
Evening 5-7pm	77.5%
Saturday 8-10am	31.0%
Saturday 10-12pm	16.9%
Saturday 3-5pm	0.0%
Sunday 8-10am	5.6%
Sunday 10-12pm	4.2%
Sunday 3-5pm	2.8%

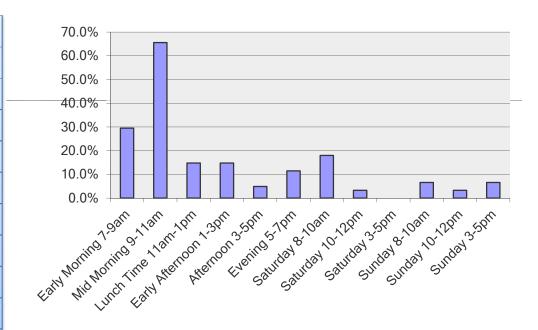


WATERINMOTION® is best run mid-morning and early evening.



QUESTION 4. Between what times of the day would you position WATERinMOTION® – Platinum?

Early Morning 7-9am	29.5%
Mid Morning 9-11am	65.6%
Lunch Time 11am-1pm	14.8%
Early Afternoon 1-3pm	14.8%
Afternoon 3-5pm	4.9%
Evening 5-7pm	11.5%
Saturday 8-10am	18.0%
Saturday 10-12pm	3.3%
Saturday 3-5pm	0.0%
Sunday 8-10am	6.6%
Sunday 10-12pm	3.3%
Sunday 3-5pm	6.6%

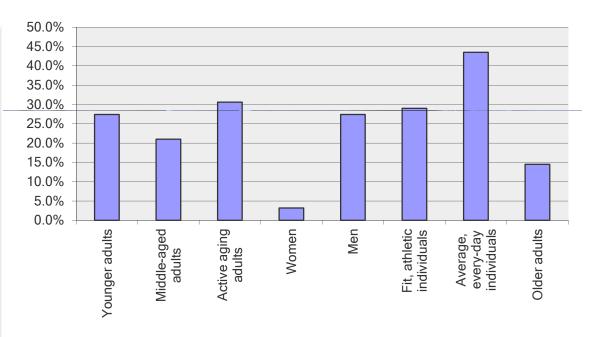


WATERinMOTION® is best run early-morning and mid-morning.



QUESTION 5. What demographic would you like to see more of in WATERinMOTION® filming?

Younger adults	27.4%
Middle-aged adults	21.0%
Active aging adults	30.6%
Women	3.2%
Men	27.4%
Fit, athletic individuals	29.0%
Average, every-day individuals	43.5%
Older adults	14.5%

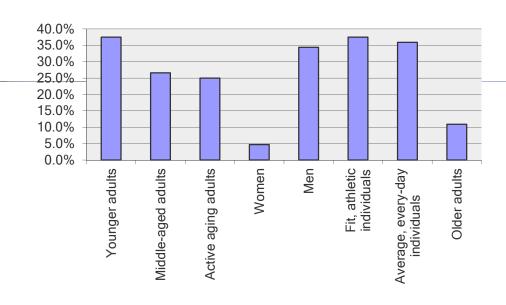


WATERinMOTION® attracts ALL demographics, most importantly average everyday individuals feel comfortable in this environment. Active aging adults, fit/athletic individuals, middle-aged, younger and older adults all succeed in WATERinMOTION®.



QUESTION 6. What demographic would you like to see more of in the WATERinMOTION® marketing materials?

Younger adults	37.5%
Middle-aged adults	26.6%
Active aging adults	25.0%
Women	4.7%
Men	34.4%
Fit, athletic individuals	37.5%
Average, every-day individuals	35.9%
Older adults	10.9%



WATERinMOTION® will continue to market and service all demographics.



QUESTION 7. Would you recommend WATERinMOTION® to someone else?

_	Yes	100.0%
	No	0.0%



100% of the WATERinMOTION® customers said that they would recommend the program to someone else.



Testimonials









"In a recent 9 month study, we have seen our member usage increase on average 18% which is quite significant. We are also now attracting 13-60 new-to-aqua-fitness members per month as a company."

ANN GILBERT
Vice President of Fitness For Shapes Total Fitness
Tampa Bay Area - Florida
(813) 927-4112
AnnG@shapestotalfitness.com
www.shapestotalfitness.com

www.waterinmotion.com/testimonials

"We implemented WATERinMOTION® (WIM) about a year and a half ago and have been extremely satisfied and surprised with what WATERinMOTION® (WIM) has done for our aquatic programming. We trialed WIM in 3 clubs, or what we call a "pod" and saw our aqua attendance grow and grow and grow. Now having expanded WIM into 8 of our facilities. In a recent 9 month study, we have seen our member usage increase on average 18% which is quite significant. We are also now attracting 13-60 new-to-aqua-fitness members per month as a company. The age group that we are attracting seem to be the 35-45 year old market. Younger people are now using our pools while we still maintain the 45-65 year old attendee.

We have also found that we are now recruiting and retaining high-end aqua instructors. On average we have added 7 new instructors for each of the 8 clubs, almost 50 new-to-water instructors for our company as a whole. With a shortage of good quality aqua instructors worldwide, WIM has created an outstanding system and network by which to train and upskill great aquatic leaders.

We wanted Shapes to stand out in our community, and for Shapes to be a place to go to for great aquatic programming. WIM has done this for us through their fantastic system and easily customizable branded marketing. We use it for community events, in-club marketing, social networking (blogs), and television.

We have also been able to now fill our aqua schedule with classes that begin at 5:30 in the morning and go until 8:00 at night. Like an empty cycle studio, our pool was once empty. Now it is being used!

We have just started to trial WATERinMOTION® Platinum in one of our facilities. WIM Platinum is a slightly shorter, slower, and simpler program designed to accommodate an older adult 65-90 years old. We started with 3 attendees and are now up to a constant 25 (which is the limit in our pool area). We even have to take a waiting list. On Memorial Day we had a fun event and filled the pool with 25 attendees for WIM Platinum. We had 15 more ready to go in, and had to hold another impromptu class right after the scheduled program to accommodate these excited members. Because of this positive response, we will be launching WIM Platinum across the boards in more facilities soon."

Ann Gilbert
Vice President of Fitness For Shapes Total Fitness, Tampa Bay Area - Florida
(813) 927-4112 - AnnG@shapestotalfitness.com
www.shapestotalfitness.com





"WATERinMOTION® is working! It is a great program that I attend myself and it is the most exciting water class I have experienced in quite a long time. It offers cardio and strength without putting extra tension on the hip and knee joints, which is great for our members! The average class attendance for our WATERinMOTION® classes is 18-20 participants with a max capacity of 25 participants. In a two month span, we acquired 14 new memberships directly from WATERinMOTION®!"

Lauran DelaGrange – Group Fitness Manager Sarasota YMCA, Sarasota, FL Idelagrange@thesarasotay.org // 941-955-8194

WATERINMOTION® TESTIMONIALS

"Our members always say that they keep their club memberships because of the wonderful water programs we offer, especially WATERinMOTION®! WATERinMOTION® has helped to grow our membership numbers. Our sales staff encourages our participants to take WATERinMOTION® and our classes continue to grow. Also, members bring their friends, and when they do, they seem to always love the class and join the club. WATERinMOTION® has improved our water program by adding variety, great music, and awesome choreography! While we only have two WIM instructors, me and another girl, we always sub for each other and support each other's classes. With our last WATERinMOTION® launch we had a record setting turnout! Members and staff really enjoyed it, which has increased morale. The WATERinMOTION® and SCW staff has assisted us with every step in launching the program, especially Laura, who is always there when we need her and goes above and beyond our expectations!"

Andi Brown – Aquatics Coordinator Gold's Gym North Roanoke, Roanoke, VA andrea0023@aol.com // (540)-314-2634



"I am very pleased with what WATERinMOTION® is doing for our membership population as it definitely encourages diversity and gives something fresh and new to our members. Our aquatics instructors were well educated prior to attending the WATERinMOTION® certification training, but now love teaching it! Prior to offering WATERinMOTION® in both pools, class attendance averaged 10-12 participants, now classes are getting an average of 17-19 participants. We launched two locations in February 2013. From February to May 2013, 507 people attended WIM classes at one club and 300 people attended WIM at the second location. We love this program!"

Robin Ellis – Group Fitness Director Dynamic Dimensions, Sulphur, LA rellis@wcch.com // 337-527-5459



The Business of Alignment



























FEATURES & BENEFITS





Dedicated consultants to meet your business goals



Step-by-step guide and support to implement the programs



Nationally recognized event support





GROW REVENUE
THROUGH A
WATERINMOTION®
PARTNERSHIP
SOLUTION

TRAINING



Complete training solutions for instructors and trainers



Ongoing education and up-skilling



Career path for instructors

PROGRAMMING



Aqua group exercise programs for every skill level



Land instructors smoothly and easily transition into the pool



Fresh branded music and choreography every 90 days



Safety and quality assured

MARKETING



24/7 access to marketing materials



Acquisition and nretention tools



New marketing every quarter



Marketing start-up kit provided



Business Models









WATERinMOTION® is the newest aqua exercise workout that provides a low impact, high-energy challenge for participants of all ages, skill and fitness levels.



CALORIES AVERAGE 500 **BURNED**

DURATION 55

MINUTES

EXERCISE TYPE GROUP AQUA EXERCISE WORKOUT

LOW IMPACT, HIGH ENERGY. YOU DETERMINE THE INTENSITY

INTENSITY

MUSIC

THE LATEST INSPIRING SING-ALONG TUNES

EQUIPMENT

NOODLE

RESULTS

INCREASES STRENGTH & ENDURANCE TONES AND SHAPES MAINTAINS HEART HEALTH



WATERinMOTION® Platinum is a shallow-water, low-impact aqua exercise experience that offers active aging adults and deconditioned participants a fun workout improving cardiovascular endurance, agility, balance, strength and flexibility.



CALORIES AVERAGE 300 BURNED

DURATION

45-55 MINUTES

EXERCISE TYPE

ADULT GROUP AQUA EXERCISE WORKOUT

INTENSITY

LOW IMPACT, MODERATE-ENERGY. YOU DETERMINE THE INTENSITY

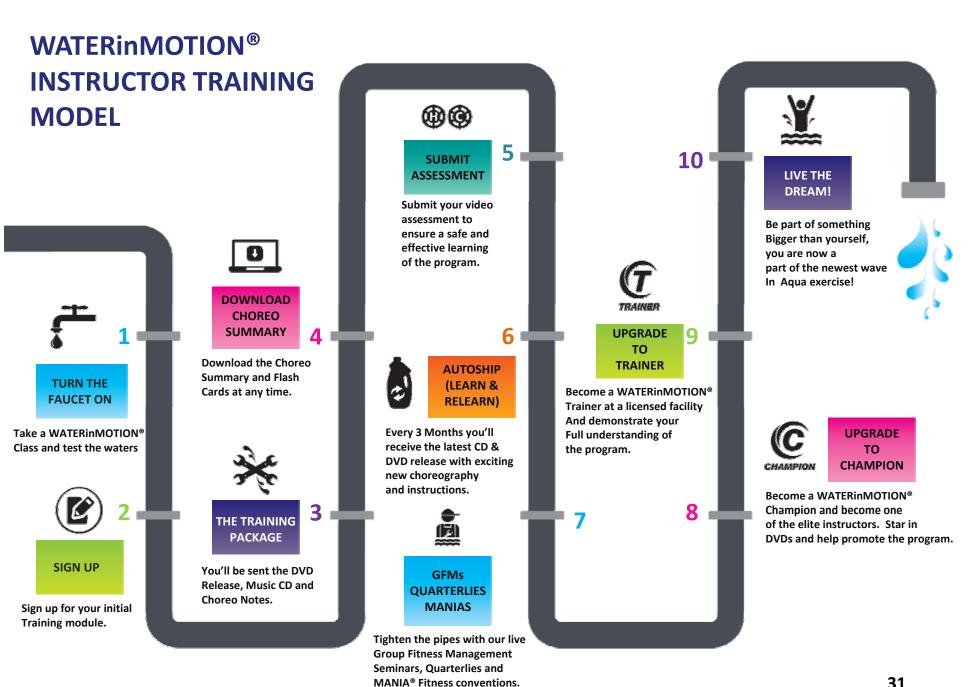
MUSIC

CLASSIC OLDIES SING-ALONG TUNES **EQUIPMENT**

NOODLE

RESULTS

IMPROVES ACTIVITIES OF DAILY LIVING **INCREASES, BALANCE, BONE DENSITY & MAINTAINS HEART HEALTH**



Never far from where you are!



Promotional Support



WATERINMOTION® MARKETING – SILK BANNERS

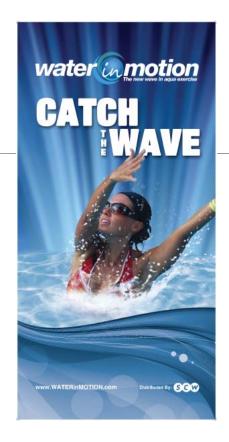
Don't just own the water, own the pipeline.

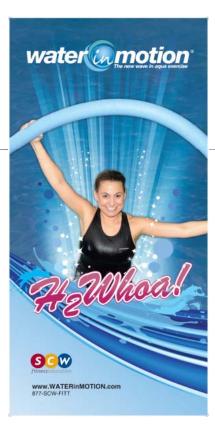
WATERINMOTION® is a ready made system that steadily streams in new choreography, marketing and promotional materials that guarantees the best use of your pool. This pipeline of materials eliminates the constant drain of searching for ways to promote your classes. This consistent flow of support and marketing materials keeps the waters running and the pool filled with excitement, energy and enthusiasm.

It's like a fountain of youth for your pool!

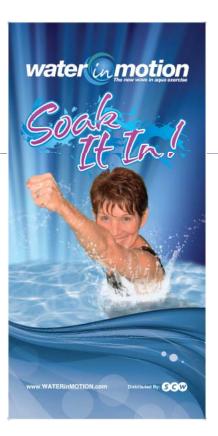


WATERINMOTION® MARKETING – WAVE RELEASE BANNERS





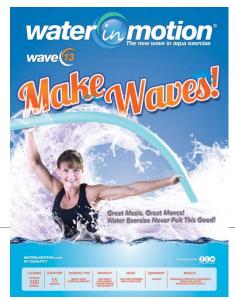




WATERINMOTION® MARKETING – WAVE RELEASE POSTERS







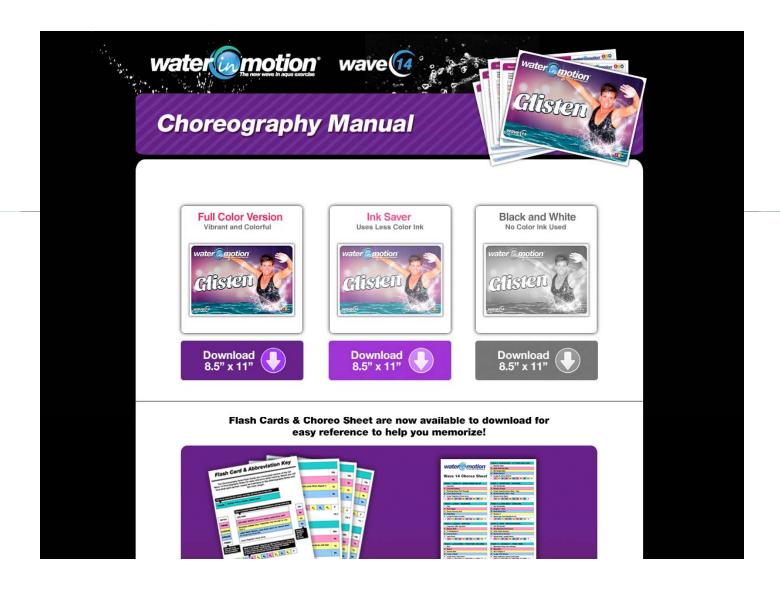








WATERINMOTION® ONLINE TRAINING SUPPORT



WATERINMOTION® MARKETING KITS

- Marketing Kits are downloadable and writeable PDFs (with an area for logo insertion) that give our licensed clubs the power to promote and generate members.
- Used as a sales tool and added value for licensees to promote their programs
- Marketing Kits have unique themes to keep interest fresh.
- Each kit includes:
 - Poster
 - Sign-Up Sheets
 - Instructor Track Assignments
 - Free Class and Event Passes
 - Tips for a Top Notch Launch
 - Instructor Recruitment Posters
 - Class Punch Cards



WATERINMOTION® MARKETING KITS FOR EVERY SEASON

































WATERINMOTION® MARKETING KITS











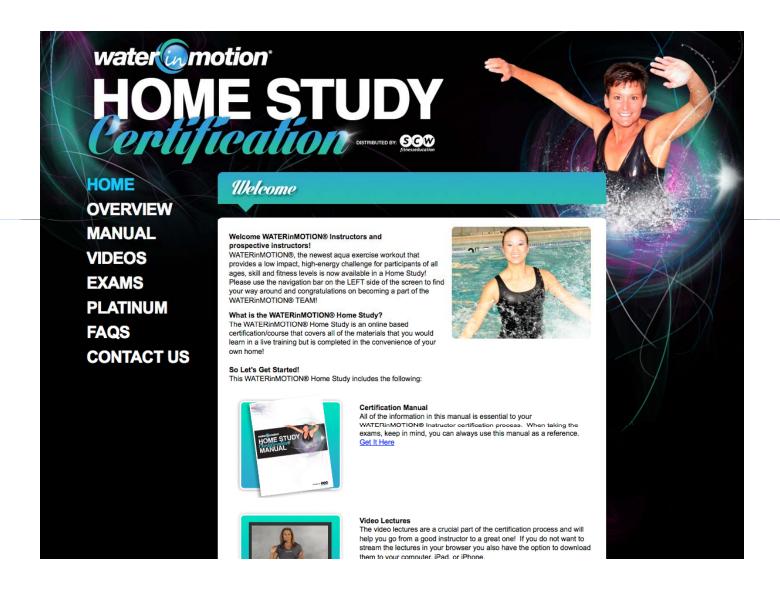








WATERINMOTION® HOME STUDY CERTIFICATION SITE





Return on Investment





PROGRAM FEES

TYPE OF FEE	DESCRIPTION	RETAIL PRICE	24 HOUR FITNESS DISCOUNTED PRICE
LICENSING FEES			
WATERinMOTION® Original	The only pre-choreographed aqua exercise system for groups of all ages and fitness levels	\$100	\$75
WATERinMOTION® Platinum	An aqua exercise program for active aging adults and deconditioned participants	\$100	\$75
WATERinMOTION® Original & Platinum	Combine both WATERinMOTION® programs to effectively engage all club members	\$200	\$150
INSTRUCTOR FEES			
2-Day Certification Training	2 days, 16 hour Instructor Training (includes Assessment)	\$290	\$190
1-Day Certification Training	1 day, 8 hour Instructor Training, 4 online modules/exams (includes Assessment)	\$290	\$190
Home Study Certification	4 online modules/exams (includes Assessment)	\$290	\$190
Continuing Education Workshops	Quarterly Education, Up-skilling Workshops and GFM Seminars	FREE - \$89	-
MANIA Fitness Professional Conventions	7 MANIA Fitness professional conventions nationwide. Philadelphia, San Francisco, Orlando, Atlanta, Dallas, Chicago and Boston.	\$289	\$199 (2 payments of \$99.50)
EQUIPMENT FEES			
Aqua Noodle	Flotation Noodles	\$5.95	\$5.95

LICENSING AND INSTRUCTOR FEE INVESTMENT MODEL

ANNUAL PROFORMA (PER CLUB)	1 WATERinMOTION®	2 WATERinMOTION®
	Program	Programs
REVENUE		
New Members per Club per Year	50	100
Monthly Membership Fee	\$38.99	\$38.99
Membership Revenue per Club per Year	\$23,394	\$46,788
Membership Revenue per Club per Year (Waterfall Model)	\$14,036 (60%)	\$28,072 (60%)
EXPENSES		
Licensing Fees	\$900 (\$75/month/club)	\$1,800 (\$150/month/club)
Certification Training Costs	\$950 (\$190 for 5 Instructors)	\$1,900 (\$190 for 10 Instructors)
Instructor Kit Costs	\$699	\$1,398
Total Costs	\$2,549	\$5,098
ANNUAL OPERATING INCOME PER CLUB (Waterfall Model)	\$11,487	\$22,974
ANNUAL OPERATING INCOME FOR 70 CLUBS (Waterfall Model)	\$804K	\$1.6M





For more information contact:

water@scwfitness.com 847.562.4020 www.waterinmotion.com