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**As filed with the Securities and Exchange Commission on July 15, 2015**

**Registration No. 333-205141**

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**



**AMENDMENT NO. 1**

**TO**

**FORM S-1**

**REGISTRATION STATEMENT**

**UNDER**

**THE SECURITIES ACT OF 1933**

**Planet Fitness, Inc.**



|  |  |  |
| --- | --- | --- |
|  | (Exact name of registrant as specified in its charter) |  |
| **Delaware** | **7997** | **38-3942097** |
| (State or other jurisdiction of | (Primary Standard Industrial | (I.R.S. Employer Identification Number) |
| incorporation or organization) | Classification Code Number) |  |

**26 Fox Run Road**

**Newington, NH 03801**

**(603) 750-0001**

(Address, including zip code, and telephone number, including area code, of registrant’s principal executive offices)



**Chris Rondeau**

**Chief Executive Officer**

**Planet Fitness, Inc.**

**26 Fox Run Road**

**Newington, NH 03801**

**(603) 750-0001**

(Name, address, including zip code, and telephone number, including area code, of agent for service)



|  |  |  |
| --- | --- | --- |
|  | *Copies to:* |  |
| **David A. Fine** | **Dorvin Lively** | **D. Rhett Brandon** |
| **Ropes & Gray LLP** | **Chief Financial Officer** | **John C. Ericson** |
| **Prudential Tower** | **Planet Fitness, Inc.** | **Simpson Thacher & Bartlett LLP** |
| **800 Boylston Street** | **26 Fox Run Road** | **425 Lexington Avenue** |
| **Boston, MA 02199** | **Newington, NH 03801** | **New York, NY 10017** |
| **(617) 951-7000** | **(603) 750-0001** | **(212) 455-2000** |



**Approximate date of commencement of proposed sale to public:** As soon as practicable after this Registration Statement is declared effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☒

(Do not check if a

smaller reporting company)



Smaller reporting company ☐

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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**We are responsible for the information contained in this prospectus and in any free writing prospectus we prepare or authorize. Neither we nor the selling stockholders nor the underwriters have authorized anyone to provide you with different information, and neither we nor the selling stockholders nor the underwriters take responsibility for any other information others may give you. Neither we nor the selling stockholders nor the underwriters are making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than its date.**

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**Industry and market data**

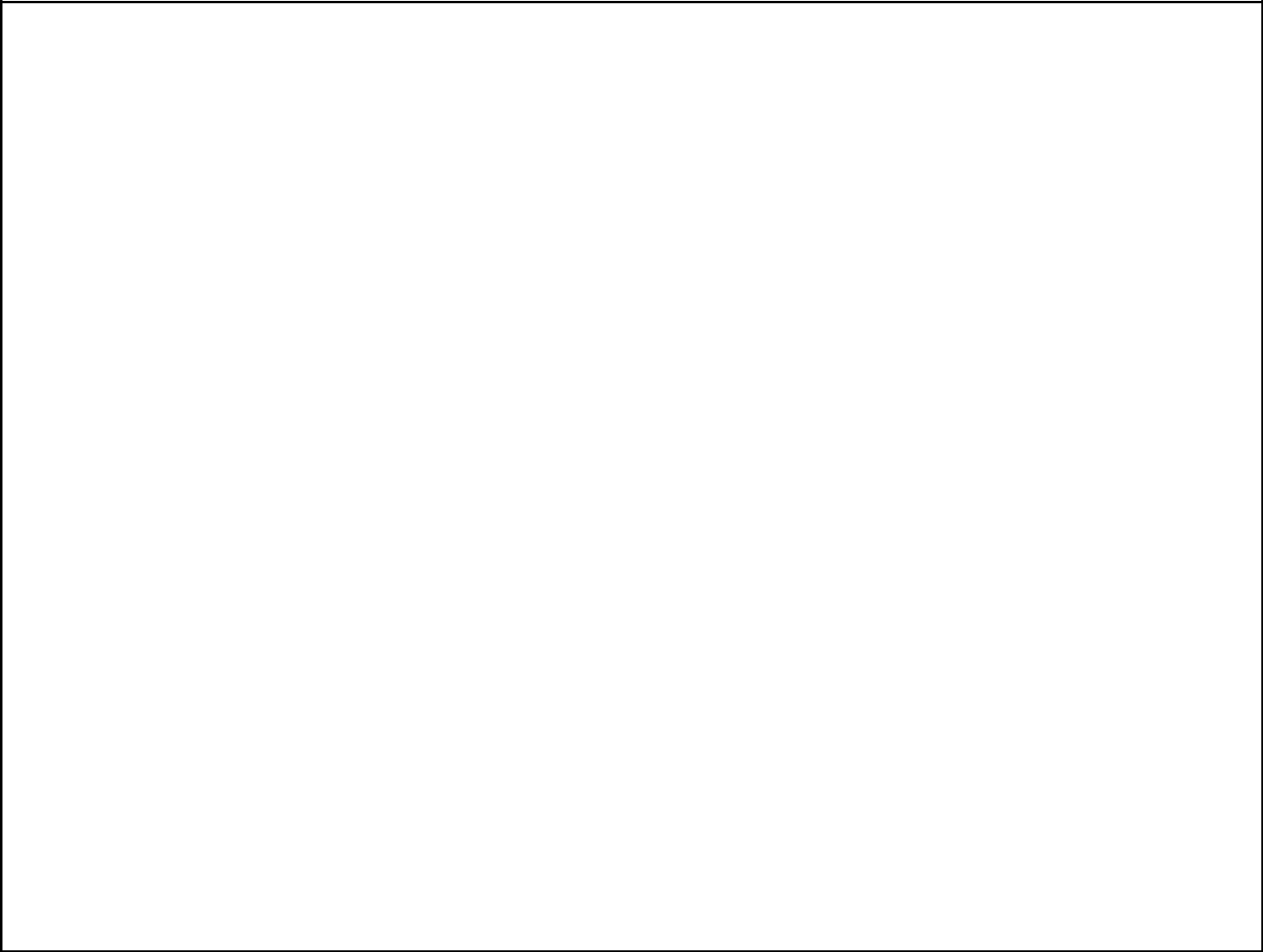
This prospectus includes market data with respect to the health club industry. Although we are responsible for all of the disclosure contained in this prospectus, in some cases we rely on and refer to market data and certain industry forecasts that were obtained from third-party surveys, market research, consultant surveys, publicly available information and industry publications and surveys, including the International Health, Racquet & Sportsclub Association, which we believe to be reliable. In some cases, the information has been developed by us for purposes of this offering based on our existing data and is believed by us to have been prepared in a reasonable manner. Other industry and market data included in this prospectus are from internal analyses based upon data available from known sources or other proprietary research and analysis. We believe this data to be accurate as of the date of this prospectus. However, this information may prove to be inaccurate because it cannot always be verified with complete certainty due to the limitations on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties. As a result, you should be aware that market and other similar industry data included in this prospectus, and estimates and beliefs based on that data, may not be reliable.

**Trademarks, trade names and service marks**

We own or have rights to trademarks, trade names and service marks that we use in connection with the operation of our business, including “Planet Fitness,” “Judgement Free Zone,” “We’re Not a Gym. We’re Planet Fitness.,” “PE@PF,” “No Lunks,” “PF Black Card,” “No Gymtimidation,” “You Belong” and various other marks. Solely for convenience, the trademarks, trade names and service marks referred to in this prospectus are listed without the ®, SM and TM symbols, but we will assert our rights to our trademarks, trade names and service marks to the fullest extent under applicable law.

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**Prospectus summary**

*This summary highlights information contained in other parts of this prospectus. Because it is only a summary, it does not contain all of the information that you should consider before investing in shares of our Class A common stock, and it is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this prospectus. You should read the entire prospectus carefully, especially “Risk factors” and our financial statements and the related notes, before deciding to purchase shares of our Class A common stock. Unless the context requires otherwise, references in this prospectus to the “Company,” “we,” “us” and “our” refer to Pla-Fit Holdings, LLC and its consolidated subsidiaries prior to the recapitalization transactions described in this prospectus and to Planet Fitness, Inc. and its consolidated subsidiaries following the recapitalization transactions.*

**Our Company**

***Fitness for everyone***

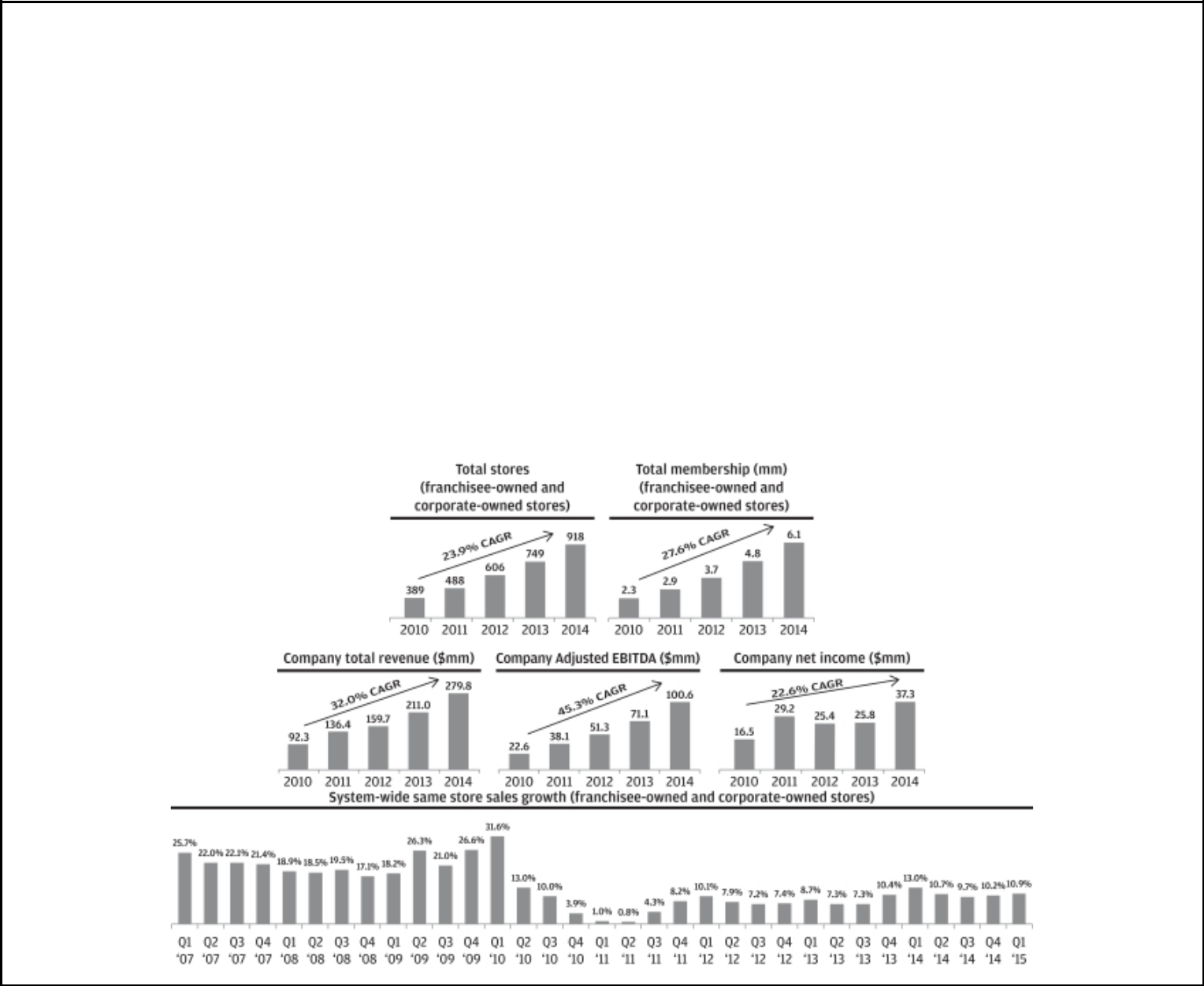
We are one of the largest and fastest-growing franchisors and operators of fitness centers in the United States by number of members and locations, with a highly recognized national brand. Our mission is to enhance people’s lives by providing a high-quality fitness experience in a welcoming, non-intimidating environment, which we call the Judgement Free Zone, where anyone – and we mean anyone – can feel they belong. Our bright, clean locations (which we refer to as stores) are typically 20,000 square feet, with a large selection of high-quality, purple and yellow Planet Fitness-branded cardio, circuit- and weight-training equipment and friendly staff trainers who offer unlimited free fitness instruction to all our members in small groups through our PE@PF program. We offer this differentiated fitness experience at only $10 per month for our standard membership. This exceptional value proposition is designed to appeal to a broad population, including occasional gym users and the approximately 80% of the U.S. and Canadian populations over age 14 who are not gym members, particularly those who find the traditional fitness club setting intimidating and expensive. We and our franchisees fiercely protect Planet Fitness’ community atmosphere – a place where you do not need to be fit before joining and where progress toward achieving your fitness goals (big or small) is supported and applauded by our staff and fellow members.

Our judgement-free approach to fitness and exceptional value proposition have enabled us to grow our revenues to $279.8 million in 2014 and to become an industry leader with $1.2 billion in system-wide sales during 2014 (which we define as monthly dues and annual fees billed by us and our franchisees), and more than 7.1 million members and 976 stores in 47 states, Puerto Rico and Canada as of March 31, 2015. In June 2015, we announced the opening of our 1,000th store. System-wide sales for 2014 include $1.1 billion attributable to franchisee-owned stores, from which we generate royalty revenue, and $82.0 million attributable to our corporate-owned stores. Of our 976 stores, 919 are franchised and 57 are corporate-owned. Our stores are successful in a wide range of geographies and demographics. According to internal and third-party analysis, we believe we have the opportunity to more than quadruple our store count to over 4,000 stores in the United States alone. Under signed area development agreements (“ADAs”) as of March 31, 2015, our franchisees have committed to open more than 1,000 additional stores.

In 2014, our corporate-owned stores had segment EBITDA margin of 37.3% and had average unit volumes (“AUVs”) of approximately $1.6 million with four-wall EBITDA margins (an assessment of store-level profitability which includes local and national advertising expense) of approximately 41%, or approximately 36% after applying the 5% royalty rate under our current franchise agreement. Based on a survey of franchisees, we believe that our franchise stores achieve four-wall EBITDA margins in line with these corporate-owned store EBITDA margins. Our strong member value proposition has also driven growth throughout a variety of economic cycles and conditions. For a reconciliation of segment EBITDA margin to four-wall EBITDA margin for

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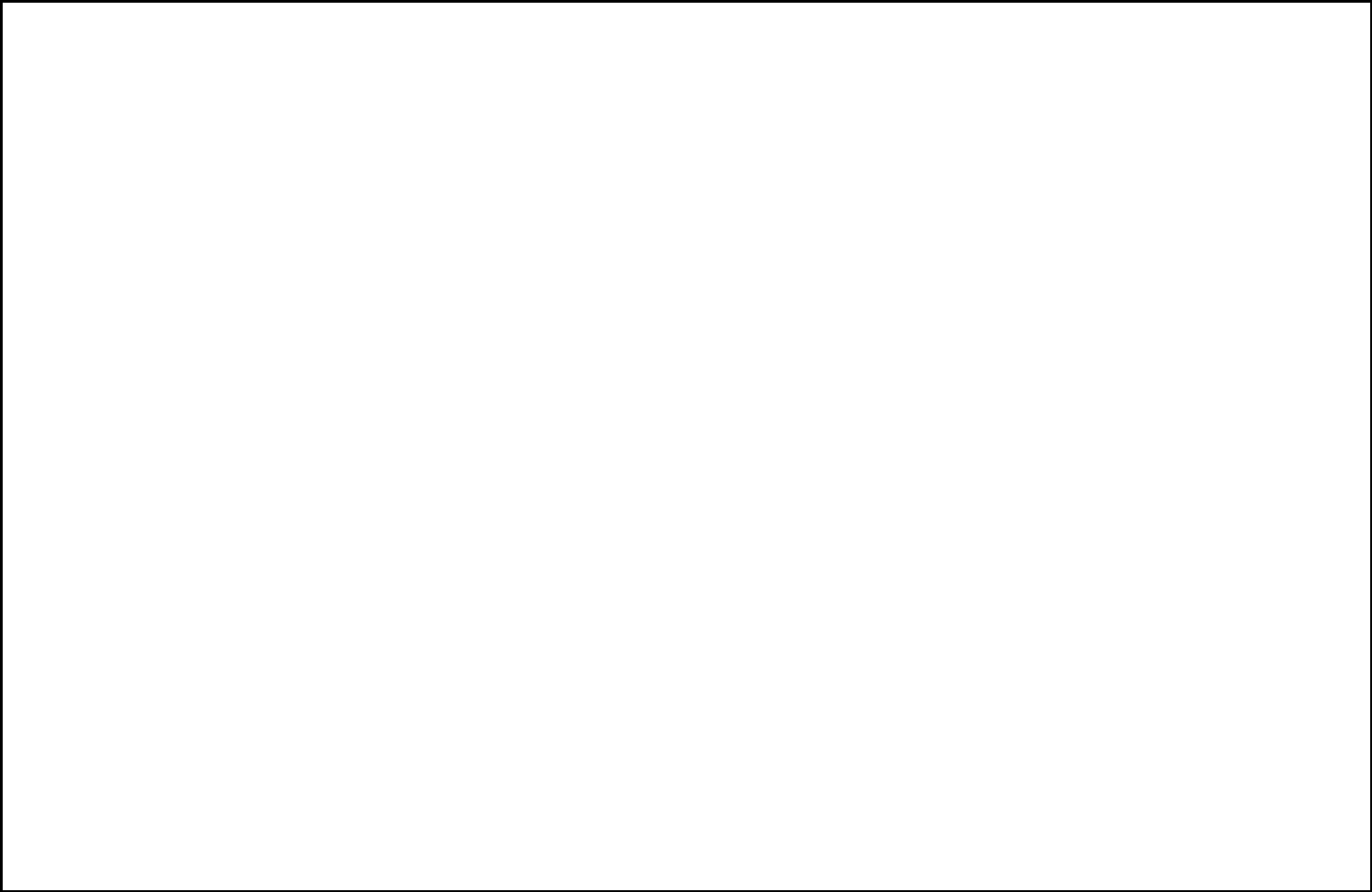
corporate-owned stores, see “—Management’s discussion and analysis of results of operations and financial condition—Non-GAAP measures.”

Our significant growth is reflected in:

* 918 stores as of December 31, 2014, compared to 389 as of December 31, 2010, reflecting a compound annual growth rate (“CAGR”) of 23.9%;
* 6.1 million members as of December 31, 2014, compared to 2.3 million as of December 31, 2010, reflecting a CAGR of 27.6%;
* 2014 system-wide sales of $1.2 billion, reflecting a CAGR of 30.1%, or increase of $774.3 million, since 2010;
* 2014 total revenue of $279.8 million, reflecting a CAGR of 32.0%, or increase of $187.5 million, since 2010, of which 3.6% is attributable to revenues from corporate-owned stores acquired from or sold to franchisees since 2010;
* 33 consecutive quarters of system-wide same store sales growth (which we define as year-over-year growth solely of monthly dues from stores that have been open and for which membership dues have been billed for longer than 12 months);
* 2014 Adjusted EBITDA of $100.6 million, reflecting a CAGR of 45.3%, or increase of $78.0 million, since 2010; and
* 2014 net income of $37.3 million, reflecting a CAGR of 22.6%, or increase of $20.8 million, since 2010. Our historical results benefit from insignificant income taxes due to our status as a pass-through entity for U.S. federal income tax purposes, and we anticipate future results will not be consistent as our income will be subject to U.S. federal and state taxes.

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For a discussion of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net income, see “Selected consolidated financial and other data.” For a discussion of same store sales and the expected effect of our new point-of-sale and billing system, see “Management’s discussion and analysis of financial condition and results of operations—How we assess the performance of our business.”

***We’re not a gym. We’re Planet Fitness.***

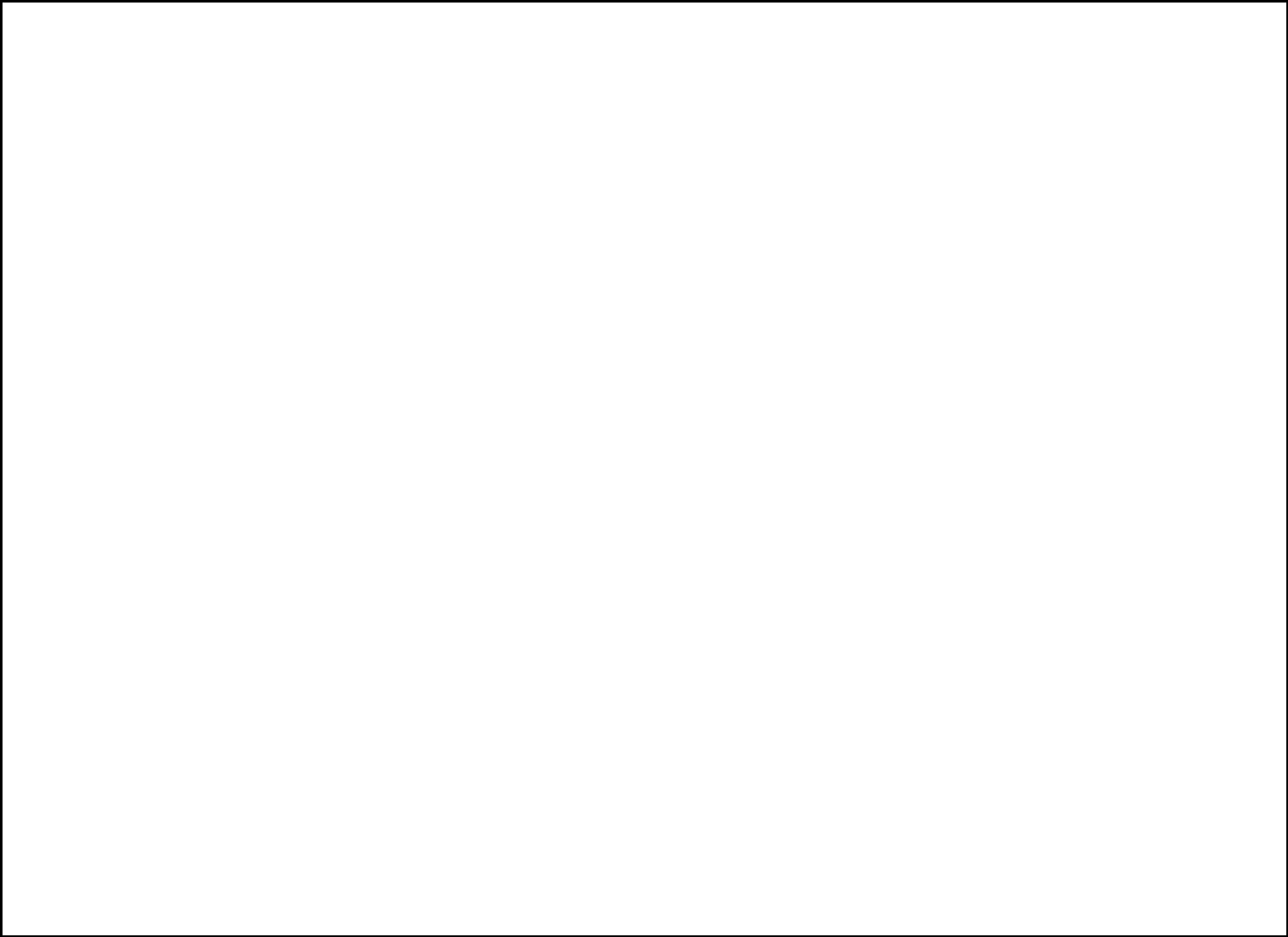
We believe our approach to fitness is revolutionizing the industry by bringing fitness to a large, previously underserved segment of the population. Our differentiated member experience is driven by three key elements:

* ***Judgement Free Zone***: We believe every member should feel accepted and respected when they walk into a Planet Fitness. Our storesprovide a Judgement Free Zone where members of all fitness levels can enjoy a non-intimidating environment. Our “come as you are” approach has fostered a strong sense of community among our members, allowing them not only to feel comfortable as they work toward their fitness goals but also to encourage others to do the same. The removal of heavy free weights reinforces our Judgement Free Zone by discouraging what we call “Lunkhead” behavior, such as dropping weights and grunting, that can be intimidating to new and occasional gym users. In addition, to help maintain our welcoming, judgement-free environment, each store has a purple and yellow branded “Lunk” alarm on the wall that staff occasionally rings as a light-hearted reminder of our policies.
* ***Distinct store experience:*** Our bright, clean, large-format stores offer our members a selection of high-quality, purple and yellow PlanetFitness-branded cardio, circuit- and weight-training equipment that is commonly used by first-time and occasional gym users. Because our stores are typically 20,000 square feet and we do not offer non-essential amenities such as group exercise classes, pools, day care centers and juice bars, we have more space for the equipment our members do use, and we have not needed to impose time limits on our cardio machines.
* ***Exceptional value for members:*** Both our standard and PF Black Card memberships are priced significantly below the industry averageof $46 per month and still provide our members with a high-quality fitness experience. For only $10 per month, our standard membership includes unlimited access to one Planet Fitness location and unlimited free fitness instruction to all members in small groups through our PE@PF program. For $19.99 per month, our PF Black Card members have access to all of our stores system-wide and can bring a guest on each visit, which provides an additional opportunity to attract new members. Our PF Black Card members also have access to exclusive areas in our stores that provide amenities such as water massage beds, massage chairs, tanning equipment and more.

Our differentiated approach to fitness has allowed us to create an attractive franchise model that is both profitable and scalable. We recognize that our success depends on a shared passion with our franchisees for providing a distinctive store experience based on a judgement-free environment and an exceptional value for our members. We enhance the attractiveness of our streamlined, easy-to-operate franchise model by providing franchisees with extensive operational support relating to site selection and development, marketing and training. We also take a highly collaborative, teamwork approach to our relationship with franchisees, as captured by our motto “One Team, One Planet.*”* The strength of our brand and the attractiveness of our franchise model are evidenced by the fact that 87% of our new stores in 2014 were opened by our existing franchisee base and 22 new franchisee groups opened their first store in 2014.

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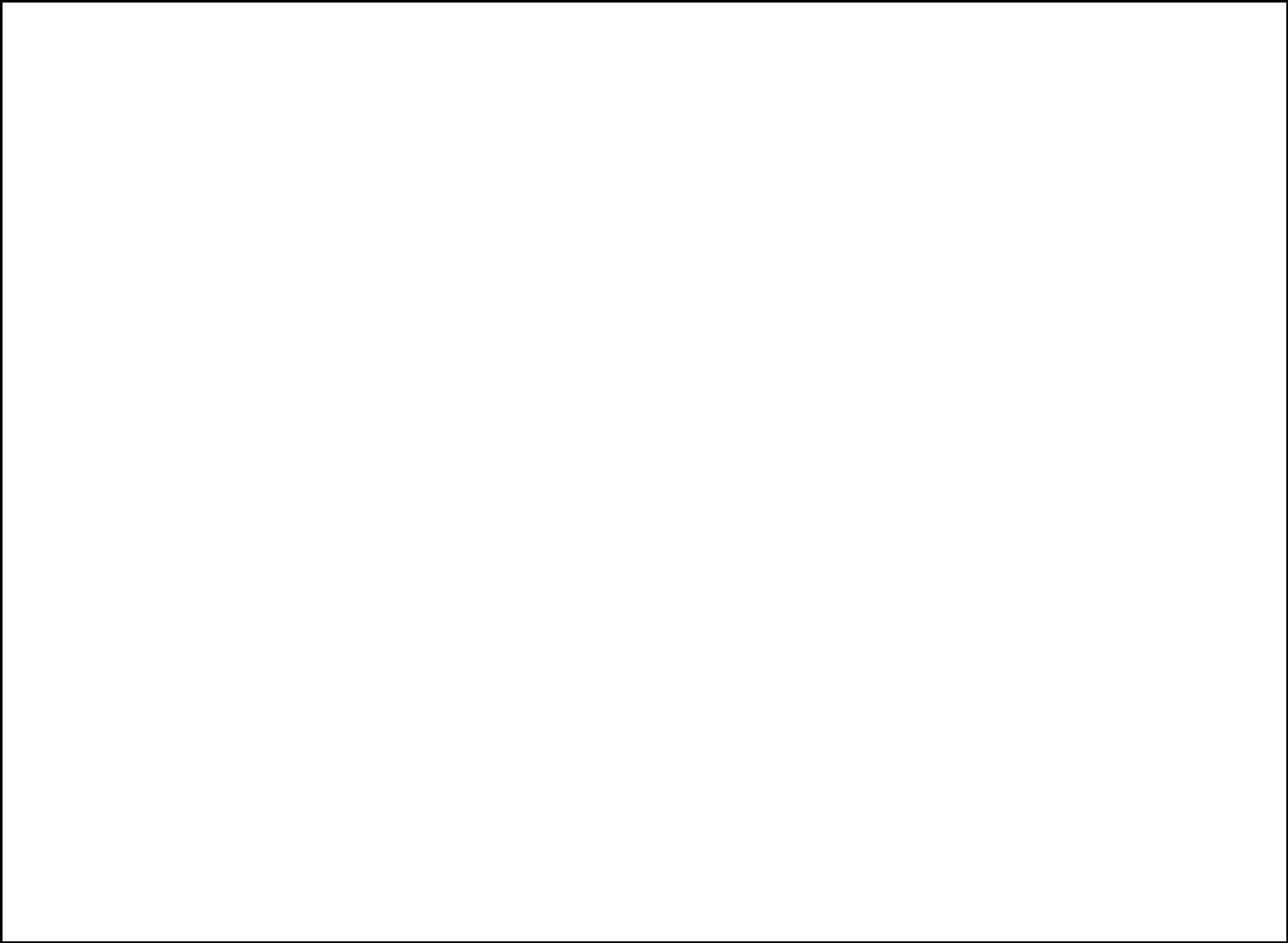
**Our competitive strengths**

We attribute our success to the following strengths:

* ***Market leader with differentiated member experience, nationally recognized brand and scale advantage.*** We believe we are thelargest operator of fitness centers in the United States by number of members, with more than 7.1 million members as of March 31, 2015. Our franchisee-owned and corporate-owned stores generated $1.2 billion in system-wide sales during 2014. Through our differentiated member experience, nationally recognized brand and scale advantage, we will continue to deliver a compelling value proposition to our members and our franchisees and, we believe, grow our store and total membership base.
  + *Differentiated member experience.* We seek to provide our members with a high-quality fitness experience in a non-intimidating,judgement-free environment at an exceptional value. We have a dedicated Brand Excellence team that seeks to ensure that all our franchise stores uphold our brand standards and deliver a consistent Planet Fitness member experience in every store.
  + *Nationally recognized brand.* We have developed a highly relatable and recognized brand that emphasizes our focus on providingour members with a judgement-free environment. We do so through fun and memorable marketing campaigns and in-store signage that often poke fun at “Lunk” behavior. As a result, we have among the highest aided and unaided brand awareness scores in the U.S. fitness industry, according to a third-party consumer study that we commissioned in the fall of 2014. Our brand strength also helps our franchisees attract members, with new stores in 2014 signing up an average of approximately 1,300 members even before opening their doors.
  + *Scale advantage.* Our scale provides several competitive advantages, including enhanced purchasing power with our fitnessequipment and other suppliers and the ability to attract high-quality franchisee partners. In addition, we estimate that our large national advertising fund, funded by franchisees and us, together with our requirement that franchisees generally spend 5 to 7% of their monthly membership dues on local advertising, have enabled us and our franchisees to spend over $150 million since 2011 on marketing to drive consumer brand awareness.
* ***Exceptional value proposition that appeals to a broad member demographic*.**We offer a high-quality and consistent fitnessexperience throughout our entire store base at low monthly membership dues. Combined with our non-intimidating and welcoming environment, we are able to attract a broad member demographic based on age, household income, gender and ethnicity. Our member base is over 50% female and our members come from both high- and low-income households. Our broad appeal and ability to attract occasional and first-time gym users enable us to continue to target a large segment of the population in a variety of markets and geographies across the United States and Canada.
* ***Strong store-level economics*.**Our store model is designed to generate attractive four-wall EBITDA margins, strong free cash flow andhigh returns on invested capital for both our corporate-owned and franchise stores. Average four-wall EBITDA margins for our corporate-owned stores have increased significantly since 2010, driven by higher average members per store as well as a higher percentage of PF Black Card members, which leverage our relatively fixed costs. In 2014, our corporate-owned stores had segment EBITDA margin of 37.3% and had AUVs of approximately $1.6 million with four-wall EBITDA margins of approximately 41%, or approximately 36% after applying the 5% royalty rate under our current franchise agreement. Based on a survey of franchisees, we believe that our franchise stores achieve four-wall EBITDA margins in line with these corporate-owned store EBITDA margins. We believe that our strong store-level economics are important to our ability to attract and retain successful franchisees and grow our store base.

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* ***Highly attractive franchise system built for growth.*** Our easy-to-operate model, strong store-level economics and brand strength haveenabled us to attract a team of professional, successful franchisees from a variety of industries. We believe that our franchise model enables us to scale more rapidly than a company-owned model. Our streamlined model features relatively fixed labor costs, minimal inventory, automatic billing and limited cash transactions. Our franchisees enjoy recurring monthly member dues, regardless of member use, weather or other factors. Based on survey data and management estimates, we believe our franchisees can earn, in their second year of operations, on average, a cash-on-cash return on initial investment greater than 25% after royalties and advertising, which is in line with our corporate-owned stores. The attractiveness of our franchise model is further evidenced by the fact that our franchisees re-invest their capital with us, with 87% of our new stores in 2014 opened by our existing franchisee base. We have received numerous accolades, including #4 among Franchise Times’ “Smartest Growing Brands” for 2015 and #3 among Forbes Magazine’s “America’s Best Franchises” in 2014 (in which we also received an “A” rating for franchisee support). We view our franchisees as strategic partners in expanding the Planet Fitness store base and brand.
* ***Predictable and recurring revenue streams with high cash flow conversion*.**Our business model provides us with predictable andrecurring revenue streams. In 2014, approximately 80% of our franchise revenues and over 90% of our corporate-owned store revenues consisted of recurring revenue streams, which include royalties, vendor commissions, monthly dues and annual fees. In addition, our franchisees are obligated to purchase fitness equipment from us for their new stores and to replace this equipment every four to seven years. As a result, these “equip” and “re-equip” requirements create a predictable and growing revenue stream as our franchisees open new stores under their ADAs. By re-investing in stores, we and our franchisees maintain and enhance our member experience. Our predictable and recurring revenue streams, combined with our attractive margins and minimal capital requirements, result in high cash flow conversion and increased capacity to invest in future growth initiatives.
* ***Proven, experienced management team driving a strong culture*.**Our strategic vision and unique culture have been developed andfostered by our senior management team under the stewardship of Chief Executive Officer Chris Rondeau. Mr. Rondeau has been with Planet Fitness for over 20 years and helped develop the Planet Fitness business model and brand elements that give us our distinct personality and spirited culture. Dorvin Lively, our Chief Financial Officer, brings valuable expertise from his 30 years of corporate finance experience with companies such as RadioShack and Ace Hardware, and from the initial public offering of Maidenform. We have assembled a management team that shares our passion for “fitness for everyone” and has extensive experience across a broad range of disciplines, including retail, franchising, finance, consumer marketing, brand development and information technology. We believe our senior management team is a key driver of our success and has positioned us well to execute our long-term growth strategy.

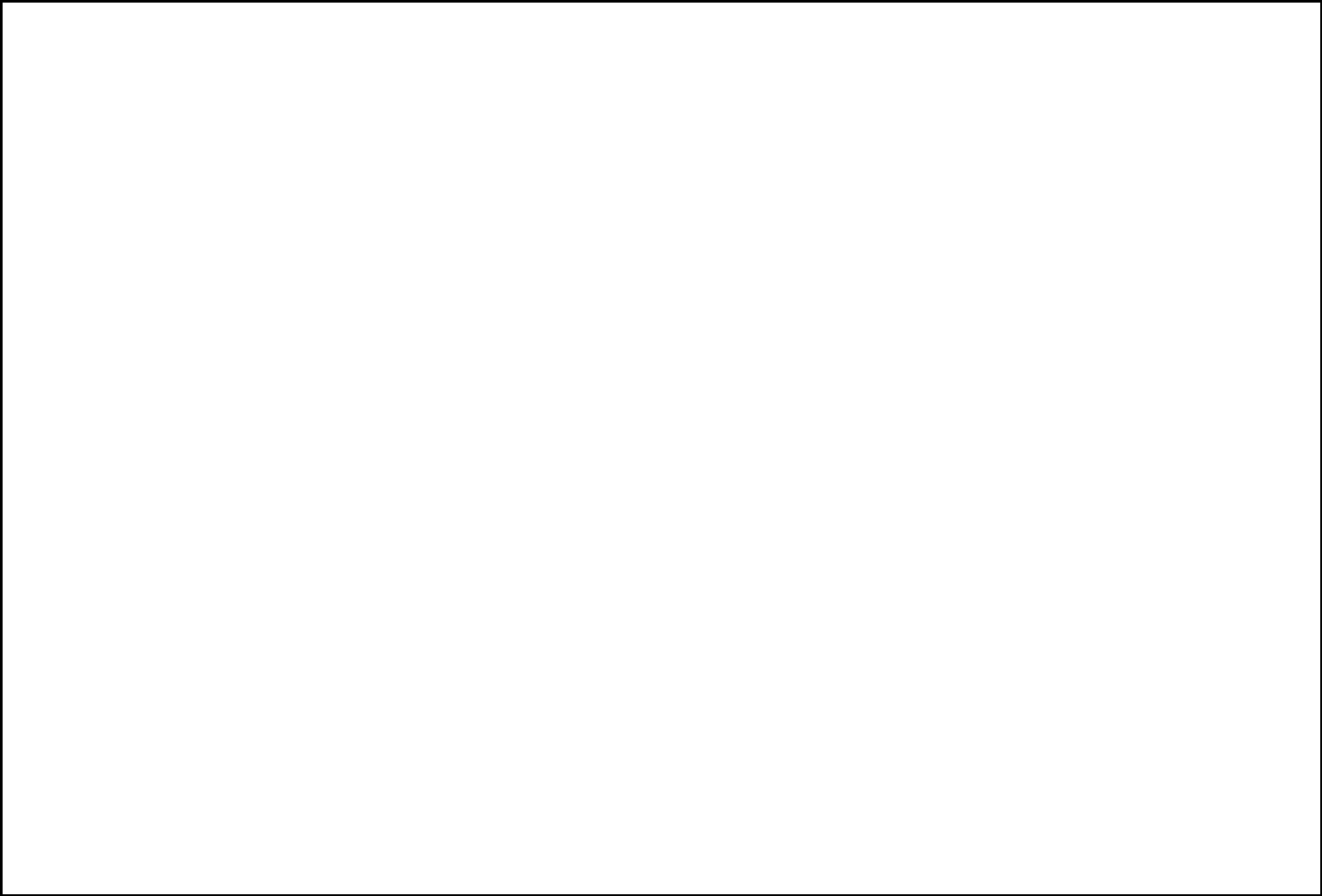
**Our growth strategies**

We believe there are significant opportunities to grow our brand awareness, increase our revenues and profitability and deliver shareholder value by executing on the following strategies:

* ***Continue to grow our store base across a broad range of markets.*** We have more than tripled our store count over the last five years,expanding from 302 stores as of December 31, 2009 to 918 stores as of December 31, 2014. As of March 31, 2015, our franchisees have signed ADAs to open more than 1,000 additional stores over the next seven years, including approximately 500 over the next three years. In June 2015, we announced the opening of our 1,000th store. Because our stores are successful across a wide range of geographies and demographics with varying population densities, we believe that our high level of brand awareness and low per capita penetration outside of our original Northeast market create a significant

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opportunity to open new Planet Fitness stores across the United States and Canada. Based on our internal and third-party analysis, we believe we have the potential to more than quadruple our store base to over 4,000 stores in the United States alone.

* ***Drive revenue growth and system-wide same store sales.*** Because we provide a high-quality, affordable, non-intimidating fitnessexperience that is designed for first-time and occasional gym users, we have achieved positive system-wide same store sales growth in each of the past 33 quarters. We expect to continue to grow system-wide same store sales primarily by:
  + *Attracting new members to existing Planet Fitness stores.* As the U.S. and Canadian populations continue to focus on health andwellness, we believe we are well-positioned to capture a disproportionate share of the population given our appeal to first-time and occasional gym users. In addition, because our stores offer a large, focused selection of equipment geared toward first-time and occasional gym users, we are able to service higher member volumes without sacrificing the member experience. We also have continued to evolve our offerings to appeal to our target member base, such as the introduction of 12-minute abdominal circuits and 30-minute express workout areas.
  + *Increasing mix of PF Black Card memberships by enhancing value and member experience*. We expect to drive sales by convertingour existing members with standard membership dues at $10 per month to our premium PF Black Card membership with dues at $19.99 per month as well as attracting new members to join at the PF Black Card level. We encourage this upgrade by continuing to enhance the value of our PF Black Card benefits through additional in-store amenities and affinity partnerships with national retail brands for discounts and promotions. Since 2010, our PF Black Card members as a percentage of total membership has increased from 38% in 2010 to 55% in 2014, and our average monthly dues per member have increased from $14.22 to $15.45 over the same period.

We may also explore other future revenue opportunities, such as optimizing member pricing and fees, offering new merchandise and services inside and outside our stores, and securing affinity and other corporate partnerships.

* ***Increase brand awareness to drive growth.*** We plan to continue to increase our strong national brand awareness by leveragingsignificant marketing expenditures by our franchisees and us, which we believe will result in increasing membership in new and existing stores and continue to attract high-quality franchisee partners. Under our current franchise agreement, franchisees are required to contribute 2% of their monthly membership dues to our National Advertising Fund (“NAF”), from which we spent over $21 million in 2014 alone to support our national marketing campaigns, our social media platforms and the development of local advertising materials. Under our current franchise agreement, franchisees are also required to spend 7% of their monthly membership dues on local advertising. We expect both our NAF and local advertising spending to grow as our membership grows.
* ***Continue to expand royalties from increases in average royalty rate and new franchisees.*** While our current franchise agreementstipulates monthly royalty rates of 5% of monthly dues and annual fees, only 30% of our stores are paying royalties at the current franchise agreement rate, primarily due to lower rates in historical agreements. As new franchisees enter our system and, generally, as current franchisees open new stores or renew their existing franchise agreements at the current royalty rate, our average system-wide royalty rate will increase. In 2014, our average monthly royalty rate was 2.95% compared to 1.39% in 2010. In addition to rising average royalty rates, total royalty revenue will continue to grow as we expand our franchise store base and increase franchise same store sales.

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* ***Grow sales from fitness equipment and related services.*** Our franchisees are contractually obligated to purchase fitness equipmentfrom us and, due to our scale and negotiating power, we believe we offer competitive pricing for high-quality, purple and yellow Planet Fitness-branded fitness equipment. We expect our equipment sales to grow as our franchisees open new stores. Additionally, franchisees are required to replace their existing equipment with new equipment every four to seven years. As the number of franchise stores continues to increase and existing franchise stores continue to mature, we anticipate incremental growth in revenue related to the sale of equipment. In addition, we believe that regularly refreshing equipment helps our franchise stores maintain a consistent, high-quality fitness experience and drives new member growth.

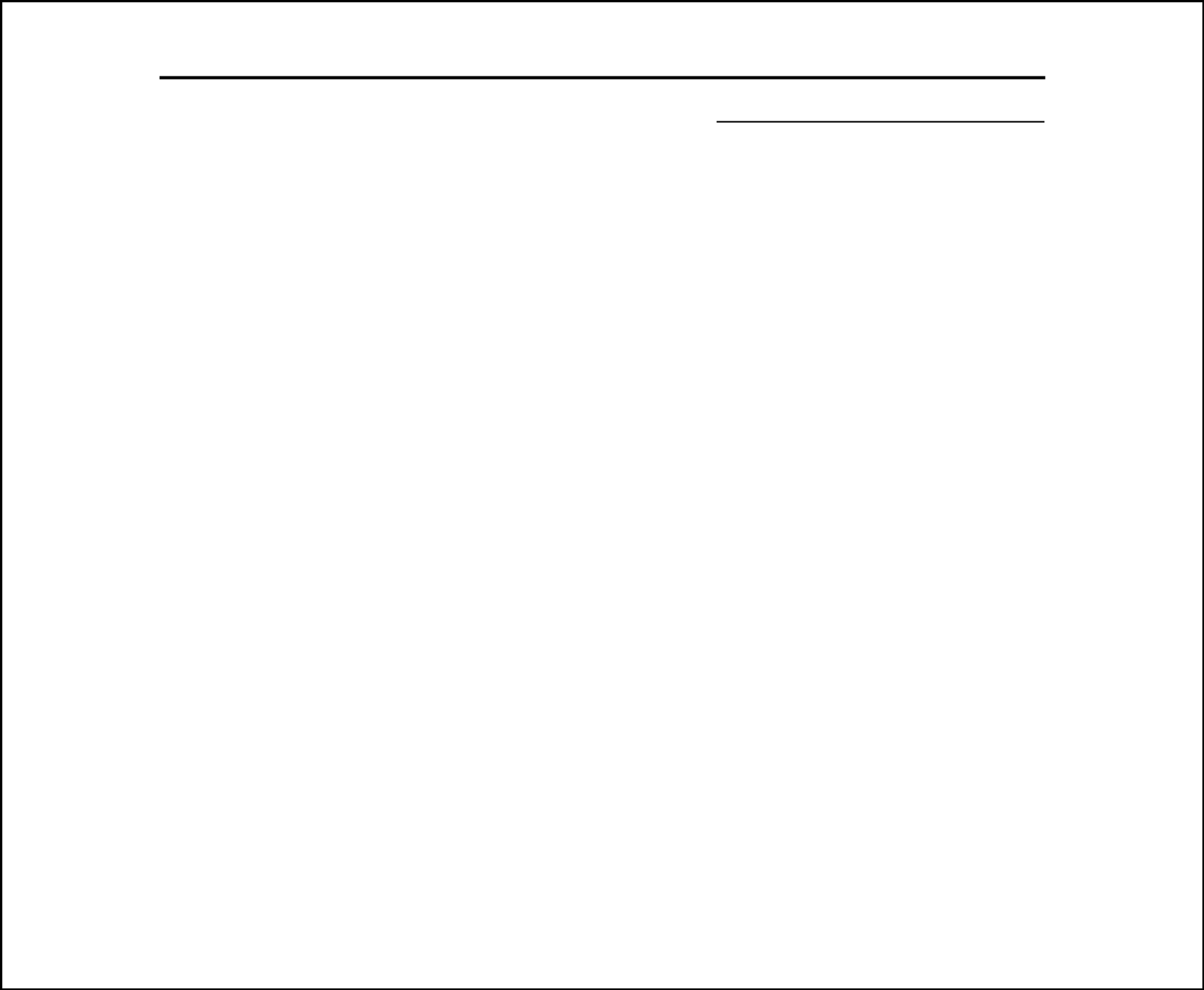
**Recent developments**

The estimated ranges of certain of our financial results below as of and for the quarter ended June 30, 2015 are preliminary, based upon our estimates and subject to completion of financial and operating closing procedures for the quarter ended June 30, 2015. We have begun our normal quarterly closing and review procedures for the quarter ended June 30, 2015; however, given the timing of these estimates, final results as of and for the quarter ended June 30, 2015 may differ materially from our estimated results, including as a result of our quarter-end closing procedures, review adjustments and other developments that may arise between now and the time our financial results for the quarter ended June 30, 2015 are finalized. The summary information below is not a comprehensive statement of our financial results for this period, and our actual results may differ materially from the estimated ranges due to the factors specified above. Accordingly, these results may change, and the changes may be material. Therefore, you should not place undue reliance on these estimates. The estimated ranges of certain of our financial results as of and for the quarter ended June 30, 2015 have been prepared by, and are the responsibility of, our management and have not been reviewed or audited or subject to any other procedures by our independent registered public accounting firm. Accordingly, our independent registered public accounting firm does not express an opinion or any other form of assurance with respect to these estimates. These estimates should not be viewed as a substitute for interim financial statements prepared in accordance with GAAP. In addition, these estimates as of and for the quarter ended June 30, 2015 are not necessarily indicative of the results to be achieved for the remainder of the 2015 fiscal year or any future period.

The following are our preliminary estimates as of and for the quarter ended June 30, 2015:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| • | our system-wide store count as of June 30, 2015 was | | , consisting of |  | corporate-owned stores and | franchisee-owned | |
|  | stores, compared to a system-wide store count of 818 as of June 30, 2014, consisting of 54 corporate-owned stores and 764 franchisee- | | | | | | |
|  | owned stores; |  |  |  |  |  |  |
| • | the increase in our system-wide same store sales is estimated to be approximately | | | | %, corporate-owned same store sales growth is | | |
|  | estimated to be approximately | % and franchisee-owned same store sales growth is estimated to be approximately | | | | | %; |
| • | our total revenues are estimated to be approximately $ | | million to $ | million, representing an increase of | | % to | % |
|  | compared to $62.7 million for the quarter ended June 30, 2014, primarily due to higher equipment sales, new store openings and same | | | | | | |
|  | store sales growth at our corporate-owned and franchisee-owned stores as well as a higher average royalty rate; and | | | | |  |  |
| • | our Adjusted EBITDA is estimated to be approximately $ | | million to $ | million, representing an increase of | | % to | % |
|  | compared to $24.3 million for the quarter ended June 30, 2014, primarily due to higher total revenues. | | | | |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  | 7 |  |  |  |  |

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The following table presents a reconciliation of the high and low end of the range of our preliminary Adjusted EBITDA for the quarter ended

June 30, 2015 to net income:

**Quarter ended June 30,**

**2015**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  | ***Low*** |  | ***High*** | |
|  | **(unaudited, in millions)** |  | **(Estimated)** |  | **(Estimated)** | |
|  | Net income | $ | | $ | |  |
| Interest expense, net | |  |  |  |  |  |
|  | Provision for income taxes |  |  |  |  |  |
| Depreciation and amortization | |  |  |  |  |  |
|  | EBITDA |  |  |  |  |  |
| Purchase accounting adjustments | |  |  |  |  |  |
|  | Management fees |  |  |  |  |  |
| IT system upgrade costs | |  |  |  |  |  |
|  | IPO-related costs |  |  |  |  |  |
| Pre-opening costs | |  |  |  |  |  |
|  | Adjusted EBITDA | $ | | $ | |  |
|  |  |  |  |  |  |  |

There can be no assurance that these estimates will be realized, and estimates are subject to risks and uncertainties, many of which are not within our control. See “Risk factors” and “Cautionary note regarding forward-looking statements” included elsewhere in this prospectus. For a discussion of the expected impact of our new point-of-sale and billing system on same store sales, see “Management’s discussion and analysis of results of operations and financial condition—How we assess the performance of our business.”

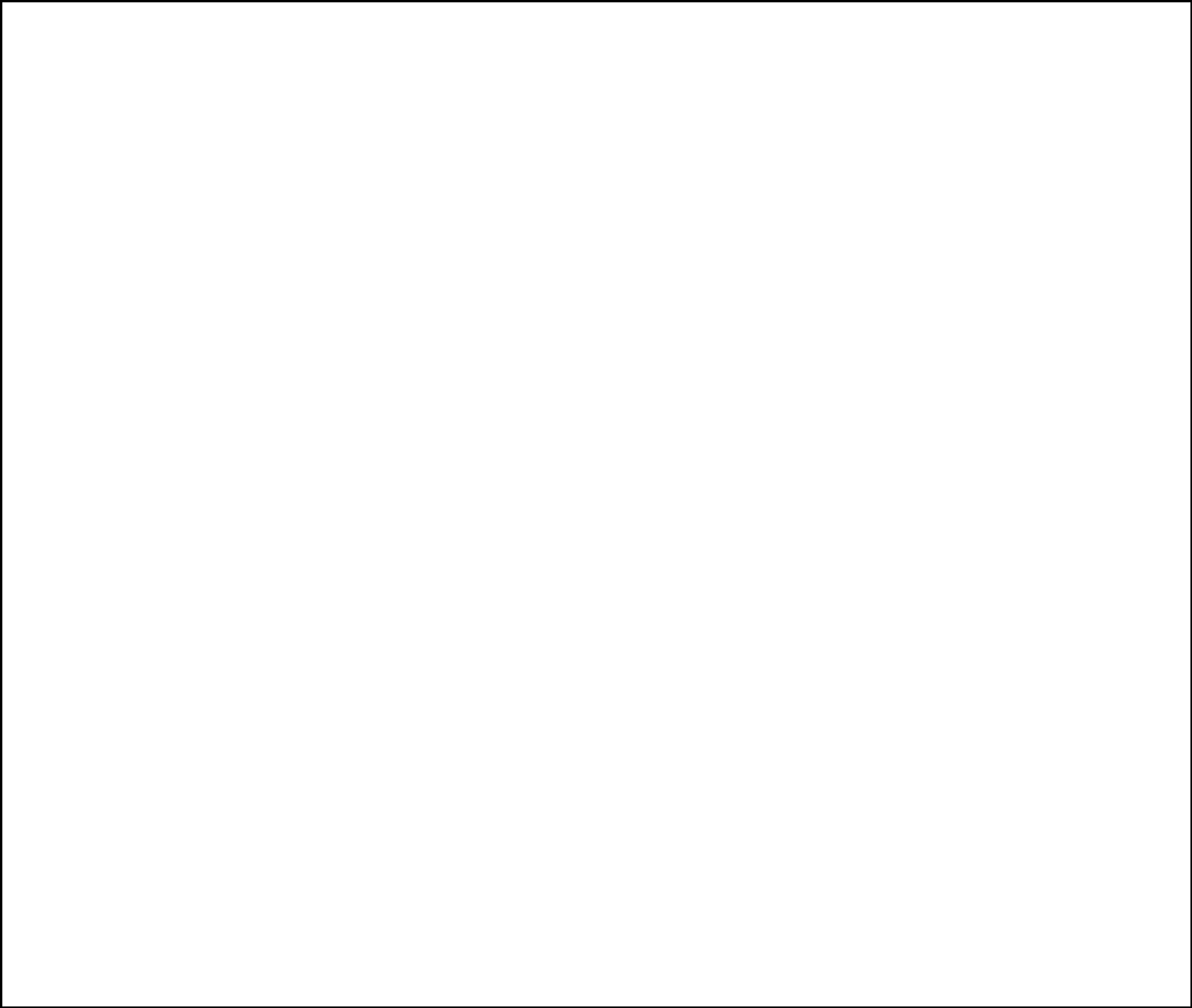
**Summary risk factors**

An investment in our Class A common stock involves a high degree of risk. Any of the factors set forth under “Risk factors” may limit our ability to successfully execute our business strategy. You should carefully consider all of the information set forth in this prospectus, and, in particular, you should evaluate the specific factors set forth under “Risk factors” in deciding whether to invest in our Class A common stock. Among these important risks are the following:

* our dependence on the operational and financial results of, and our relationships with, our franchisees and the success of their new and existing stores;
* risks relating to damage to our brand and reputation;
* our ability to successfully implement our growth strategy;
* technical, operational and regulatory risks related to our third-party providers’ systems and our own information systems;
* our and our franchisees’ ability to attract and retain members;
* the high level of competition in the health club industry generally;
* our reliance on a limited number of vendors, suppliers and other third-party service providers; and
* the substantial indebtedness of our subsidiary, Planet Fitness Holdings, LLC, which totaled $506.4 million as of March 31, 2015, including capital leases.

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**Implications of being an emerging growth company**

As a company with less than $1.0 billion in revenues during our most recently completed fiscal year, we qualify as an “emerging growth company” as defined in Section 2(a) of the Securities Act of 1933, as amended (the “Securities Act”), as modified by the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). As an emerging growth company, we may take advantage of specified reduced disclosure and other requirements that are otherwise applicable generally to public companies that are not emerging growth companies. These provisions include:

* reduced disclosure about our executive compensation arrangements;
* no non-binding shareholder advisory votes on executive compensation or golden parachute arrangements; and
* exemption from the auditor attestation requirement of our internal control over financial reporting.

We may take advantage of these exemptions for up to five years or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company if we have more than $1.0 billion in annual revenues as of the end of our fiscal year, we have more than $700.0 million in market value of our stock held by non-affiliates as of the end of our second fiscal quarter or we issue more than $1.0 billion of non-convertible debt over a three-year period. We may choose to take advantage of some or all of these reduced disclosure obligations.

The JOBS Act permits an emerging growth company such as us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We are choosing to “opt out” of this provision and, as a result, we will comply with new or revised accounting standards as required for public companies that are not emerging growth companies. This decision to opt out of the extended transition period under the JOBS Act is irrevocable.

**Our structure**

Our business is conducted through Pla-Fit Holdings, LLC and its subsidiaries. In connection with the recapitalization transactions described under the heading “The recapitalization transactions” elsewhere in this prospectus, Planet Fitness, Inc. will become the sole managing member of Pla-Fit Holdings, LLC. Our existing equity owners consist of holders of interests in Pla-Fit Holdings, LLC, which we refer to as the “Continuing LLC Owners,” and holders of interests in a predecessor entity to Planet Fitness, Inc., which we refer to as the “Direct TSG Investors.”

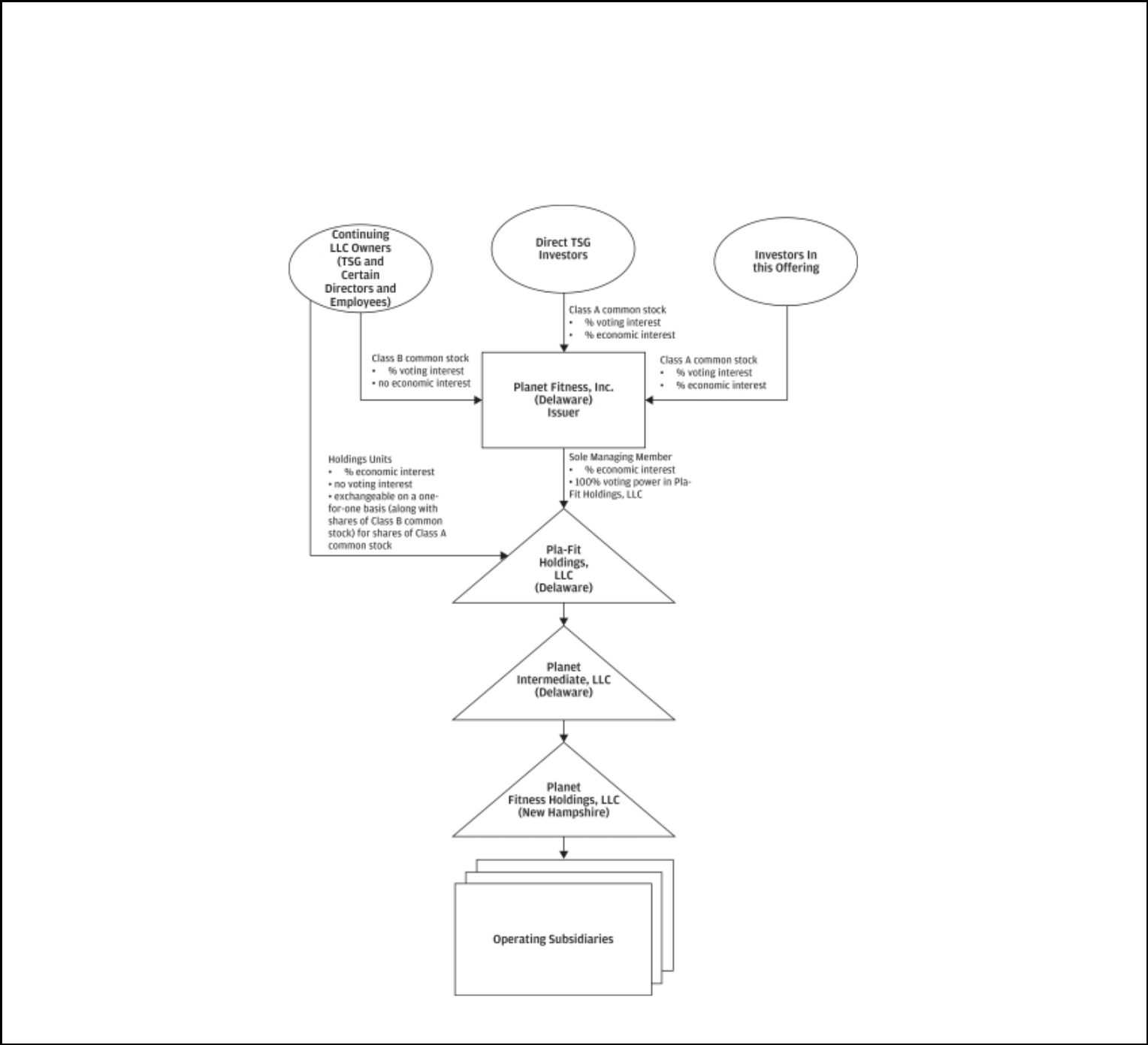
In connection with the recapitalization transactions, the interests held by the Direct TSG Investors in Planet Fitness, Inc. will be converted into shares of our Class A common stock. In addition, the limited liability company agreement of Pla-Fit Holdings, LLC will be amended and restated to, among other things, modify its capital structure to create a single new class of units, which we refer to as “Holdings Units,” held by the Continuing LLC Owners and Planet Fitness, Inc. Planet Fitness, Inc. will then issue to the Continuing LLC Owners one share of our Class B common stock for each Holdings Unit that they hold. The shares of Class B common stock have no rights to dividends or distributions, whether in cash or stock, but entitle the holder to one vote per share on matters presented to stockholders of Planet Fitness, Inc. See “Description of capital stock.” Our Continuing LLC Owners consist of investment funds affiliated with TSG Consumer Partners, LLC, which we refer to, together with its affiliates, as “TSG” or our “Sponsor,” and certain employees and directors. The Direct TSG Investors consist of investment funds affiliated with TSG.

We and the Continuing LLC Owners will also enter into an exchange agreement under which they will have the right, from time to time and subject to the terms of the exchange agreement, to exchange their Holdings Units, together with the corresponding shares of Class B common stock, for shares of our Class A common stock on a one-for-one basis, subject to customary conversion rate adjustments for stock splits, stock dividends, reclassifications and other similar transactions.

Immediately following this offering, after giving effect to the recapitalization transactions, Planet Fitness, Inc. will be a holding company, and its sole material asset will be an equity interest, indirectly held through its wholly owned

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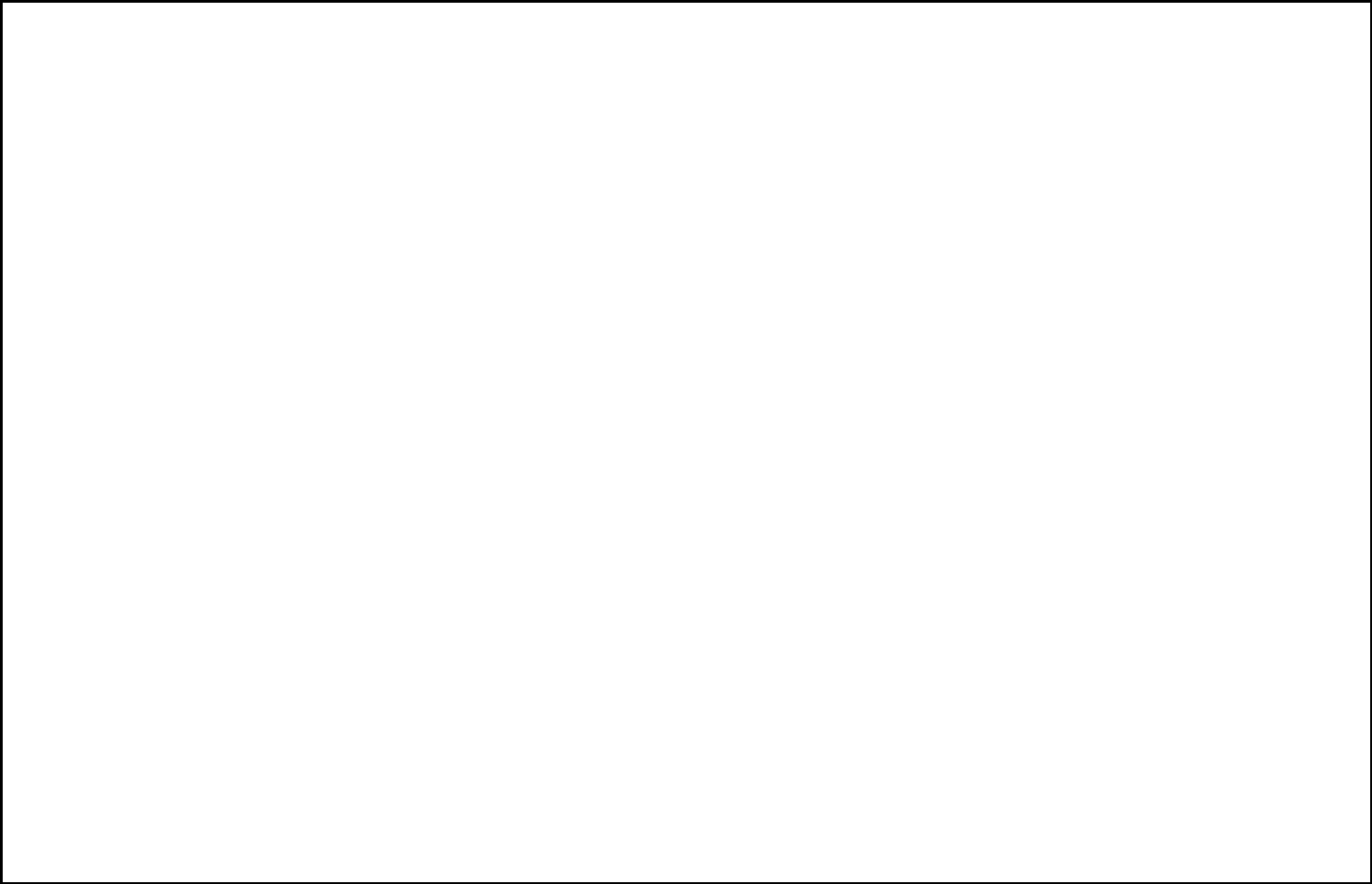
subsidiaries, in Pla-Fit Holdings, LLC. As the sole managing member of Pla-Fit Holdings, LLC, Planet Fitness, Inc. will operate and control all of the business and affairs of Pla-Fit Holdings, LLC and, through Pla-Fit Holdings, LLC and its subsidiaries, conduct our business. Accordingly, although we will have a minority economic interest in Pla-Fit Holdings, LLC, we will have the sole voting interest in, and control the management of, Pla-Fit Holdings, LLC. As a result, Planet Fitness, Inc. will consolidate Pla-Fit Holdings, LLC in its consolidated financial statements and will report a noncontrolling interest related to the Holdings Units held by the Continuing LLC Owners in our consolidated financial statements.

The diagram below depicts our organizational structure immediately following this offering, after giving effect to the recapitalization transactions, assuming no exercise by the underwriters of their option to purchase additional shares of Class A common stock.

See “The recapitalization transactions” elsewhere in this prospectus for a description of our structure and the recapitalization transactions.

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**Our sponsor**

TSG Consumer Partners is a leading private equity firm focused exclusively on the branded consumer sector. TSG manages $2.7 billion of institutional equity capital and has invested in over 70 consumer brands since its founding in 1987. TSG utilizes its extensive industry expertise across verticals, such as food, beverage, beauty, apparel, accessories, restaurants, retail and franchisors, and works closely with its partner companies to implement fundamental improvements in sales, marketing, operations and financial controls.

Following the completion of this offering, investment funds affiliated with TSG will own approximately % of our Class A common stock, or % if the underwriters exercise in full their option to purchase additional shares of our Class A common stock, and % of our outstanding

Class B common stock, or % if the underwriters exercise in full their option to purchase additional shares of our Class A common stock, which, combined with their holdings of our Class A common stock, aggregates to % of our voting power, or % of our voting power if the underwriters exercise in full their option to purchase additional shares of our Class A common stock, and % of the outstanding Holdings Units, or % of the outstanding Holdings Units if the underwriters exercise in full their option to purchase additional shares of our Class A common stock. As a result, we expect to be a “controlled company” within the meaning of the corporate governance standards of the New York Stock Exchange (the “NYSE”) and TSG will continue to have significant influence over us and decisions made by stockholders and may have interests that differ from yours. See “Risk factors—Risks related to our Class A common stock and this offering—TSG will continue to have significant influence over us after this offering, including control over decisions that require the approval of stockholders, which could limit your ability to influence the outcome of matters submitted to stockholders for a vote.”

In connection with this offering, we intend to enter into a stockholders agreement with investment funds affiliated with TSG. Pursuant to the stockholders agreement, we will be required to take all necessary action to cause the board of directors and its committees to include individuals designated by TSG and to include such individuals in the slate of nominees recommended by the board of directors for election by our stockholders. These nomination rights are described in this prospectus in the sections titled “Management—Board composition and director independence” and “Management—Board committees.” In addition, our certificate of incorporation provides that we renounce any interest or expectancy in the business opportunities of TSG and of its officers, directors, agents, stockholders, members, partners, affiliates and subsidiaries, and each such party will have no obligation to offer us those opportunities unless presented to one of our directors or officers in his or her capacity as a director or officer. Our TSG-affiliated directors have fiduciary duties to us and, in addition, have duties to TSG. As a result, these directors may face real or apparent conflicts of interest with respect to matters affecting both us and TSG, whose interests may be adverse to ours in some circumstances.

**Corporate information**

Planet Fitness, Inc. was incorporated in Delaware in March 2015. Our principal executive offices are located at 26 Fox Run Road, Newington, New Hampshire 03801, and our telephone number is (603) 750-0001. Our Internet website is www.planetfitness.com. The information on, or that can be accessed through, this website and the other Internet websites that we present in this prospectus is not part of this prospectus, and you should not rely on any such information in making the decision whether to purchase shares of our Class A common stock.

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**The offering**

**Issuer in this offering** Planet Fitness, Inc.

**Class A common stock offered by** shares

**us**

**Class A common stock offered by** shares

**the selling stockholders**

**Underwriters’ option to purchase** shares

**additional shares of Class A**

**common stock from us**

**Class A common stock to be outstanding after this offering**

**Class B common stock to be outstanding after this offering**

**Voting rights**

shares (or shares if the underwriters exercise in full their option to purchase additional

shares of Class A common stock)

shares (or shares if the underwriters exercise in full their option to purchase additional

shares of Class A common stock), all of which will be owned by the Continuing LLC Owners.

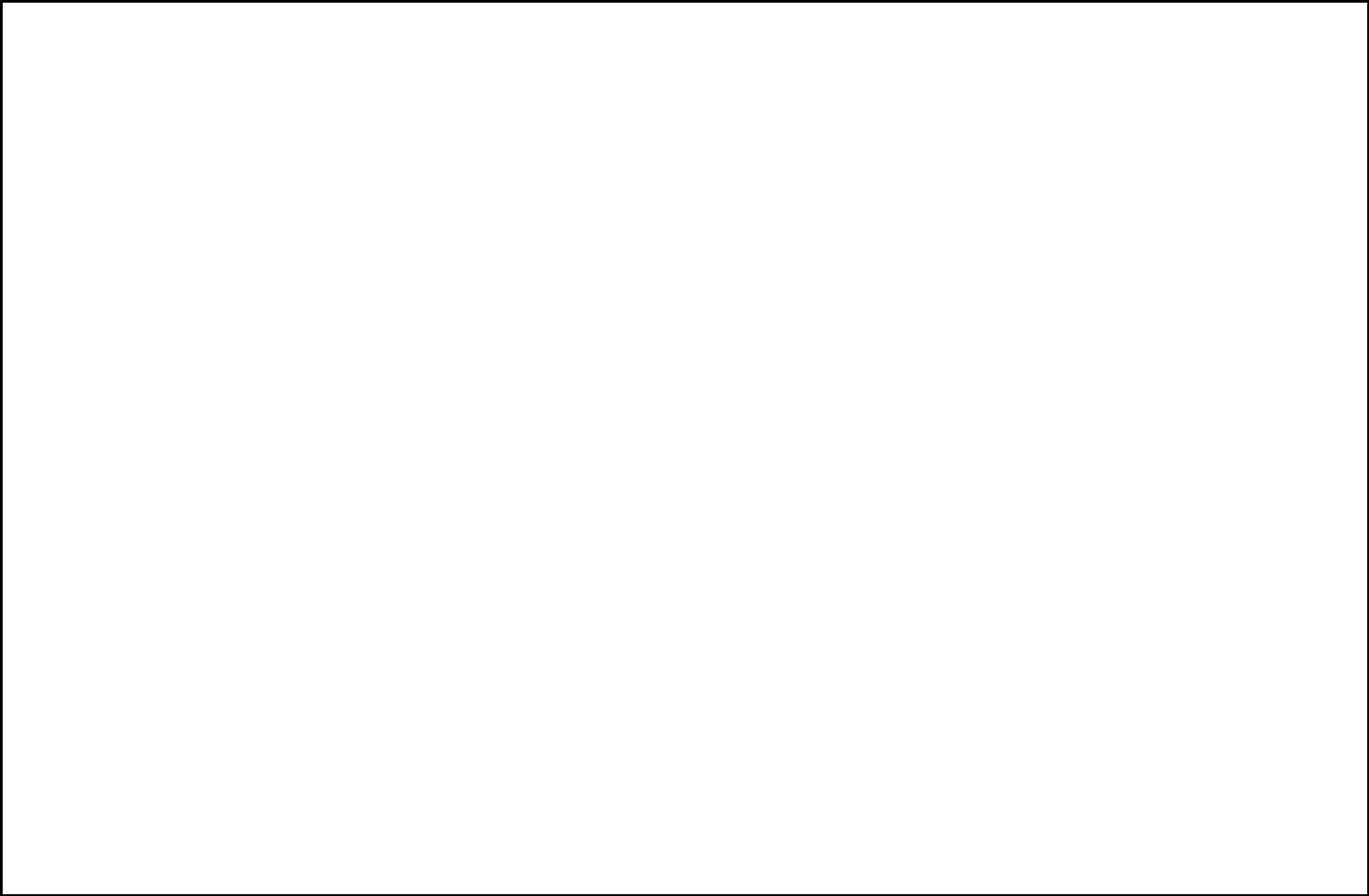
Holders of our Class A common stock and Class B common stock will vote together as a single class on all matters presented to stockholders for their vote or approval, except as otherwise required by law or as otherwise provided by our certificate of incorporation. Each share of Class A common stock and Class B common stock will entitle its holder to one vote per share on all such matters. See “Description of capital stock.”

**Ratio of shares of Class A common** The amended and restated limited liability company agreement of Pla-Fit Holdings, LLC (the “New LLC

**stock to Holdings Units** Agreement”) will require that we at all times maintain (x) a one-to-one ratio between the number of shares of Class A common stock issued by us and the number of Holdings Units owned by us and (y) a one-to-one ratio between the number of shares of Class B common stock owned by the Continuing LLC Owners and the number of Holdings Units owned by the Continuing LLC Owners. This construct is intended to result in the Continuing LLC Owners having a voting interest in Planet Fitness, Inc. that is identical to the Continuing LLC Owners’ percentage economic interest in Pla-Fit Holdings, LLC. The Continuing LLC Owners will own all of our outstanding Class B common stock.

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**Use of proceeds**

We estimate that the net proceeds to us from this offering will be approximately $ million, or approximately $ million if the underwriters exercise in full their option to purchase additional shares of Class A common stock, at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses.

We intend to use the net proceeds of this offering to purchase issued and outstanding Holdings

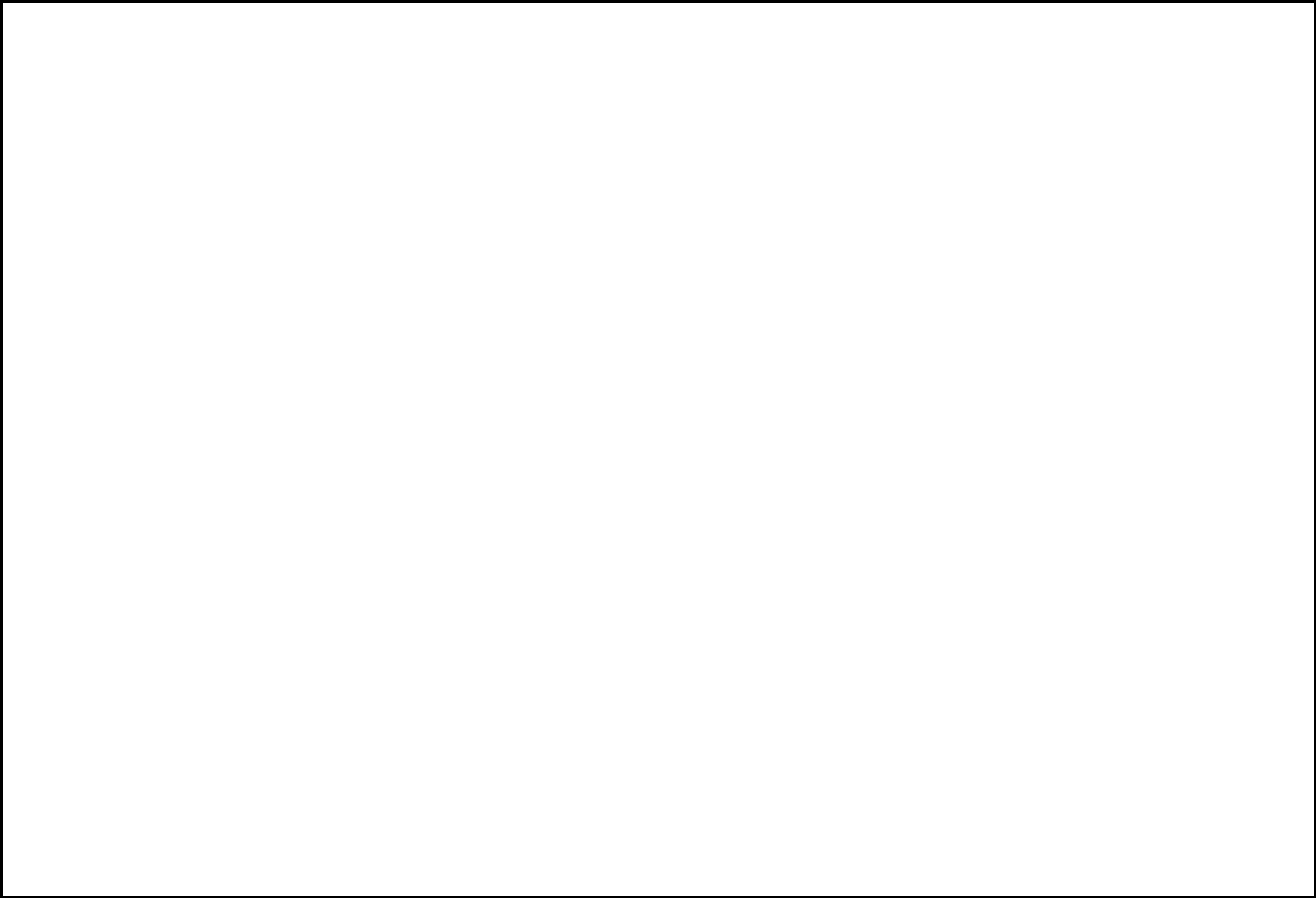
Units from certain Continuing LLC Owners consisting of investment funds affiliated with TSG (or Holdings Units if the underwriters exercise in full their option to purchase additional shares of Class A common stock), at a purchase price per unit equal to the initial public offering price per share of Class A common stock, less underwriting discounts and commissions. Pla-Fit Holdings, LLC will not receive any proceeds that we use to purchase Holdings Units from Continuing LLC Owners, and we will not receive any of the proceeds from the sale of shares of our Class A common stock by the selling stockholders. Pla-Fit Holdings, LLC will bear or reimburse Planet Fitness, Inc. and the selling stockholders for all of the expenses of this offering. See “Use of proceeds.”

**Exchange and redemption rights of** The Continuing LLC Owners, from time to time following the offering, may require us to exchange all or

**holders of Holdings Units** a portion of their Holdings Units for newly issued shares of our Class A common stock on a one-for-one basis or, at our discretion, cash. Shares of our Class B common stock will be cancelled on a one-for-one basis if we, at the election of a Continuing LLC Owner, redeem or exchange Holdings Units of such Continuing LLC Owner pursuant to the terms of the exchange agreement. The decision whether to tender Holdings Units to us will be made solely at the discretion of the Continuing LLC Owners. We will exercise discretion regarding the form of consideration in a redemption or exchange. Pursuant to the exchange agreement, any such decisions will be made on our behalf by a majority of the disinterested members of our board of directors. We may not elect to pay cash if a registration statement under the Securities Act of 1933, as amended, is available for the issuance in connection with the exchange or the subsequent resale. Also pursuant to the exchange agreement, to the extent an exchange results in a Company liability relating to the New Hampshire business profits tax, the Continuing LLC Owners have agreed that they will contribute to Pla-Fit Holdings, LLC an amount sufficient to pay such tax liability (up to 3.5% of the value received upon exchange). If and when we subsequently realize a related tax benefit, Pla-Fit Holdings, LLC will distribute the amount of any such tax benefit to the relevant Continuing LLC Owner in respect of its contribution. We have agreed in the exchange agreement that we will use commercially reasonable efforts to reduce or eliminate this tax liability, provided it does not materially and adversely impact our net income, including by pursuing a change in the applicable law or by relocating our corporate headquarters to a different state and franchising some or all of our 14 corporate-owned stores located in the State of New Hampshire.

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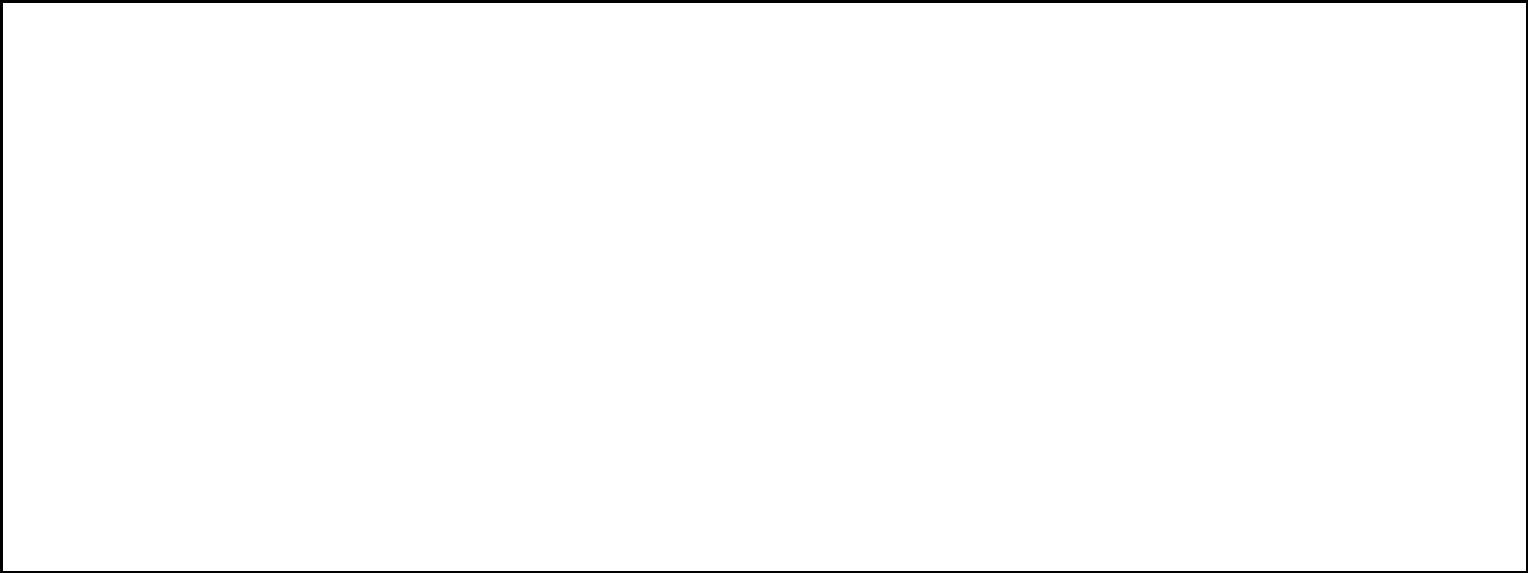


|  |  |  |
| --- | --- | --- |
| **Tax receivable agreements** | Our acquisition of Holdings Units in connection with this offering and future and certain past exchanges | |
|  | of Holdings Units for shares of our Class A common stock (or cash) are expected to produce and have | |
|  | produced favorable tax attributes for us. Upon the completion of this offering, we will be a party to two | |
|  | tax receivable agreements. Under the first of those agreements, we generally will be required to pay to | |
|  | our Continuing LLC Owners 85% of the applicable cash savings, if any, in U.S. federal and state income | |
|  | tax that we are deemed to realize as a result of certain tax attributes of their Holdings Units sold to us | |
|  | (or exchanged in a |  |
|  | taxable sale) and that are created as a result of (i) the sales of their Holdings Units for shares of our | |
|  | Class A common stock and (ii) tax benefits attributable to payments made under the tax receivable | |
|  | agreement (including imputed interest). Under the second tax receivable agreement, we generally will | |
|  | be required to pay to the Direct TSG Investors 85% of the amount of cash savings, if any, that we are | |
|  | deemed to realize as a result of the tax attributes of the Holdings Units that we hold in respect of the | |
|  | Direct TSG Investors’ interest in us, which resulted from the Direct TSG Investors’ purchase of interests | |
|  | in our 2012 acquisition by investment funds affiliated with TSG (the “2012 Acquisition”), and certain | |
|  | other tax benefits. Under both agreements, we generally will retain the benefit of the remaining 15% of | |
|  | the applicable tax savings. See “Certain relationships and related party transactions—Recapitalization | |
|  | transactions in connection with this offering—Tax receivable agreements.” | |
| **Directed share program** | At our request, the underwriters have reserved up to | shares of Class A common stock, or |
|  | approximately % of the shares being offered by this prospectus, for sale, at the initial public offering | |
|  | price, to our directors, officers, employees, franchisees and other parties associated with us or TSG. | |
|  | Shares of Class A common stock purchased by any of such parties, other than franchisees, will be | |
|  | subject to the 180-day lockup restriction described in the “Underwriting” section of this prospectus. The | |
|  | number of shares of Class A common stock available for sale to the general public will be reduced to | |
|  | the extent these parties purchase any of these reserved shares. Any reserved shares of Class A | |
|  | common stock that are not so purchased will be offered by the underwriters to the general public on the | |
|  | same terms as the other shares offered by this prospectus. | |
| **Controlled company** | Following this offering we will be a “controlled company” within the meaning of the corporate | |
|  | governance rules of the NYSE. See “Management—Board composition and director independence.” | |
| **Dividend policy** | We do not currently intend to pay dividends on our Class A common stock. Holders of our Class B | |
|  | common stock are not entitled to participate in any dividends declared by our board of directors. Any | |

future determination to pay dividends to holders of Class A common stock will be at the sole discretion of our board of directors and will depend upon many factors, including general economic conditions, our financial condition and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions, the implications of the payment of dividends by us

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to our stockholders or by our subsidiaries to us and any other factors that our board of directors may deem relevant. See “Dividend policy.”

**Risk factors**

You should read the “Risk factors” section of this prospectus for a discussion of factors to consider carefully before deciding to invest in shares of our Class A common stock.

**Proposed NYSE symbol**

“PLNT”

The number of shares of Class A common stock to be outstanding after this offering is based on outstanding immediately following the recapitalization transactions and excludes the following:

shares of Class A common stock

* shares of Class A common stock issuable upon exchange or redemption of Holdings Units, together with corresponding shares of Class B common stock; and
* shares of Class A common stock reserved for future issuance under our equity incentive plans.

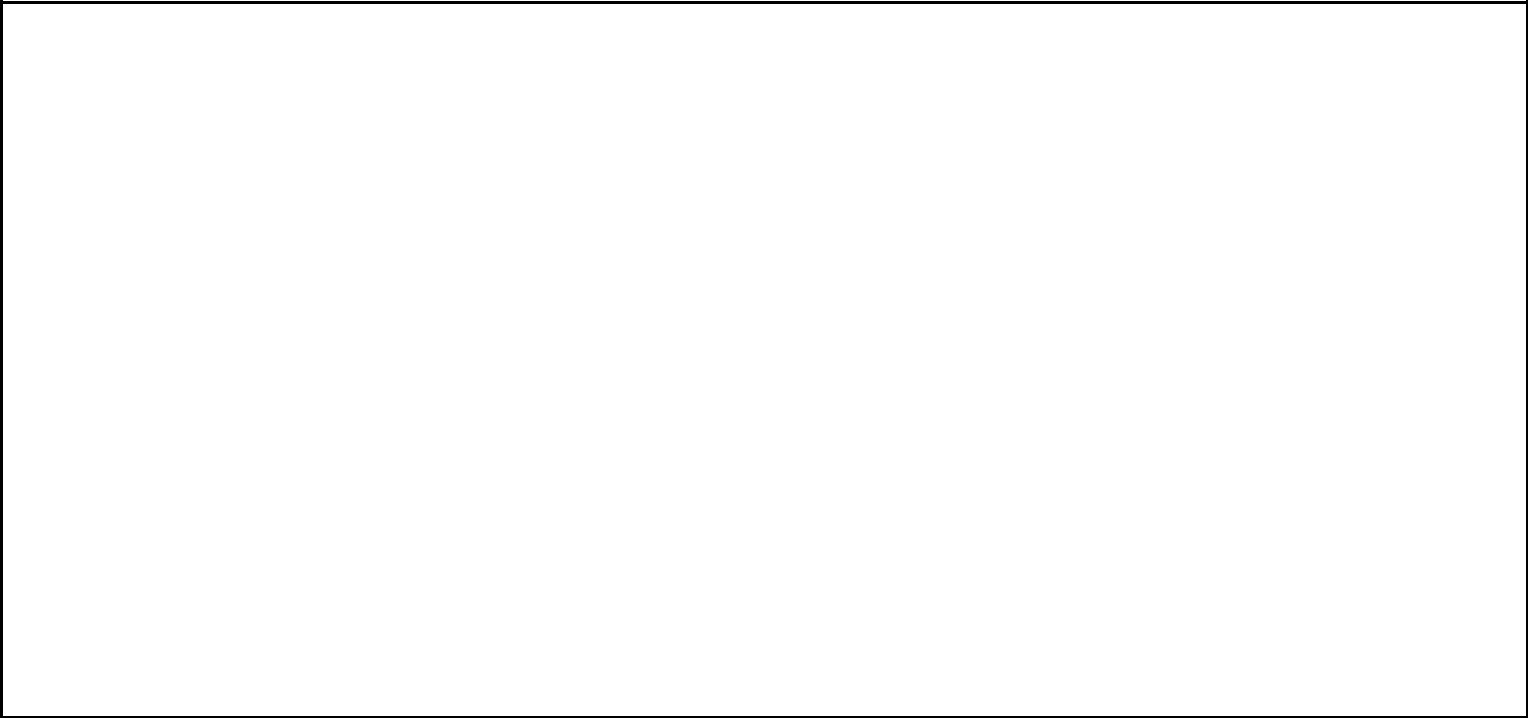
Unless otherwise indicated, this prospectus reflects and assumes the following:

* the consummation of the recapitalization transactions;
* the adoption of our certificate of incorporation and our bylaws to be effective upon the completion of this offering; and

• no exercise by the underwriters of their option to purchase up to additional shares of our Class A common stock in this offering.

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**Summary consolidated financial and other data**

The following table sets forth the summary consolidated financial and other data of Pla-Fit Holdings, LLC for the periods presented and at the dates indicated below. The following information should be read in conjunction with “The recapitalization transactions,” “Use of proceeds,” “Capitalization,” “Management’s discussion and analysis of financial condition and results of operations” and our audited and unaudited consolidated financial statements and the related notes included elsewhere in this prospectus. Following this offering, Pla-Fit Holdings, LLC will be considered our predecessor for accounting purposes, and its consolidated financial statements will be our historical financial statements. The terms “Predecessor” and “Successor” used below and throughout this prospectus refer to the periods prior and subsequent to the 2012 Acquisition, respectively.

The summary consolidated financial data as of December 31, 2013 and 2014 and for the periods from January 1, 2012 to November 7, 2012 (Predecessor) and November 8, 2012 to December 31, 2012 (Successor) and for the years ended December 31, 2013 and 2014 (Successor) are derived from our audited consolidated financial statements included elsewhere in this prospectus. The summary consolidated financial data as of March 31, 2015 and for the quarters ended March 31, 2014 and 2015 are derived from our unaudited condensed consolidated financial statements included elsewhere in this prospectus. The summary consolidated financial data as of March 31, 2014 is derived from our unaudited balance sheet not included in this prospectus. In the opinion of our management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the results for those periods have been reflected.

The unaudited combined results of operations and cash flows for the year ended December 31, 2012 represents the mathematical addition of our Predecessor’s results of operations from January 1, 2012 to November 7, 2012, and the Successor’s results of operations from November 8, 2012 to December 31, 2012. We have included the unaudited combined financial information in order to facilitate a comparison with our other years.

Summary consolidated financial data for Planet Fitness, Inc. has not been provided, as Planet Fitness, Inc. is a newly incorporated entity and has had no business transactions or other activities to date and no assets or liabilities during the periods presented below.

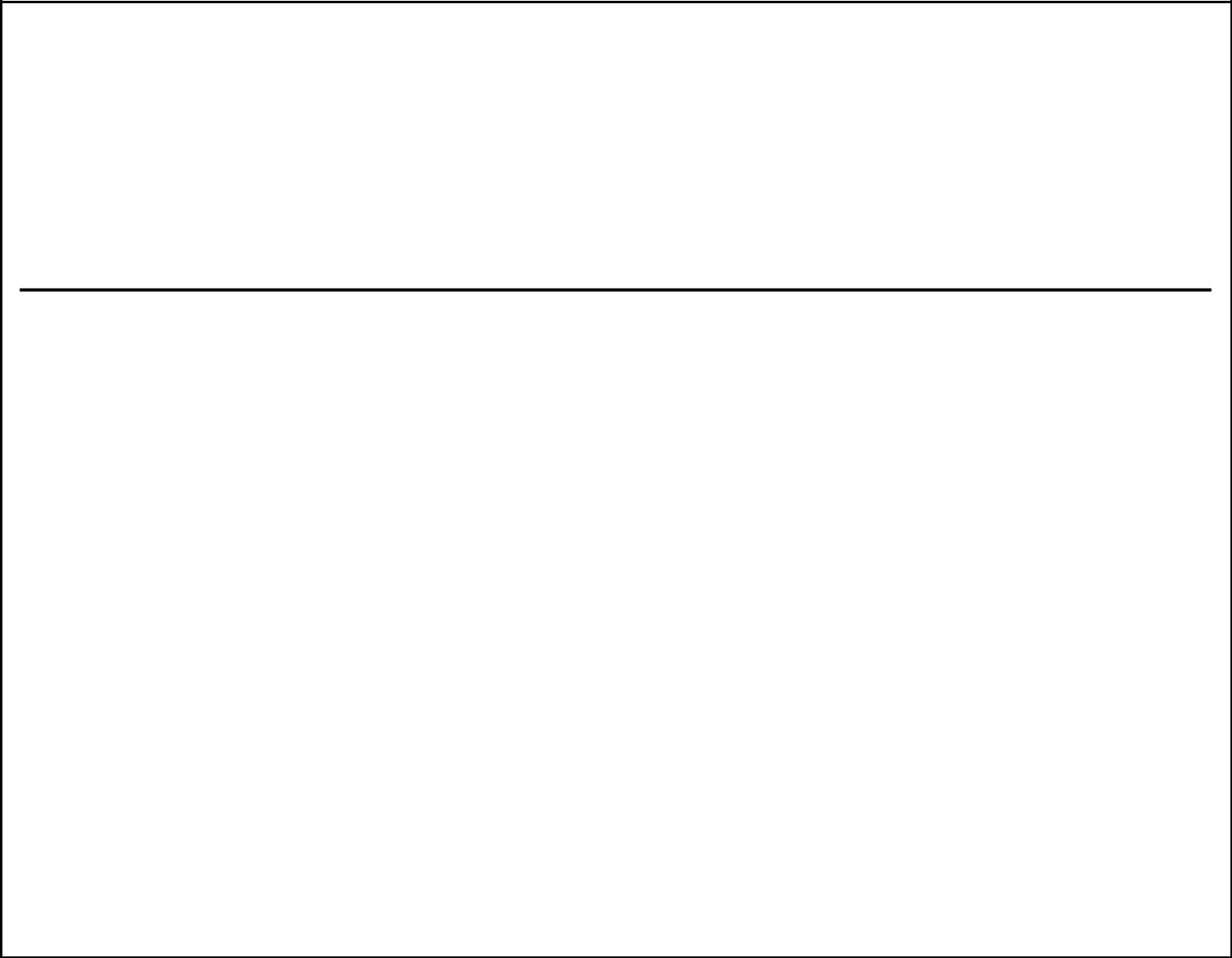
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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  | **Period from** | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  | **January 1,** | | |  |  | **Period from** | | |  | **Combined** | | |  |  |  | **Years ended** | | | |  | **Quarters ended** | | | | | |  |  |
|  |  |  | **2012** | |  |  | **November 8, 2012** | | | |  | **year ended** | | |  |  |  |  |  |  |
|  |  |  | **through** | | |  |  | **through** | | |  | **December** | | |  | **December 31,** | | | | | |  |  |  | **March 31,** | | | |  |  |
|  |  |  | **November 7,** | | |  |  | **December 31,** | | |  | **31,** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **(in millions, except per share data)** |  | **2012** | |  |  |  | **2012** | |  |  | **2012** | |  |  | **2013** | |  |  | **2014** | |  | **2014** | |  |  | **2015** | |  |  |
|  |  |  |  |  |  |  |  |  |  |  | **(Unaudited)(1)** | |  |  |  |  |  |  |  |  |  | **(Successor,** | | |  | **(Successor,** | | |  |  |
|  |  | **(Predecessor)** | | | |  |  | **(Successor)** | | | **(Successor)** | | |  | **(Successor)** | | | **Unaudited)** | | |  | **Unaudited)** | | |  |  |
|  | **Consolidated statement of operations** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **data:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Revenue:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Franchise revenue | $ | 21.3 | |  |  | $ | 4.4 | |  | $ | 25.7 | |  | $ | 33.7 | | $ | | 58.0 | | $ | 12.5 | | $ | | 17.0 | |  |  |
|  | Commission income |  | 7.1 | |  |  |  | 1.9 | |  |  | 9.0 | |  |  | 10.4 | |  |  | 13.9 | |  | 4.0 | |  |  | 4.8 | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Franchise segment |  | 28.4 | |  |  |  | 6.3 | |  |  | 34.7 | |  |  | 44.1 | |  |  | 71.9 | |  | 16.5 | |  |  | 21.8 | |  |  |
|  | Corporate-owned stores segment |  | 40.4 | |  |  |  | 8.8 | |  |  | 49.2 | |  |  | 67.4 | |  |  | 85.0 | |  | 17.7 | |  |  | 23.5 | |  |  |
|  | Equipment segment |  | 49.1 | |  |  |  | 26.7 | |  |  | 75.8 | |  |  | 99.5 | |  |  | 122.9 | |  | 23.4 | |  |  | 31.6 | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Total revenue |  | 117.9 | |  |  |  | 41.8 | |  |  | 159.7 | |  |  | 211.0 | |  |  | 279.8 | |  | 57.6 | |  |  | 76.9 | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Operating costs and expenses: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Cost of revenue |  | 41.0 | |  |  |  | 21.5 | |  |  | 62.5 | |  |  | 81.4 | |  |  | 100.3 | |  | 19.2 | |  |  | 26.0 | |  |  |
|  | Store operations |  | 28.4 | |  |  |  | 5.9 | |  |  | 34.3 | |  |  | 41.7 | |  |  | 49.5 | |  | 10.5 | |  |  | 14.3 | |  |  |
|  | Selling, general and administrative |  | 19.5 | |  |  |  | 2.6 | |  |  | 22.1 | |  |  | 23.1 | |  |  | 35.1 | |  | 6.6 | |  |  | 14.1 | |  |  |
|  | Depreciation and amortization |  | 5.7 | |  |  |  | 7.0 | |  |  | 12.7 | |  |  | 28.8 | |  |  | 32.3 | |  | 6.5 | |  |  | 8.2 | |  |  |
|  | Other (gains) losses |  | (1.9) | |  |  |  | — | | |  | (1.9) | |  |  | — | |  |  | 1.0 | |  | 1.3 | |  |  | — | |  |  |
|  | Total operating costs and |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | expenses |  | 92.7 | |  |  |  | 37.0 | |  |  | 129.7 | |  |  | 175.0 | |  |  | 218.2 | |  | 44.1 | |  |  | 62.6 | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Income from operations |  | 25.2 | |  |  |  | 4.8 | |  |  | 30.0 | |  |  | 36.0 | |  |  | 61.6 | |  | 13.5 | |  |  | 14.3 | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Other income (expense), net: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Interest income |  | 0.9 | |  |  |  | 0.1 | |  |  | 1.0 | |  |  | 0.5 | |  |  | 0.4 | |  | 0.1 | |  |  | 0.2 | |  |  |
|  | Interest expense(2) |  | (2.3) | |  |  |  | (2.5) | |  |  | (4.8) | |  |  | (9.4) | |  |  | (22.2) | |  | (6.6) | |  |  | (5.0) | |  |  |
|  | Other income (expense) |  | — | | |  |  | (0.1) | |  |  | (0.1) | |  |  | (0.7) | |  |  | (1.3) | |  | (0.4) | |  |  | (0.7) | |  |  |
|  | Total |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | other |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | expense, |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | net |  | (1.4) | |  |  |  | (2.5) | |  |  | (3.9) | |  |  | (9.6) | |  |  | (23.1) | |  | (6.9) | |  |  | (5.5) | |  |  |
|  | Income before provision for income |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | taxes |  | 23.8 | |  |  |  | 2.3 | |  |  | 26.1 | |  |  | 26.4 | |  |  | 38.5 | |  | 6.6 | |  |  | 8.8 | |  |  |
|  | Provision for income taxes |  | 0.6 | |  |  |  | 0.1 | |  |  | 0.7 | |  |  | 0.6 | |  |  | 1.2 | |  | 0.3 | |  |  | 0.3 | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Net income |  | 23.2 | |  |  |  | 2.2 | |  |  | 25.4 | |  |  | 25.8 | |  |  | 37.3 | |  | 6.3 | |  |  | 8.5 | |  |  |
|  | Less net income attributable to |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | noncontrolling interests |  | 1.0 | |  |  |  | — | | |  | 1.0 | |  |  | 0.4 | |  |  | 0.5 | |  | 0.2 | |  |  | 0.1 | |  |  |
|  | Net income attributable to members |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | of Pla-Fit Holdings, LLC | $ | 22.2 | |  |  | $ | 2.2 | |  | $ | 24.4 | |  | $ | 25.4 | | $ | | 36.8 | | $ | 6.1 | | $ | | 8.4 | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Pro forma net income per share data** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **(unaudited):**(3) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Pro forma net income per share: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Basic |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | $ | | — | |  |  |  | $ | | — | |  |  |
|  | Diluted |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | $ | | — | |  |  |  | $ | | — | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Pro forma weighted average shares of |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Class A common stock outstanding: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Basic |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Diluted |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **Consolidated statement of cash flows** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **data:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Net cash provided by operating activities |  |  |  |  |  |  |  |  |  |  |  |  |  | $ | 66.9 | | $ | | 79.4 | | $ | 8.2 | | $ | | 12.0 | |  |  |
|  | Net cash used in investing activities |  |  |  |  |  |  |  |  |  |  |  |  |  | $ | (7.1) | | $ | | (54.4) | | $ | (39.5) | | $ | | (5.3) | |  |  |
|  | Net cash used in financing activities |  |  |  |  |  |  |  |  |  |  |  |  |  | $ | (38.0) | | $ | | (13.0) | | $ | 15.0 | | $ | | (22.5) | |  |  |
|  | **Consolidated balance sheet data:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Cash and cash equivalents |  |  |  |  |  |  |  |  |  |  |  |  |  | $ | 31.3 | | $ | | 43.3 | | $ | 15.0 | | $ | | 27.5 | |  |  |
|  | Property and equipment, net |  |  |  |  |  |  |  |  |  |  |  |  |  | $ | 33.8 | | $ | | 49.6 | | $ | 40.6 | | $ | | 51.6 | |  |  |
|  | Total assets |  |  |  |  |  |  |  |  |  |  |  |  |  | $ | 562.1 | | $ | | 609.3 | | $ | 579.4 | | $ | | 579.6 | |  |  |
|  | Total debt and capital lease obligations |  |  |  |  |  |  |  |  |  |  |  |  |  | $ | 184.5 | | $ | | 387.5 | | $ | 391.1 | | $ | | 506.4 | |  |  |
|  | Total equity |  |  |  |  |  |  |  |  |  |  |  |  |  | $ | 321.9 | | $ | | 151.7 | | $ | 144.3 | | $ | | 12.4 | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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1. The table above sets forth our results of operations for the period from January 1, 2012 to November 7, 2012 (Predecessor), and the period November 8, 2012 to December 31, 2012 (Successor). The unaudited combined results of operations and cash flows for the year ended December 31, 2012 represents the mathematical addition of our Predecessor’s results of operations from January 1, 2012 to November 7, 2012, and the Successor’s results of operations from November 8, 2012 to December 31, 2012. We have included the unaudited combined financial information in order to facilitate a comparison with our other years. Each of the Predecessor and Successor results for the period from January 1, 2012 to November 7, 2012, and the period from November 8, 2012 to December 31, 2012, respectively, have been audited and are consistent with United States Generally Accepted Accounting Principles (“GAAP”). However, the presentation of unaudited combined financial information for the year ended December 31, 2012 is not consistent with GAAP or with the pro forma requirements of Article 11 of Regulation S-X, and may yield results that are not comparable on a period-to-period basis primarily due to (i) the impact of required purchase accounting adjustments and (ii) the new basis of accounting established in connection with the 2012 Acquisition. Such results are not necessarily indicative of what the results for the respective periods would have been had the 2012 Acquisition not occurred. All references to the year ended December 31, 2012 in this prospectus are based on this unaudited combined information.
2. Interest expense in 2014 includes $4.7 million for the loss on extinguishment of debt.
3. Basic net income per share is computed by dividing the net income available to common stockholders by the weighted-average shares of common stock outstanding during the period. Diluted net income per share is computed by dividing the net income available to common stockholders by the weighted-average shares of common stock outstanding adjusted to give effect to potentially dilutive securities. For more information regarding the pro forma presentation of these measures, see “Unaudited pro forma consolidated financial information.”

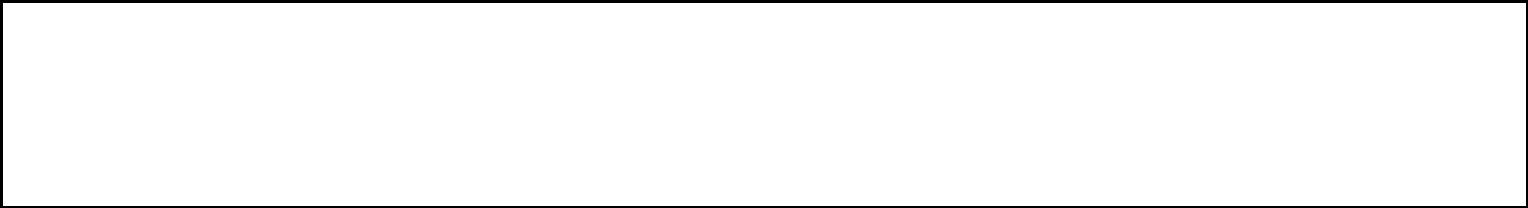
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **Years ended December 31,** | | | |  |  | **Quarters ended March 31,** | | | | |  |  |
|  |  | **2012** | |  | **2013** | |  | **2014** | |  | **2014** | |  | **2015** | |  |  |
|  | **(Combined)** | | | **(Successor)** | | | **(Successor)** | | | **(Successor)** | | | **(Successor)** | | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Other Operating Data: (Unaudited)(1)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Number of stores at end of period:(2)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Franchisee-owned |  | 562 | |  | 704 | |  | 863 | |  | 732 | |  | 919 | |  |  |
| Corporate-owned |  | 44 | |  | 45 | |  | 55 | |  | 53 | |  | 57 | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| System-wide |  | 606 | |  | 749 | |  | 918 | |  | 785 | |  | 976 | |  |  |
| Same store sales growth:(3) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Franchisee-owned |  | 8.7% | |  | 9.1% | |  | 11.5% | |  | 13.6% | |  | 11.7% | |  |  |
| Corporate-owned |  | 4.8% | |  | 6.1% | |  | 5.4% | |  | 6.1% | |  | 4.6% | |  |  |
| System-wide |  | 8.1% | |  | 8.4% | |  | 10.8% | |  | 13.0% | |  | 10.9% | |  |  |
| **(In millions)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| System-wide membership data: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Number of members at end of period(4) |  | 3.7 | |  | 4.8 | |  | 6.1 | |  | 5.7 | |  | 7.1 | |  |  |
| System-wide sales(5) | $ | 693.7 | | $ | 891.0 | | $ | 1,189.9 | | $ | 228.0 | | $ | 328.0 | |  |  |
| EBITDA(6) | $ | 42.6 | | $ | 64.1 | | $ | 92.6 | | $ | 19.6 | | $ | 21.8 | |  |  |
| Adjusted EBITDA(6) | $ | 51.3 | | $ | 71.1 | | $ | 100.6 | | $ | 22.0 | | $ | 28.5 | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

1. For the other operating data shown in the table above, we have combined the Predecessor and the Successor periods to present 2012 on a combined basis only.
2. We classify a store as open on the date the store receives its occupancy certificate, which is typically the date the store is first available for use by its members.
3. Same store sales refers to year-over-year sales comparisons for the same store sales base. We define the same store sales base to include those stores that have been open and for which membership dues have been billed for longer than 12 months. We measure same store sales based solely on monthly dues billed to members of our corporate-owned stores and franchisee-owned stores.
4. We define members as all active members, which includes monthly billing members, prepay members and all pre-sale members. Pre-sale members include those that have joined a store prior to the store opening. This data is system-wide, which includes members of both corporate-owned and franchisee-owned stores.
5. We define system-wide sales as the monthly dues and annual fees from members of both corporate-owned and franchisee-owned stores.

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1. EBITDA is defined as net income before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as net income before interest, taxes, depreciation and amortization, adjusted for the impact of certain non-cash and other items that we do not consider in our evaluation of ongoing operating performance. These items include certain purchase accounting adjustments, management fees, certain IT system upgrade costs, acquisition transaction fees, IPO-related costs, pre-opening costs and certain other charges and gains that we do not believe reflect our underlying business performance. EBITDA and Adjusted EBITDA as presented in this prospectus are supplemental measures of our performance that are neither required by, nor presented in accordance with, GAAP. EBITDA and Adjusted EBITDA should not be considered as substitutes for GAAP metrics such as net income or any other performance measures derived in accordance with GAAP. Also, in the future we may incur expenses or charges such as those added back to calculate Adjusted EBITDA. Our presentation of EBITDA and Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or nonrecurring items. See “Management’s discussion and analysis of financial condition and results of operations—Non-GAAP financial measures.”



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**Risk factors**

*This offering and investing in our Class A common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below together with all of the other information contained in this prospectus, including our consolidated financial statements and the related notes appearing at the end of this prospectus, before deciding to invest in our Class A common stock. If any of the following risks actually occurs, our business, prospects, operating results and financial condition could suffer materially, the trading price of our Class A common stock could decline and you could lose all or part of your investment.*

**Risks related to our business and industry**

***Our financial results are affected by the operating and financial results of and our relationships with our franchisees.***

A substantial portion of our revenues come from royalties, which are generally based on a percentage of monthly membership dues and annual fees at our franchise stores, other fees and commissions generated from activities associated with our franchisees and equipment sales to our franchisees. As a result, our financial results are largely dependent upon the operational and financial results of our franchisees. As of March 31, 2015, we had 187 franchisee groups operating 919 stores. Negative economic conditions, including inflation, increased unemployment levels and the effect of decreased consumer confidence or changes in consumer behavior, could materially harm our franchisees’ financial condition, which would cause our royalty and other revenues to decline and materially and adversely affect our results of operations and financial condition as a result. In addition, if our franchisees fail to renew their franchise agreements, these revenues may decrease, which in turn could materially and adversely affect our results of operations and financial condition.

***Our franchisees could take actions that harm our business.***

Our franchisees are contractually obligated to operate their stores in accordance with the operational, safety and health standards set forth in our agreements with them. However, franchisees are independent third parties and their actions are outside of our control. In addition, we cannot be certain that our franchisees will have the business acumen or financial resources necessary to operate successful franchises in their approved locations, and certain state franchise laws may limit our ability to terminate or modify these franchise agreements. The franchisees own, operate and oversee the daily operations of their stores. As a result, the ultimate success and quality of any franchise store rests with the franchisee. If franchisees do not successfully operate stores in a manner consistent with required standards and comply with local laws and regulations, franchise fees and royalties paid to us may be adversely affected and our brand image and reputation could be harmed, which in turn could adversely affect our results of operations and financial condition.

Moreover, although we believe we generally maintain positive working relationships with our franchisees, disputes with franchisees could damage our brand image and reputation and our relationships with our franchisees, generally.

***Our success depends substantially on the value of our brand.***

Our success is dependent in large part upon our ability to maintain and enhance the value of our brand, our store members’ connection to our brand and a positive relationship with our franchisees. Brand value can be severely damaged even by isolated incidents, particularly if the incidents receive considerable negative publicity or result in litigation. Some of these incidents may relate to the way we manage our relationships with our franchisees, our growth strategies, our development efforts or the ordinary course of our, or our

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franchisees’, businesses. Other incidents that could be damaging to our brand may arise from events that are or may be beyond our ability to control, such as:

* actions taken (or not taken) by one or more franchisees or their employees relating to health, safety, welfare or otherwise;
* data security breaches or fraudulent activities associated with our and our franchisees’ electronic payment systems;
* litigation and legal claims;
* third-party misappropriation, dilution or infringement of our intellectual property;
* regulatory, investigative or other actions relating to our and our franchisees’ provision of indoor tanning services; and
* illegal activity targeted at us or others.

Consumer demand for our stores and our brand’s value could diminish significantly if any such incidents or other matters erode consumer confidence in us or our stores, which would likely result in fewer memberships sold or renewed and, ultimately, lower royalty revenue, which in turn could materially and adversely affect our results of operations and financial condition.

***If we fail to successfully implement our growth strategy, which includes new store development by existing and new franchisees, our ability to increase our revenues and operating profits could be adversely affected.***

Our growth strategy relies in large part upon new store development by existing and new franchisees. Our franchisees face many challenges in opening new stores, including:

* availability and cost of financing;
* selection and availability of suitable store locations;
* competition for store sites;
* negotiation of acceptable lease and financing terms;
* securing required domestic or foreign governmental permits and approvals;
* health and fitness trends in new geographic regions and acceptance of our offerings;
* employment, training and retention of qualified personnel;
* ability to open new stores during the timeframes we and our franchisees expect; and
* general economic and business conditions.

In particular, because the majority of our new store development is funded by franchisee investment, our growth strategy is dependent on our franchisees’ (or prospective franchisees’) ability to access funds to finance such development. If our franchisees (or prospective franchisees) are not able to obtain financing at commercially reasonable rates, or at all, they may be unwilling or unable to invest in the development of new stores, and our future growth could be adversely affected.

Our growth strategy also relies on our ability to identify, recruit and enter into agreements with a sufficient number of franchisees. In addition, our ability and the ability of our franchisees to successfully open and operate new stores in new markets may be adversely affected by a lack of awareness or acceptance of our

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brand as well as a lack of existing marketing efforts and operational execution in these new markets. To the extent that we are unable to implement effective marketing and promotional programs and foster recognition and affinity for our brand in new markets, our and our franchisees’ new stores may not perform as expected and our growth may be significantly delayed or impaired. In addition, franchisees of new stores may have difficulty securing adequate financing, particularly in new markets, where there may be a lack of adequate history and brand familiarity. New stores may not be successful or our average store membership sales may not increase at historical rates, which could materially and adversely affect our business, results of operations and financial condition.

To the extent our franchisees are unable to open new stores as we anticipate, we will not realize the revenue growth that we hope or expect. Our failure to add a significant number of new stores would adversely affect our ability to increase our revenues and operating income and could materially and adversely affect our business, results of operations and financial condition.

***Our planned growth could place strains on our management, employees, information systems and internal controls, which may adversely impact our business.***

Over the past several years, we have experienced growth in our business activities and operations, including a significant increase in the number of system-wide stores. Our past expansion has placed, and our planned future expansion may place, significant demands on our administrative, operational, financial and other resources. Any failure to manage growth effectively could seriously harm our business. To be successful, we will need to continue to implement management information systems and improve our operating, administrative, financial and accounting systems and controls. We will also need to train new employees and maintain close coordination among our executive, accounting, finance, legal, human resources, risk management, marketing, technology, sales and operations functions. These processes are time-consuming and expensive, increase management responsibilities and divert management attention, and we may not realize a return on our investment in these processes. In addition, we believe the culture we foster at our and our franchisees’ stores is an important contributor to our success. However, as we expand we may have difficulty maintaining our culture or adapting it sufficiently to meet the needs of our operations. These risks may be heightened as our growth accelerates. In 2014, our franchisees opened 169 stores, compared to 148 stores in 2013 and 118 stores in 2012. Our failure to successfully execute on our planned expansion of stores could materially and adversely affect our results of operations and financial condition.

***We and our franchisees rely heavily on information systems, and any material failure, interruption or weakness may prevent us from effectively operating our business and damage our reputation.***

We and our franchisees increasingly rely on information systems, including our point-of-sale processing systems in our stores and other information systems managed by third parties, to interact with our franchisees and members and collect, maintain and store member information and other personally identifiable information, including for the operation of stores, collection of cash, management of our supply chain, accounting, staffing, payment of obligations, Automated Clearing House (“ACH”) transactions, credit and debit card transactions and other processes and procedures. Furthermore, we have recently migrated our point-of-sale system from a proprietary, third-party hosted system to a commercially available, third-party hosted system. In connection with the migration, there may be issues, bugs, data inconsistencies, outages and interruptions that could impact our business. Our ability to efficiently and effectively manage our franchisee and corporate-owned stores depends significantly on the reliability and capacity of these systems, and any potential failure of these third parties to provide quality uninterrupted service is beyond our control.

Our and our franchisees’ operations depend upon our ability, and the ability of our franchisees and third-party service providers, to protect our computer equipment and systems against damage from physical theft, fire,

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power loss, telecommunications failure or other catastrophic events, as well as from internal and external security breaches, viruses, denial-of-service attacks and other disruptive problems. The failure of these systems to operate effectively, maintenance problems, upgrading or transitioning to new platforms, expanding our systems as we grow, a breach in security of these systems or other unanticipated problems could result in interruptions to or delays in our business and member service and reduce efficiency in our operations. In addition, the implementation of technology changes and upgrades to maintain current and integrate new systems, as well as transitions from one service provider to another, may also cause service interruptions, operational delays due to the learning curve associated with using a new system, transaction processing errors and system conversion delays and may cause us to fail to comply with applicable laws. If our information systems, or those of our franchisees and third-party service providers, fail and our or our partners’ third-party back-up or disaster recovery plans are not adequate to address such failures, our revenues and profits could be reduced and the reputation of our brand and our business could be materially adversely affected. If we need to move to a different third-party system, our operations, including electronic funds transfer (“EFT”) drafting, could be interrupted. In addition, remediation of such problems could result in significant, unplanned operating or capital expenditures.

***If we fail to properly maintain the confidentiality and integrity of our data, including member credit, debit card and bank account information, our reputation and business could be materially and adversely affected.***

In the ordinary course of business, we and our franchisees collect, transmit and store member and employee data, including credit and debit card numbers, bank account information, drivers license numbers, dates of birth and other highly sensitive personally identifiable information, in information systems that we maintain and in those maintained by franchisees and third parties with whom we contract to provide services. Some of this data is sensitive and could be an attractive target of criminal attack by malicious third parties with a wide range of motives and expertise, including organized criminal groups, “hactivists,” disgruntled current or former employees, and others. The integrity and protection of that member and employee data is critical to us.

Despite the security measures we have in place to comply with applicable laws and rules, our facilities and systems, and those of our franchisees and third-party service providers, may be vulnerable to security breaches, acts of cyber terrorism or sabotage, vandalism or theft, computer viruses, misplaced, corrupted or lost data, programming or human errors or other similar events. Furthermore, the size and complexity of our information systems, and those of our franchisees and our third-party vendors, make such systems potentially vulnerable to security breaches from inadvertent or intentional actions by our employees, franchisees or vendors, or from attacks by malicious third parties. Because such attacks are increasing in sophistication and change frequently in nature, we, our franchisees and our third-party service providers may be unable to anticipate these attacks or implement adequate preventative measures, and any compromise of our systems, or those of our franchisees and third-party vendors, may not be discovered promptly.

Additionally, the collection, maintenance, use, disclosure and disposal of personally identifiable information by our, or our franchisees’, businesses are regulated at the federal, state and provincial levels as well as by certain industry groups, such as the Payment Card Industry organization and the National Automated Clearing House Association (“NACHA”). Federal, state, provincial and industry groups may also consider and implement from time to time new privacy and security requirements that apply to our businesses. Compliance with evolving privacy and security laws, requirements and regulations may result in cost increases due to necessary systems changes, new limitations or constraints on our business models and the development of new administrative processes. They also may impose further restrictions on our collection, disclosure and use of personally identifiable information that are housed in one or more of our franchisees’ databases or those of our third-party service providers. Noncompliance with privacy laws, industry group requirements or a security breach involving the misappropriation, loss or other unauthorized disclosure of personal, sensitive or confidential information, whether by us or by one of our franchisees or vendors, could have material adverse effects on our and our franchisees’

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business, operations, brand, reputation and financial condition, including decreased revenue, material fines and penalties, litigation, increased financial processing fees, compensatory, statutory, punitive or other damages, adverse actions against our licenses to do business and injunctive relief by court or consent order. We maintain and we require our franchisees to maintain cyber risk insurance, but in the event of a significant data security breach, this insurance may not cover all of the losses that we would be likely to suffer.

***Changes in legislation or requirements related to electronic fund transfer, or our failure to comply with existing or future regulations, may adversely impact our business.***

We primarily accept payments for our memberships through electronic fund transfers from members’ bank accounts and, therefore, we are subject to federal, state and provincial legislation and certification requirements governing EFT, including the Electronic Funds Transfer Act. Some states, such as New York and Tennessee, have passed or have considered legislation requiring gyms and health clubs to offer a prepaid membership option at all times and/or limit the duration for which gym memberships can auto-renew through EFT payments, if at all. Our business relies heavily on the fact that our memberships continue on a month-to-month basis after the completion of any initial term requirements, and compliance with these laws and regulations and similar requirements may be onerous and expensive. In addition, variances and inconsistencies from jurisdiction to jurisdiction may further increase the cost of compliance and doing business. States that have such health club statutes provide harsh penalties for violations, including membership contracts being void or voidable. Our failure to comply fully with these rules or requirements may subject us to fines, higher transaction fees, penalties, damages and civil liability and may result in the loss of our ability to accept EFT payments, which would have a material adverse effect on our business, results of operations and financial condition. In addition, any such costs, which may arise in the future as a result of changes to the legislation and regulations or in their interpretation, could individually or in the aggregate cause us to change or limit our business practice, which may make our business model less attractive to our franchisees and our and their members.

***We are subject to a number of risks related to ACH, credit card and debit card payments we accept.***

We accept payments through ACH, credit card and debit card transactions. For ACH, credit card and debit card payments, we pay interchange and other fees, which may increase over time. An increase in those fees would require us to either increase the prices we charge for our memberships, which could cause us to lose members or suffer an increase in our operating expenses, either of which could harm our operating results.

If we or any of our processing vendors have problems with our billing software, or the billing software malfunctions, it could have an adverse effect on our member satisfaction and could cause one or more of the major credit card companies to disallow our continued use of their payment products. In addition, if our billing software fails to work properly and, as a result, we do not automatically charge our members’ credit cards, debit cards or bank accounts on a timely basis or at all, we could lose membership revenue, which would harm our operating results.

If we fail to adequately control fraudulent ACH, credit card and debit card transactions, we may face civil liability, diminished public perception of our security measures and significantly higher ACH, credit card and debit card related costs, each of which could adversely affect our business, financial condition and results of operations. The termination of our ability to process payments through ACH transactions or on any major credit or debit card would significantly impair our ability to operate our business.

***Our and our franchisees’ stores may be unable to attract and retain members, which would materially and adversely affect our business, results of operations and financial condition.***

Our target market is average people seeking regular exercise and people who are new to fitness. The success of our business depends on our and our franchisees’ ability to attract and retain members. Our and our

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franchisees’ marketing efforts may not be successful in attracting members to stores, and membership levels may materially decline over time, especially at stores in operation for an extended period of time. Members may cancel their memberships at any time after giving proper advance written notice, subject to an initial minimum term applicable to certain memberships. We may also cancel or suspend memberships if a member fails to provide payment for an extended period of time. In addition, we experience attrition and must continually engage existing members and attract new members in order to maintain membership levels. A portion of our member base does not regularly use our stores and may be more likely to cancel their membership. Some of the factors that could lead to a decline in membership levels include changing desires and behaviors of consumers or their perception of our brand, changes in discretionary spending trends and general economic conditions, market maturity or saturation, a decline in our ability to deliver quality service at a competitive price, an increase in monthly membership dues due to inflation, direct and indirect competition in our industry, and a decline in the public’s interest in health and fitness, among other factors. In order to increase membership levels, we may from time to time offer promotions or lower monthly dues or annual fees. If we and our franchisees are not successful in optimizing price or in adding new memberships in new and existing stores, growth in monthly membership dues or annual fees may suffer. Any decrease in our average dues or fees or higher membership costs may adversely impact our results of operation and financial condition.

***If we and our franchisees are unable to identify and secure suitable sites for new franchise stores, our revenue growth rate and profits may be negatively impacted.***

To successfully expand our business, we and our franchisees must identify and secure sites for new franchise stores and, to a lesser extent, new corporate-owned stores that meet our established criteria. In addition to finding sites with the right demographic and other measures we employ in our selection process, we also need to evaluate the penetration of our competitors in the market. We face significant competition for sites that meet our criteria, and as a result we may lose those sites, our competitors could copy our format or we could be forced to pay significantly higher prices for those sites. If we and our franchisees are unable to identify and secure sites for new stores, our revenue growth rate and profits may be negatively impacted. Additionally, if our or our franchisees’ analysis of the suitability of a store site is incorrect, we or our franchisees may not be able to recover the capital investment in developing and building the new store.

As we increase our number of stores, we and our franchisees may also open stores in higher-cost geographies, which could entail greater lease payments and construction costs, among others. The higher level of invested capital at these stores may require higher operating margins and higher net income per store to produce the level of return we or our franchisees and potential franchisees expect. Failure to provide this level of return could adversely affect our results of operations and financial condition.

***Opening new stores in close proximity may negatively impact our existing stores’ revenues and profitability.***

We and our franchisees currently operate stores in 47 states, Puerto Rico and Canada, and we and our franchisees plan to open many new stores in the future, some of which will be in existing markets. We intend to continue opening new franchise stores in our existing markets as part of our growth strategy, some of which may be located in close proximity to stores already in those markets. Opening new stores in close proximity to existing stores may attract some memberships away from those existing stores, which may lead to diminished revenues and profitability for us and our franchisees rather than increased market share. In addition, as a result of new stores opening in existing markets and because older stores will represent an increasing proportion of our store base over time, our same store sales increases may be lower in future periods than they have been historically.

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***We are subject to a variety of additional risks associated with our franchisees.***

Our franchise business model subjects us to a number of risks, any one of which may impact our royalty revenues collected from our franchisees, may harm the goodwill associated with our brand, and may materially and adversely impact our business and results of operations.

*Bankruptcy of franchisees.* A franchisee bankruptcy could have a substantial negative impact on our ability to collect payments due under suchfranchisee’s franchise agreement(s). In a franchisee bankruptcy, the bankruptcy trustee may reject its franchise agreement(s), ADA(s) and/or franchisee lease/sublease pursuant to Section 365 under the U.S. bankruptcy code, in which case there would be no further royalty payments from such franchisee, and we may not ultimately recover those payments in a bankruptcy proceeding of such franchisee in connection with a damage claim resulting from such rejection.

*Franchisee changes in control.* Our franchises are operated by independent business owners. Although we have the right to approve franchiseowners, and any transferee owners, it can be difficult to predict in advance whether a particular franchise owner will be successful. If an individual franchise owner is unable to successfully establish, manage and operate the store, the performance and quality of service of the store could be adversely affected, which could reduce memberships and negatively affect our royalty revenues and brand image. Although our agreements prohibit “changes in control” of a franchisee without our prior consent as the franchisor, a franchise owner may desire to transfer a store to a transferee franchisee. In addition, in the event of the death or disability of a franchisee (if a natural person) or a principal of a franchisee entity, the executors and representatives of the franchisee are required to transfer the relevant franchise agreements to a successor franchisee approved by the franchisor. In any transfer situation, the transferee may not be able to perform the former franchisee’s obligations under such franchise agreements and successfully operate the store. In such a case the performance and quality of service of the store could be adversely affected, which could also reduce memberships and negatively affect our royalty revenues and brand image.

*Franchisee insurance.* Our franchise agreements require each franchisee to maintain certain insurance types and levels. Losses arising fromcertain extraordinary hazards, however, may not be covered, and insurance may not be available (or may be available only at prohibitively expensive rates) with respect to many other risks. Moreover, any loss incurred could exceed policy limits and policy payments made to franchisees may not be made on a timely basis. Any such loss or delay in payment could have a material adverse effect on a franchisee’s ability to satisfy its obligations under its franchise agreement or other contractual obligations, which could cause a franchisee to terminate its franchise agreement and, in turn, negatively affect our operating and financial results.

*Some of our franchisees are operating entities.* Franchisees may be natural persons or legal entities. Our franchisees that are operatingcompanies (as opposed to limited purpose entities) are subject to business, credit, financial and other risks, which may be unrelated to the operation of their stores. These unrelated risks could materially and adversely affect a franchisee that is an operating company and its ability to service its members and maintain store operations while making royalty payments, which in turn may materially and adversely affect our business and operating results.

*Franchise agreement termination; nonrenewal.* Each franchise agreement is subject to termination by us as the franchisor in the event of adefault, generally after expiration of applicable cure periods, although under certain circumstances a franchise agreement may be terminated by us upon notice without an opportunity to cure. The default provisions under the franchise agreements are drafted broadly and include, among other things, any failure to meet operating standards and actions that may threaten the licensed intellectual property. Moreover, a franchisee may have a right to terminate its franchise agreement in certain circumstances.

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In addition, each franchise agreement has an expiration date. Upon the expiration of a franchise agreement, we or the franchisee may, or may not, elect to renew the franchise agreement. If the franchise agreement is renewed, the franchisee will receive a “successor” franchise agreement for an additional term. Such option, however, is contingent on the franchisee’s execution of the then-current form of franchise agreement (which may include increased royalty revenues, advertising fees and other fees and costs), the satisfaction of certain conditions (including re-equipment and remodeling of the store and other requirements) and the payment of a renewal fee. If a franchisee is unable or unwilling to satisfy any of the foregoing conditions, the expiring franchise agreement will terminate upon expiration of its term.

*Franchisee litigation; effects of regulatory efforts.* We and our franchisees are subject to a variety of litigation risks, including, but not limited to,member claims, personal injury claims, vicarious liability claims, litigation with or involving our relationship with franchisees, litigation alleging that the franchisees are our employees or that we are the co-employer of our franchisees’ employees, employee allegations against the franchisee or us of improper termination and discrimination, landlord/tenant disputes and intellectual property claims, among others. Each of these claims may increase costs, reduce the execution of new franchise agreements and affect the scope and terms of insurance or indemnifications we and our franchisees may have. In addition, we and our franchisees are subject to various regulatory efforts to enforce employment laws, such as efforts to categorize franchisors as the co-employers of their franchisees’ employees; legislation to categorize individual franchised businesses at large employers for the purposes of various employment benefits; and other legislation or regulations that may have a disproportionate impact on franchisors and/or franchised businesses. These changes may impose greater costs and regulatory burdens on franchising, and negatively affect our ability to sell new franchises.

*Franchise agreements and franchisee relationships.* Our franchisees develop and operate their stores under terms set forth in our ADAs andfranchise agreements, respectively. These agreements give rise to long-term relationships that involve a complex set of mutual obligations and mutual cooperation. We have a standard set of agreements that we typically use with our franchisees, but various franchisees have negotiated specific terms in these agreements. Furthermore, we may from time to time negotiate terms of our franchise agreements with individual franchisees or groups of franchisees (e.g., a franchisee association). We seek to have positive relationships with our franchisees, based in part on our common understanding of our mutual rights and obligations under our agreements, to enable both the franchisees’ business and our business to be successful. However, we and our franchisees may not always maintain a positive relationship or always interpret our agreements in the same way. Our failure to have positive relationships with our franchisees could individually or in the aggregate cause us to change or limit our business practices, which may make our business model less attractive to our franchisees or our members.

While our franchisee revenues are not concentrated among one or a small number of parties, the success of our business does depend in large part on our ability to maintain contractual relationships with franchisees in profitable stores. A typical franchise agreement has a ten-year term. While our largest franchisee group accounts for less than 6% of our total stores, certain of our franchisee groups account for 5%, or close to 5%, of our total stores. If we fail to maintain or renew our contractual relationships on acceptable terms, or if one or more of these significant franchisees were to become insolvent or otherwise were unwilling to pay amounts due to us, our business, reputation, financial condition and results of operations could be materially adversely affected.

***The high level of competition in the health and fitness industry could materially and adversely affect our business.***

We compete with the following industry participants: other health and fitness clubs; physical fitness and recreational facilities established by non-profit organizations and businesses for their employees; private

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studios and other boutique fitness offerings; racquet, tennis and other athletic clubs; amenity and condominium/apartment clubs; country clubs; online personal training and fitness coaching; the home-use fitness equipment industry; local tanning salons; businesses offering similar services; and other businesses that rely on consumer discretionary spending. We may not be able to compete effectively in the markets in which we operate in the future. Competitors may attempt to copy our business model, or portions thereof, which could erode our market share and brand recognition and impair our growth rate and profitability. Competitors, including companies that are larger and have greater resources than us, may compete with us to attract members in our markets. Non-profit organizations in our markets may be able to obtain land and construct stores at a lower cost and collect membership dues and fees without paying taxes, thereby allowing them to charge lower prices. Luxury fitness companies may attempt to enter our market by lowering prices or creating lower price brand alternatives. Furthermore, due to the increased number of low-cost health and fitness club alternatives, we may face increased competition if we increase our price or if discretionary spending declines. This competition may limit our ability to attract and retain existing members and our ability to attract new members, which in each case could materially and adversely affect our results of operation and financial condition.

***Our dependence on a limited number of suppliers for equipment and certain products and services could result in disruptions to our business and could adversely affect our revenues and gross profit.***

Equipment and certain products and services used in our stores, including our exercise equipment and point-of-sale software and hardware, are sourced from third-party suppliers. In addition, we rely on third-party suppliers to manage and maintain both our domestic and Canadian websites, and in 2014 over 20% of our new members joined online through our websites. Although we believe that adequate substitutes are currently available, we depend on these third-party suppliers to operate our business efficiently and consistently meet our business requirements. The ability of these third-party suppliers to successfully provide reliable and high-quality services is subject to technical and operational uncertainties that are beyond our control, including, for our overseas suppliers, vessel availability and port delays or congestion. Any disruption to our suppliers’ operations could impact our supply chain and our ability to service our existing stores and open new stores on time or at all and thereby generate revenue. If we lose such suppliers or our suppliers encounter financial hardships unrelated to the demand for our equipment or other products or services, we may not be able to identify or enter into agreements with alternative suppliers on a timely basis on acceptable terms, if at all. Transitioning to new suppliers would be time consuming and expensive and may result in interruptions in our operations. If we should encounter delays or difficulties in securing the quantity of equipment we or our franchisees require to open new and refurbish existing stores, our suppliers encounter difficulties meeting our and our franchisees’ demands for products or services, our websites experience delays or become impaired due to errors in the third-party technology or there is a deficiency, lack or poor quality of products or services provided, our ability to serve our members and grow our brand would be interrupted. If any of these events occur, it could have a material adverse effect on our business and operating results.

***Our franchisees may incur rising costs related to construction of new stores and maintenance of existing stores, which could adversely affect the attractiveness of our franchise model, and in turn our business, results of operations and financial condition.***

Our stores require significant upfront and ongoing investment, including periodic remodels and equipment replacement. If our franchisees’ costs are greater than expected, franchisees may need to outperform their operational plan to achieve their targeted return. In addition, increased costs may result in lower profits to the franchisees, which may cause them to terminate their franchise agreement or make it harder for us to attract new franchisees, which in turn could materially and adversely affect our business, results of operations and financial condition.

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In addition, if a franchisee is unwilling or unable to acquire the necessary financing to invest in the maintenance and upkeep of its stores, including periodic remodeling and replacement of equipment, the quality of its stores could deteriorate, which may have a negative impact on our brand image and our ability to attract and maintain members, which in turn may have a negative impact on our revenues.

***We and our franchisees could be subject to claims related to health and safety risks to members that arise while at both our corporate-owned and franchise stores.***

Use of our and our franchisees’ stores poses some potential health and safety risks to members or guests through physical exertion and use of our services and facilities, including exercise and tanning equipment. Claims might be asserted against us and our franchisees for injuries suffered by or death of members or guests while exercising and using the facilities at a store. We may not be able to successfully defend such claims. We also may not be able to maintain our general liability insurance on acceptable terms in the future or maintain a level of insurance that would provide adequate coverage against potential claims. Depending upon the outcome, these matters may have a material adverse effect on our results of operations, financial condition and cash flows.

***If we cannot retain our key employees and hire additional highly qualified employees, we may not be able to successfully manage our businesses and pursue our strategic objectives.***

We are highly dependent on the services of our senior management team and other key employees at our corporate headquarters and our corporate-owned stores, and on our and our franchisees’ ability to recruit, retain and motivate key employees. Competition for such employees can be intense, and the inability to attract and retain the additional qualified employees required to expand our activities, or the loss of current key employees, could adversely affect our and our franchisees’ operating efficiency and financial condition.

***Our intellectual property rights, including trademarks and trade names, may be infringed, misappropriated or challenged by others.***

We believe our brand and related intellectual property are important to our continued success. We seek to protect our trademarks, trade names, copyrights and other intellectual property by exercising our rights under applicable state and federal laws. If we were to fail to successfully protect our intellectual property rights for any reason, or if any third party misappropriates, dilutes or infringes our intellectual property, the value of our brands may be harmed, which could have an adverse effect on our business, results of operations and financial condition. Any damage to our reputation could cause membership levels to decline or make it more difficult to attract new members.

We may also from time to time be required to initiate litigation to enforce our trademarks, service marks and other intellectual property. Third parties may also assert that we have infringed, misappropriated or otherwise violated their intellectual property rights, which could lead to litigation against us. Litigation is inherently uncertain and could divert the attention of management, result in substantial costs and diversion of resources and could negatively affect our membership sales and profitability regardless of whether we are able to successfully enforce or defend our rights.

***Use of social media may adversely impact our reputation or subject us to fines or other penalties.***

There has been a substantial increase in the use of social media platforms, including blogs, social media websites and other forms of internet-based communication, which allow individuals access to a broad audience of consumers and other interested persons. Negative commentary about us may be posted on social media platforms or similar devices at any time and may harm our reputation or business. Consumers value readily available information about health clubs and often act on such information without further investigation and

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without regard to its accuracy. The harm may be immediate without affording us an opportunity for redress or correction. In addition, social media platforms provide users with access to such a broad audience that collective action against our stores, such as boycotts, can be more easily organized. If such actions were organized, we could suffer reputational damage as well as physical damage to our stores.

We also use social medial platforms as marketing tools. For example, we maintain Facebook and Twitter accounts. As laws and regulations rapidly evolve to govern the use of these platforms and devices, the failure by us, our employees, our franchisees or third parties acting at our direction to abide by applicable laws and regulations in the use of these platforms and devices could adversely impact our and our franchisees’ business, financial condition and results of operations or subject us to fines or other penalties.

***If we fail to obtain and retain high-profile strategic partnership arrangements, or if the reputation of any of our partners is impaired, our business may suffer.***

A principal component of our marketing program has been to partner with high-profile marketing partners, such as NBC’s “The Biggest Loser” and our sponsorship of ABC’s “Dick Clark’s New Year’s Rockin’ Eve with Ryan Seacrest 2015,” to help us extend the reach of our brand. Although we have partnered with several well-known partners in this manner, we may not be able to attract and partner with new marketing partners in the future. In addition, if the actions of our partners were to damage their reputation, our partnerships may be less attractive to our current or prospective members. Any of these failures by us or our partners could adversely affect our business and revenues.

***We are subject to risks associated with leasing property subject to long-term non-cancelable leases.***

We do not own any real property, and all of our corporate-owned stores are located on leased premises. The leases for our stores generally have initial terms of 10 years and typically provide for two renewal options in five-year increments as well as for rent escalations.

Generally, our leases are net leases that require us to pay our share of the costs of real estate taxes, utilities, building operating expenses, insurance and other charges in addition to rent. We generally cannot terminate these leases before the end of the initial lease term. Additional sites that we lease are likely to be subject to similar long-term, non-terminable leases. If we close a store, we nonetheless may be obligated to perform our monetary obligations under the applicable lease, including, among other things, payment of the base rent for the balance of the lease term. In addition, if we fail to negotiate renewals, either on commercially acceptable terms or at all, as each of our leases expire we could be forced to close stores in desirable locations. We depend on cash flows from operations to pay our lease expenses and to fulfill our other cash needs. If our business does not generate sufficient cash flow from operating activities, and sufficient funds are not otherwise available to us from borrowings under our senior secured credit facility or other sources, we may not be able to service our lease expenses or fund our other liquidity and capital needs, which would materially affect our business.

***Our business is subject to various laws and regulations and changes in such laws and regulations, or failure to comply with existing or future laws and regulations, could adversely affect our business.***

We are subject to a trade regulation rule on franchising (“FTC Franchise Rule”) promulgated by the Federal Trade Commission (the “FTC”) that regulates the offer and sale of franchises in the United States and that requires us to provide to all prospective franchisees certain mandatory disclosure in a franchise disclosure document (“FDD”). In addition, we are subject to state franchise sales laws in approximately 14 states that regulate the offer and sale of franchises by requiring us to make a franchise filing or obtain franchise registration prior to our making any offer or sale of a franchise in those states and to provide a FDD to prospective franchisees in accordance with such laws. We are subject to franchise sales laws in five provinces in Canada that regulate the offer and sale of franchises by requiring us to provide a FDD in a prescribed format to prospective franchisees in accordance with such laws, and

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that regulate certain aspects of the franchise relationship. Failure to comply with such laws may result in a franchisee’s right to rescind its franchise agreement and damages, and may result in investigations or actions from federal or state franchise authorities, civil fines or penalties, and stop orders, among other remedies. We are also subject to franchise relationship laws in over 20 states that regulate many aspects of the franchisor-franchisee relationship, including renewals and terminations of franchise agreements, franchise transfers, the applicable law and venue in which franchise disputes must be resolved, discrimination and franchisees’ right to associate, among others. Our failure to comply with such franchise relationship laws could result in fines, damages, and our inability to enforce franchise agreements where we have violated such laws. Although we believe that our FDDs, franchise sales practices and franchise activities comply with such franchise sales laws and franchise relationship laws, our non-compliance could result in liability to franchisees and regulatory authorities (as described above), inability to enforce our franchise agreements and a reduction in our anticipated royalty revenue, which in turn may materially and adversely affect our business and results of operating.

We and our franchisees are also subject to the Fair Labor Standards Act of 1938, as amended, and various other laws in the United States and Canada governing such matters as minimum-wage requirements, overtime and other working conditions. A significant number of our and our franchisees’ employees are paid at rates related to the U.S. federal minimum wage, and past increases in the U.S. federal minimum wage have increased labor costs, as would future increases. Any increases in labor costs might result in our and our franchisees inadequately staffing stores. Such increases in labor costs and other changes in labor laws could affect store performance and quality of service, decrease royalty revenues and adversely affect our brand.

Our and our franchisees’ operations and properties are subject to extensive U.S. and Canadian federal, state, provincial and local laws and regulations, including those relating to environmental, building and zoning requirements. Our and our franchisees’ development of properties depends to a significant extent on the selection and acquisition of suitable sites, which are subject to zoning, land use, environmental, traffic and other regulations and requirements. Failure to comply with these legal requirements could result in, among other things, revocation of required licenses, administrative enforcement actions, fines and civil and criminal liability, which could adversely affect our business.

We and our franchisees are responsible at stores we each operate for compliance with state and provincial laws that regulate the relationship between stores and their members. Many states and provinces have consumer protection regulations that may limit the collection of membership dues or fees prior to opening, require certain disclosures of pricing information, mandate the maximum length of contracts and “cooling off” periods for members (after the purchase of a membership), set escrow and bond requirements for stores, govern member rights in the event of a member relocation or disability, provide for specific member rights when a store closes or relocates, or preclude automatic membership renewals. Our or our franchisees’ failure to comply fully with these rules or requirements may subject us or our franchisees to fines, penalties, damages, and civil liability, or result in membership contracts being void or voidable. In addition, states may update these laws and regulations. Any additional costs which may arise in the future as a result of changes to the legislation and regulations or in their interpretation could individually or in the aggregate cause us to change or limit our business practices, which may make our business model less attractive to our franchisees or our members.

***Regulatory restrictions placed on indoor tanning services and negative opinions about the health effects of indoor tanning services could harm our reputation and our business.***

Although our business model does not place an emphasis on indoor tanning, the vast majority of our corporate-owned and franchise stores offer indoor tanning services. We offer tanning services as one of many amenities available to our PF Black Card members. Many states and provinces where we and our franchisees operate have health and safety regulations that apply to health clubs and other facilities that offer indoor tanning services. In addition to regulations imposed on the indoor tanning industry, medical opinions and opinions of

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commentators in the general public regarding negative health effects of indoor tanning services could adversely impact the value of our PF Black Card memberships and our future revenues and profitability. Although the tanning industry is regulated by U.S. and Canadian federal, state and provincial government agencies, negative publicity regarding the potentially harmful health effects of the tanning services we offer at our stores could lead to additional legislation or further regulation of the industry. The potential increase in cost of complying with these regulations could have a negative impact on our profit margins.

The continuation of our tanning services is dependent upon the public’s sustained belief that the benefits of utilizing tanning services outweigh the risks of exposure to ultraviolet light. Any significant change in public perception of tanning equipment or any investigative or regulatory action by a government agency or other regulatory authority could impact the appeal of indoor tanning services to our PF Black Card members, and could in turn have an adverse effect on our and our franchisees’ reputation, business, results of operations and financial condition as well as our ability to profit from sales of tanning equipment to our franchisees.

In addition, from time to time, government agencies and other regulatory authorities have shown an interest in taking investigative or regulatory action with respect to tanning services. For example, we recently received notice from the Office of the Attorney General of New York (“OAG”) that they are considering filing an action against us with respect to alleged minor violations of tanning regulations at certain franchisee stores in New York. Although we understand that the OAG’s investigation is part of a larger initiative with respect to tanning salons and other providers of tanning services and do not believe that any OAG action would have a direct adverse effect on us, publicity regarding the OAG’s initiative could influence public perception of the tanning services we offer and of the benefits of our PF Black Card membership.

**Risks related to our indebtedness**

***As of March 31, 2015, we had total indebtedness of $506.4 million, including capital leases, and our substantial indebtedness could adversely affect our financial condition and limit our ability to pursue our growth strategy.***

We have a substantial amount of debt, which requires significant interest payments. As of March 31, 2015, we had total indebtedness of

$506.4 million, including capital leases. Subject to the restrictions contained in our senior secured credit facility applicable to our subsidiary Planet Fitness Holdings, LLC, as borrower, and its restricted subsidiaries and its parent Planet Intermediate, LLC, as guarantors, we may be able to incur substantial additional debt from time to time to finance working capital, capital expenditures, investments or acquisitions, or for other purposes.

These restrictions will not prevent us from incurring obligations that do not constitute indebtedness, may be waived by certain votes of debt holders and, if we refinance our existing indebtedness, such refinancing indebtedness may contain fewer restrictions on our activities. To the extent new indebtedness or other financial obligations are added to our and our subsidiaries’ currently anticipated indebtedness levels, the related risks that we and our subsidiaries face could intensify.

Our substantial level of indebtedness could adversely affect our financial condition and increase the possibility that we may be unable to generate cash sufficient to pay, when due, the principal of, interest on or other amounts due in respect of our indebtedness. Our substantial indebtedness, combined with our other existing and any future financial obligations and contractual commitments, could have important consequences. For example, it could:

* make it more difficult for us to satisfy our obligations with respect to our indebtedness, and any failure to comply with the obligations under our senior secured credit facility, including restrictive covenants, could result in an event of default under such facilities;

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* require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing funds available for working capital, capital expenditures, acquisitions, selling and marketing efforts, research and development and other purposes;
* increase our vulnerability to adverse economic and industry conditions, which could place us at a competitive disadvantage compared to our competitors that have proportionately less indebtedness;
* increase our cost of borrowing and cause us to incur substantial fees from time to time in connection with debt amendments or refinancings;
* increase our exposure to rising interest rates because a portion of our borrowings is at variable interest rates;
* limit our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate; and
* limit our ability to borrow additional funds, or to dispose of assets to raise funds, if needed, for working capital, capital expenditures, acquisitions, selling and marketing efforts, research and development and other corporate purposes.

By the nature of their relationship to our enterprise, debt holders may have different points of view on the use of company resources as compared to our management. The financial and contractual obligations related to our debt also represent a natural constraint on any intended use of company resources.

***Restrictions imposed by our outstanding indebtedness and any future indebtedness may limit our ability to operate our business and to finance our future operations or capital needs or to engage in other business activities.***

The terms of our outstanding indebtedness restrict us from engaging in specified types of transactions. These covenants restrict our ability, among other things, to:

* incur indebtedness or guarantees or engage in sale-leaseback transactions;
* incur liens;
* engage in mergers, acquisitions and asset sales;
* alter the business conducted by Planet Intermediate, LLC, Planet Fitness Holdings, LLC and its restricted subsidiaries;
* make investments and loans;
* declare dividends or other distributions;
* enter into agreements limiting restricted subsidiary distributions; and
* engage in certain transactions with affiliates.

In addition, the credit agreement governing our senior secured credit facility requires us to comply with a financial maintenance covenant, which covenant is solely for the benefit of the revolving credit facility. Our ability to comply with this financial covenant can be affected by events beyond our control, and we may not be able to satisfy it. See “Description of certain indebtedness.”

A breach of any of the restrictive covenants in the credit agreement governing our senior secured credit facility could result in an event of default, which could trigger acceleration of our indebtedness and may result in the acceleration of or default under any other debt we may incur in the future to which a cross-acceleration or

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cross-default provision applies, which could have a material adverse effect on our business, results of operations and financial condition. In the event of any default under our credit facilities, the applicable lenders could elect to terminate borrowing commitments and declare all borrowings and loans outstanding, together with accrued and unpaid interest and any fees and other obligations, to be due and payable. In addition, or in the alternative, the applicable lenders could exercise their rights under the security documents entered into in connection with our credit facilities. We have pledged a significant portion of our assets as collateral under our senior secured credit facility.

If we were unable to repay or otherwise refinance these borrowings and loans when due, the applicable lenders could proceed against the collateral granted to them to secure that indebtedness, which could force us into bankruptcy or liquidation. In the event the applicable lenders accelerate the repayment of our borrowings, we and our subsidiaries may not have sufficient assets to repay that indebtedness. Any acceleration of amounts due under the agreements governing our credit facilities or the exercise by the applicable lenders of their rights under the security documents would likely have a material adverse effect on our business. As a result of these restrictions, we may be:

* limited in how we conduct our business;
* unable to raise additional debt or equity financing to operate during general economic or business downturns; or
* unable to compete effectively or to take advantage of new business opportunities.

These restrictions may affect our ability to grow in accordance with our strategy.

***We will require a significant amount of cash to service our indebtedness. The ability to generate cash or refinance our indebtedness as it becomes due depends on many factors, some of which are beyond our control.***

We are a holding company, and as such have no independent operations or material assets other than our ownership of equity interests in our subsidiaries, and our subsidiaries’ contractual arrangements with customers, and we will depend on our subsidiaries to distribute funds to us so that we may pay our obligations and expenses. Our ability to make scheduled payments on, or to refinance our respective obligations under, our indebtedness and to fund planned capital expenditures and other corporate expenses will depend on the ability of our subsidiaries to make distributions, dividends or advances to us, which in turn will depend on our subsidiaries’ future operating performance and on economic, financial, competitive, legislative, regulatory and other factors and any legal and regulatory restrictions on the payment of distributions and dividends to which they may be subject. Many of these factors are beyond our control. We can provide no assurance that our business will generate sufficient cash flow from operations, that currently anticipated cost savings and operating improvements will be realized or that future borrowings will be available to us in an amount sufficient to enable us to satisfy our respective obligations under our indebtedness or to fund our other needs. In order for us to satisfy our obligations under our indebtedness and fund planned capital expenditures, we must continue to execute our business strategy. If we are unable to do so, we may need to reduce or delay our planned capital expenditures or refinance all or a portion of our indebtedness on or before maturity. Significant delays in our planned capital expenditures may materially and adversely affect our future revenue prospects. In addition, we can provide no assurance that we will be able to refinance any of our indebtedness on commercially reasonable terms or at all.

***Our variable rate indebtedness subjects us to interest rate risk, which could cause our indebtedness service obligations to increase significantly.***

Borrowings under our senior secured credit facility are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on variable rate indebtedness would increase

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even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, would correspondingly decrease.

Our senior secured credit facility includes a London Inter-Bank Offered Rates (“LIBOR”) floor of 1.00%, which at March 31, 2015 was in excess of LIBOR. If the three-month LIBOR spot rate were to increase or decrease by 0.125% from current rates, interest expense would not change due to application of the 1.00% floor previously mentioned. If the specified LIBOR rate were to increase above 1.00%, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, would correspondingly decrease. An increase of 0.125% over the 1.00% floor previously mentioned would result in an approximate increase of $0.6 million in our annual interest expense associated with our senior secured credit facilities.

We have entered into and may continue to enter into interest rate swaps, caps or other derivative financial instruments that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility. However, we may not maintain derivative financial instruments with respect to all of our variable rate indebtedness, and any swaps we enter into may not fully mitigate our interest rate risk.

**Risks related to our organizational structure**

***We will be required to pay certain of our existing owners for certain tax benefits we may claim, and we expect that the payments we will be required to make will be substantial.***

Our acquisition of Holdings Units in connection with this offering and future and certain past exchanges of Holdings Units for shares of our Class A common stock (or cash) are expected to produce and have produced favorable tax attributes for us. Upon the completion of this offering, we will be a party to two tax receivable agreements. Under the first of those agreements, we generally will be required to pay to our Continuing LLC Owners 85% of the applicable cash savings, if any, in U.S. federal and state income tax that we are deemed to realize as a result of certain tax attributes of their Holdings Units sold to us (or exchanged in a taxable sale) and that are created as a result of (i) the sales of their Holdings Units for shares of our Class A common stock and (ii) tax benefits attributable to payments made under the tax receivable agreement (including imputed interest). Under the second tax receivable agreement, we generally will be required to pay to the Direct TSG Investors 85% of the amount of cash savings, if any, that we are deemed to realize as a result of the tax attributes of the Holdings Units that we hold in respect of the Direct TSG Investors’ interest in us, which resulted from the Direct TSG Investors’ purchase of interests in the 2012 Acquisition, and certain other tax benefits. Under both agreements, we generally will retain the benefit of the remaining 15% of the applicable tax savings.

The payment obligations under the tax receivable agreements are obligations of Planet Fitness, Inc., and we expect that the payments we will be required to make under the tax receivable agreements will be substantial. Assuming no material changes in the relevant tax law and that we earn sufficient taxable income to realize all tax benefits that are subject to the tax receivable agreements, we expect that the reduction in tax payments

for us associated with sales of the corresponding Holdings Units as described above would aggregate to approximately $ over years from the date of this offering based on an initial public offering price of $ per share of our Class A common stock, which is the midpoint of the

price range set forth on the front cover of this prospectus, and assuming all future sales would occur one year after this offering. Under such

scenario, we would be required to pay the other parties to the tax receivable agreements 85% of such amount, or $ , over the -year period from the date of this offering. The actual amounts may materially differ from these hypothetical amounts, as potential future reductions in tax payments for us, and tax receivable agreement payments by us, will be calculated using the market value of our Class A common stock at the time of the sale and the prevailing tax rates applicable to us over the life of the tax receivable agreements and will

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be dependent on us generating sufficient future taxable income to realize the benefit. See “Certain relationships and related party transactions— Recapitalization transactions in connection with this offering—Tax receivable agreements.” Payments under the tax receivable agreements are not conditioned on the Continuing LLC Owners’ ownership of our shares after this offering.

The actual increase in tax basis, as well as the amount and timing of any payments under these agreements, will vary depending upon a number of factors, including the timing of sales by the Continuing LLC Owners, the price of our Class A common stock at the time of the sales, whether such sales are taxable, the amount and timing of the taxable income we generate in the future, the tax rate then applicable and the portion of our payments under the tax receivable agreements constituting imputed interest. Payments under the tax receivable agreements are expected to give rise to certain additional tax benefits attributable to either further increases in basis or in the form of deductions for imputed interest (generally calculated using one-year LIBOR), depending on the tax receivable agreements and the circumstances. Any such benefits are covered by the tax receivable agreements and will increase the amounts due thereunder. The tax receivable agreements will provide for interest, at a rate equal to one-year LIBOR, accrued from the due date (without extensions) of the corresponding tax return to the date of payment specified by the tax receivable agreements. In addition, under certain circumstances where we are unable to make timely payments under the tax receivable agreements, the tax receivable agreements will provide for interest to accrue on unpaid payments, at a rate equal to one-year LIBOR plus 500 basis points.

Payments under the tax receivable agreements will be based on the tax reporting positions that we determine. Although we are not aware of any issue that would cause the IRS to challenge a tax basis increase or other tax attributes subject to the tax receivable agreements, we will not be reimbursed for any payments previously made under the tax receivable agreements if such basis increases or other benefits are subsequently disallowed. As a result, in certain circumstances, payments could be made under the tax receivable agreements in excess of the benefits that we are deemed to realize in respect of the attributes to which the tax receivable agreements relate.

***Our ability to pay taxes and expenses, including payments under the tax receivable agreements, may be limited by our structure.***

Upon the consummation of this offering, we will have no material assets other than our ownership of Holdings Units of Pla-Fit Holdings, LLC. As such, we will have no independent means of generating revenue. Pla-Fit Holdings, LLC will be treated as a partnership for U.S. federal income tax purposes and, as such, will not be subject to U.S. federal income tax. Instead, taxable income will be allocated to holders of its Holdings Units, including us. Accordingly, we will incur income taxes on our allocable share of any taxable income of Pla-Fit Holdings, LLC, and will also incur expenses related to our operations. Pursuant to the amended and restated limit liability company agreement of Pla-Fit Holdings, LLC (the “New LLC Agreement”), Pla-Fit Holdings, LLC will make cash distributions to the owners of Holdings Units for purposes of funding their tax obligations in respect of the income of Pla-Fit Holdings, LLC that is allocated to them, to the extent other distributions from Pla-Fit Holdings, LLC have been insufficient. In addition to tax expenses, we also will incur expenses related to our operations, including payment obligations under the tax receivable agreements, which we expect will be significant. We intend to cause Pla-Fit Holdings, LLC to make distributions in an amount sufficient to allow us to pay our taxes and operating expenses, including any ordinary course payments due under the tax receivable agreements. However, its ability to make such distributions will be subject to various limitations and restrictions, including contractual restrictions under our senior secured credit facility. If, as a consequence of these various limitations and restrictions, we do not have sufficient funds to pay tax or other liabilities or to fund our operations (including as a result of an acceleration of our obligations under the tax receivable agreements), we may have to borrow funds and thus our liquidity and financial condition could be materially

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adversely affected. To the extent that we are unable to make payments under the tax receivable agreements for any reason, such payments will be deferred and will accrue interest at a rate equal to one-year LIBOR plus 500 basis points until paid.

***In certain cases, payments under the tax receivable agreements to our existing owners may be accelerated and/or significantly exceed the actual benefits we realize in respect of the tax attributes subject to the tax receivable agreements.***

The tax receivable agreements provide that (i) in the event that we materially breach such tax receivable agreements, (ii) if, at any time, we elect an early termination of the tax receivable agreements, or (iii) upon certain mergers, asset sales, other forms of business combinations or other changes of control, our (or our successor’s) obligations under the tax receivable agreements (with respect to all Holdings Units, whether or not they have been sold before or after such transaction) would accelerate and become payable in a lump sum amount equal to the present value of the anticipated future tax benefits calculated based on certain assumptions, including that we would have sufficient taxable income to fully utilize the deductions arising from the tax deductions, tax basis and other tax attributes subject to the tax receivable agreements.

As a result of the foregoing, (i) we could be required to make payments under the tax receivable agreements that are greater than or less than the specified percentage of the actual tax savings we realize in respect of the tax attributes subject to the agreements and (ii) we may be required to make an immediate lump sum payment equal to the present value of the anticipated tax savings, which payment may be made years in advance of the actual realization of such future benefits, if any such benefits are ever realized. In these situations, our obligations under the tax receivable agreements could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combinations or other changes of control. There can be no assurance that we will be able to finance our obligations under the tax receivable agreements in a manner that does not adversely affect our working capital and growth requirements. For example, if we were to elect to terminate the tax receivable agreements immediately after this offering, based on the initial public offering price of

$ per share of our Class A common stock and a discount rate equal to %, we estimate that we would be required to pay $ in the aggregate under the tax receivable agreements. See “Certain relationships and related party transactions—Recapitalization transactions in connection with this offering—Tax receivable agreements.”

***In certain circumstances, Pla-Fit Holdings, LLC will be required to make distributions to us and the Continuing LLC Owners, and the distributions that Pla-Fit Holdings, LLC will be required to make may be substantial.***

Funds used by Pla-Fit Holdings, LLC to satisfy its tax distribution obligations will not be available for reinvestment in our business. Moreover, the tax distributions that Pla-Fit Holdings, LLC will be required to make may be substantial, and will likely exceed (as a percentage of Pla-Fit Holdings, LLC’s net income) the overall effective tax rate applicable to a similarly situated corporate taxpayer.

As a result of potential differences in the amount of net taxable income allocable to us and to the Continuing LLC Owners, as well as the use of an assumed tax rate in calculating Pla-Fit Holdings, LLC’s distribution obligations, we may receive distributions significantly in excess of our tax liabilities and obligations to make payments under the tax receivable agreements. To the extent, as currently expected, we do not distribute such cash balances as dividends on our Class A common stock and instead, for example, hold such cash balances or lend them to Pla-Fit Holdings, LLC, the Continuing LLC Owners would benefit from any value attributable to such accumulated cash balances as a result of their ownership of Class A common stock following an exchange of their Holdings Units.

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***We will not be reimbursed for any payments made to the Continuing LLC Owners or the Direct TSG Investors under the tax receivable agreements in the event that any tax benefits are disallowed.***

If the IRS or a state or local taxing authority challenges the tax basis adjustments and/or deductions that give rise to payments under the tax receivable agreements and the tax basis adjustments and/or deductions are subsequently disallowed, the recipients of payments under the agreements will not reimburse us for any payments we previously made to them. Any such disallowance would be taken into account in determining future payments under the tax receivable agreements and would, therefore, reduce the amount of any such future payments. Nevertheless, if the claimed tax benefits from the tax basis adjustments and/or deductions are disallowed, our payments under the tax receivable agreements could exceed our actual tax savings, and we may not be able to recoup payments under the tax receivable agreements that were calculated on the assumption that the disallowed tax savings were available.

***Unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our financial condition and results of operations.***

We will be subject to income taxes in the United States and Canada, and our domestic and foreign tax liabilities will be subject to the allocation of expenses in differing jurisdictions. Our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including:

* changes in the valuation of our deferred tax assets and liabilities;
* expected timing and amount of the release of any tax valuation allowances;
* tax effects of stock-based compensation;
* costs related to intercompany restructurings;
* changes in tax laws, regulations or interpretations thereof; or
* lower than anticipated future earnings in jurisdictions where we have lower statutory tax rates and higher than anticipated future earnings in jurisdictions where we have higher statutory tax rates.

In addition, we may be subject to audits of our income, sales and other transaction taxes by U.S. federal and state and foreign authorities.

Outcomes from these audits could have an adverse effect on our financial condition and results of operations.

**Risks related to our Class A common stock and this offering**

***We are eligible to be treated as an emerging growth company, and we cannot be certain that the reduced disclosure requirements applicable to emerging growth companies will not make our ordinary shares less attractive to investors.***

We are an emerging growth company, as defined in the JOBS Act. For as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including (1) not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”), (2) reduced disclosure obligations regarding executive compensation in this prospectus and our periodic reports and proxy statements and (3) exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier, including if the market value of our Class A common stock held by non-affiliates exceeds $700.0 million as of the end of the second fiscal quarter in any fiscal year before that time or if we have total annual gross revenues of $1.0 billion or more during any fiscal year before

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that time, in which case we would no longer be an emerging growth company as of the following fiscal year end, or if we issue more than $1.0 billion in non-convertible debt during any three-year period before that time we would cease to be an emerging growth company immediately. We cannot predict if investors will find our shares of Class A common stock less attractive because we may rely on these exemptions. If some investors find our Class A common stock less attractive as a result, there may be a less active trading market for our Class A common stock and our share price may be more volatile.

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this exemption related to the adoption of new or revised accounting standards and, therefore, will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

***TSG will continue to have significant influence over us after this offering, including control over decisions that require the approval of stockholders, which could limit your ability to influence the outcome of matters submitted to stockholders for a vote.***

We are currently controlled, and after this offering is completed will continue to be controlled, by investment funds affiliated with TSG. Upon completion of this offering, investment funds affiliated with TSG will beneficially own % of our outstanding Class A common stock (or % if the underwriters exercise in full their option to purchase additional shares), including shares of Class A common underlying Holdings Units that are exchangeable for Class A common stock. As long as TSG owns or controls at least a majority of our outstanding voting power, it will have the ability to exercise substantial control over all corporate actions requiring stockholder approval, irrespective of how our other stockholders may vote, including the election and removal of directors and the size of our board, any amendment of our certificate of incorporation or bylaws, or the approval of any merger or other significant corporate transaction, including a sale of substantially all of our assets. Even if its ownership falls below 50%, TSG will continue to be able to strongly influence or effectively control our decisions.

Additionally, TSG’s interests may not align with the interests of our other stockholders. TSG is in the business of making investments in companies and may acquire and hold interests in businesses that compete directly or indirectly with us. TSG may also pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us.

***Certain of our directors have relationships with TSG, which may cause conflicts of interest with respect to our business.***

Following this offering, four of our seven directors will be affiliated with TSG. Our TSG-affiliated directors have fiduciary duties to us and, in addition, have duties to TSG. As a result, these directors may face real or apparent conflicts of interest with respect to matters affecting both us and TSG, whose interests may be adverse to ours in some circumstances.

***Upon the listing of our shares, we will be a “controlled company” under NYSE rules and, as a result, will qualify for, and intend to rely on, exemptions from certain corporate governance requirements; you will not have the same protections afforded to stockholders of companies that are subject to such requirements.***

Because TSG will continue to control a majority of the voting power of our outstanding Class A common stock after completion of this offering, we will be a “controlled company” within the meaning of the NYSE corporate governance standards. Under these rules, a company of which more than 50% of the voting power for the election of directors is held by an individual, group or another company is a “controlled company” and may elect not to comply with certain corporate governance requirements, including the requirements that, within one year of the date of the listing of our Class A common stock:

* we have a board that is composed of a majority of “independent directors,” as defined under rules; 39

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* we have a compensation committee that is composed entirely of independent directors; and
* we have a nominating and corporate governance committee that is composed entirely of independent directors.

Following this offering, we intend to utilize all of these exemptions. Accordingly, for so long as we are a “controlled company,” you will not have the same protections afforded to stockholders of companies that are subject to all of the NYSE corporate governance requirements. Our status as a controlled company could make our Class A common stock less attractive to some investors or otherwise harm our stock price.

***Provisions of our corporate governance documents could make an acquisition of our Company more difficult and may prevent attempts by our stockholders to replace or remove our current management, even if beneficial to our stockholders.***

In addition to TSG’s beneficial ownership of a controlling percentage of our common stock, our certificate of incorporation and bylaws and the Delaware General Corporation Law (the “DGCL”) contain provisions that could make it more difficult for a third party to acquire us, even if doing so might be beneficial to our stockholders. These provisions include:

* the division of our board of directors into three classes and the election of each class for three-year terms;
* advance notice requirements for stockholder proposals and director nominations;
* the ability of the board of directors to fill a vacancy created by the expansion of the board of directors;
* the ability of our board of directors to issue new series of, and designate the terms of, preferred stock, without stockholder approval, which could be used to, among other things, institute a rights plan that would have the effect of significantly diluting the stock ownership of a potential hostile acquirer, likely preventing acquisitions that have not been approved by our board of directors;
* limitations on the ability of stockholders to call special meetings and to take action by written consent following the date that the TSG Funds no longer beneficially own a majority of our common stock; and
* the required approval of holders of at least 75% of the voting power of the outstanding shares of our capital stock to adopt, amend or repeal certain provisions of our certificate of incorporation and bylaws or remove directors for cause, in each case following the date that the TSG Funds no longer beneficially own a majority of our common stock.

In addition, Section 203 of the DGCL may affect the ability of an “interested stockholder” to engage in certain business combinations, for a period of three years following the time that the stockholder becomes an “interested stockholder.” While we have elected in our certificate of incorporation not to be subject to Section 203 of the DGCL, our certificate of incorporation contains provisions that have the same effect as Section 203 of the DGCL, except that they provide that investment funds affiliated with TSG will not be deemed to be an “interested stockholder,” and accordingly will not be subject to such restrictions.

Because our board is responsible for appointing the members of our management team, these provisions could in turn affect any attempt to replace current members of our management team. As a result, you may lose your ability to sell your stock for a price in excess of the prevailing market price due to these protective measures, and efforts by stockholders to change the direction or management of the Company may be unsuccessful. See “Description of capital stock.”

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***Our organizational structure, including the tax receivable agreements, confers certain benefits upon the Continuing LLC Owners that will not benefit Class A common stockholders to the same extent as it will benefit the Continuing LLC Owners.***

Our organizational structure, including the tax receivable agreements, confers certain benefits upon the Continuing LLC Owners that will not benefit the holders of our Class A common stock to the same extent as it will benefit the Continuing LLC Owners. The tax receivable agreement with the Direct TSG Investors also confers benefits upon the Direct TSG Investors that are not shared with other holders of Class A common stock. See “—Risks related to our organizational structure.” Although we will retain 15% of the amount of tax benefits conferred under the tax receivable agreements, this and other aspects of our organizational structure may adversely impact the future trading market for the Class A common stock.

***We have identified a material weakness in our internal control over financial reporting. While we have taken steps to remediate this material weakness and no new material weaknesses have been identified to date, we cannot provide assurance that the measures we have taken to date, or any measures we may take in the future, will be sufficient to remediate the material weakness we have identified or that additional material weaknesses or significant deficiencies will not occur in the future. If our internal control over financial reporting or our disclosure controls and procedures are not effective, we may not be able to accurately report our financial results, prevent fraud or file our periodic reports in a timely manner, which may cause investors to lose confidence in our reported financial information and may lead to a decline in our stock price. In addition, because of our status as an emerging growth company, you will not be able to depend on any attestation from our independent registered public accountants as to our internal control over financial reporting for the foreseeable future.***

We are not currently required to comply with the rules of the Securities and Exchange Commission (“SEC”) implementing Section 404 of the Sarbanes-Oxley Act and are therefore not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. Upon becoming a public company, we will be required to comply with the SEC’s rules implementing Sections 302 and 404 of the Sarbanes-Oxley Act, which will require management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of internal control over financial reporting. Although we will be required to disclose significant changes made in our internal controls and procedures on a quarterly basis, we will not be required to make our first annual assessment of our internal control over financial reporting pursuant to Section 404 until the year following our first annual report required to be filed with the SEC. However, as an emerging growth company, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 until the later of our second annual report or the first annual report required to be filed with the SEC following the date we are no longer an emerging growth company. At such time, if our independent registered public accounting firm concluded that our internal control over financial reporting was not effective due to the existence of one or more material weaknesses in internal control, it would issue an adverse opinion on the effectiveness of our internal control over financial reporting.

To comply with the requirements of being a public company, we may need to undertake various actions, such as implementing new internal controls and procedures and hiring internal audit or additional accounting staff. Testing and maintaining internal controls can divert our management’s attention from other matters related to the operation of our business. In addition, when evaluating our internal control over financial reporting, we may identify material weaknesses that we may not be able to remediate in time to meet the applicable deadline imposed upon us for compliance with the requirements of Section 404.

We recently determined that a material weakness in internal control over financial reporting existed relating to our controls over the authorization of IT hardware purchases and processing of related invoices. We have implemented processes and controls designed to remediate this material weakness by revising existing, and

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implementing new, procedures and systems regarding (i) authorizing purchases, (ii) receiving invoices, (iii) receiving IT hardware products and (iv) processing invoices. However, we cannot assure you that the measures we have taken to date, or any measures we may take in the future, will be sufficient to remediate the material weakness we have identified or avoid potential future material weaknesses.

If we identify additional material weaknesses in our internal control over financial reporting or are unable to comply with the requirements of Section 404 in a timely manner or assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an unqualified opinion as to the effectiveness of our internal control over financial reporting in future periods, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our Class A common stock could be negatively affected, and we could become subject to investigations by the NYSE, on which our securities are listed, the SEC or other regulatory authorities, which could require additional financial and management resources.

***If you purchase shares of Class A common stock in this offering, you will suffer immediate and substantial dilution of your investment.***

The initial public offering price of our Class A common stock is substantially higher than the net tangible book deficit per share of our common stock. Therefore, if you purchase shares of our Class A common stock in this offering, you will pay a price per share that substantially exceeds our

net tangible book deficit per share after this offering. Based on an assumed initial public offering price of $ per share, the midpoint of the range set forth on the cover page of this prospectus, you will experience immediate dilution of $ per share, representing the difference between our

pro forma net tangible book deficit per share after giving effect to this offering and the initial public offering price. In addition, purchasers of Class A common stock in this offering will have contributed % of the aggregate price paid by all purchasers of our stock but will own only approximately

% of our Class A common stock outstanding after this offering. See “Dilution” for more detail.

***Your percentage ownership in us may be diluted by future issuances of capital stock, which could reduce your influence over matters on which stockholders vote.***

Pursuant to our certificate of incorporation and bylaws, our board of directors has the authority, without action or vote of our stockholders, to issue all or any part of our authorized but unissued shares of common stock, including shares issuable upon the exercise of options, or shares of our authorized but unissued preferred stock. Issuances of Class A common stock or voting preferred stock would reduce your influence over matters on which our stockholders vote and, in the case of issuances of preferred stock, would likely result in your interest in us being subject to the prior rights of holders of that preferred stock.

***An active, liquid trading market for our Class A common stock may not develop, which may limit your ability to sell your shares.***

Prior to this offering, there was no public market for our Class A common stock. Although we intend to list shares of our Class A common stock on the NYSE under the symbol “PLNT,” an active trading market for our Class A shares may never develop or be sustained following this offering. The initial public offering price will be determined by negotiations among us, the selling stockholders and the underwriters and may not be indicative of market prices of our Class A common stock that will prevail in the open market after the offering. A public trading market having the desirable characteristics of depth, liquidity and orderliness depends upon the existence of willing buyers and sellers at any given time, such existence being dependent upon the individual decisions of buyers and sellers over which neither we nor any market maker has control. The failure of an active and liquid trading market to develop and continue would likely have a material adverse effect on the value of our Class A common stock. The market price of our Class A common stock may decline below the initial public offering price, and you may not be able to sell your shares of our Class A common stock at or above the price

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you paid in this offering, or at all. An inactive market may also impair our ability to raise capital to continue to fund operations by selling shares and may impair our ability to acquire other companies or technologies by using our shares as consideration.

***As a public company, we will become subject to additional laws, regulations and stock exchange listing standards, which will impose additional costs on us and may strain our resources and divert our management’s attention.***

Prior to this offering, we operated on a private basis. After this offering, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the listing requirements of the NYSE and other applicable securities laws and regulations. Compliance with these laws and regulations will increase our legal and financial compliance costs and make some activities more difficult, time-consuming or costly. We also expect that being a public company and being subject to new rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. We estimate that we will incur between

* million and $ million annually in expenses related to incremental insurance costs and other expenses associated with being a public company, including listing, printer, audit and XBRL fees and investor relations costs. However, the incremental costs that we incur as a result of becoming a public company could exceed our estimate. These factors may therefore strain our resources, divert management’s attention and affect our ability to attract and retain qualified board members.

***Our operating results and share price may be volatile, and the market price of our Class A common stock after this offering may drop below the price you pay.***

Our quarterly operating results are likely to fluctuate in the future as a publicly traded company. In addition, securities markets worldwide have experienced, and are likely to continue to experience, significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could subject the market price of our shares to wide price fluctuations regardless of our operating performance. We and the underwriters will negotiate to determine the initial public offering price. You may not be able to resell your shares at or above the initial public offering price or at all. Our operating results and the trading price of our shares may fluctuate in response to various factors, including:

* market conditions in the broader stock market;
* actual or anticipated fluctuations in our quarterly financial and operating results;
* introduction of new products or services by us or our competitors;
* issuance of new or changed securities analysts’ reports or recommendations;
* results of operations that vary from expectations of securities analysis and investors;
* guidance, if any, that we provide to the public, any changes in this guidance or our failure to meet this guidance;
* strategic actions by us or our competitors;
* announcement by us, our competitors or our vendors of significant contracts or acquisitions;
* sales, or anticipated sales, of large blocks of our stock;
* additions or departures of key personnel;
* regulatory, legal or political developments;

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* public response to press releases or other public announcements by us or third parties, including our filings with the SEC;
* litigation and governmental investigations;
* changing economic conditions;
* changes in accounting principles;
* default under agreements governing our indebtedness;
* exchange rate fluctuations; and
* other events or factors, including those from natural disasters, war, actors of terrorism or responses to these events.

These and other factors, many of which are beyond our control, may cause our operating results and the market price and demand for our shares to fluctuate substantially. While we believe that operating results for any particular quarter are not necessarily a meaningful indication of future results, fluctuations in our quarterly operating results could limit or prevent investors from readily selling their shares and may otherwise negatively affect the market price and liquidity of our shares. In addition, in the past, when the market price of a stock has been volatile, holders of that stock have sometimes instituted securities class action litigation against the company that issued the stock. If any of our stockholders brought a lawsuit against us, we could incur substantial costs defending the lawsuit. Such a lawsuit could also divert the time and attention of our management from our business, which could significantly harm our profitability and reputation.

***A significant portion of our total outstanding shares are restricted from immediate resale but may be sold into the market in the near future. This could cause the market price of our Class A common stock to drop significantly, even if our business is doing well.***

Sales of a substantial number of shares of our Class A common stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our Class A common stock. After

this offering, we will have outstanding shares of Class A common stock based on the number of shares outstanding immediately following the recapitalization transactions. This includes shares that we are selling in this offering, as well as the shares that the selling

stockholders are selling and the shares held by our existing stockholders, which may be resold in the public market immediately, and assumes no exercises of outstanding options. Substantially all of the shares that are not being sold in this offering will be subject to a 180-day lock-up period provided under agreements executed in connection with this offering. These shares will, however, be able to be resold after the expiration of the lock-up agreement as described in the “Shares eligible for future sale” section of this prospectus. We also intend to file a Form S-8 under the Securities Act to register all shares of Class A common stock that we may issue under our equity compensation plans. In addition, TSG has certain demand registration rights that could require us in the future to file registration statements in connection with sales of our stock by TSG. See “Certain relationships and related party transactions—Recapitalization transactions in connection with this offering—Registration rights agreement.” Such sales by TSG could be significant. Once we register these shares, they can be freely sold in the public market upon issuance, subject to the lock-up agreements described in the “Underwriting” section of this prospectus. As restrictions on resale end, the market price of our stock could decline if the holders of currently restricted shares sell them or are perceived by the market as intending to sell them.

***Since we have no current plans to pay regular cash dividends on our Class A common stock following this offering, you may not receive any return on investment unless you sell your Class A common stock for a price greater than that which you paid for it.***

Although we have previously declared dividends to our equityholders, we do not anticipate paying any regular cash dividends on our Class A common stock following this offering. Any decision to declare and pay dividends

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in the future will be made at the discretion of our board and will depend on, among other things, our results of operations, financial condition, cash requirements, contractual restrictions and other factors that our board may deem relevant. In addition, our ability to pay dividends is, and may be, limited by covenants of existing and any future outstanding indebtedness we or our subsidiaries incur. Therefore, any return on investment in our Class A common stock is solely dependent upon the appreciation of the price of our Class A common stock on the open market, which may not occur. See “Dividend policy” for more detail.

***If securities or industry analysts do not publish research or reports about our business, if they adversely change their recommendations regarding our shares or if our results of operations do not meet their expectations, our share price and trading volume could decline.***

The trading market for our shares will be influenced by the research and reports that industry or securities analysts publish about us or our business. We do not have any control over these analysts. Securities and industry analysts do not currently, and may never, publish research on our Company. If no securities or industry analysts commence coverage of our Company, the trading price of our shares would likely be negatively impacted. In the event securities or industry analysts initiated coverage, and one or more of these analysts cease coverage of our Company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our share price or trading volume to decline. Moreover, if one or more of the analysts who cover us downgrade our stock, or if our results of operations do not meet their expectations, our share price could decline.

***A credit ratings downgrade or other negative action by a credit ratings organization could adversely affect the trading price of the shares of our Class A common stock.***

Credit rating agencies continually revise their ratings for companies they follow. The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. In addition, developments in our business and operations could lead to a ratings downgrade for us or our subsidiaries. Any such fluctuation in the rating of us or our subsidiaries may impact our ability to access debt markets in the future or increase our cost of future debt which could have a material adverse effect on our operations and financial condition, which in return may adversely affect the trading price of shares of our Class A common stock.

***Our certificate of incorporation designates courts in the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.***

Our certificate of incorporation provides that, subject to limited exceptions, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for:

* any derivative action or proceeding brought on our behalf;
* any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders;
* any action asserting a claim against us arising pursuant to any provision of the DGCL, our certificate of incorporation or our bylaws;
* any action to interpret, apply, enforce or determine the validity of our certificate of incorporation or bylaws; or
* any other action asserting a claim against us that is governed by the internal affairs doctrine (each, a “Covered Proceeding”).

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In addition, our certificate of incorporation provides that if any action the subject matter of which is a Covered Proceeding is filed in a court other than the specified Delaware courts without the approval of our board of directors (each, a “Foreign Action”), the claiming party will be deemed to have consented to (i) the personal jurisdiction of the specified Delaware courts in connection with any action brought in any such courts to enforce the exclusive forum provision described above and (ii) having service of process made upon such claiming party in any such enforcement action by service upon such claiming party’s counsel in the Foreign Action as agent for such claiming party.

Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and to have consented to these provisions. These provisions may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and employees. Alternatively, if a court were to find these provisions of our certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition.

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**Cautionary note regarding forward-looking statements**

This prospectus contains forward-looking statements. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies and other future conditions. Forward-looking statements can be identified by words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “target,” “potential,” “will,” “would,” “could,” “should,” “continue,” “contemplate” and other similar expressions, although not all forward-looking statements contain these identifying words.

We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place significant reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. Important factors that could cause actual results and events to differ materially from those indicated in the forward-looking statements include, among others, the following:

* our dependence on the operational and financial results of, and our relationships with, our franchisees and the success of their new and existing stores;
* our ability to protect our brand and reputation;
* our ability to execute our growth strategy, including through development of new stores by new and existing franchisees;
* our ability to manage our growth and associated strain on our resources;
* our ability to successfully identify and secure appropriate franchisees and sites, and timely develop and expand our operations;
* data security and the vulnerability of our information systems;
* our and our franchisees’ ability to attract and retain members;
* the high level of competition in the health and fitness industry;
* our dependence on a small number of equipment suppliers;
* our ability to maintain sufficient levels of cash flow, or access to capital, to meet growth expectations;
* our dependence on key executive management;
* our ability to identify qualified individuals for our workforce;
* our ability to adequately protect our intellectual property;
* risks related to franchisees generally;
* our business model being susceptible to litigation;
* the substantial indebtedness of our subsidiary, Planet Fitness Holdings, LLC;
* TSG’s significant influence over us and our status as a “controlled company” under the rules of the NYSE;
* risks relating to our corporate structure and tax receivable agreements; and
* the other factors identified under the heading “Risk factors” elsewhere in this prospectus.

The forward-looking statements in this prospectus represent our views as of the date of this prospectus. We undertake no obligation to publicly update any forward-looking statements whether as a result of new information, future developments or otherwise.

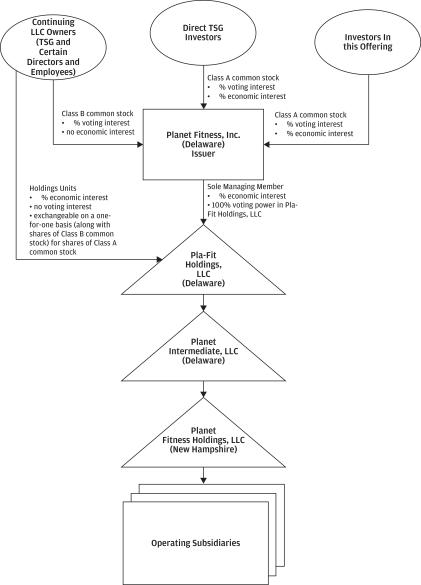
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**The recapitalization transactions**

**Organizational structure following this offering**

The diagram below depicts our organizational structure immediately following this offering, after giving effect to the recapitalization transactions, assuming no exercise by the underwriters of their option to purchase additional shares of Class A common stock.



Immediately following this offering, after giving effect to the recapitalization transactions, Planet Fitness, Inc. will be a holding company, and its sole material asset will be an equity interest, indirectly held through its wholly owned subsidiaries, in Pla-Fit Holdings, LLC. As the sole managing member of Pla-Fit Holdings, LLC, Planet Fitness, Inc. will operate and control all of the business and affairs of Pla-Fit Holdings, LLC and, through Pla-Fit Holdings, LLC and its subsidiaries, conduct our business. Accordingly, although we will have a minority economic interest in Pla-Fit Holdings, LLC, we will have the sole voting interest in, and control the management of, Pla-Fit Holdings, LLC. As a result, Planet Fitness, Inc. will consolidate Pla-Fit Holdings, LLC in its consolidated

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financial statements and will report a noncontrolling interest related to the Holdings Units held by the Continuing LLC Owners in our consolidated financial statements. Planet Fitness, Inc. will have a board of directors and executive officers but no employees. The functions of all our employees are expected to reside at Pla-Fit Holdings, LLC and its subsidiaries.

Our organizational structure will allow the Continuing LLC Owners to retain their equity ownership in Pla-Fit Holdings, LLC, an entity that is classified as a partnership for U.S. federal income tax purposes, in the form of Holdings Units. Investors participating in this offering will, by contrast, hold equity in Planet Fitness, Inc., a Delaware corporation that is a domestic corporation for U.S. federal income tax purposes, in the form of shares of our Class A common stock, along with the Direct TSG Investors. We believe that the Continuing LLC Owners generally find it advantageous to hold their equity interests in an entity that is not taxable as a corporation for U.S. federal income tax purposes. The Continuing LLC Owners and Planet Fitness, Inc. will incur U.S. federal, state, provincial and local income taxes on their allocable share of any taxable income of Pla-Fit Holdings, LLC (as calculated pursuant to the New LLC Agreement as it will be in effect at the time of this offering). We do not believe that our organizational structure gives rise to any significant benefit or detriment to our business or operations.

**The recapitalization transactions**

We refer to the Merger, Reclassification and entry into the exchange agreement, each as described below, as the “recapitalization transactions.” The Merger will be effected pursuant to a merger agreement by and among Planet Fitness, Inc. and Planet Fitness Holdings, L.P. and the recapitalization transactions will be effected pursuant to a recapitalization agreement by and among Planet Fitness, Inc., Pla-Fit Holdings, LLC, the Continuing LLC Owners and the Direct TSG Investors.

***Merger***

Prior to this offering, the Direct TSG Investors held interests in Planet Fitness Holdings, L.P., a predecessor entity to Planet Fitness, Inc. that holds indirect interests in Pla-Fit Holdings, LLC. Planet Fitness Holdings, L.P. was formed in October 2014 and has no material assets, liabilities or operations, other than as a holding company owning indirect interests in Pla-Fit Holdings, LLC. The Direct TSG Investors consist of investment funds affiliated with TSG. Pursuant to a merger agreement dated June 22, 2015, upon the earlier of (1) the time of pricing of this offering and (2) March 31, 2016, Planet Fitness Holdings, L.P. will merge with and into Planet Fitness, Inc., and the interests in Planet Fitness Holdings, L.P. held by the Direct TSG Investors will be converted into Class A shares of common stock of Planet Fitness, Inc. We refer to this as the “Merger.” Shares of Class A common stock will have both voting and economic rights in Planet Fitness, Inc. See “Description of capital stock.”

The Merger will be effected prior to the time our Class A common stock is registered under the Exchange Act and prior to the completion of this offering.

***Reclassification***

The equity interests of Pla-Fit Holdings, LLC currently consist of three different classes of limited liability company units (Class M, Class T and Class O). Prior to the completion of this offering, the limited liability company agreement of Pla-Fit Holdings, LLC will be amended and restated to, among other things, modify its capital structure to create a single new class of units, the Holdings Units. We refer to this capital structure modification as the “Reclassification.”

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The Direct TSG Investors’ indirect interest in Pla-Fit Holdings, LLC is currently held through wholly owned subsidiaries of Planet Fitness Holdings, L.P. Such wholly owned subsidiaries have no material assets, liabilities or operations other than as holding companies owning direct interests in Pla-Fit Holdings, LLC. As a result, following the Merger, in which Planet Fitness Holdings, L.P. merges with and into Planet Fitness, Inc., the Direct TSG Investors’ indirect interests in Pla-Fit Holdings, LLC will be held through wholly owned subsidiaries of Planet Fitness, Inc. Therefore, the Holding Units to be received in the Reclassification will be allocated to: (1) the Continuing LLC Owners based on their existing interest in Pla-Fit Holdings, LLC; and (2) wholly owned subsidiaries of Planet Fitness, Inc. to the extent of the Direct TSG Investors’ indirect interest in Pla-Fit Holdings, LLC. The number of Holdings Units to be allocated to wholly owned subsidiaries of Planet Fitness, Inc. in the Reclassification will be equal to the number of shares of Class A common stock that the Direct TSG Investors receive in the Merger (on a one-for-one basis).

The Reclassification will be effected prior to the time our Class A common stock is registered under the Exchange Act and prior to the completion of this offering.

Following the Merger and the Reclassification, Planet Fitness, Inc. will issue to Continuing LLC Owners one share of Class B common stock for each Holdings Unit they hold. The shares of Class B common stock have no rights to dividends or distributions, whether in cash or stock, but entitle the holder to one vote per share on matters presented to stockholders of Planet Fitness, Inc. Holdings Units will be held by the Continuing LLC Owners and by Planet Fitness, Inc., which will hold its interests indirectly through wholly owned subsidiaries. The Continuing LLC Owners consist of investment funds affiliated with TSG and certain employees and directors. All of the shares of Class A common stock that will be outstanding following the Merger and the Reclassification but prior to completion of this offering will be held by the Direct TSG Investors.

Pursuant to the New LLC Agreement, Planet Fitness, Inc. will be designated as the sole managing member of Pla-Fit Holdings, LLC. Accordingly, Planet Fitness, Inc. will have the right to determine when distributions will be made by Pla-Fit Holdings, LLC to its members and the amount of any such distributions (subject to the requirements with respect to the tax distributions described below). If Planet Fitness, Inc. authorizes a distribution by Pla-Fit Holdings, LLC, the distribution will be made to the members of Pla-Fit Holdings, LLC pro rata in accordance with the percentages of their respective Holdings Units.

The holders of Holdings Units will incur U.S. federal, state and local income taxes on their allocable share of any taxable income of Pla-Fit Holdings, LLC (as calculated pursuant to the New LLC Agreement). Net profits and net losses of Pla-Fit Holdings, LLC will generally be allocated to its members pursuant to the New LLC Agreement pro rata in accordance with the percentages of their respective Holdings Units. The New LLC Agreement will provide for cash distributions to the holders of Holdings Units for purposes of funding their tax obligations in respect of the income of Pla-Fit Holdings, LLC that is allocated to them, to the extent other distributions from Pla-Fit Holdings, LLC for the relevant year have been insufficient to cover such liability. Generally, these tax distributions will be computed based on the taxable income of Pla-Fit Holdings, LLC allocable to the holders of Holdings Units multiplied by an assumed, combined tax rate equal to the maximum rate applicable to an individual or corporation resident in San Francisco, California (taking into account the non-deductibility of certain expenses and the character of our income). See “Certain relationships and related party transactions—Recapitalization transactions in connection with this offering—Pla-Fit Holdings, LLC amended and restated limited liability company agreement.”

***Exchange agreement***

Following the Merger and the Reclassification, we and the Continuing LLC Owners will enter into an exchange agreement at the time of this offering under which Continuing LLC Owners (or certain permitted transferees thereof) will have the right, from time to time and subject to the terms of the exchange agreement, to exchange

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their Holdings Units, along with a corresponding number of shares of our Class B common stock, for shares of our Class A common stock on a one-for-one basis, subject to customary conversion rate adjustments for stock splits, stock dividends, reclassifications and similar transactions. As a Continuing LLC Owner exchanges Holdings Units, along with a corresponding number of shares of our Class B common stock, for shares of Class A common stock, the number of Holdings Units held by Planet Fitness, Inc. will be correspondingly increased as it acquires the exchanged Holdings Units and cancels a corresponding number of shares of Class B common stock. See “Certain relationships and related party transactions —Recapitalization transactions in connection with this offering—Exchange agreement.”

***Offering transactions***

In connection with the completion of this offering, in order to facilitate the disposition of equity interests in Pla-Fit Holdings, LLC held by Continuing LLC Owners affiliated with TSG, we intend to use the net proceeds we receive to purchase issued and outstanding Holdings Units from these Continuing LLC Owners that they will have received in the Reclassification. Assuming that the shares of Class A common stock to be sold in this

offering are sold at $ per share, which is the midpoint of the price range on the front cover of this prospectus, at the time of this offering, we

will purchase issued and outstanding Holdings Units from these Continuing LLC Owners for an aggregate of $ million (or $ million

Holdings Units for an aggregate of $ million if the underwriters exercise in full their option to purchase additional shares of Class A common stock). As such, we will acquire a minority equity percentage of the Holdings Units held by the Continuing LLC Owners issued to them in the Reclassification, which is in addition to the Holdings Units that we acquire in the Reclassification on a one-for-one basis in relation to the number of shares of Class A common stock issued to the Direct TSG Investors in the Merger. Accordingly, following this offering, we will hold a number of Holdings Units that is equal to the number of shares of Class A common stock that it has issued to the Direct TSG Investors and investors in this offering. The Direct TSG Investors, who will not have received Holdings Units in the Reclassification but rather will have received shares of Class A common stock in the Merger, will sell a portion of those shares of Class A common stock in this offering as selling stockholders. Pla-Fit Holdings, LLC will bear or reimburse Planet Fitness, Inc. for all of the expenses of this offering.

As a result of the recapitalization transactions and the offering transactions, upon completion of this offering:

• the investors in this offering will collectively own shares of our Class A common stock (or shares of Class A common stock if the underwriters exercise in full their option to purchase additional shares of Class A common stock), representing % of the voting power in Planet Fitness, Inc. (or % if the underwriters exercise in full their option to purchase additional shares of Class A common stock) and, through Planet Fitness, Inc., % of the economic interest in Pla-Fit Holdings, LLC (or % if the underwriters exercise in full their option to purchase additional shares of Class A common stock);

• The Direct TSG Investors will collectively own shares of our Class A common stock (or shares of Class A common stock if the underwriters exercise in full their option to purchase additional shares of Class A common stock), representing % of the voting power in Planet Fitness, Inc. (or % if the underwriters exercise in full their option to purchase additional shares of Class A common stock) and, through Planet Fitness, Inc., % of the economic interest in Pla-Fit Holdings, LLC (or % if the underwriters exercise in full their option to purchase additional shares of Class A common stock); and

• the Continuing LLC Owners will collectively hold Holdings Units, representing % of the economic interest in Pla-Fit Holdings, LLC (or

% if the underwriters exercise in full their over-allotment option to purchase additional shares of Class A common stock) and shares of

our Class B common stock (or shares of our Class B common stock if the underwriters exercise in full their option to purchase

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additional shares of Class A common stock), representing % of the voting power in Planet Fitness, Inc. (or % if the underwriters exercise in full their option to purchase additional shares of Class A common stock).

***Tax receivable agreements***

Our acquisition of Holdings Units in connection with this offering and future and certain past exchanges of Holdings Units for shares of our Class A common stock (or cash) are expected to produce and have produced favorable tax attributes for us. Upon the completion of this offering, we will be a party to two tax receivable agreements. Under the first of those agreements, we generally will be required to pay to our Continuing LLC Owners 85% of the applicable cash savings, if any, in U.S. federal and state income tax that we are deemed to realize as a result of certain tax attributes of their Holdings Units sold to us (or exchanged in a taxable sale) and that are created as a result of (i) the sales of their Holdings Units for shares of our Class A common stock and (ii) tax benefits attributable to payments made under the tax receivable agreement (including imputed interest). Under the second tax receivable agreement, we generally will be required to pay to the Direct TSG Investors 85% of the amount of cash savings, if any, that we are deemed to realize as a result of the tax attributes of the Holdings Units that we hold in respect of the Direct TSG Investors’ interest in us, which resulted from the Direct TSG Investors’ purchase of interests in the 2012 Acquisition, and certain other tax benefits. Under both agreements, we generally will retain the benefit of the remaining 15% of the applicable tax savings. See “Certain relationships and related party transactions—Recapitalization transactions in connection with this offering—Tax receivable agreements.”

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**Use of proceeds**

We estimate that the net proceeds to us from our issuance and sale of shares of Class A common stock in this offering will be approximately $ million, after deducting underwriting discounts and commissions and estimated offering expenses (or approximately $

million if the underwriters exercise in full their option to purchase additional shares of Class A common stock). This estimate assumes an initial

public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus.

A $1.00 increase (decrease) in the assumed initial public offering price of $ , based upon the midpoint of the estimated price range set forth on the cover of this prospectus, would increase (decrease) the net proceeds to us from this offering by $ million (or approximately $ million if

the underwriters exercise in full their option to purchase additional shares of Class A common stock), assuming the number of shares we offer, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses.

We intend to use the net proceeds of this offering to purchase issued and outstanding Holdings Units from certain Continuing LLC Owners consisting of investment funds affiliated with TSG that they will have received in the Reclassification (or Holdings Units if the underwriters

exercise in full their option to purchase additional shares of Class A common stock), at a purchase price per unit equal to the initial public offering price per share of Class A common stock, less underwriting discounts and commissions. As such, we will acquire a minority equity percentage of the Holdings Units held by the Continuing LLC Owners issued to them in the Reclassification, which is in addition to the Holdings Units that we acquire in the Reclassification on a one-for-one basis in relation to the number of shares of Class A common stock issued to the Direct TSG Investors in the Merger. Pla-Fit Holdings, LLC will not receive any proceeds that we use to purchase Holdings Units from Continuing LLC Owners.

The Direct TSG Investors, who will not have received Holdings Units in the Reclassification but rather will have received shares of Class A common stock in the Merger, will sell a portion of those shares of Class A common stock in this offering as selling stockholders. We will not receive any proceeds from the sale of shares by the selling stockholders. After deducting underwriting discounts and commissions, the selling stockholders

will receive approximately $ of proceeds from this offering.

Pla-Fit Holdings, LLC will bear or reimburse Planet Fitness, Inc. and the selling stockholders for all of the expenses incurred in connection with this offering.

The board of managers of Pla-Fit Holdings, LLC paid cash distributions of $140.0 million and $173.9 million to holders of Class T Units and Class O Units on March 31, 2015 and March 31, 2014, respectively. Under certain interpretations of the SEC, certain dividends preceding an initial public offering are deemed to be in contemplation of the offering with the intention of repayment out of offering proceeds to the extent that the dividends exceeded earnings during such period. See “Unaudited pro forma net income per share information,” included in our historical consolidated financial statements for the year ended December 31, 2014 and the unaudited condensed consolidated financial statements for the quarter ended March 31, 2015 found elsewhere in this prospectus, for pro forma earnings per share information.

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**Dividend policy**

Our board of directors does not currently intend to pay dividends on our Class A common stock following completion of this offering. However, we expect to re-evaluate our dividend policy on a regular basis following the offering and may, subject to compliance with the covenants contained in our senior secured credit facility and other considerations, determine to pay dividends in the future. Holders of our Class B common stock are not entitled to participate in any dividends declared by our board of directors. The declaration, amount and payment of any future dividends on shares of our Class A common stock will be at the sole discretion of our board of directors, which may take into account general economic conditions, our financial condition and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions, the implications of the payment of dividends by us to our stockholders or by our subsidiaries to us, and any other factors that our board of directors may deem relevant. See “Management’s discussion and analysis of financial condition and results of operations —Liquidity and capital resources” and “Description of indebtedness” included elsewhere in this prospectus regarding restrictions on our ability to pay dividends.

On March 31, 2014, the board of managers of Pla-Fit Holdings, LLC paid a cash distribution of $173.9 million to holders of its Class T Units and Class O Units.

On March 31, 2015, the board of managers of Pla-Fit Holdings, LLC paid a cash distribution of $140.0 million to holders of its Class T Units and Class O Units.

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**Capitalization**

The following table sets forth the cash, cash equivalents and capitalization as of March 31, 2015 of Pla-Fit Holdings, LLC on a historical basis and of Planet Fitness, Inc. on a pro forma basis to reflect:

• The recapitalization transactions;

• the issuance of shares of Class A common stock by us in this offering and the receipt of approximately $ million in net proceeds from the sale of such shares, assuming an initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of

this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses; and • the application of the estimated net proceeds from the offering as described in “Use of proceeds.”

You should read this information together with our audited and unaudited financial statements and related notes appearing elsewhere in this prospectus and the information set forth under the headings “Unaudited pro forma consolidated financial information,” “Selected consolidated financial and other data” and “Management’s discussion and analysis of financial condition and results of operations.”



|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | **As of March 31, 2015** | | |
|  |  |  |  | **Historical** | |  | **Pro forma** |  |
|  |  |  |  | **Pla-Fit** | |  | **Planet** | |
| **(dollars in thousands)** |  |  | **Holdings, LLC** | | |  | **Fitness, Inc.(1)** | |
| Cash and cash equivalents |  | $ | | 27,532 |  | $ | |  |
| **Long-term debt, including current portion:** |  |  |  |  |  |  |  |  |
| Senior secured credit facility |  |  |  | 506,100 |  |  |  |  |
| Capital leases |  |  |  | 283 |  |  |  |  |
| **Total debt(2)** |  |  |  | 506,383 |  |  |  |  |
| **Members’/stockholders’ equity:** |  |  |  |  |  |  |  |  |
| Members’ equity |  |  |  | 7,397 |  |  |  |  |
| Class A common stock, par value $0.0001 per share; no shares authorized and no shares issued | | | |  |  |  |  |  |
| and outstanding on a historical basis, | shares authorized and | shares issued and | |  |  |  |  |  |
| outstanding on a pro forma basis |  |  |  | — | |  |  |  |
| Class B common stock, par value $0.0001 per share; no shares authorized and no shares issued | | | |  |  |  |  |  |
| and outstanding on a historical basis, | shares authorized and | shares issued and | |  |  |  |  |  |
| outstanding on a pro forma basis |  |  |  | — | |  |  |  |
| Additional paid-in capital |  |  |  |  |  |  |  |  |
| Accumulated deficit |  |  |  |  |  |  |  |  |
| Accumulated other comprehensive loss |  |  |  | (1,314) | |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Members’/stockholders’ equity attributable to Planet Fitness, Inc. | |  |  | 6,083 |  |  |  |  |
| Noncontrolling interest |  |  |  | 6,342 |  |  |  |  |
| **Total members’/stockholders’ equity** |  |  |  | 12,425 |  |  |  |  |
| **Total capitalization** |  | $ | | 518,808 |  | $ | |  |
|  |  |  |  |  |  |  |  |  |



1. Pro forma reflects the application of the estimated proceeds of the offering as described in “Use of proceeds.”
2. Total debt consists of borrowings under our senior secured credit facility as described in “Description of certain indebtedness” and capital leases.

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover of this prospectus, would decrease (increase) the pro forma amount of each of cash and cash equivalents, noncontrolling interest and total stockholders’ equity by approximately $ million after deducting underwriting discounts and commissions and estimated offering expenses.

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**Dilution**

The Continuing LLC Owners will continue to own their Holdings Units in Pla-Fit Holdings, LLC immediately after the recapitalization transactions and the offering. Because the Continuing LLC Owners will not own any Class A common stock or have any right to receive distributions from Planet Fitness, Inc., we have presented dilution in pro forma net tangible book value per share after this offering assuming that all of the holders of Holdings Units (other than Planet Fitness, Inc.) had their Holdings Units exchanged for newly issued shares of Class A common stock on a one-for-one basis and the cancellation for no consideration of all of their shares of Class B common stock (which are not entitled to receive distributions or dividends, whether cash or stock from Planet Fitness, Inc.) in order to more meaningfully present the dilutive impact on the investors in this offering. We refer to the assumed exchange of all Holdings Units for shares of Class A common stock as described in the previous sentence as the “Assumed Exchange.”

If you invest in our Class A common stock in this offering, your interest will be diluted to the extent of the difference between the initial public offering price per share of our Class A common stock in this offering and the pro forma net tangible book value per share of our Class A common stock after this offering. Dilution results from the fact that the initial public offering price per share of Class A common stock is substantially in excess of the net tangible book deficit per share of our Class A common stock attributable to the existing stockholders for our presently outstanding shares of Class A common stock. Our net tangible book deficit per share represents the amount of our total tangible assets (total assets less intangible assets) less total liabilities, divided by the number of shares of Class A common stock issued and outstanding.

As of March 31, 2015, we had a historical net tangible book deficit of $454.3 million, or $ per share of Class A common stock, based on shares of our Class A common stock outstanding immediately following the recapitalization transactions. Dilution is calculated by

subtracting net tangible book deficit per share of our Class A common stock from the assumed initial public offering price per share of our Class A common stock.

Investors participating in this offering will incur immediate and substantial dilution. Without taking into account any other changes in such net tangible book deficit after March 31, 2015, after giving effect to the recapitalization transactions, the Assumed Exchange and the sale of shares of

our Class A common stock in this offering assuming an initial public offering price of $ per share (the midpoint of the offering range shown on the cover of this prospectus), less the underwriting discounts and commissions and estimated offering expenses and the application of such

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| proceeds, our pro forma net tangible book deficit as of March 31, 2015, would have been approximately $ | | million, or $ | | per share of | | | |
| Class A common stock. This amount represents an immediate decrease in net tangible book deficit of $ | | per share of our Class A common | | | | | |
| stock to the existing stockholders and immediate dilution in net tangible book deficit of $ | per share of our Class A common stock to investors | | | | | | |
| purchasing shares of our Class A common stock in this offering. The following table illustrates this dilution on a per share basis: | | | |  |  |  |  |
|  |  |  |  |  |  |  |  |
| Assumed initial public offering price per share |  |  |  | $ | | |  |
| Net tangible book deficit per share as of March 31, 2015, before giving effect to this offering(1) | | $ | |  |  |  |  |
| Decrease in net tangible book deficit per share attributable to investors purchasing shares in this offering | |  |  |  |  |  |  |
| Pro forma net tangible book value per share, after giving effect to this offering(1) |  |  |  |  |  |  |  |
| Dilution in net tangible book deficit per share to investors in this offering |  |  |  | $ | | |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

1. Gives pro forma effect to the recapitalization transactions and the Assumed Exchange.

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If the underwriters exercise their option in full to purchase additional shares, the pro forma net tangible book deficit per share of our Class A

common stock after giving effect to this offering, the recapitalization transactions and the Assumed Exchange would be $ per share of our Class A common stock. This represents a decrease in pro forma net tangible book deficit of $ per share of our Class A common stock to existing stockholders and dilution in pro forma net tangible book deficit of $ per share of our Class A common stock to new investors.

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share would decrease (increase) the pro forma net

tangible book deficit per share of our Class A common stock after giving effect to this offering, the recapitalization transactions and the Assumed

Exchange by $ , or by $ per share of our Class A common stock, assuming no change to the number of shares of our Class A common stock offered by us as set forth on the front cover page of this prospectus and after deducting the estimated underwriting discounts and expenses.

The following table summarizes, as of March 31, 2015, on the pro forma basis described above, the total number of shares of our Class A common stock purchased from us, the total consideration paid to us, and the average price per share of our Class A common stock paid by purchasers of such shares and by new investors purchasing shares of our Class A common stock in this offering.



|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Shares purchased** | | | **Total consideration** | | | **Average price** | |
|  |  |  |  |  |  |  |  | |
| **Number** | | **Percent** | | **Amount** | **Percent** | | **per share** | |
| Existing stockholders | | % | | $ | % | | $ |  |
| New investors |  |  |  |  |  |  |  |  |
| **Total** | | 100% | | $ | 100% | | $ |  |
|  | | |  |  | |  | |  |
| The number of shares of Class A common stock to be outstanding after this offering is based on | | | | shares of Class A common stock | | | | |
| outstanding immediately following the recapitalization transactions and excludes | | shares of Class A common stock reserved for future | | | | | | |
| issuance under our equity incentive plans. | |  |  |  |  |  |  |  |
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**Unaudited pro forma consolidated financial information**

The following unaudited pro forma information reflects the impact of this offering, after giving effect to the recapitalization transactions discussed in the section of this prospectus entitled “The recapitalization transactions.” The unaudited pro forma consolidated statements of operations for the year ended December 31, 2014 and the quarter ended March 31, 2015 give effect to the recapitalization transactions and this offering as if they had occurred on January 1, 2014. The unaudited pro forma consolidated balance sheet as of March 31, 2015 gives effect to the recapitalization transactions and this offering as if they had occurred on March 31, 2015.

As a result of the recapitalization transactions, the operating agreement of Pla-Fit Holdings, LLC will be amended and restated to, among other things, designate Planet Fitness, Inc. as the sole managing member of Pla-Fit Holdings, LLC. As sole managing member, Planet Fitness, Inc. will exclusively operate and control the business and affairs of Pla-Fit Holdings, LLC. This Amended and Restated Limited Liability Company Agreement of Pla-Fit Holdings, LLC is referred to as the New LLC Agreement. As a result of the recapitalization transactions and the New LLC Agreement, we will consolidate Pla-Fit Holdings, LLC, and Pla-Fit Holdings, LLC will be considered our predecessor for accounting purposes. The unaudited pro forma consolidated financial information gives effect to the consolidation of Pla-Fit Holdings, LLC with Planet Fitness, Inc. resulting from the recapitalization transactions and the New LLC Agreement.

We derived the unaudited pro forma consolidated financial information set forth below by applying the pro forma adjustments to the audited and unaudited historical consolidated financial statements of Pla-Fit Holdings, LLC and subsidiaries included elsewhere in this prospectus. The unaudited pro forma consolidated financial information reflects pro forma adjustments that are described in the accompanying notes and are based on available information and certain assumptions we believe are reasonable but are subject to change.

The recapitalization transactions pro forma adjustments give effect to the following transactions:

* the conversion of interests held by the Direct TSG Investors into shares of Class A common stock of Planet Fitness, Inc. in connection with the Merger;
* the reclassification of the Class M, Class T and Class O units of Pla-Fit Holdings, LLC into the Holdings Units; and
* the issuance of Class B shares of common stock to the Continuing LLC Owners.

The offering pro forma adjustments give effect to the following effects of this offering:

* the issuance of shares of our Class A common stock to the purchasers in this offering in exchange for net proceeds of approximately $

million, assuming that the shares are offered at $per share (the midpoint of the price range listed on the cover page of this

prospectus), after deducting underwriting discounts and commissions and offering expenses;

* the use of proceeds received in this offering to purchase issued and outstanding Holdings Units from certain Continuing LLC Owners;
* the effects of (1) the tax receivable agreement to be entered into with the Continuing LLC Owners that will provide for the payment by us to the Continuing LLC Owners of 85% of the amount of the cash savings, if any, in U.S. federal and state income tax that we are deemed to realize as a result of certain tax attributes of their Holdings Units sold to us (or exchanged in a taxable sale) and that are created as a result of (i) the sales of their Holdings Units for shares of our Class A common stock and (ii) tax benefits attributable to payments made under the tax receivable agreement (including imputed interest), and (2) the tax receivable agreement to be entered into with the Direct TSG Investors that will provide for the payment by us to the Direct TSG

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Investors of 85% of the amount of the cash savings, if any, that we are deemed to realize as a result of the tax attributes of the Holdings Units that we hold in respect of the Direct TSG Investors’ interest in us, and certain other tax benefits;

* the recording of cash-based and equity-based compensation expense related to our 2013 Performance Incentive Plan and the Class M units of Pla-Fit Holdings, LLC, respectively, and the termination of the management services agreement with TSG; and

• a provision for income taxes and deferred taxes reflecting Planet Fitness, Inc. as a taxable corporation at an effective rate of ended December 31, 2014 and % for the quarter ended March 31, 2015.

% for the year

The unaudited pro forma consolidated financial information presented assumes no exercise by the underwriters of their option to purchase additional shares of Class A common stock from us.

The unaudited pro forma consolidated financial information is presented for informational purposes only and should not be considered indicative of the actual financial position or results of operations that would have been achieved had the recapitalization transactions and this offering been consummated on the dates indicated, and does not purport to be indicative of the financial condition or results of operations as of any future date or for any future period. You should read our unaudited pro forma consolidated financial information and the accompanying notes in conjunction with the historical consolidated financial statements and related notes included elsewhere in this prospectus and the financial and other information appearing elsewhere in this prospectus, including information contained in the sections entitled “Risk factors,” “Selected consolidated financial and operating data,” “Use of proceeds,” “Capitalization” and “Management’s discussion and analysis of financial condition and results of operations.”

The historical consolidated financial position and results of operations of Planet Fitness, Inc. have not been presented in the accompanying unaudited pro forma consolidated financial information as Planet Fitness, Inc. is a newly incorporated entity as of March 2015, has had no business transactions or activities to date, and had no material assets, liabilities, revenues or expenses during the periods presented in this section. The historical financial statements of Planet Fitness Holdings, L.P. have not been presented in the accompanying unaudited pro forma consolidated financial information as Planet Fitness Holdings, L.P. was formed in October 2014 and has no material assets, liabilities or operations, other than as a holding company owning indirect interests in Pla-Fit Holdings, LLC. The recapitalization transactions and designation of Planet Fitness, Inc. as the sole managing member of Pla-Fit Holdings, LLC will be accounted for as the combination of entities under common control and Pla-Fit Holdings, LLC will be considered our predecessor for accounting purposes. This will result in the presentation of Pla-Fit Holdings, LLC’s historical financial statements as the historical financial statements of Planet Fitness, Inc. and Planet Fitness, Inc. will account for Pla-Fit Holdings, LLC’s assets and liabilities at their historical carrying amounts.

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**Planet Fitness, Inc.**

**Unaudited pro forma consolidated balance sheet**

**as of March 31, 2015**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Historical** | | **Recapitalization** | | **As adjusted** | |  |  |  |  |  | **Pro forma** | |  |
|  |  | **Pla-Fit** | **Holdings,** | | **transactions** | | **before** | |  |  | **Offering** | |  | **Planet Fitness,** | |  |
| **(in millions)** | |  | **LLC** | | **adjustments** | | **offering** | |  | **adjustments** | | |  | **Inc.** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Assets** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Cash and cash equivalents | $ | 27.5 |  | $ |  | $ |  | $ | | (7) | | $ | |  |  |
|  | Accounts receivable, net |  | 9.5 | |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Due from related parties, current |  | 1.1 | |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Inventory |  | 2.0 | |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Restricted assets—NAF |  | 0.4 | |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Other current assets |  | 7.8 | |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Total current assets |  | 48.3 |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Property and equipment, net |  | 51.6 |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Intangible assets, net |  | 289.8 |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Goodwill |  | 177.0 |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Deferred tax assets |  | — | |  |  |  |  |  |  | (1)(4) | |  |  |  |  |
|  | Other assets, net |  | 12.9 |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Total assets | $ | 579.6 |  | $ |  | $ |  | $ | |  |  | $ | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Liabilities and Members’/Stockholders’ Equity** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Current maturities of long-term debt | $ | 5.1 | | $ |  | $ |  | $ | |  |  | $ | |  |  |
|  | Accounts payable |  | 10.5 |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Member distribution payable |  | 7.5 | |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Accrued expenses |  | 7.6 | |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Current maturities of obligations under capital leases |  | 0.3 | |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Equipment deposits |  | 6.4 | |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Restricted liabilities—NAF |  | 0.4 | |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Deferred revenue, current |  | 13.6 |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Other current liabilities |  | 0.2 | |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Total current liabilities |  | 51.6 |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Long-term debt, net of current maturities |  | 501.0 |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Obligations under capital leases, net of current portion |  | — | |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Deferred rent, net of current portion |  | 4.0 | |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Deferred revenue, net of current portion |  | 9.4 | |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Deferred tax liabilities—non current |  | 0.6 | | (1) | |  |  |  |  |  |  |  |  |  |  |
|  | Other liabilities |  | 0.6 | |  |  |  |  |  |  | (1) | |  |  |  |  |
|  | Total noncurrent liabilities |  | 515.6 |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Commitments and contingencies |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Members’ equity |  | 7.4 | | (2) | |  |  |  |  |  |  |  |  |  |  |
|  | Class A common stock |  | — | | (2) | |  |  |  |  | (5) | |  |  |  |  |
|  | Class B common stock |  | — | | (3) | |  |  |  |  |  |  |  |  |  |  |
|  | Additional paid-in-capital |  | — | | (2) | |  |  |  |  | (4)(5) | |  |  |  |  |
|  | Accumulated other comprehensive loss |  | (1.3) | |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Retained earnings |  | — | |  |  |  |  |  |  | (4)(6)(7) | |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Members’/ stockholders’ equity attributable to Planet Fitness, Inc. |  | 6.1 | | (2) | |  |  |  |  |  |  |  |  |  |  |
|  | Noncontrolling interests |  | 6.3 | | (3) | |  |  |  |  | (3)(5) | |  |  |  |  |
|  | Total equity |  | 12.4 |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Total liabilities and members’/stockholders’ equity | $ | 579.6 |  | $ |  | $ |  | $ | |  |  | $ | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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**Notes to unaudited pro forma consolidated balance sheet as of March 31, 2015**

1. Planet Fitness, Inc. is subject to U.S. federal and state income taxes and will file consolidated income tax returns for U.S. federal and certain state jurisdictions. These adjustments reflect the recognition of deferred taxes resulting from our status as a C corporation. Temporary

differences in the book basis as compared to the tax basis of our investment in Pla-Fit Holdings, LLC resulted in an unaudited pro forma

deferred tax liability of $ million as of March 31, 2015.

In addition, upon the completion of this offering, we will be a party to two tax receivable agreements. Under the first of those agreements, we generally will be required to pay to our Continuing LLC Owners 85% of the applicable cash savings, if any, in U.S. federal and state income tax that we are deemed to realize in certain circumstances as a result of certain tax attributes of their Holdings Units sold to us (or exchanged in a taxable sale) and that are created as a result of (i) the sales of their Holdings Units for shares of our Class A common stock, and (ii) tax benefits attributable to payments made under this tax receivable agreement. Under the second tax receivable agreement, we generally will be required to pay to the Direct TSG Investors 85% of the amount of cash savings, if any, that we are deemed to realize as a result of the tax attributes of the Holdings Units that we hold in respect of the Direct TSG Investors’ interest in us, which resulted from the Direct TSG Investors’ purchase of interests in the 2012 Acquisition, and certain other tax benefits. Under both agreements, we generally will retain the benefit of the remaining 15% of the applicable tax savings. See “Certain relationships and related party transactions—Recapitalization transactions in connection with this offering—Tax receivable agreements.”

Also, pursuant to the exchange agreement, to the extent an exchange results in Pla-Fit Holdings, LLC incurring a current tax liability relating to the New Hampshire business profits tax, the Continuing LLC Owners have agreed that they will contribute to Pla-Fit Holdings, LLC an amount sufficient to pay such tax liability (up to 3% of the value received upon exchange). If and when we subsequently realize a related tax benefit, Pla-Fit Holdings, LLC will distribute the amount of any such tax benefit to the relevant Continuing LLC Owner in respect of its contribution. See “Certain relationships and related party transactions—Recapitalization transactions in connection with this offering—Exchange agreement.”

The deferred tax asset of $ million related to, and the $ million in amounts payable under, the tax receivable agreements and the exchange agreement are assuming: (1) only exchanges associated with this offering, (2) a share price equal to $ per share (the midpoint

of the estimated public offering price range set forth on the cover page of this prospectus), (3) a constant federal income tax rate of % and a

New Hampshire tax rate of %, (4) no material changes in tax law, (5) the ability to utilize tax attributes and (6) future tax receivable agreement and exchange agreement payments.

We anticipate that we will account for the income tax effects resulting from future taxable exchanges of Holdings Units by Continuing LLC Owners for shares of our Class A common stock or cash by recognizing an increase in our deferred tax assets, based on enacted tax rates at the date of each exchange. Further, we will evaluate the likelihood that we will realize the benefit represented by the deferred tax asset, and, to the extent that we estimate that it is more likely than not that we will not realize the benefit, we will reduce the carrying amount of the deferred tax asset with a valuation allowance.

The amounts to be recorded for both the deferred tax assets and the liability for our obligations under the tax receivable agreements and the exchange agreement have been estimated. All of the effects of changes in any of our estimates after the date of the purchase will be included in net income. Similarly, the effect of subsequent changes in the enacted tax rates will be included in net income.

(2) As a C corporation, we will no longer record members’ equity in the consolidated balance sheet. To reflect the C corporation structure of our equity, we will separately present the value of our common stock, additional paid-in capital and retained earnings. The portion of the reclassification of members’ equity associated with additional paid-in capital was estimated as the remainder of capital contributions we have

received less the $ attributed to the par value of the common stock and the $ million allocated to the noncontrolling interest.

1. As a result of the recapitalization transactions, the limited liability company agreement of Pla-Fit Holdings, LLC will be amended and restated to, among other things, designate Planet Fitness, Inc. as the sole managing member of Pla-Fit Holdings, LLC. As sole managing member, Planet Fitness, Inc. will exclusively operate and control the business and

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affairs of Pla-Fit Holdings, LLC. As the Continuing LLC Owners will control both Planet Fitness, Inc. and Pla-Fit Holdings, LLC following the recapitalization transactions we will consolidate Pla-Fit Holdings, LLC and Pla-Fit Holdings, LLC will be considered our predecessor for accounting purposes. The Holdings Units owned by the Continuing LLC Owners will be considered noncontrolling interests in the consolidated financial statements of Planet Fitness, Inc. The amount allocated to noncontrolling interests represents the proportional interest in the pro forma consolidated total equity of Pla-Fit Holdings, LLC owned by those unit holders.

In addition, Planet Fitness, Inc. will issue to the Continuing LLC Owners one share of Class B common stock for each Holdings Unit they hold. The shares of Class B common stock have no rights to dividends or distributions, whether in cash or stock, but entitle the holder to one vote per share on matters presented to stockholders of Planet Fitness, Inc.

In connection with the recapitalization transactions, the following Class A and Class B shares will be issued:



|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Continuing LLC Owners** | | | **Direct TSG Investors** |
|  | Class A shares |  |  |  |  |  |  |
|  | Class B shares |  |  |  |  |  |  |
| In connection with the offering, | | | additional Class A shares will be issued. | |  |  |  |
| Following the recapitalization transactions and the offering, Planet Fitness, Inc. will hold | | | | | Holdings Units, and the Continuing LLC | | |
| Owners will hold | | Holdings Units. | | |  |  |  |

The Continuing LLC Owners, from time to time following the offering, may require us to exchange all or a portion of their Holdings Units for newly issued shares of our Class A common stock on a one-for-one basis or, at our discretion, cash. Shares of our Class B common stock will be cancelled on a one-for-one basis if we, at the election of a Continuing LLC Owner, redeem or exchange Holdings Units of such Continuing LLC Owner pursuant to the terms of the exchange agreement. The decision whether to tender Holdings Units to us will be made solely at the discretion of the Continuing LLC Owners. We will exercise discretion regarding the form of consideration in any such exchange. Pursuant to the exchange agreement, any such decisions will be made on our behalf by a majority of the disinterested members of our board of directors.

(4) Represents the cash-based and equity-based compensation expense of $ million and the related deferred tax asset of $ million recognized at the time of this offering related to the 2013 Performance Incentive Plan and the Class M Units that vest in connection with this offering, respectively. There are no additional amounts to be recognized following this offering related to the 2013 Performance Incentive Plan as all related amounts become payable in connection with this offering. As discussed in the notes to the unaudited pro forma statements of operations, additional expense for the Class M Units will be recorded in periods following this offering in accordance with the vesting provisions of those awards.

1. Represents the net proceeds from the sale of shares of our Class A common stock in this offering based on an assumed initial public offering

price of $ per share (the midpoint of the estimated public offering price range set forth on the cover page of this prospectus), after deducting estimated underwriting discounts and commissions and the related use of the proceeds to purchase Holdings Units from certain Continuing LLC Owners.

1. Represents the expense of $ million recognized at the time of this offering in connection with the termination of our management services agreement with TSG. For the year ended December 31, 2014, Pla-Fit Holdings, LLC recognized expenses totaling $1.2 million related to management fees paid to TSG. In connection with this offering, the management services agreement will be terminated, and we do not plan to execute a new management services agreement. This pro forma adjustment relates solely to the management services agreement termination fee payable to TSG in connection with the offering.

(7) Represents expenses of $ million related to the offering that will be paid by us. Since we will not retain any proceeds from the offering, these amounts are expensed as incurred prior to and at the time of the offering.

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**Planet Fitness, Inc.**

**Unaudited pro forma consolidated statement of operations**

**for the quarter ended March 31, 2015**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Historical** | | |  |  |  |  |  |  |  |  |  |
|  |  | **Pla-Fit** | |  | **Recapitalization** | | **As adjusted** | |  |  | **Pro forma** | |
|  | **Holdings,** | | |  | **transactions** | | **before** | | **Offering** | | **Planet** | |
| **(in millions, except share and per share data)** |  | **LLC** | |  | **adjustments** | | **offering** | | **adjustments** | | **Fitness, Inc.** | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenue: |  |  |  |  |  |  |  |  |  |  |  |  |
| Franchise | $ | 17.0 |  | $ | |  | $ |  | $ |  | $ |  |
| Commission income |  | 4.8 | |  |  |  |  |  |  |  |  |  |
| Corporate-owned stores |  | 23.5 |  |  |  |  |  |  |  |  |  |  |
| Equipment |  | 31.6 |  |  |  |  |  |  |  |  |  |  |
| Total revenues |  | 76.9 |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Operating costs and expenses: |  |  |  |  |  |  |  |  |  |  |  |  |
| Cost of revenue |  | 26.0 |  |  |  |  |  |  |  |  |  |  |
| Store operations |  | 14.3 |  |  |  |  |  |  |  |  |  |  |
| Selling, general and administrative |  | 14.1 |  |  |  |  |  |  | (1) | |  |  |
| Depreciation and amortization |  | 8.2 | |  |  |  |  |  |  |  |  |  |
| Other loss |  | — | |  |  |  |  |  |  |  |  |  |
| Total operating costs and expenses |  | 62.6 |  |  |  |  |  |  |  |  |  |  |
| Income from operations |  | 14.3 |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other income (expense), net: |  |  |  |  |  |  |  |  |  |  |  |  |
| Interest income |  | 0.2 | |  |  |  |  |  |  |  |  |  |
| Interest expense |  | (5.0) | |  |  |  |  |  |  |  |  |  |
| Other income (expense) |  | (0.7) | |  |  |  |  |  | (5) | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total other expense, net |  | (5.5) | |  |  |  |  |  |  |  |  |  |
| Income before taxes |  | 8.8 |  |  |  |  |  |  |  |  |  |  |
| Provision for income taxes |  | 0.3 |  |  | (2) | |  |  | (1) | |  |  |
| Net income |  | 8.5 |  |  |  |  |  |  |  |  |  |  |
| Less net income attributable to noncontrolling interests |  | 0.1 |  |  | (3) | |  |  | (4) | |  |  |
| Net income attributable to Planet Fitness, Inc. | $ | 8.4 |  |  | $ |  | $ |  | $ |  | $ |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Pro forma net income per share data(6): |  |  |  |  |  |  |  |  |  |  |  |  |
| Pro forma net income per share: |  |  |  |  |  |  |  |  |  |  |  |  |
| Basic |  |  |  |  |  |  |  |  |  |  | $ |  |
| Diluted |  |  |  |  |  |  |  |  |  |  | $ |  |



Pro forma weighted average shares of Class A common stock

outstanding:

Basic



Diluted



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**Notes to unaudited pro forma condensed consolidated statement of operations for the quarter ended March 31, 2015**

1. Planet Fitness, Inc. will record equity-based compensation expense related to the Holdings Units that were issued to replace the Class M Units granted to employees of Pla-Fit Holdings, LLC as such units vest. The Class M Units automatically convert to Holdings Units in accordance with the terms of these awards. Eighty percent of the awards vest over five years of continuous service while the other twenty percent only vest in the event of an initial public offering. All of the Class M Units provide for accelerated vesting if there is a Company Sale (as defined in the existing Pla-Fit Holdings, LLC agreement). The Class M Units receive distributions only upon a liquidity event, as defined in the existing Pla-Fit Holdings, LLC agreement, that exceeds a threshold approximately equivalent to the fair value at the grant date. Compensation expense related to these awards is determined based on the fair value of the award as of the grant date, determined using a Monte Carlo simulation model. Significant assumptions include the business enterprise value, time to a liquidity event, volatility and expected term of the awards. Compensation expense will be recognized over the vesting period, which is the period over which all of the specified vesting conditions are satisfied. In accordance with the terms of the Class M Units, the recognition of expense for these awards results from this offering. The pro forma adjustment represents the expense and corresponding tax benefit during the quarter ended March 31, 2015. This adjustment is necessary to reflect the expense associated with awards that are not vested at the time of the offering. The adjustment relates solely to expense related to the Holdings Units which replace the Class M Units and not to the Holdings Units that replace the Class T and Class O Units, as the Class T and Class O Units are not compensatory.

Additionally, Planet Fitness, Inc. expects to record additional equity-based compensation expense of approximately $ million and a corresponding tax benefit of $ million upon completion of this offering related to Holdings Units granted to employees that were not

eligible to vest until completion of an initial public offering, which were excluded from the unaudited pro forma consolidated statement of operations.

1. Planet Fitness, Inc. will be subject to U.S. federal income taxes, in addition to state and local taxes, with respect to our allocable share of any net taxable income of Pla-Fit Holdings, LLC. As a result, the unaudited pro forma consolidated statement of operations reflects an adjustment

to our provision for income taxes to reflect an effective rate of %, which was calculated using the current U.S. federal income tax rate and the highest statutory rates apportioned to each state and local jurisdiction.

1. The Holdings Units of Pla-Fit Holdings, LLC owned by the Continuing LLC Owners will be considered noncontrolling interests in the consolidated financial statements of Planet Fitness, Inc. The pro forma adjustment reflects the allocation of Pla-Fit Holdings, LLC net income

to the noncontrolling interests. Immediately following the recapitalization transactions and prior to the completion of this offering, the non-controlling interests held by the Continuing LLC Owners will have % economic ownership of Pla-Fit Holdings, LLC, and as such, % of Pla-Fit Holdings, LLC’s net income will be attributable to the non-controlling interests. The remaining economic ownership of Pla-Fit Holdings, LLC will be held by Planet Fitness, Inc. following the recapitalization transactions.

(4) Upon consummation of this offering, the noncontrolling interests’ ownership of Pla-Fit Holdings, LLC will be diluted to %, and, therefore, net income will be attributable to the noncontrolling interests based on their % ownership interest, and to Planet Fitness, Inc., which indirectly owns the remaining % of the Holdings Units of Pla-Fit Holdings, LLC, based on its % interest. The noncontrolling interests in Planet Fitness, Inc. will be diluted in connection with the offering as a result of the Holdings Units acquired from the Continuing LLC Owners with the net proceeds from the offering.

1. For the quarter ended March 31, 2015, Pla-Fit Holdings, LLC recognized expenses totaling $0.2 million related to management fees paid to TSG. In connection with this offering, this management services

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agreement will be terminated, and we do not plan to execute a new management services agreement. This pro forma adjustment removes this expense from the Pla-Fit Holdings, LLC historical financial statements as such amounts will not be incurred following this offering.

1. The pro forma net income per share is calculated using the treasury stock method, using only the shares of Class A common stock, with consideration given to the potential dilutive effect of the Holdings Units as follows. The shares of Class B common stock have no rights to dividends or distributions, whether in cash or stock, and therefore are excluded from this calculation.



|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Quarter ended March 31, 2015** | **Pro forma Planet Fitness, Inc.** | | |  |
| **Basic** | **Diluted** |  |  |

**Numerator:**



Net income attributable to Planet Fitness, Inc.



**Denominator:**



Weighted average shares outstanding—basic



Effect of dilutive securities:

Dilutive effect of exchangeable Holdings Units



Dilutive equity based compensation awards



Equivalent shares



Net income per share attributable to Planet Fitness, Inc.



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**Planet Fitness, Inc.**

**Unaudited pro forma consolidated statement of operations**

**for the year ended December 31, 2014**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Historical** | | |  |  |  |  |  |  |  |  |  |
|  |  | **Pla-Fit** | |  | **Recapitalization** | | **As adjusted** | |  |  | **Pro forma** | |
|  | **Holdings,** | | |  | **transactions** | | **before** | | **Offering** | | **Planet** | |
| **(in millions, except share and per share data)** |  | **LLC** | |  | **adjustments** | | **offering** | | **adjustments** | | **Fitness, Inc.** | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenue: |  |  |  |  |  |  |  |  |  |  |  |  |
| Franchise | $ | 58.0 |  | $ | |  | $ |  | $ |  | $ |  |
| Commission income |  | 13.9 |  |  |  |  |  |  |  |  |  |  |
| Corporate-owned stores |  | 85.0 |  |  |  |  |  |  |  |  |  |  |
| Equipment |  | 122.9 |  |  |  |  |  |  |  |  |  |  |
| Total revenues |  | 279.8 |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Operating costs and expenses: |  |  |  |  |  |  |  |  |  |  |  |  |
| Cost of revenue |  | 100.3 |  |  |  |  |  |  |  |  |  |  |
| Store operations |  | 49.5 |  |  |  |  |  |  |  |  |  |  |
| Selling, general and administrative |  | 35.1 |  |  |  |  |  |  | (1) | |  |  |
| Depreciation and amortization |  | 32.3 |  |  |  |  |  |  |  |  |  |  |
| Other loss |  | 1.0 | |  |  |  |  |  |  |  |  |  |
| Total operating costs and expenses |  | 218.2 |  |  |  |  |  |  |  |  |  |  |
| Income from operations |  | 61.6 |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other income (expense), net: |  |  |  |  |  |  |  |  |  |  |  |  |
| Interest income |  | 0.4 | |  |  |  |  |  |  |  |  |  |
| Interest expense |  | (22.2) | |  |  |  |  |  |  |  |  |  |
| Other income (expense) |  | (1.3) | |  |  |  |  |  | (5) | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total other expense, net |  | (23.1) | |  |  |  |  |  |  |  |  |  |
| Income before taxes |  | 38.5 |  |  |  |  |  |  |  |  |  |  |
| Provision for income taxes |  | 1.2 | | (2) | | |  |  | (1) | |  |  |
| Net income |  | 37.3 |  |  |  |  |  |  |  |  |  |  |
| Less net income attributable to noncontrolling interests |  | 0.5 |  |  | (3) | |  |  | (4) | |  |  |
| Net income attributable to Planet Fitness, Inc. | $ | 36.8 |  |  | $ |  | $ |  | $ |  | $ |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Pro forma net income per share data(6): |  |  |  |  |  |  |  |  |  |  |  |  |
| Pro forma net income per share: |  |  |  |  |  |  |  |  |  |  |  |  |
| Basic |  |  |  |  |  |  |  |  |  |  | $ |  |
| Diluted |  |  |  |  |  |  |  |  |  |  | $ |  |



Pro forma weighted average shares of Class A common stock

outstanding:

Basic



Diluted

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**Notes to unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2014**

1. Planet Fitness, Inc. will record equity-based compensation expense related to the Holdings Units that were issued to replace the Class M Units granted to employees of Pla-Fit Holdings, LLC as such units vest. The Class M Units automatically convert to Holdings Units in accordance with the terms of these awards. Eighty percent of the awards vest over five years of continuous service, while the other twenty percent only vest in the event of an initial public offering. All of the Class M Units provide for accelerated vesting if there is a Company Sale (as defined in the existing Pla-Fit Holdings, LLC agreement). The Class M Units receive distributions only upon a liquidity event, as defined in the existing Pla-Fit Holdings, LLC agreement, that exceeds a threshold approximately equivalent to the fair value at the grant date. Compensation expense related to these awards is determined based on the fair value of the award as of the grant date, determined using a Monte Carlo simulation model. Significant assumptions include the business enterprise value, time to a liquidity event, volatility and expected term of the awards. Compensation expense will be recognized over the vesting period, which is the period over which all of the specified vesting conditions are satisfied. In accordance with the terms of the Class M Units, the recognition of expense for these awards results from this offering. The pro forma adjustment represents the annual expense following this offering and corresponding tax benefit during 2014. This adjustment is necessary to reflect the expense associated with awards that are not vested at the time of the offering. The adjustment relates solely to expense related to the Holdings Units which replace the Class M Units, and not to the Holdings Units that replace the Class T and Class O Units, as the Class T and Class O Units are not compensatory.

Additionally, Planet Fitness, Inc. expects to record additional equity-based compensation expense of approximately $ million and a corresponding tax benefit of $ million upon completion of this offering related to Holdings Units granted to employees that were not

eligible to vest until completion of an initial public offering, which were excluded from the unaudited pro forma consolidated statement of operations.

1. Planet Fitness, Inc. will be subject to U.S. federal income taxes, in addition to state and local taxes, with respect to our allocable share of any

net taxable income of Pla-Fit Holdings, LLC. As a result, the unaudited pro forma consolidated statement of operations reflects an adjustment to our provision for income taxes to reflect an effective rate of %, which was calculated using the current U.S. federal income tax rate and the highest statutory rates apportioned to each state and local jurisdiction.

1. The Holdings Units of Pla-Fit Holdings, LLC owned by the Continuing LLC Owners will be considered noncontrolling interests in the consolidated financial statements of Planet Fitness, Inc. The pro forma adjustment reflects the allocation of Pla-Fit Holdings, LLC net income to the noncontrolling interests. Immediately following the recapitalization transactions and prior to the completion of this offering, the

noncontrolling interests held by the Continuing LLC Owners will have % economic ownership of Pla-Fit Holdings, LLC, and as such, % of Pla-Fit Holdings, LLC’s net income will be attributable to the noncontrolling interests. The remaining economic ownership of Pla-Fit Holdings, LLC will be held by Planet Fitness, Inc. following the recapitalization transactions.

(4) Upon consummation of this offering, the noncontrolling interests’ ownership of Pla-Fit Holdings, LLC will be diluted to %, and, therefore, net income will be attributable to the noncontrolling interests based on their % ownership interest, and to Planet Fitness, Inc., which indirectly owns the remaining % of the Holdings Units of Pla-Fit Holdings, LLC, based on its % interest. The noncontrolling interests in Planet Fitness, Inc. will be diluted in connection with the offering as a result of the Holdings Units acquired from the Continuing LLC Owners with the net proceeds from the offering.

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1. For the year ended December 31, 2014, Pla-Fit Holdings, LLC recognized expenses totaling $1.2 million related to management fees paid to TSG. In connection with this offering, this management services agreement will be terminated and we do not plan to execute a new management services agreement. This pro forma adjustment removes this expense from the Pla-Fit Holdings, LLC historical financial statements as such amounts will not be incurred following this offering.
2. The pro forma net income per share is calculated using the treasury stock method, using only the shares of Class A common stock, with consideration given to the potential dilutive effect of the Holdings Units as follows. The shares of Class B common stock have no rights to dividends or distributions, whether in cash or stock, and therefore are excluded from this calculation.



|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Year ended December 31, 2014** | **Pro forma Planet Fitness, Inc.** | | |  |
| **Basic** | **Diluted** |  |  |

**Numerator:**



Net income attributable to Planet Fitness, Inc.



**Denominator:**



Weighted average shares outstanding—basic



Effect of dilutive securities:

Dilutive effect of exchangeable Holdings Units



Dilutive equity based compensation awards



Equivalent shares



Net income per share attributable to Planet Fitness, Inc.



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**Selected consolidated financial and other data**

The following selected consolidated financial and other data of Pla-Fit Holdings, LLC should be read in conjunction with “The recapitalization transactions,” “Use of proceeds,” “Capitalization,” “Management’s discussion and analysis of financial condition and results of operations” and our audited and unaudited consolidated financial statements and the related notes included elsewhere in this prospectus. Following this offering, Pla-Fit Holdings, LLC will be considered our predecessor for accounting purposes, and its consolidated financial statements will be our historical financial statements following this offering. The terms “Predecessor” and “Successor” used below and throughout this prospectus refer to the periods prior and subsequent to the 2012 Acquisition, respectively.

The selected historical consolidated financial data in the following table as of December 31, 2013 and 2014 and for the periods from January 1, 2012 to November 7, 2012 (Predecessor) and November 8, 2012 to December 31, 2012 (Successor) and for the years ended December 31, 2013, and 2014 are derived from our audited consolidated financial statements included elsewhere in this prospectus. The selected historical consolidated financial data as of March 31, 2015 and for the quarters ended March 31, 2014 and 2015 are derived from our unaudited consolidated financial statements included elsewhere in this prospectus. In the opinion of our management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the results for those periods have been reflected. The selected consolidated financial data set forth below as of December 31, 2010, 2011 and 2012 and for the years ended December 31, 2010 and 2011 are derived from our audited consolidated financial statements not included in this prospectus. The selected consolidated financial data set forth below as of March 31, 2014 is derived from our unaudited balance sheet not included in this prospectus.

The unaudited combined results of operations and cash flows for the year ended December 31, 2012 represents the mathematical addition of our Predecessor’s results of operations from January 1, 2012 to November 7, 2012, and the Successor’s results of operations from November 8, 2012 to December 31, 2012. We have included the unaudited combined financial information in order to facilitate a comparison with our other years.

Selected historical financial and other data for Planet Fitness, Inc. has not been provided, as Planet Fitness, Inc. is a newly incorporated entity and has had no business transactions or other activities to date and no assets or liabilities during the periods presented below.

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Years** | |  |  |  |  |  | **Quarters** | |  |
|  |  |  |  |  |  |  |  |  |  |  | **Period from** | | |  |  |  |  | **Period from** | | |  |  |  |  |  |  |  |  |  | **ended** | |  |  |  |  |  | **ended** | |  |
|  |  |  |  |  |  |  |  |  |  |  | **January 1,** | | |  |  |  |  | **November 8,** | | |  | **Combined** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  | **Years ended December 31,** | | | | | | **2012 through** | | | |  |  |  | **2012 through** | | | |  | **year ended** | |  |  |  |  | **December 31,** | | | |  |  |  |  |  | **March 31,** | |  |
| **(in millions, except per** | |  |  |  |  |  |  |  |  |  | **November 7,** | | |  |  |  | **December 31,** | | | | **December 31,** | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **share data)** | |  |  | **2010** | |  |  | **2011** | |  | **2012** | |  |  |  |  |  | **2012** | |  |  | **2012** | |  |  | **2013** | |  |  | **2014** | |  |  | **2014** | |  | **2015** |  |  |
|  | **Consolidated statement of** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **operations** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **(Unaudited)(1)** | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **data:** | |  | **(Predecessor)** | | |  | **(Predecessor)** | | | **(Predecessor)** | | | |  |  |  |  | **(Successor)** | | |  | **(Successor)** | | |  | **(Successor)** | | |  | **(Successor)** | | | **(Successor)** | | |  |
|  | Revenue: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Franchise revenue (2) |  |  | 11.2 | |  |  | 14.9 | |  | 21.3 | |  |  |  |  |  | 4.4 | |  |  | 25.7 | |  |  | 33.7 | |  |  | 58.0 | |  |  | 12.5 | |  | 17.0 | |  |
|  | Commision Income |  |  | 4.9 | |  |  | 6.9 | |  | 7.1 | |  |  |  |  |  | 1.9 | |  |  | 9.0 | |  |  | 10.4 | |  |  | 13.9 | |  |  | 4.0 | |  | 4.8 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Franchise segment |  |  | 16.1 | |  |  | 21.8 | |  | 28.4 | |  |  |  |  |  | 6.3 | |  |  | 34.7 | |  |  | 44.1 | |  |  | 71.9 | |  |  | 16.5 | |  | 21.8 | |  |
|  | Corporate-owned stores |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | segment |  |  | 31.4 | |  |  | 39.4 | |  | 40.4 | |  |  |  |  |  | 8.8 | |  |  | 49.2 | |  |  | 67.4 | |  |  | 85.0 | |  |  | 17.7 | |  | 23.5 | |  |
|  | Equipment segment (2) |  |  | 44.8 | |  |  | 75.2 | |  | 49.1 | |  |  |  |  |  | 26.7 | |  |  | 75.8 | |  |  | 99.5 | |  |  | 122.9 | |  |  | 23.4 | |  | 31.6 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Total revenue |  |  | 92.3 | |  |  | 136.4 | |  | 117.9 | |  |  |  |  |  | 41.8 | |  |  | 159.7 | |  |  | 211.0 | |  |  | 279.8 | |  |  | 57.6 | |  | 76.9 | |  |
| Operating costs and | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | expenses: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Cost of revenue |  |  | 34.0 | |  |  | 58.0 | |  | 41.0 | |  |  |  |  |  | 21.5 | |  |  | 62.5 | |  |  | 81.4 | |  |  | 100.3 | |  |  | 19.2 | |  | 26.0 | |  |
|  | Store operations |  |  | 23.1 | |  |  | 27.8 | |  | 28.4 | |  |  |  |  |  | 5.9 | |  |  | 34.3 | |  |  | 41.7 | |  |  | 49.5 | |  |  | 10.5 | |  | 14.3 | |  |
|  | Selling, general and |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | administrative |  |  | 12.1 | |  |  | 15.0 | |  | 19.5 | |  |  |  |  |  | 2.6 | |  |  | 22.1 | |  |  | 23.1 | |  |  | 35.1 | |  |  | 6.6 | |  | 14.1 | |  |
|  | Depreciation and |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | amortization |  |  | 3.5 | |  |  | 4.2 | |  | 5.7 | |  |  |  |  |  | 7.0 | |  |  | 12.7 | |  |  | 28.8 | |  |  | 32.3 | |  |  | 6.5 | |  | 8.2 | |  |
|  | Impairment of goodwill |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | and intangible assets |  |  | 1.3 | |  |  | — | |  | — | | |  |  |  |  | — | | |  | — | |  |  | — | |  |  | — | |  |  | — | |  | — | |  |
|  | Other (gains) losses |  |  | — | |  |  | (0.2) | |  | (1.9) | |  |  |  |  |  | — | | |  | (1.9) | |  |  | — | |  |  | 1.0 | |  |  | 1.3 | |  | — | |  |
|  | Total |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | operating |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | costs |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | and |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | expenses |  |  | 74.0 | |  |  | 104.8 | |  | 92.7 | |  |  |  |  |  | 37.0 | |  |  | 129.7 | |  |  | 175.0 | |  |  | 218.2 | |  |  | 44.1 | |  | 62.6 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Income from operations |  |  | 18.3 | |  |  | 31.6 | |  | 25.2 | |  |  |  |  |  | 4.8 | |  |  | 30.0 | |  |  | 36.0 | |  |  | 61.6 | |  |  | 13.5 | |  | 14.3 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other income (expense), |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | net: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Interest income |  |  | 0.4 | |  |  | 0.6 | |  | 0.9 | |  |  |  |  |  | 0.1 | |  |  | 1.0 | |  |  | 0.5 | |  |  | 0.4 | |  |  | 0.1 | |  | 0.2 | |  |
|  | Interest expense(3) |  |  | (1.9) | |  |  | (2.5) | |  | (2.3) | |  |  |  |  |  | (2.5) | |  |  | (4.8) | |  |  | (9.4) | |  |  | (22.2) | |  |  | (6.6) | |  | (5.0) | |  |
|  | Other income (expense) |  |  | 0.3 | |  |  | 0.3 | |  | — | | |  |  |  |  | (0.1) | |  |  | (0.1) | |  |  | (0.7) | |  |  | (1.3) | |  |  | (0.4) | |  | (0.7) | |  |
|  | Total other expense, |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | net |  |  | (1.2) | |  |  | (1.6) | |  | (1.4) | |  |  |  |  |  | (2.5) | |  |  | (3.9) | |  |  | (9.6) | |  |  | (23.1) | |  |  | (6.9) | |  | (5.5) | |  |
|  | Income before provision |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | for income taxes |  |  | 17.1 | |  |  | 30.0 | |  | 23.8 | |  |  |  |  |  | 2.3 | |  |  | 26.1 | |  |  | 26.4 | |  |  | 38.5 | |  |  | 6.6 | |  | 8.8 | |  |
|  | Provision for income taxes |  |  | 0.6 | |  |  | 0.8 | |  | 0.6 | |  |  |  |  |  | 0.1 | |  |  | 0.7 | |  |  | 0.6 | |  |  | 1.2 | |  |  | 0.3 | |  | 0.3 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Net income |  |  | 16.5 | |  |  | 29.2 | |  | 23.2 | |  |  |  |  |  | 2.2 | |  |  | 25.4 | |  |  | 25.8 | |  |  | 37.3 | |  |  | 6.3 | |  | 8.5 | |  |
|  | Less net (loss) income |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | attributable to |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | noncontrolling interests |  |  | (1.2) | |  |  | 2.3 | |  | 1.0 | |  |  |  |  |  | — | | |  | 1.0 | |  |  | 0.4 | |  |  | 0.5 | |  |  | 0.2 | |  | 0.1 | |  |
|  | Net income attributable |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | to members of Pla-Fit |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Holdings, LLC | $ | | 17.7 | | $ | | 26.9 | | $ | 22.2 | |  |  | | $ | | 2.2 | |  | $ | 24.4 | | $ | | 25.4 | | $ | | 36.8 | | $ | | 6.1 | | $ | 8.4 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Pro forma net income per |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | share data (unaudited): |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | (4) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Pro forma net income per | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | share: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Basic |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | $ | | — | |  |  |  |  | $ | — | |  |
|  | Diluted |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | $ | | — | |  |  |  |  | $ | — | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Pro forma weighted average |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | shares of Class A |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | common stock |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | outstanding: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Basic | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Diluted |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Consolidated statement of | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | cash flows data: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Net cash provided by |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | operating activities | $ | | 29.5 | | $ | | 38.0 | | $ | 30.6 | |  |  | | $ | | 12.5 | |  | $ | 43.1 | | $ | | 66.9 | | $ | | 79.4 | | $ | | 8.2 | | $ | 12.0 | |  |
|  | Net cash used in investing |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | activities |  |  | (7.9) | |  |  | (6.7) | |  | (16.7) | |  |  |  |  |  | (216.2) | |  |  | (232.9) | |  |  | (7.1) | |  |  | (54.4) | |  |  | (39.5) | |  | (5.3) | |  |
|  | Net cash provided by (used |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | in) financing activities |  |  | (20.2) | |  |  | (34.0) | |  | (5.8) | |  |  |  |  |  | 192.4 | |  |  | 186.6 | |  |  | (38.0) | |  |  | (13.0) | |  |  | 15.0 | |  | (22.5) | |  |
| Consolidated balance sheet | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | data: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Cash and cash equivalents | $ | | 15.7 | | $ | | 13.0 | |  | n/a | | |  | | $ | | 9.5 | |  |  | n/a | | $ | | 31.3 | | $ | | 43.3 | | $ | | 15.0 | | $ | 27.5 | |  |
|  | Property and equipment, net |  |  | 28.0 | |  |  | 28.2 | |  | n/a | | |  |  |  |  | 32.7 | |  |  | n/a | |  |  | 33.8 | |  |  | 49.6 | |  |  | 40.6 | |  | 51.6 | |  |
|  | Total assets |  |  | 61.6 | |  |  | 67.5 | |  | n/a | | |  |  |  |  | 559.7 | |  |  | n/a | |  |  | 562.1 | |  |  | 609.3 | |  |  | 579.4 | |  | 579.6 |  |  |
|  | Total debt and capital lease |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | obligations |  |  | 30.6 | |  |  | 24.3 | |  | n/a | | |  |  |  |  | 201.8 | |  |  | n/a | |  |  | 184.5 | |  |  | 387.5 | |  |  | 391.1 | |  | 506.4 |  |  |
|  | Total equity |  |  | 1.0 | |  |  | 1.8 | |  | n/a | | |  |  |  |  | 316.6 | |  |  | n/a | |  |  | 321.9 | |  |  | 151.7 | |  |  | 144.3 | |  | 12.4 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |



1. The table above sets forth our results of operations for the period from January 1, 2012 to November 7, 2012 (predecessor), and the period November 8, 2012 to December 31, 2012 (successor). The unaudited combined results of operations and cash flows for the year ended December 31, 2012 represents the mathematical addition of our Predecessor’s results of operations from January 1, 2012 to November 7, 2012, and the Successor’s results of operations from November 8, 2012 to December 31, 2012. We have included the unaudited combined financial information in order to facilitate a comparison with our other years. Each of the Predecessor and Successor results for the period from January 1, 2012 to November 7, 2012, and the period from November 8, 2012 to December 31, 2012, respectively, have been audited and are consistent with GAAP. However, the presentation of unaudited combined financial information for the year ended December 31, 2012 is not consistent with GAAP or with the pro forma requirements of Article 11 of Regulation S-X, and may yield results that are not comparable on a period-to-period basis primarily due to (i) the impact of required purchase accounting adjustments and (ii) the new basis of accounting

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established in connection with the 2012 Acquisition. Such results are not necessarily indicative of what the results for the respective periods would have been had the 2012 Acquisition not occurred. All references to the year ended December 31, 2012 in this prospectus are based on this unaudited combined information.

1. Effective January 1, 2012, we began to report placement revenue within franchise revenue. Prior to January 1, 2012, this revenue was reported within equipment revenue. Placement revenue includes amounts we charge our franchisees for assembling and placing cardio and strength equipment at franchisee-owned stores. Placement revenue was $4.9 million, $6.3 million and $8.5 million in 2012, 2013 and 2014, respectively. Prior to 2012, we did not separately track these amounts.
2. Interest expense in 2014 includes $4.7 million for the loss on extinguishment of debt.
3. Basic net income per share is computed by dividing the net income available to common stockholders by the weighted-average shares of common stock outstanding during the period. Diluted net income per share is computed by adjusting the net income available to common stockholders and the weighted-average shares of common stock outstanding to give effect to potentially dilutive securities. For more information regarding the pro forma presentation of these measures, see “Unaudited pro forma consolidated financial information.”



|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  | **Years ended December 31,** | | | | | |  |  | **Quarters ended March 31,** | | | | |  |  |
|  |  |  |  | **2010** | |  | **2011** | |  |  | **2012** | |  | **2013** | |  |  | **2014** | |  | **2014** | |  |  | **2015** |  |  |
|  |  |  | **(Predecessor)** | | | **(Predecessor)** | | |  | **(Combined)** | | | **(Successor)** | | |  | **(Successor)** | | | **(Successor)** | | |  | **(Successor)** | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Other Operating Data:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **(Unaudited)(1)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Number of stores at end of | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | period:(2) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Franchisee-owned |  |  | 356 |  |  | 457 |  |  |  | 562 | |  | 704 |  |  |  | 863 |  |  | 732 |  |  |  | 919 |  |  |
| Corporate-owned | |  |  | 33 | |  | 31 | |  |  | 44 | |  | 45 |  |  |  | 55 | |  | 53 |  |  |  | 57 |  |  |
|  | System-wide |  |  | 389 |  |  | 488 |  |  |  | 606 | |  | 749 |  |  |  | 918 |  |  | 785 |  |  |  | 976 |  |  |
| Same store sales growth:(3) | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Franchisee-owned |  |  | 14.3% |  |  | 3.8% |  |  |  | 8.7% | |  | 9.1% |  |  |  | 11.5% |  |  | 13.6% |  |  |  | 11.7% |  |  |
| Corporate-owned | |  |  | 5.7% | |  | 3.3% |  |  |  | 4.8% | |  | 6.1% |  |  |  | 5.4% | |  | 6.1% |  |  |  | 4.6% |  |  |
|  | System-wide |  |  | 13.6% |  |  | 3.6% |  |  |  | 8.1% | |  | 8.4% |  |  |  | 10.8% |  |  | 13.0% |  |  |  | 10.9% |  |  |
| **(In millions)** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | System-wide membership |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | data: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Number of members at end | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | of period(4) |  |  | 2.3 | |  | 2.9 | |  |  | 3.7 | |  | 4.8 | |  |  | 6.1 | |  | 5.7 | |  |  | 7.1 |  |  |
|  | System-wide sales(5) | $ | | 415.6 |  | $ | 519.7 |  | $ | | 693.7 |  | $ | 891.0 |  | $ | | 1,189.9 | | $ | 228.0 |  | $ | | 328.0 |  |  |
| EBITDA(6) | | $ | | 22.1 | | $ | 36.1 |  | $ | | 42.6 | | $ | 64.1 |  | $ | | 92.6 | | $ | 19.6 |  | $ | | 21.8 |  |  |
|  | Adjusted EBITDA(6) | $ | | 22.6 | | $ | 38.1 |  | $ | | 51.3 | | $ | 71.1 |  | $ | | 100.6 |  | $ | 22.0 |  | $ | | 28.5 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

1. For the other operating data shown in the table above, we have combined the Predecessor and the Successor periods to present 2012 on a combined basis only.
2. We classify a store as open on the date the store receives its occupancy certificate, which is typically the date the store is first available for use by its members.
3. Same store sales refers to year-over-year sales comparisons for the same store sales base. We define the same store sales base to include those stores that have been open and for which membership dues have been billed for longer than 12 months. We measure same store sales based solely on monthly dues billed to members of our corporate-owned stores and franchisee-owned stores.
4. We define members as all active members, which includes both monthly billing members, prepay members and all pre-sale members. Pre-sale members include those that have joined a store prior to the store opening. This data is system-wide, which includes members of corporate-owned and franchisee-owned stores.
5. We define system-wide sales as the monthly dues and annual fees from members of both corporate-owned and franchisee-owned stores.
6. EBITDA is defined as net income before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as net income before interest, taxes, depreciation and amortization, adjusted for the impact of certain non-cash and other items that we do not consider in our evaluation of ongoing operating performance. These items include certain purchase accounting adjustments, management fees, certain IT system upgrade costs, acquisition transaction fees, IPO-related costs, pre-opening costs and certain other charges and gains that we do not believe reflect our underlying business performance. EBITDA and Adjusted EBITDA as presented in this prospectus are supplemental measures of our performance that are neither required by, nor presented in accordance with, GAAP. EBITDA and Adjusted EBITDA should not be considered as substitutes for GAAP metrics such as net income or any other performance measures derived in accordance with GAAP. Also, in the future we may incur expenses or charges such as those added back to

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calculate Adjusted EBITDA. Our presentation of EBITDA and Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or nonrecurring items. See “Management’s discussion and analysis of financial condition and results of operations—Non-GAAP financial measures.”

The following table reconciles net income to EBITDA and Adjusted EBITDA for the years ended December 31, 2010, 2011, 2012, 2013 and 2014, respectively, and the quarters ended March 31, 2014 and 2015, respectively.



|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  | **Years ended December 31,** | | | |  |  | **Quarters ended March 31,** | | | |  |
|  |  |  |  | **2010** |  |  | **2011** | |  | **2012** | |  | **2013** | |  | **2014** | |  | **2014** | |  | **2015** |  |
|  | **(unaudited, in millions)** | | **(Predecessor)** | | | **(Predecessor)** | | | **(Combined)** | | | **(Successor)** | | | **(Successor)** | | | **(Successor)** | | | **(Successor)** | | |
|  | Net income | | $ | 16.5 |  | $ | 29.2 |  | $ | 25.4 |  | $ | 25.8 |  | $ | 37.3 |  | $ | 6.3 | | $ | 8.5 |  |
| Interest expense, | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | net(1) | |  | 1.5 |  |  | 1.9 | |  | 3.8 | |  | 8.9 | |  | 21.8 |  |  | 6.5 | |  | 4.8 |  |
|  | Provision for income | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | taxes | |  | 0.6 |  |  | 0.8 | |  | 0.7 | |  | 0.6 | |  | 1.2 | |  | 0.3 | |  | 0.3 |  |
| Depreciation and | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | amortization | |  | 3.5 |  |  | 4.2 | |  | 12.7 |  |  | 28.8 |  |  | 32.3 |  |  | 6.5 | |  | 8.2 |  |
|  | EBITDA | |  | 22.1 |  |  | 36.1 |  |  | 42.6 |  |  | 64.1 |  |  | 92.6 |  |  | 19.6 |  |  | 21.8 |  |
| Purchase accounting | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | adjustments(2) | |  | — | |  | — | |  | 0.8 | |  | 2.8 | |  | 2.8 | |  | 1.7 | |  | 0.4 |  |
|  | Management fees(3) | |  | — | |  | — | |  | 0.1 | |  | 1.1 | |  | 1.2 | |  | 0.3 | |  | 0.3 |  |
| IT system upgrade | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | costs(4) | |  | — | |  | 0.8 | |  | 0.5 | |  | 2.5 | |  | 1.2 | |  | 0.2 | |  | 3.6 |  |
|  | Transaction fees(5) | |  | — | |  | 0.2 | |  | 2.0 | |  | 0.3 | |  | 0.6 | |  | — | |  | – | |
| IPO-related costs(6) | | |  | — | |  | — | |  | — | |  | — | |  | 0.7 | |  | 0.1 | |  | 1.8 |  |
|  | Legacy bonus(7) | |  | — | |  | — | |  | 4.5 | |  | — | |  | — | |  | — | |  | – | |
| Pre-opening costs(8) | | |  | 0.5 |  |  | 0.6 | |  | 0.1 | |  | 0.3 | |  | 1.7 | |  | 0.1 | |  | 0.6 |  |
|  | Other(9) | |  | — | |  | 0.4 | |  | 0.7 | |  | — | |  | (0.2) | |  | — | |  | – | |
| Adjusted EBITDA | | | $ | 22.6 |  | $ | 38.1 |  | $ | 51.3 |  | $ | 71.1 |  | $ | 100.6 |  | $ | 22.0 |  | $ | 28.5 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

1. Includes $4.7 million of loss on extinguishment of debt in 2014.
2. Represents the impact of certain purchase accounting adjustments associated with the 2012 Acquisition of Pla-Fit Holdings, LLC on November 8, 2012 and our acquisition of eight franchisee-owned stores during 2014. These are primarily related to fair value adjustments to deferred revenue and deferred rent.
3. Represents management fees and expenses paid to a management company affiliated with TSG pursuant to a management services agreement that will terminate in connection with this offering. See “Certain relationships and related party transactions—Related party agreements in effect prior to this offering—Management services agreement.”
4. Represents costs associated with certain IT system upgrades, primarily related to our point-of-sale systems.
5. Represents transaction fees and expenses primarily related to business acquisitions and dispositions.
6. Represents legal, accounting and other costs incurred in preparation for this offering.
7. Relates primarily to bonuses for certain employees at the time of the 2012 Acquisition that were paid by the members of the Predecessor, which according to accounting rules applicable to us must be reported in our GAAP results.
8. Represents costs associated with new corporate-owned stores incurred prior to the store opening, including payroll-related costs, rent and occupancy expenses, marketing and other store operating supply expenses.
9. Represents certain other charges and gains that we do not believe reflect our underlying business performance. These charges consisted primarily of severance in 2011, severance offset by the gain from the sale of two stores to a franchisee in 2012 and the net gain recorded from the receipt of insurance proceeds related to restoration and business interruption costs from the flood that occurred in our Bayshore, New York store in October 2014.

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**Management’s discussion and analysis of financial condition and results of operations**

*You should read the following discussion and analysis of our financial condition and consolidated results of operations in conjunction with the “Selected consolidated financial and other data” section of this prospectus and our consolidated financial statements and the related notes appearing elsewhere in this prospectus. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including, but not limited to, those set forth in the “Risk factors” section and elsewhere in this prospectus.*

**Overview**

We are one of the largest and fastest-growing franchisors and operators of fitness centers in the United States by number of members and locations, with a highly recognized national brand. Our mission is to enhance people’s lives by providing a high-quality fitness experience in a welcoming, non-intimidating environment, which we call the Judgement Free Zone, where anyone—and we mean anyone—can feel they belong. Our bright, clean stores are typically 20,000 square feet, with a large selection of high-quality, purple and yellow Planet Fitness-branded cardio, circuit- and weight-training equipment and friendly staff trainers who offer unlimited free fitness instruction to all our members in small groups through our PE@PF program. We offer this differentiated fitness experience at only $10 per month for our standard membership. This exceptional value proposition is designed to appeal to a broad population, including occasional gym users and the approximately 80% of the U.S. and Canadian populations over age 14 who are not gym members, particularly those who find the traditional fitness club setting intimidating and expensive. We and our franchisees fiercely protect Planet Fitness’ community atmosphere—a place where you do not need to be fit before joining and where progress toward achieving your fitness goals (big or small) is supported and applauded by our staff and fellow members.

Our judgement-free approach to fitness and exceptional value proposition have enabled us to grow our revenues to $279.8 million in 2014 and to become an industry leader with $1.2 billion in system-wide sales in 2014, and more than 7.1 million members and 976 stores in 47 states, Puerto Rico and Canada as of March 31, 2015. In June 2015, we announced the opening of our 1,000th store. System-wide sales for 2014 include

$1.1 billion attributable to franchisee-owned stores, from which we generate royalty revenue, and $82.0 million attributable to our corporate-owned stores. Of our 976 stores, 919 are franchised and 57 are corporate-owned. Our stores are successful in a wide range of geographies and demographics. According to internal and third-party analysis, we believe we have the opportunity to more than quadruple our store count to over 4,000 stores in the United States alone. Under signed ADAs as of March 31, 2015, our franchisees have committed to open more than 1,000 additional stores.

In 2014, our corporate-owned stores had segment EBITDA margin of 37.3% and had AUVs of approximately $1.6 million with four-wall EBITDA margins of approximately 41%, or approximately 36% after applying the 5% royalty rate under our current franchise agreements. Based on a survey of franchisees, we believe that our franchise stores achieve four-wall EBITDA margins in line with these corporate-owned store EBITDA margins. For a reconciliation of segment EBITDA margin to four-wall EBITDA margin for corporate-owned stores, see “—Non-GAAP measures.”

We have expanded our store base from 389 stores in 39 states as of December 31, 2010 to 918 stores in 47 states, Canada and Puerto Rico as of December 31, 2014. We opened 171 stores in 2014, including two corporate-owned stores and 169 franchise stores. As of March 31, 2015, we had 187 different franchisee groups that owned 919 stores and had commitments to open more than 1,000 new stores under existing ADAs. We

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believe we are well positioned for future growth with a developed infrastructure capable of supporting a store

base that is far greater than our existing footprint. Of the 57 existing corporate-owned stores as of March 31, 2015, eight of these stores were acquired from a franchisee (who is still an existing franchisee with other stores) on March 31, 2014.

***Composition of revenues, expenses and cash flows***

*Revenues*

We generate revenue from three primary sources:

* *Franchise segment revenue:* Franchise segment revenue relates to services we provide to support our franchisees and includes royaltyrevenue, franchise fees, placement revenue, other fees and commission income associated with our franchisee-owned stores. Franchise segment revenue does not include the sale of tangible products by us to our franchisees. Our franchise segment revenue comprised 24%, 15%, 21% and 26% of our total revenue for the period from January 1, 2012 to November 7, 2012, the period from November 8, 2012 to December 31, 2012, and the years ended December 31, 2013 and 2014, respectively, and 29% and 28% of our total revenue for the quarters ended March 31, 2014 and 2015, respectively. Royalty revenue, which represents royalties paid by franchisees based on the franchisee-owned stores’ monthly and annual membership billings, is recognized on a monthly basis over the term of the franchise agreement. Franchise fees, which include fees under ADAs, are recognized when we have substantially completed all of our performance obligations, which is generally at or near the store opening date. Placement revenue includes amounts we charge our franchisees for assembling and placing cardio and strength equipment at franchisee-owned stores. Placement revenue is recognized upon completion and acceptance of the services at the franchisee stores. Other fees includes online member join fees we receive from franchisees related to processing transactions for new members joining franchisee-owned stores through the Company’s website and billing transaction fees we receive from franchisees related to franchisee membership billing processing through our third-party hosted point-of-sale system. Through our point-of-sale system, we oversee the processing of membership billings for franchisee-owned stores through EFT transactions and the billing transaction fees we receive are based upon the number of transactions processed. Our royalties and other fees are deducted from these membership billings and remitted to us by the processor prior to the net billings being remitted to the franchisees. Commission income is generated from activities related to our franchisees, including purchases of merchandise, promotional materials and store fixtures by our franchisees from third-party vendors. These commissions are recognized when amounts have been earned and collectability from the vendor is reasonably assured.
* *Corporate-owned store segment revenue*: Includes monthly membership dues, enrollment fees, annual fees and prepaid fees paid by ourmembers as well as retail sales. This source of revenue comprised 34%, 21%, 32% and 30% of our total revenue for the period from January 1, 2012 to November 7, 2012, the period from November 8, 2012 to December 31, 2012, and the years ended December 31, 2013 and 2014, respectively, and 31% and 31% of our total revenue for the quarters ended March 31, 2014 and 2015, respectively. As of March 31, 2015, 95% of our members paid their monthly dues by EFT, while the remainder prepaid annually in advance. Membership dues and fees are earned and recognized over the membership term. Enrollment fees are recognized ratably over the estimated duration of the membership. Annual fees are recognized ratably over the 12-month membership period. Retail sales are recognized at the point of sale.
* *Equipment segment revenue*: Includes equipment sales for new franchisee-owned stores as well as replacement equipment for existingfranchisee-owned stores. Franchisee-owned stores are required to replace their equipment every four to seven years based on the life of the specific equipment. This source of revenue comprised 42%, 64%, 47% and 44% of our total revenue for the period from January 1, 2012 to November 7, 2012, the period from November 8, 2012 to December 31, 2012, and the years ended

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December 31, 2013 and 2014, respectively, and 41% and 41% of our total revenue for the quarters ended March 31, 2014 and 2015, respectively. Equipment revenue is recognized when the equipment is delivered, assembled, placed and accepted by the franchisee.

*Expenses*

We primarily incur the following expenses:

* *Cost of revenue*: Primarily includes the direct costs associated with equipment sales to new and existing franchisee-owned stores as well asdirect costs related to our point-of-sale system. Cost of revenue also includes the cost of retail sales at our corporate-owned stores, which is immaterial. Our cost of revenue changes primarily based on equipment sales volume.
* *Store operations*: Includes the direct costs associated with our corporate-owned stores, primarily rent, utilities, payroll, marketing, maintenanceand supplies. The components of store operations remain relatively stable for each store and change primarily based on the number of corporate-owned stores. Our statements of operations do not include, and we are not responsible for, any costs associated with operating franchisee-owned stores.
* *Selling, general and administrative expenses*: Consists of costs associated with administrative and franchisee support functions related to ourexisting business as well as growth and development activities, including costs to support placement services. These costs primarily consist of payroll, IT-related, marketing, legal and accounting expenses.

*Cash flows*

We generate a significant portion of our cash flows from monthly membership dues, royalties and various fees and commissions related to transactions involving our franchisee-owned stores. We oversee the membership billing process, as well as the collection of our royalties and certain other fees, through our third-party hosted system-wide point-of-sale system. We collect monthly dues from our corporate-owned store members on or around the 17th of each month, while annual fees are collected in February, June or October, depending on when the membership agreement was signed. Through our point-of-sale system, we oversee the processing of membership billings for franchisee-owned stores. Our royalties and certain other fees are deducted on or around the 17th of each month from these membership billings by the processor prior to the net billings being remitted to the franchisees. Our franchisees are responsible for maintaining the membership billing records and collection of member dues for their respective stores through the point-of-sale system. Our royalties are based on monthly and annual membership billings for the franchisee-owned stores without regard to the collections of those billings by our franchisees. The amount and timing of the collection of royalties and membership dues and fees at corporate-owned stores is, therefore, generally fairly predictable.

As new corporate-owned stores open, or existing stores generate positive same store sales, future corporate-owned store revenues are expected to grow. Our corporate-owned stores also generate strong operating margins and cash flow, as a significant portion of our costs are fixed or semi-fixed such as rent and labor.

Equipment sales to new and existing franchisee-owned stores also generate significant cash flows. Franchisees either pay in advance or provide evidence of a committed financing arrangement.

**Recent transactions**

On March 31, 2015, we amended our senior secured credit facility to provide for an increase in term loan borrowings to $506.1 million to permit the issuance of a cash distribution of approximately $140.0 million to holders of Class T Units and Class O Units of Pla-Fit Holdings, LLC. The full incremental borrowings of $120.0 million plus cash on hand were used to fund the distribution.

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On March 31, 2014, we acquired the assets related to eight stores in the Hudson Valley area of New York from a franchisee for total consideration of $41.6 million. As a result of this transaction, the stores became corporate-owned stores, and we recorded related property and equipment, intangible assets and goodwill.

On November 8, 2012, Pla-Fit Holdings, LLC was acquired by an investment fund affiliated with TSG for consideration totaling $479.3 million. The 2012 Acquisition was accounted for using the purchase method of accounting, which resulted in a new basis for the assets acquired and liabilities assumed, including intangible assets that are being amortized primarily on a straight-line basis over their estimated useful lives by the Successor as well as goodwill and indefinite-lived intangible assets.

During 2012, we executed a series of transactions in order to simplify our ownership interests in other entities prior to the 2012 Acquisition. These transactions included both the purchase and sale of certain stores, as well as the contribution of ten stores in New York and New Jersey by the members of the Predecessor.

**Seasonality**

Our results are subject to seasonality fluctuations in that member joins are typically higher in January as compared to other months of the year. In addition, our quarterly results may fluctuate significantly because of several factors, including the timing of store openings, timing of price increases for enrollment fees and monthly membership dues and general economic conditions.

The following table sets forth certain unaudited financial information for each quarter during the years ended December 31, 2013 and 2014, and the first quarter of the year ended December 31, 2015. The unaudited quarterly information includes all adjustments (consisting of normal recurring adjustments) that, in the opinion of management, are necessary for a fair presentation of the information presented. This information should be read in conjunction with the consolidated financial statements and related notes thereto included elsewhere in this prospectus. Operating results for interim periods are not necessarily indicative of the results that may be expected for a full fiscal year.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **For the** | |
|  |  | **For the year ended December 31,** | | | | | | |  | **For the year ended December 31,** | | | | | | | | | | **quarter** | |
| **(unaudited, in millions)** |  |  |  | **2013** | |  |  |  |  |  |  | **2014** | | | |  |  |  |  | **ended** | |
|  |  | **1st** | | **2nd** | | **3rd** | | **4th** |  | **1st** | | **2nd** | |  | **3rd** | |  | **4th** |  | **March 31,** |  |
|  |  | **Quarter** | | **Quarter** | | **Quarter** | | **Quarter** |  | **Quarter** | | **Quarter** | |  | **Quarter** | |  | **Quarter** | | **2015** |  |
| Total revenues | $ 44.9 | |  | $ 42.7 | | $ 45.9 |  | $ 77.5 | $ 57.6 | |  | $ 62.7 | | $ 63.5 | | | $ 96.0 | | | $ 76.9 | |
| Operating income | 7.1 | | | 8.0 | | 8.0 | | 12.9 | 13.5 | |  | 14.7 | | 14.0 | | | 19.4 | | | 14.3 | |
| Net income | 4.5 | | | 5.4 | | 5.6 | | 10.3 | 6.3 | | | 9.0 | | 8.3 | | | 13.7 | | | 8.5 | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  | 76 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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**Our segments**

We operate and manage our business in three business segments: Franchise, Corporate-owned stores and Equipment. Our Franchise segment includes operations related to our franchising business in the United States, Puerto Rico and Canada. Our Corporate-owned stores segment includes operations with respect to all corporate-owned stores throughout the United States and Canada. The Equipment segment includes the sale of equipment to franchisee-owned stores. We evaluate the performance of our segments and allocate resources to them based on revenue and earnings before interest, taxes, depreciation and amortization, referred to as Segment EBITDA. See “—Non-GAAP financial measures.” Revenue and Segment EBITDA for all operating segments include only transactions with unaffiliated customers and do not include intersegment transactions. The tables below summarize the financial information for our segments for the period from January 1, 2012 through November 7, 2012, the period from November 8, 2012 through December 31, 2012, the years ended December 31, 2013 and 2014 and the quarters ended March 31, 2014 and 2015. “Corporate and other,” as it relates to Segment EBITDA, primarily includes corporate overhead costs, such as payroll and related benefit costs and professional services that are not directly attributable to any individual segment.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Period from** | |  |  |  | **Period from** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **January 1, 2012** | | |  |  | **November 8,** | | |  |  | **Years ended** | | | | | |  |  | **Quarters ended** | | | |  |
|  |  |  | **through** | |  |  | **2012 through** | | |  |  | **December 31,** | | | | | |  |  |  |  | **March 31,** | |  |
|  |  |  | **November 7,** | |  |  | **December 31,** | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **(in millions)** |  |  | **2012** | |  |  |  | **2012** | |  |  | **2013** | |  |  | **2014** | | **2014** | |  |  | **2015** | |  |
|  |  |  | **(Predecessor)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **(Successor)** | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenue: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Franchise | $ | | 28.4 |  |  | $ | | 6.3 | | $ | | 44.1 | | $ | | 71.9 | | $ 16.5 | | $ | | 21.8 | |  |
| Corporate-owned stores |  |  | 40.4 |  |  |  |  | 8.8 | |  |  | 67.4 | |  |  | 85.0 | | 17.7 | |  |  | 23.5 | |  |
| Equipment |  |  | 49.1 |  |  |  |  | 26.7 |  |  |  | 99.5 |  |  |  | 122.9 |  | 23.4 | |  |  | 31.6 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total revenue |  | $ | 117.9 |  |  |  | $ | 41.8 |  | $ | | 211.0 |  | $ | | 279.8 | | $ 57.6 | | $ | | 76.9 | |  |
| Segment EBITDA: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Franchise | $ | | 17.8 |  |  | $ | | 4.9 | | $ | | 30.1 | | $ | | 53.1 | | $ 12.8 | | $ | | 13.6 | |  |
| Corporate-owned stores |  |  | 11.6 |  |  |  |  | 2.2 | |  |  | 21.7 | |  |  | 31.7 | | 6.4 | |  |  | 7.8 | |  |
| Equipment |  |  | 6.7 | |  |  |  | 5.3 | |  |  | 19.8 | |  |  | 26.4 | | 5.0 | |  |  | 6.7 | |  |
| Corporate and other |  |  | (5.2) | |  |  |  | (0.8) | |  |  | (7.5) | |  |  | (18.6) | | (4.6) | |  |  | (6.3) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total Segment EBITDA |  | $ | 30.9 |  |  |  | $ | 11.6 |  | $ | | 64.1 | | $ | | 92.6 | | $ 19.6 | | $ | | 21.8 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  | 77 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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A reconciliation of income from operations to Segment EBITDA is set forth below:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **Corporate-owned** | | |  |  |  |  | **Corporate** | | |  |  |  |  |
| **(in millions)** | | **Franchise** | | |  | **stores** | | **Equipment** | | |  | **and other** | | | **Total** | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Period from January 1, 2012 through November** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **7, 2012 (Predecessor)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Income from operations | | $ | 17.7 |  | $ | 6.0 | | $ | 6.7 | | $ | | (5.2) | | $ | 25.2 | |  |
|  | Depreciation and amortization |  | 0.1 |  |  | 5.6 | |  | — | |  |  | — | |  | 5.7 | |  |
| Other income (expense) | |  | — |  |  | — | |  | — | |  |  | — | |  | — | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Segment EBITDA | $ | 17.8 |  | $ | 11.6 | | $ | 6.7 | | $ | | (5.2) | | $ | 30.9 | |  |
| **Period from November 8, 2012 through** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **December 31, 2012 (Successor)** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Income from operations | $ | 3.7 |  | $ | — | | $ | 1.8 | | $ | | (0.7) | | $ | 4.8 | |  |
| Depreciation and amortization | |  | 1.2 |  |  | 2.2 | |  | 3.5 | |  |  | — | |  | 6.9 | |  |
|  | Other income (expense) |  | — |  |  | — | |  | — | |  |  | (0.1) | |  | (0.1) | |  |
|  | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Segment EBITDA | | $ | 4.9 |  | $ | 2.2 | | $ | 5.3 | | $ | | (0.8) | | $ | 11.6 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Year ended December 31, 2013:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Income from operations | | $ | 22.5 |  | $ | 7.9 | | $ | 12.1 |  | $ | | (6.5) | | $ | 36.0 | |  |
|  | Depreciation and amortization |  | 7.6 |  |  | 13.4 | |  | 7.7 | |  |  | 0.1 | |  | 28.8 | |  |
| Other income (expense) | |  | — |  |  | 0.4 | |  | — | |  |  | (1.1) | |  | (0.7) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Segment EBITDA | $ | 30.1 |  | $ | 21.7 | | $ | 19.8 |  | $ | | (7.5) | | $ | 64.1 | |  |
| **Year ended December 31, 2014:** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Income from operations | $ | 44.5 |  | $ | 14.1 | | $ | 20.2 |  | $ | | (17.2) | | $ | 61.6 | |  |
| Depreciation and amortization | |  | 8.6 |  |  | 17.4 | |  | 6.2 | |  |  | 0.1 | |  | 32.3 | |  |
|  | Other income (expense) |  | — |  |  | 0.2 | |  | — | |  |  | (1.5) | |  | (1.3) | |  |
|  | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Segment EBITDA | | $ | 53.1 |  | $ | 31.7 | | $ | 26.4 |  | $ | | (18.6) | | $ | 92.6 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Quarter ended March 31, 2014:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Income from operations | | $ | 10.7 |  | $ | 3.6 | | $ | 3.5 | | $ | | (4.3) | | $ | 13.5 | |  |
|  | Depreciation and amortization |  | 2.1 |  |  | 2.8 | |  | 1.5 | |  |  | 0.1 | |  | 6.5 | |  |
| Other income (expense) | |  | — |  |  | — | |  | — | |  |  | (0.4) | |  | (0.4) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Segment EBITDA | $ | 12.8 |  | $ | 6.4 | | $ | 5.0 | | $ | | (4.6) | | $ | 19.6 | |  |
| **Quarter ended March 31, 2015:** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Income from operations | $ | 11.3 |  | $ | 3.9 | | $ | 5.2 | | $ | | (6.1) | | $ | 14.3 | |  |
| Depreciation and amortization | |  | 2.3 |  |  | 4.3 | |  | 1.5 | |  |  | 0.1 | |  | 8.2 | |  |
|  | Other income (expense) |  | — |  |  | (0.4) | |  | — | |  |  | (0.3) | |  | (0.7) | |  |
|  | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Segment EBITDA | | $ | 13.6 |  | $ | 7.8 | | $ | 6.7 | | $ | | (6.3) | | $ | 21.8 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

**How we assess the performance of our business**

In assessing the performance of our business, we consider a variety of performance and financial measures. The key measures for determining how our business is performing include total monthly dues and annual fees from members (which we refer to as system-wide sales), number of new store openings, same store sales for both corporate-owned and franchisee-owned stores, net member growth per store, average royalty fee percentages for franchisee-owned stores, monthly PF Black Card membership penetration percentage, EBITDA,

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Adjusted EBITDA and Segment EBITDA. See “—Non-GAAP financial measures” below for our definition of EBITDA and Adjusted EBITDA and why we present EBITDA and Adjusted EBITDA, and for a reconciliation of our EBITDA and Adjusted EBITDA to net income, the most directly comparable financial measure calculated and presented in accordance with GAAP.

***Total monthly dues and annual fees from members (system-wide sales)***

We review the total amount of dues we collect from our members on a monthly basis, which allows us to assess changes in the performance of our corporate-owned stores from period to period, any competitive pressures, local or regional membership traffic patterns and general market conditions that might impact our store performance. We collect monthly dues on or around the 17th of every month. We collect annual fees once per year from each member in February, June or October, depending upon when the member signed his or her membership agreement.

***Number of new store openings***

The number of new store openings reflects stores opened during a particular reporting period for both corporate-owned and franchisee-owned stores. Opening new stores is an important part of our growth strategy, and we expect the majority of our future new stores will be franchisee-owned. Before we obtain the certificate of occupancy or report any revenue for new corporate-owned stores, we incur pre-opening costs, such as rent expense, labor expense and other operating expenses. Some of our stores open with an initial start-up period of higher than normal marketing and operating expenses, particularly as a percentage of monthly revenue. New stores may not be profitable, and their revenue may not follow historical patterns. The following table shows the growth in our corporate-owned and franchisee-owned store base for the period from January 1, 2012 through November 7, 2012, the period from November 8, 2012 through December 31, 2012, the years ended December 31, 2013 and 2014 and the quarters ended March 31, 2014 and 2015:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Period from** | | | **Period from** | |  |  |  |  |  |  |  |  |  |  |
|  |  | **January 1,** | | | **November 8,** | | **Years ended** | | | | **Quarters ended** | | | | |  |
|  |  | **2012 through** | | | **2012 through** | |  |
|  |  | **December 31,** | | |  |  |  | **March 31,** | |  |  |
|  |  | **November 7,** | | | **December 31,** | |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **2012** |  |  | **2012** | | **2013** | | **2014** | | **2014** | | **2015** | |  |  |
|  | **Franchisee-owned stores:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Stores operated at beginning of period | | 457 |  |  | 526 |  | 562 | | 704 | | 704 |  | 863 | |  |  |
|  | New stores opened | 82 |  |  | 36 |  | 148 | | 169 | | 36 | | 59 | |  |  |
| Stores acquired from corporate | | 3 | |  | — | | — | | — | | — | |  | — | |  |
|  | Stores debranded, sold or consolidated(1) | (16) | |  | — | | (6) | | (10) | | (8) | | (3) | | |  |
|  | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Stores operated at end of period | | 526 |  |  | 562 |  | 704 |  | 863 | | 732 |  | 919 | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Corporate-owned stores:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Stores operated at beginning of period | | 31 |  |  | 44 |  | 44 | | 45 | | 45 | | 55 | |  |  |
|  | New stores opened | — | |  | — | | 1 | | 2 | | — | | 2 | |  |  |
| Stores acquired from franchisees | | 16 |  |  | — | | — | | 8 | | 8 | |  | — | |  |
|  | Stores sold | (3) | |  | — | | — | | — | |  |  |  | — | |  |
|  | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Stores operated at end of period | | 44 |  |  | 44 |  | 45 |  | 55 | | 53 | | 57 | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Total stores:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Stores operated at beginning of period | | 488 |  |  | 570 |  | 606 | | 749 | | 749 |  | 918 | |  |  |
|  | New stores opened | 82 |  |  | 36 |  | 149 | | 171 | | 36 | | 61 | |  |  |
| Stores debranded, sold or consolidated(1) | | — | |  | — | | (6) | | (2) | | — | | (3) | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Stores operated at end of period | 570 |  |  | 606 |  | 749 |  | 918 | | 785 |  | 976 | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | 79 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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1. The term “debrand” refers to a franchisee-owned store whose right to use the Planet Fitness brand and marks has been terminated due to non-compliance with brand standards in accordance with the franchise agreement. We retain the right to prevent debranded stores from continuing to operate as fitness centers.

The term “consolidation” refers to the combination of a franchisee’s store with another store located in close proximity owned by the same franchisee, with our prior approval. This often coincides with an enlargement, re-equipment and/or refurbishment of the remaining store.

***Same store sales***

Same store sales refers to year-over-year sales comparisons for the same store sales base of both corporate-owned and franchisee-owned stores. We define the same store sales base to include those stores that have been open and for which monthly membership dues have been billed for longer than 12 months. We measure same store sales based solely upon monthly dues billed to members of our corporate-owned and franchisee-owned stores.

Several factors affect our same store sales in any given period, including the following:

* the number of stores that have been in operation for more than 12 months;
* the percentage mix of PF Black Card and standard memberships in any period;
* growth in total memberships per store;
* consumer recognition of our brand and our ability to respond to changing consumer preferences;
* overall economic trends, particularly those related to consumer spending;
* our and our franchisees’ ability to operate stores effectively and efficiently to meet consumer expectations;
* marketing and promotional efforts;
* local competition;
* trade area dynamics; and
* opening of new stores in the vicinity of existing locations.

Consistent with common industry practice, we present same store sales as compared to the same period in the prior year for all stores that have been open and for which monthly membership dues have been billed for longer than 12 months, beginning with the thirteenth month and thereafter, as applicable. Since opening new stores will be a significant component of our revenue growth, same store sales is only one measure of how we evaluate our performance.

In March 2015, we completed a migration to a new point-of-sale and billing system (“POS system”), which gives us enhanced control over membership billing practices across all stores and allows us to create mandatory requirements to discontinue the attempted billing of delinquent membership accounts. We believe these changes in our billing practices are beneficial to our brand by controlling collection practices on delinquent accounts and do not believe they will have a negative impact on net membership billings collected by our corporate-owned or franchisee-owned stores. However, we expect the changes in our billing practices, which commenced in the second quarter of 2015, to cause our royalties to be lower due to earlier terminations of billings of certain delinquent accounts upon which we previously received royalty payments. While we do not believe that the impact on our royalties in the future will be material, these new billing practices are expected to negatively impact our same store sales metrics over the remainder of 2015 and 2016 as monthly EFT in these periods is expected to include fewer delinquent membership accounts. Due in part to certain limitations of our prior POS system, we are unable to provide comparable same store sales data for prior periods had these changes in billing practices been implemented previously.

Stores acquired from or sold to franchisees are removed from the franchisee-owned or corporate-owned same store sales base, as applicable, upon the ownership change and for the twelve months following the date of the ownership change. These stores are included in the corporate-owned or franchisee-owned same store sales base, as applicable, following the twelfth month after the acquisition or sale. These stores remain in the system-wide same store sales base in all periods.

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The following table shows our quarterly same store sales since 2012:



|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **Same store sales** | |  |  |
|  |  | **1st Quarter** | **2nd Quarter** | **3rd Quarter** | **4th Quarter** | **Full Year** | |  |
|  |  |  |  |  |  |  |  |  |
| **Franchisee-owned stores** |  |  |  |  |  |  |  |
| 2012 | | 10.3% | 8.2% | 7.8% | 8.7% | 8.7% | |  |
|  | 2013 | 9.7% | 8.0% | 7.9% | 10.7% | 9.1% | |  |
| 2014 | | 13.6% | 11.4% | 10.4% | 10.8% | 11.5% |  |  |
|  | 2015 | 11.7% | — | — | — | — | |  |
| **Corporate-owned stores** | |  |  |  |  |  |  |  |
|  | 2012 | 8.0% | 4.7% | 4.1% | 2.2% | 4.8% | |  |
| 2013 | | 7.0% | 7.0% | 3.8% | 7.0% | 6.1% | |  |
|  | 2014 | 6.1% | 5.3% | 4.7% | 5.5% | 5.4% | |  |
| 2015 | | 4.6% | — | — | — | — | |  |
|  |  |  |  |  |  |  |  |  |
| **System-wide stores** |  |  |  |  |  |  |  |
| 2012 | | 10.1% | 7.9% | 7.2% | 7.4% | 8.1% | |  |
|  | 2013 | 8.7% | 7.3% | 7.3% | 10.4% | 8.4% | |  |
| 2014 | | 13.0% | 10.7% | 9.7% | 10.2% | 10.8% |  |  |
|  | 2015 | 10.9% | — | — | — | — | |  |
|  |  |  |  |  |  |  |  |  |

The following table shows the number of stores in our same store sales base at the end of each period presented:



|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **Same store sales** | |  |  |
|  |  | **1st Quarter** | **2nd Quarter** | **3rd Quarter** | **4th Quarter** | **Full Year** | |  |
|  |  |  |  |  |  |  |  |  |
| **Franchisee-owned stores** |  |  |  |  |  |  |  |
| 2012 | | 378 | 395 | 400 | 433 | 433 |  |  |
|  | 2013 | 471 | 493 | 510 | 545 | 545 |  |  |
| 2014 | | 585 | 602 | 624 | 663 | 663 |  |  |
|  | 2015 | 722 | — | — | — | — | |  |
| **Corporate-owned stores** | |  |  |  |  |  |  |  |
|  | 2012 | 29 | 27 | 27 | 26 | 26 | |  |
| 2013 | | 30 | 30 | 44 | 44 | 44 | |  |
|  | 2014 | 45 | 45 | 45 | 45 | 45 | |  |
| 2015 | | 45 | — | — | — | — | |  |
|  |  |  |  |  |  |  |  |  |
| **System-wide stores** |  |  |  |  |  |  |  |
| 2012 | | 408 | 425 | 443 | 476 | 476 |  |  |
|  | 2013 | 518 | 538 | 555 | 589 | 589 |  |  |
| 2014 | | 630 | 655 | 677 | 716 | 716 |  |  |
|  | 2015 | 775 | — | — | — | — | |  |
|  |  |  |  |  |  |  |  |  |

***Net member growth per store***

Net member growth per store refers to the change in total members in relation to total stores over time. We capture all membership changes daily through our point-of-sale system. We monitor a combination of membership growth, average members per store, average monthly EFT, transfers from or to an individual store location and daily cash collected for enrollment fees related to new members. We seek to make it simple for

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members to join, whether online or in-store, and, while some memberships require a cancellation fee, we offer, and require our franchisees to offer, a non-committal membership option. This approach to memberships is part of our commitment to appeal to new and occasional gym users. As a result, we do not measure membership attrition as an operating metric in assessing our performance. We primarily attribute our membership growth to the growth of our franchisee-owned store base.

***Average royalty fee percentages for the franchisee-owned stores***

The average royalty fee percentage represents royalties collected by us from our franchisees as a percentage of the monthly membership dues and annual fees that are billed by the franchisees to their member base. We have varying royalty fee structures with our franchisee base, ranging from a fixed monthly fee of $500 to a royalty of 5% of total monthly EFT and annual membership fees across our franchisee base. Our royalty fee has increased over time to a current rate of 5.0% for new franchisees.

***PF Black Card penetration percentage***

Our PF Black Card penetration percentage represents the number of our members that have opted to enroll in our PF Black Card membership program as a percentage of our total active membership base. PF Black Card members pay higher monthly membership dues than our standard membership and receive additional benefits for these additional fees. These benefits include access to all of our stores system-wide and access to exclusive areas in our stores that provide amenities such as water massage beds, massage chairs, tanning equipment and more. We view PF Black Card penetration percentage as a critical metric in assessing the performance and growth of our business.

**Non-GAAP financial measures**

We refer to EBITDA, Adjusted EBITDA and four-wall EBITDA throughout this prospectus, as we use these measures to evaluate our operating performance and we believe these measures are useful to investors in evaluating our operating performance. EBITDA is defined as net income before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as net income before interest, taxes, depreciation and amortization, adjusted for the impact of certain non-cash and other items that we do not consider in our evaluation of ongoing operating performance. These items include certain purchase accounting adjustments, management fees, certain IT system upgrade costs, acquisition transaction fees, IPO-related costs, pre-opening costs and certain other charges and gains that we do not believe reflect our underlying business performance. We believe that Adjusted EBITDA is an appropriate measure of operating performance because it eliminates the impact of expenses that we do not believe reflect our underlying business performance. Four-wall EBITDA is an assessment of store-level profitability for stores included in the same-store-sales base, which adjusts for certain administrative and other items that we do not consider in our evaluation of store-level performance.

EBITDA, Adjusted EBITDA and four-wall EBITDA as presented in this prospectus are supplemental measures of our performance that are neither required by, nor presented in accordance with, GAAP. EBITDA, Adjusted EBITDA and four-wall EBITDA should not be considered as substitutes for GAAP metrics such as net income or any other performance measures derived in accordance with GAAP. Also, in the future we may incur expenses or charges such as those added back to calculate Adjusted EBITDA. Our presentation of EBITDA, Adjusted EBITDA and four-wall EBITDA should not be construed as an inference that our future results will be unaffected by unusual or nonrecurring items.

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| A reconciliation of net income to EBITDA and Adjusted EBITDA is set forth below for the periods specified: | | | | | | | | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  | | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Period from** | | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  | **January 1,** | | |  |  |  |  | **Period from** | | | **Years ended** | | | | |  |  |  | **Quarters ended** | | | |  |
|  |  |  | **2012** |  |  |  |  |  | **November 8,** | | | |  |  |  |  |
|  |  |  | **through** | | |  |  |  | **2012 through** | | | | **December 31,** | | | | |  |  |  | **March 31,** | | | |  |
|  |  | **November 7,** | | | |  |  |  | **December 31,** | | | |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **(in millions)** | |  | **2012** |  |  |  |  |  |  | **2012** | |  | **2013** | |  | **2014** | | **2014** | | |  |  | **2015** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | |  |  |
|  |  |  | **(Predecessor)** | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **(Successor)** | | |  |
| Net income | | $ | 23.2 |  |  |  | | $ | | 2.2 | |  | $ 25.8 | | $ | 37.3 | | $ | 6.3 | | $ | | 8.5 | |  |
| Interest expense, net(1) | |  | 1.4 |  |  |  |  |  |  | 2.4 | |  | 8.9 | |  | 21.8 | |  | 6.5 | |  |  | 4.8 | |  |
| Provision for income taxes | |  | 0.6 |  |  |  |  |  |  | 0.1 | |  | 0.6 | |  | 1.2 | |  | 0.3 | |  |  | 0.3 | |  |
| Depreciation and amortization | |  | 5.7 |  |  |  |  |  |  | 7.0 | |  | 28.8 | |  | 32.3 | |  | 6.5 | |  |  | 8.2 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| EBITDA | |  | 30.9 |  |  |  |  |  |  | 11.7 | |  | 64.1 | |  | 92.6 | |  | 19.6 | |  |  | 21.8 | |  |
| Purchase accounting adjustments(2) | |  | 0.8 |  |  |  |  |  |  | — | | | 2.8 | |  | 2.8 | |  | 1.7 | |  |  | 0.4 | |  |
| Management fees(3) | |  | — | | |  |  |  |  | 0.1 | |  | 1.1 | |  | 1.2 | |  | 0.3 | |  |  | 0.3 | |  |
| IT system upgrade costs(4) | |  | 0.4 |  |  |  |  |  |  | 0.1 | |  | 2.5 | |  | 1.2 | |  | 0.2 | |  |  | 3.6 | |  |
| Transaction fees(5) | |  | 2.0 |  |  |  |  |  |  | — | | | 0.3 | |  | 0.6 | |  | — | |  |  | — | |  |
| IPO-related costs(6) | |  | — | | |  |  |  |  | — | | | — | |  | 0.7 | |  | 0.1 | |  |  | 1.8 | |  |
| Legacy bonus(7) | |  | 4.5 |  |  |  |  |  |  | — | | | — | |  | — | |  | — | |  |  | — | |  |
| Pre-opening costs(8) | |  | 0.1 |  |  |  |  |  |  | — | | | 0.3 | |  | 1.7 | |  | 0.1 | |  |  | 0.6 | |  |
| Other(9) | |  | 0.7 |  |  |  |  |  |  | — | | | — | |  | (0.2) | |  | — | |  |  | — | |  |
|  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Adjusted EBITDA | | $ | 39.4 |  |  |  |  | $ | | 11.9 | |  | $ 71.1 | | $ | 100.6 |  | $ | 22.0 | | $ | | 28.5 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |



1. Includes $4.7 million of loss on extinguishment of debt in 2014.
2. Represents the impact of certain purchase accounting adjustments associated with the 2012 Acquisition of Pla-Fit Holdings, LLC on November 8, 2012 and our acquisition of eight franchisee-owned stores during 2014. These are primarily related to fair value adjustments to deferred revenue and deferred rent.
3. Represents management fees and expenses paid to a management company affiliated with TSG pursuant to a management services agreement that will terminate in connection with this offering. See “Certain relationships and related party transactions—Related party agreements in effect prior to this offering—Management services agreement.”
4. Represents costs associated with certain IT system upgrades, primarily related to our point-of-sale systems.
5. Represents transaction fees and expenses primarily related to business acquisitions and dispositions.
6. Represents legal, accounting and other costs incurred in preparation for this offering.
7. Relates primarily to bonuses for certain employees at the time of the 2012 Acquisition that were paid by the members of the Predecessor, which according to accounting rules applicable to us must be reported in our results.
8. Represents costs associated with new corporate-owned stores incurred prior to the store opening, including payroll-related costs, rent and occupancy expenses, marketing and other store operating supply expenses.
9. Represents certain other charges and gains that we do not believe reflect our underlying business performance. These charges consisted primarily of severance in 2011, severance offset by the gain from the sale of two stores to a franchisee in 2012 and the net gain recorded from the receipt of insurance proceeds related to restoration and business interruption costs from the flood that occurred in our Bayshore, New York store in October 2014.

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The following table reconciles corporate-owned segment EBITDA to four-wall EBITDA for the year ended December 31, 2014:

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Year ended December 31,** | | | | | |
|  |  |  |  |  |  |  |  | **2014** |  |
|  |  |  |  |  |  |  |  | **EBITDA** |  |
|  |  | **Revenue** | | | **EBITDA** | | | **Margin** | |
| Corporate-owned stores segment | $ | | 85.0 |  | $ | 31.7 | | 37.3% |  |
| New stores(1) |  |  | (0.4) | |  | 1.5 | |  |  |
| Selling, general and administrative(2) |  |  | — | |  | 2.3 | |  |  |
| Impact of eliminations(3) |  |  | — | |  | (1.6) | |  |  |
| Purchase accounting adjustments(4) |  |  | (0.5) | |  | 0.6 | |  |  |
| Four-wall EBITDA for corporate-owned stores |  | $ | 84.1 |  |  | 34.5 |  | 41.0% |  |
| Royalty adjustment(5) |  |  |  |  |  | (3.8) | |  |  |
| Four-wall EBITDA less royalty adjustment |  |  |  |  | $ | 30.7 |  | 36.5% |  |

1. Includes the impact of stores open less than 13 months and those which have not yet opened.
2. Reflects administrative costs attributable to the corporate-owned stores segment but not directly related to store operations.
3. Reflects intercompany charges for royalties and other fees which eliminate in consolidation.
4. Represents the impact of certain purchase accounting adjustments associated with the 2012 Acquisition of Pla-Fit Holdings, LLC on November 8, 2012 and our acquisition of eight franchisee-owned stores during 2014. These are primarily related to fair value adjustments to deferred revenue and deferred rent.
5. Includes the effect of royalties paid by the franchisee at a rate of 5% per our current franchisee agreement.

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**Results of operations**

The following table sets forth our consolidated statements of operations as a percentage of revenue for the period from January 1, 2012 through November 7, 2012, the period from November 8, 2012 through December 31, 2012, the years ended December 31, 2013 and 2014 and the quarters ended March 31, 2014 and 2015:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Period from** | |  |  |  | **Period from** | |  |  |  |  |  |  |  |  |  |  |
|  | **January 1,** | |  |  |  | **November 8,** | | **Years ended** | | | | **Quarters ended** | | | | |  |
|  | **2012 through** | |  |  |  | **2012 through** | | **December 31,** | | | |  |  | **March 31,** | | |  |
|  | **November 7,** | |  |  |  | **December 31,** | |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **2012** | |  | | **2012** | | | **2013** | | **2014** | | **2014** | | **2015** | | |  |
|  | **(Predecessor)** | |  |  |  |  |  |  |  |  |  |  |  |  | **(Successor)** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenue: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Franchise revenue | 18.1% |  |  | | 10.5% | |  | 16.0% |  | 20.7% |  | 21.7% |  | 22.1% | |  |  |
| Commision income | 6.0% |  |  | |  | 4.6% |  | 4.9% |  | 5.0% | | 6.9% | | 6.2% | | |  |
| Franchise segment | 24.1% |  |  | |  | 15.1% |  | 20.9% |  | 25.7% |  | 28.6% |  |  | 28.3% |  |  |
| Corporate-owned stores segment | 34.3% |  |  | | 21.1% | |  | 31.9% |  | 30.4% |  | 30.7% |  | 30.6% | |  |  |
| Equipment segment | 41.6% |  |  |  |  | 63.8% |  | 47.2% |  | 43.9% |  | 40.7% |  | 41.1% | |  |  |
| Total revenue | 100.0% | |  | | 100.0% | | | 100.0% | | 100.0% | | 100.0% | | 100.0% | | |  |
| Operating costs and expenses: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cost of revenue | 34.8% |  |  | | 51.5% | |  | 38.6% |  | 35.9% |  | 33.3% |  | 33.8% | |  |  |
| Store operations | 24.1% |  |  | | 14.1% | |  | 19.8% |  | 17.7% |  | 18.2% |  | 18.6% | |  |  |
| Selling, general and administrative | 16.5% |  |  | | 6.2% | |  | 10.9% |  | 12.5% |  | 11.5% |  | 18.3% | |  |  |
| Depreciation and amortization | 4.8% |  |  | | 16.7% | |  | 13.6% |  | 11.5% |  | 11.3% |  | 10.7% | |  |  |
| Other (gains) losses | (1.6%) | |  | | 0.0% | |  | 0.0% | | 0.4% | | 2.3% | | 0.0% | | |  |
| Total operating costs and expenses | 78.6% |  |  |  |  | 88.5% |  | 82.9% |  | 78.0% |  | 76.6% |  | 81.4% | |  |  |
| Income from operations | 21.4% |  |  | | 11.5% | |  | 17.1% |  | 22.0% |  | 23.4% |  | 18.6% | |  |  |
| Other income (expense), net: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Interest income | 0.8% |  |  | | 0.2% | |  | 0.2% | | 0.2% | | 0.2% | | 0.3% | | |  |
| Interest expense | (2.0%) | |  | | (6.0%) | | | (4.5%) | | (7.9%) | | (11.5%) | | (6.6%) | | |  |
| Other expense | 0.0% |  |  |  |  | (0.2%) | | (0.3%) | | (0.5%) | | (0.7%) | | (0.9%) | | |  |
|  |  |  |  |  |  |  |  |  | |  |  |  | |  | |  |  |
| Total other expense, net | (1.2%) | |  | | (6.0%) | | | (4.6%) | | (8.2%) | | (12.0%) | | (7.2%) | | |  |
| Income before provision for income taxes | 20.2% |  |  |  |  | 5.5% |  | 12.5% |  | 13.8% |  | 11.5% |  | 11.4% | |  |  |
| Provision for income taxes | 0.5% |  |  |  |  | 0.2% |  | 0.3% | | 0.4% | | 0.6% | | 0.4% | | |  |
| Net income | 19.7% |  |  |  |  | 5.3% |  | 12.2% |  | 13.4% |  | 10.9% |  | 11.0% | |  |  |
| Less net income attributable to noncontrolling interests | 0.9% |  |  | | 0.0% | |  | 0.2% | | 0.2% | | 0.3% | | 0.1% | | |  |
| Net income attributable to members of Pla-Fit Holdings, |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| LLC | 18.8% |  |  | | 5.3% | |  | 12.0% |  | 13.2% |  | 10.6% |  | 10.9% | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 85 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |



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The following table sets forth a comparison of our consolidated statements of operations for the period from January 1, 2012 through November 7, 2012, the period from November 8, 2012 through December 31, 2012, the years ended December 31, 2013 and 2014, and the quarters ended March 31, 2014 and 2015:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Period from** | |  |  | **Period from** | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  | **January 1,** | |  | **November 8,** | | | |  |  |  | **Years ended** | | | |  |  | **Quarter ended** | | | | |  |
|  |  | **2012 through** | | |  | **2012 through** | | | |  |  |  | **December 31,** | | | |  |  |  | **March 31,** | | | |  |
|  |  | **November 7,** | | |  | **December 31,** | | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **(in millions)** | |  | **2012** | |  |  | **2012** | |  |  | **2013** | |  |  | **2014** | |  | **2014** | |  |  | **2015** | |  |
|  |  |  | **(Predecessor)** |  |  |  | **(Successor)** |  |  | **(Successor)** | | |  | **(Successor)** | | | **(Successor)** | | |  | **(Successor)** | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **(unaudited)** | | |  | **(unaudited)** | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenue: | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Franchise revenue | | $ | 21.3 | |  | $ | 4.4 | |  | $ | 33.7 |  | $ | | 58.0 |  | $ | 12.5 |  | $ | | 17.0 | |  |
| Commission income | |  | 7.1 | |  |  | 1.9 | |  |  | 10.4 |  |  |  | 13.9 |  |  | 4.0 | |  |  | 4.8 | |  |
| Franchise segment | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | 28.4 | |  |  | 6.3 | |  |  | 44.1 |  |  |  | 71.9 |  |  | 16.5 |  |  |  | 21.8 | |  |
| Corporate-owned stores segment | |  | 40.4 | |  |  | 8.8 | |  |  | 67.4 |  |  |  | 85.0 |  |  | 17.7 |  |  |  | 23.5 | |  |
| Equipment segment | |  | 49.1 | |  |  | 26.7 | |  |  | 99.5 |  |  |  | 122.9 |  |  | 23.4 |  |  |  | 31.6 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total revenue | |  | 117.9 |  |  |  | 41.8 | |  |  | 211.0 |  |  |  | 279.8 |  |  | 57.6 |  |  |  | 76.9 | |  |
| Operating costs and expenses: | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cost of revenue | |  | 41.0 | |  |  | 21.5 | |  |  | 81.4 |  |  |  | 100.3 |  |  | 19.2 |  |  |  | 26.0 | |  |
| Store operations | |  | 28.4 | |  |  | 5.9 | |  |  | 41.7 |  |  |  | 49.5 |  |  | 10.5 |  |  |  | 14.3 | |  |
| Selling, general and administrative | |  | 19.5 | |  |  | 2.6 | |  |  | 23.1 |  |  |  | 35.1 |  |  | 6.6 | |  |  | 14.1 | |  |
| Depreciation and amortization | |  | 5.7 | |  |  | 7.0 | |  |  | 28.8 |  |  |  | 32.3 |  |  | 6.5 | |  |  | 8.2 | |  |
| Other (gains) losses | |  | (1.9) | |  |  | — | | |  | — | |  |  | 1.0 | |  | 1.3 | |  |  | — | |  |
| Total operating costs and | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| expenses | |  | 92.7 | |  |  | 37.0 | |  |  | 175.0 |  |  |  | 218.2 |  |  | 44.1 |  |  |  | 62.6 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Income from operations | |  | 25.2 | |  |  | 4.8 | |  |  | 36.0 |  |  |  | 61.6 |  |  | 13.5 |  |  |  | 14.3 | |  |
| Other income (expense), net: | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Interest income | |  | 0.9 | |  |  | 0.1 | |  |  | 0.5 | |  |  | 0.4 | |  | 0.1 | |  |  | 0.2 | |  |
| Interest expense | |  | (2.3) | |  |  | (2.5) | |  |  | (9.4) | |  |  | (22.2) | |  | (6.6) | |  |  | (5.0) | |  |
| Other expense | |  | — | |  |  | (0.1) | |  |  | (0.7) | |  |  | (1.3) | |  | (0.4) | |  |  | (0.7) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total other expense, net | |  | (1.4) | |  |  | (2.5) | |  |  | (9.6) | |  |  | (23.1) | |  | (6.9) | |  |  | (5.5) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Income before provision for income taxes | |  | 23.8 | |  |  | 2.3 | |  |  | 26.4 |  |  |  | 38.5 |  |  | 6.6 | |  |  | 8.8 | |  |
| Provision for income taxes | |  | 0.6 | |  |  | 0.1 | |  |  | 0.6 | |  |  | 1.2 | |  | 0.3 | |  |  | 0.3 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income | |  | 23.2 | |  |  | 2.2 | |  |  | 25.8 |  |  |  | 37.3 |  |  | 6.3 | |  |  | 8.5 | |  |
| Less net income attributable to | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| noncontrolling interests | |  | 1.0 | |  |  | — | | |  | 0.4 | |  |  | 0.5 | |  | 0.2 | |  |  | 0.1 | |  |
| Net income attributable to members | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| of Pla-Fit Holdings, LLC | | $ | 22.2 | |  | $ | 2.2 | |  | $ | 25.4 |  | $ | | 36.8 |  | $ | 6.1 | | $ | | 8.4 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

***Comparison of the three months ended March 31, 2015 and March 31, 2014*** *Revenue*

Total revenues were $76.9 million in the quarter ended March 31, 2015, compared to $57.6 million in the quarter ended March 31, 2014, an increase of $19.3 million, or 33.5%.

Franchise segment revenue was $21.8 million in the quarter ended March 31, 2015, compared to $16.5 million in the quarter ended March 31, 2014, an increase of $5.3 million or 32.1%.

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Franchise revenue was $17.0 million in the quarter ended March 31, 2015, compared to $12.5 million in the quarter ended March 31, 2014, an increase of $4.5 million, or 36.0%. Included in franchise revenue is royalty revenue of $10.5 million, franchise and other fees of $4.5 million, and placement revenue of $2.0 million for the quarter ended March 31, 2015, compared to royalty revenue of $6.9 million, franchise and other fees of $4.0 million, and placement revenue of $1.6 million for the quarter ended March 31, 2014. The $3.6 million increase in royalty revenue was primarily driven by $1.8 million attributable to royalties from an additional 56 stores in the quarter ended March 31, 2015 that have opened since March 31, 2014, and $1.3 million attributable to a same store sales increase of 11.7% in franchisee-owned stores.

Commission income was $4.8 million in the quarter ended March 31, 2015, compared to $4.0 million in the quarter ended March 31, 2014, an increase of $0.8 million, or 20.0%. This increase was primarily due to a higher volume of franchisee purchases from vendors due to the higher franchisee-owned store count in 2015 as compared to the quarter ended March 31, 2014.

Revenue from our corporate-owned stores segment was $23.5 million in the quarter ended March 31, 2015, compared to $17.7 million in the quarter ended March 31, 2014, an increase of $5.8 million, or 32.8%. The acquisition of eight franchisee-owned stores on March 31, 2014 and not included in the prior year quarter results led to an increase in revenue of $4.2 million. Additionally, same store sales from corporate-owned stores increased 4.6% in the quarter ended March 31, 2015, which contributed incremental revenues of $0.7 million. Revenue for stores opened since March 31, 2014 and not included in the same store sales base led to an increase in revenue of $0.7 million in the quarter ended March 31, 2015.

Equipment segment revenue was $31.6 million in the quarter ended March 31, 2015, compared to $23.4 million in the quarter ended March 31, 2014, an increase of $8.2 million, or 35.0%. This increase was driven by equipment sales to 12 more franchisee-owned stores in the quarter ended March 31, 2015, as compared to the quarter ended March 31, 2014.

*Cost of revenue*

Cost of revenue was $26.0 million in the quarter ended March 31, 2015 compared to $19.2 million in the quarter ended March 31, 2014, an increase of $6.8 million, or 35.4%. Cost of revenue primarily relates to our equipment segment and increased primarily due to equipment sales to 12 more new franchisee-owned stores in the quarter ended March 31, 2015, as compared to the quarter ended March 31, 2014. The increase in costs is consistent with the increase in equipment revenue.

*Store operations*

Store operation expenses, which relates to our corporate-owned stores segment, were $14.3 million in the quarter ended March 31, 2015 compared to $10.5 million in the quarter ended March 31, 2014, an increase of $3.8 million, or 36.2%. Approximately $2.1 million of this increase was a result of the acquisition of eight stores from a franchisee in March 2014 and not included in the prior year quarter. In addition, we incurred costs and expenses attributable to four new corporate-owned stores opened since March 31, 2014 and included in the current year quarter. We also incurred pre-opening costs of $0.6 million related to one new store that opened during the quarter and one new store that opened shortly after the quarter ended March 31, 2015.

*Selling, general and administrative expenses*

Selling, general and administrative expenses were $14.1 million in the quarter ended March 31, 2015 compared to $6.6 million in the quarter ended March 31, 2014, an increase of $7.5 million, or 113.6%. Of the $7.5 million increase, $3.7 million was related to increased information technology spend which was primarily attributable

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to the rollout of a new point-of-sale system. The point-of-sale system rollout began in late 2014 and was substantially completed by March 31, 2015. In addition, we incurred additional expenses to support our growing franchisee operations, including additional headcount and infrastructure to provide training, development, pre-opening support and store operational excellence functions. We anticipate that our selling, general and administrative expenses will continue to increase as our franchisee-owned store count grows. We also incurred increased costs associated with preparing to be a publicly traded company, including $1.4 million which we were not able to capitalize because we did not expect to receive proceeds in this offering, which will continue to increase. We anticipate that we will incur additional expenses in the future due to equity-based and other compensation costs that will be recognized in connection with and subsequent to this offering.

*Depreciation and amortization*

Depreciation and amortization expense consists of the depreciation of property and equipment, including leasehold and building improvements and equipment. Amortization expense consists of amortization related to our intangible assets, including customer relationships and non-compete agreements with former members of the Predecessor.

Depreciation and amortization expense was $8.2 million in the quarter ended March 31, 2015 compared to $6.5 million in the quarter ended March 31, 2014, an increase of $1.7 million, or 26.2%, primarily due to the increased amortization of intangible assets related to the acquisition of eight stores from a franchisee in March 2014.

*Other loss*

Other loss decreased by $1.3 million in the quarter ended March 31, 2015 compared to the quarter ended March 31, 2014. The other loss in 2014 was primarily the result of the effective settlement of reacquired franchise rights related to the acquisition of eight stores from a franchisee in March 2014.

*Interest income*

Interest income primarily consists of interest earned on notes receivable and is immaterial in both quarters.

*Interest expense*

Interest expense primarily consists of interest on long-term debt as well as the amortization of deferred financing costs.

Interest expense was $5.0 million in the quarter ended March 31, 2015 compared to $6.6 million in the quarter ended March 31, 2014, a decrease of $1.6 million, or 24.2%. This $1.6 million decrease was primarily attributable to the $4.7 million write-off of debt issuance costs in March 2014 in connection with the March 2014 refinancing. This was offset by the increase in interest expense associated with the March 2014 refinancing. We expect interest expense to increase compared to the quarter ended March 31, 2015 as a result of the additional $120.0 million in borrowings as of March 31, 2015.

*Other income (expense)*

Other income (expense) primarily consists of management fees we paid to our Sponsor, realized gains (losses) on derivative activities, as well as the effects of foreign currency gains and losses.

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*Provision for income taxes*

Pla-Fit Holdings, LLC is currently treated as a pass-through entity for U.S. federal income tax purposes as well as in most states. As a result, entity level taxes are not significant. Provision for income taxes consists of tax expense primarily related to the state of New Hampshire and Canada as well as certain other local taxes. We are also subject to tax withholding in Puerto Rico. See “—Critical accounting policies and estimates—Income taxes.”

***Segment results***

*Franchise*

Segment EBITDA for the franchise segment was $13.6 million in the quarter ended March 31, 2015 compared to $12.8 million in the quarter ended March 31, 2014, an increase of $0.8 million, or 6.2%. This increase was primarily the result of growth in our franchise segment revenue of $5.3 million due to higher royalties received from additional franchisee-owned stores opened in 2014, continued growth in royalties from stores opened in 2013 and higher vendor commissions, offset by higher operating expenses. Depreciation and amortization was $2.3 million in the quarter ended March 31, 2015, compared to $2.1 million for the quarter ended March 31, 2014.

*Corporate-owned stores*

Segment EBITDA for the corporate-owned stores segment was $7.8 million in the quarter ended March 31, 2015 compared to $6.4 million in the quarter ended March 31, 2014, an increase of $1.4 million, or 21.9%, primarily from the acquisition of eight franchisee-owned stores on March 31, 2014 and the increase in same store sales. Depreciation and amortization was $4.3 million for the quarter ended March 31, 2015, compared to $2.8 million for the quarter ended March 31, 2014. The increase relates to the eight franchisee-owned stores acquired on March 31, 2014.

*Equipment*

Segment EBITDA for the equipment segment was $6.7 million in the quarter ended March 31, 2015 compared to $5.0 million in the quarter ended March 31, 2014, an increase of $1.7 million, or 34.0%, primarily as a result of equipment sales to 12 more new franchisee-owned stores in the quarter ended March 31, 2015 compared to the quarter ended March 31, 2014. Depreciation and amortization was consistent at $1.5 million for both periods.

***Comparison of the years ended December 31, 2014 and December 31, 2013***

*Revenue*

Total revenue was $279.8 million in 2014 compared to $211.0 million for 2013, an increase of $68.8 million, or 32.6%.

Franchise segment revenue was $71.9 million in 2014, compared to $44.1 million in 2013, an increase of $27.8 million, or 63.0%.

Franchise revenue was $58.0 million in 2014, compared to $33.7 million in 2013, an increase of $24.3 million, or 72.1%. Included in franchise revenue is royalty revenue of $32.7 million, franchise and other fees of $16.8 million, and placement revenue of $8.5 million for 2014, compared to royalty revenue of $21.0 million, franchise and other fees of $6.4 million, and placement revenue of $6.3 million for 2013. Of the $11.7 million increase in royalty revenue, $6.8 million was from new stores opened in 2014 as well as stores that opened in 2013 and were therefore not included in the same store sales base, which collectively resulted in a higher average royalty rate. Additionally, franchisee-owned same store sales increased 11.5% in 2014, resulting in an increase in

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royalty revenue of $3.9 million. These two drivers are expected to continue to increase our average royalty rate over time. The franchise and other fees increase of $10.4 million was primarily associated with a higher volume of franchisee membership billing transactions for which a fee was earned as well as more franchisee-owned stores in 2014 as compared to 2013.

Commission income was $13.9 million in 2014, compared to $10.4 million in 2013, an increase of $3.5 million, or 33.7%. This increase primarily reflects a higher volume of franchisee purchases from vendors due to the higher franchisee-owned store count in 2014 as compared to 2013.

Revenue from our corporate-owned stores segment was $85.0 million in 2014 compared to $67.4 million in 2013, an increase of $17.6 million, or 26.1%. The acquisition of eight franchisee-owned stores on March 31, 2014 led to an increase in revenue of $12.2 million. Additionally, same store sales from corporate-owned stores increased 5.4% in 2014, which contributed incremental revenues of $3.1 million in 2014. Revenue for stores not included in the same store sales base led to an increase in revenue of $0.5 million in 2014.

Equipment segment revenue was $122.9 million in 2014 compared to $99.5 million in 2013, an increase of $23.4 million, or 23.5%, as a result of equipment sales to 34 more new stores in 2014 as compared to 2013 and an increase in replacement equipment revenue of $1.8 million from sales to existing franchisee-owned stores in 2014.

*Cost of revenue*

Cost of revenue was $100.3 million in 2014 compared to $81.4 million in 2013, an increase of $18.9 million, or 23.2%. Cost of revenue primarily relates to our equipment segment. The increase was primarily the impact of 34 more new franchisee-owned stores purchasing equipment in 2014 as compared to 2013 as well as the result of an increase in replacement equipment sales to existing franchisee-owned stores. The increase in costs is consistent with the increase in equipment revenue. Direct costs related to our proprietary point-of-sale system were $3.4 million in 2014 and $1.1 million in 2013. We expect these costs to be immaterial in future periods as we migrated to a new system in 2015.

*Store operations*

Store operations, which relates to our corporate-owned stores segment, were $49.5 million in 2014 compared to $41.7 million in 2013, an increase of $7.8 million, or 18.7%. Approximately $6.2 million of this increase was a result of the acquisition of eight stores from a franchisee in March 2014. In addition, we incurred costs and expenses attributable to new corporate-owned stores opened in 2014 and pre-opening costs related to one store that opened shortly after year-end. The increase in store operations costs is consistent with the increase in related corporate-owned store revenue.

*Selling, general and administrative expenses*

Selling, general and administrative expenses were $35.1 million in 2014 compared to $23.1 million in 2013, an increase of $12.0 million, or 51.9%. This increase is primarily attributable to increases in payroll of $5.3 million and other related infrastructure changes of $6.8 million in 2014 to support our growing franchisee operations, including additional headcount needed to provide training, development, pre-opening support and store operational compliance functions. We anticipate that our selling, general and administrative expenses will increase as our franchisee-owned store count grows and due to the increased costs associated with being a publicly traded company, as well as due to equity-based compensation costs recognized in connection with and subsequent to this offering.

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*Depreciation and amortization*

Depreciation and amortization expense consists of the depreciation of property and equipment, including leasehold and building improvements and equipment. Amortization expense consists of amortization related to our intangible assets, including customer relationships and non-compete agreements with former members of the Predecessor.

Depreciation and amortization expense was $32.3 million in 2014 compared to $28.8 million in 2013, an increase of $3.5 million, or 12.2%, primarily due to the increased amortization of intangible assets related to the acquisition of eight stores from a franchisee in March 2014.

*Other loss*

Other loss increased by $1.0 million in 2014 compared to 2013. The increase in other loss was primarily the result of the effective settlement of reacquired franchise rights related to the acquisition of eight stores from a franchisee in March 2014.

*Interest income*

Interest income primarily consists of interest earned on notes receivable and is immaterial in both years.

*Interest expense*

Interest expense primarily consists of interest on long-term debt as well as the amortization of deferred financing costs.

Interest expense was $22.2 million in 2014 compared to $9.4 million in 2013, an increase of $12.8 million, or 136.2%. The increase was primarily attributable to the increase in our indebtedness as a result of the refinancing in March 2014. Additionally, the increase includes $4.7 million related to the write-off of debt issuance costs as a result of this refinancing, which was accounted for as an extinguishment.

*Other income (expense)*

Other income (expense) primarily consists of management fees we paid to our Sponsor, realized gains (losses) on derivative activities, as well as the effects of foreign currency gains and losses.

*Provision for income taxes*

Pla-Fit Holdings, LLC is currently treated as a pass-through entity for U.S. federal income tax purposes as well as in most states. As a result, entity level taxes are not significant. Provision for income taxes consists of tax expense primarily related to the state of New Hampshire and Canada as well as certain other local taxes. We are also subject to tax withholding in Puerto Rico. See “—Critical accounting policies and estimates—Income taxes.”

***Segment results***

*Franchise*

Segment EBITDA for the franchise segment was $53.1 million in 2014 compared to $30.1 million in 2013, an increase of $23.0 million, or 76.4%. This increase was primarily the result of growth in franchise revenue of $27.8 million due to higher royalties received from additional franchisee-owned stores opened in 2014, continued growth in royalties from stores opened in 2013 and higher vendor commissions. Depreciation and amortization was $8.6 million in 2014 compared to $7.6 million in 2013, an increase of $1.0 million, or 13.2%.

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*Corporate-owned stores*

Segment EBITDA for the corporate-owned stores segment was $31.7 million in 2014 compared to $21.7 million in 2013, an increase of $10.0 million, or 46.1%, primarily due to the acquisition of eight franchisee-owned stores on March 31, 2014 and the increase in same store sales. Depreciation and amortization was $17.4 million in 2014 compared to $13.4 million in 2013, an increase of $4.0 million, or 29.9%. The increase is attributable to depreciation and amortization expense from the acquisition of eight franchisee-owned stores on March 31, 2014.

*Equipment*

Segment EBITDA for the equipment segment was $26.4 million in 2014 compared to $19.8 million in 2013, an increase of $6.6 million, or 33.3%, primarily as a result of equipment sales to 34 new franchisee-owned stores in 2014 as compared to 2013. Depreciation and amortization was $6.2 million in 2014 compared to $7.7 million in 2013, a decrease of $1.5 million, or 19.5%.

***Comparison of the year ended December 31, 2013, the period from November 8, 2012 through December 31, 2012 (2012 Successor Period), and the period from January 1, 2012 through November 7, 2012 (2012 Predecessor Period)***

*Revenue*

Total revenue was $211.0 million in 2013 compared to $41.8 million for the 2012 Successor Period and $117.9 million for the 2012 Predecessor Period.

Franchise segment revenue was $44.1 million in 2013, compared to $6.3 million in the 2012 Successor Period and $28.4 million in the 2012 Predecessor Period.

Franchise revenue was $33.7 million in 2013, compared to $4.4 million for the 2012 Successor Period and $21.3 million for the 2012 Predecessor Period. Included in franchise revenue is royalty revenue of $21.0 million, franchise and other fees of $6.4 million, and placement revenue of $6.3 million for 2013, royalty revenue of $2.1 million, franchise and other fees of $1.0 million, and placement revenue of $1.3 million for the 2012 Successor Period, and royalty revenue of $11.1 million, franchise and other fees of $6.6 million, and placement revenue of $3.6 million for the 2012 Predecessor Period. Royalties from new stores opened in 2013 as well as stores that opened in 2012 and were therefore not included in same store sales led to $4.7 million in incremental revenue in 2013. Additionally, franchisee-owned same store sales increased 9.1% in 2013, resulting in an increase in royalty revenue of $2.9 million.

Commission income was $10.4 million in 2013 compared to $1.9 million in the 2012 Successor Period and $7.1 million in the 2012 Predecessor Period.

Revenue from our corporate-owned stores segment was $67.4 million in 2013 compared to $8.8 million in the 2012 Successor Period and $40.4 million in the 2012 Predecessor Period. The increase is primarily attributable to stores acquired from franchisees in 2012, resulting in $14.9 million in incremental revenue in 2013. Same store sales from corporate-owned stores increased 6.1% in 2013, which contributed incremental revenue of $2.5 million. Revenue for stores not included in the same store sales base led to an increase of $0.8 million in 2013.

Equipment segment revenue was $99.5 million in 2013 compared to $26.7 million in the 2012 Successor Period and $49.1 million in the 2012 Predecessor Period. The increase is a result of equipment sales to 29 more new stores in 2013 and an increase in replacement equipment revenue of $7.3 million to existing franchisee-owned stores.

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*Cost of revenue*

Cost of revenue, which primarily relates to our equipment segment, was $81.4 million in 2013 compared to $21.5 million in the 2012 Successor Period and $41.0 million in the 2012 Predecessor Period. The increase was primarily a result of 29 more new stores purchasing equipment in 2013 and an increase in replacement equipment sales to existing franchisee-owned stores. The increase in costs is consistent with the increase in equipment revenue. Direct costs related to our proprietary point-of-sale systems were $1.1 million in 2013 and none in either period in 2012.

*Store operations*

Store operations, which relates to our corporate-owned stores segment, were $41.7 million in 2013 compared to $5.9 million in the 2012 Successor Period and $28.4 million in the 2012 Predecessor Period. This increase was primarily due to increased costs of $9.0 million attributable to stores acquired in the 2012 Predecessor Period from franchisees. Additionally, we incurred $1.4 million of costs and expenses attributable to one new store that opened in 2013. The increase in costs is consistent with the increase in related corporate-owned store revenue.

*Selling, general and administrative expenses*

Selling, general and administrative expenses were $23.1 million in 2013 compared to $2.6 million in the 2012 Successor Period and $19.5 million for the 2012 Predecessor Period. This increase is primarily attributable to increases in costs related to expanding infrastructure to support our growth in 2013, including payroll of $3.6 million, IT system upgrade costs of $1.9 million and other costs to support our growing franchisee operations. These increases were partially offset by a decrease in payroll, legal and consulting costs of $6.6 million related to the 2012 Acquisition in the 2012 Successor Period.

*Depreciation and amortization*

Depreciation and amortization expense was $28.8 million in 2013 compared to $7.0 million in the 2012 Successor Period and $5.7 million in the 2012 Predecessor Period. The increase is primarily due to the increased amortization of intangible assets recorded in connection with the 2012 Acquisition.

*Other loss (gain)*

Other loss (gain) was $0 in 2013 and the 2012 Successor Period and a gain of $1.9 million for the 2012 Predecessor Period. The gain in the 2012 Predecessor Period was primarily a result of the sale of three stores to a franchisee.

*Interest income*

Interest income was $0.5 million in 2013 compared to $0.1 million in the 2012 Successor Period and $0.9 million in the 2012 Predecessor Period.

The decrease is a result of certain notes receivable being paid in full during the 2012 Predecessor Period.

*Interest expense*

Interest expense was $9.4 million in 2013 compared to $2.5 million in the 2012 Successor Period and $2.3 million in the 2012 Predecessor Period.

The increase reflects a full year of interest on the long-term debt issued in December 2012.

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*Other income (expense)*

Other income (expense) was not material in these periods.

*Provision for income taxes*

Provision for income taxes was not material in these periods.

***Segment results***

*Franchise*

Segment EBITDA for the franchise segment was $30.1 million in 2013 compared to $4.9 million in the 2012 Successor Period and $17.8 million in the 2012 Predecessor Period. The increase is a result of an increase in royalties received from new franchisee-owned stores opened in 2013 as well as continued growth in royalties from franchisee-owned stores opened in 2012. Depreciation and amortization was $7.6 million in 2013 compared to $1.2 million in the 2012 Successor Period and $0.1 million in the 2012 Predecessor period. The increase is primarily related to the amortization of intangible assets recorded in connection with the 2012 Acquisition.

*Corporate-owned stores*

Segment EBITDA for the corporate-owned stores segment was $21.7 million in 2013 compared to $2.2 million in the 2012 Successor Period and $11.6 million in the 2012 Predecessor Period, primarily due to an increase in corporate-owned same store sales and one new corporate-owned store that opened in 2013. Depreciation and amortization was $13.4 million in 2013 compared to $2.2 million in the 2012 Successor Period and $5.6 million in the 2012 Predecessor Period. The increase in 2013 is primarily attributable to depreciation expense from stores acquired from franchisees in 2012.

*Equipment*

Segment EBITDA for the equipment segment was $19.8 million in 2013 compared to $5.3 million in the 2012 Successor Period and $6.7 million in the 2012 Predecessor Period, primarily as a result of equipment sales to 29 more new franchisee-owned stores in 2013 as compared to 2012. Depreciation and amortization was $7.7 million in 2013 compared to $3.5 million in the 2012 Successor Period and $0 in the 2012 Predecessor Period. The increase is primarily related to the amortization of intangible assets recorded in connection with the 2012 Acquisition.

**Liquidity and capital resources**

As of March 31, 2015, we held $27.5 million of cash and cash equivalents. In addition, as of March 31, 2015, we had borrowing capacity of $40.0 million under our revolving credit facility.

We require cash principally to fund day-to-day operations, to finance capital investments, to service our outstanding debt and to address our working capital needs. Based on our current level of operations and anticipated growth, we believe that the cash generated from our operations and amounts available under our revolving credit facility will be adequate to meet our anticipated debt service requirements, capital expenditures and working capital needs for at least the next twelve months. We believe that we will be able to meet these obligations even if we experience no growth in sales or profits. Our ability to continue to fund these items and continue to reduce debt could be adversely affected by the occurrence of any of the events described under “Risk factors.” There can be no assurance, however, that our business will generate sufficient cash flows

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from operations or that future borrowings will be available under our revolving credit facility or otherwise to enable us to service our indebtedness, including our senior secured credit facility, or to make anticipated capital expenditures. Our future operating performance and our ability to service, extend or refinance the senior secured credit facility will be subject to future economic conditions and to financial, business and other factors, many of which are beyond our control.

The following table presents summary cash flow information for the period from January 1, 2012 through November 7, 2012, the period from

November 8, 2012 through December 31, 2012, the years ended December 31, 2013 and 2014 and the quarters ended March 31, 2014 and 2015:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Period from** | |  |  | **Period from** | |  | **Years ended** | | | |  | **Quarters ended** | | | | |  |
|  |  |  | **January 1, 2012** | |  |  | **November 8, 2012** | |  |  |  |
|  |  |  |  |  |  | **December 31,** | | | |  |  |  | **March 31,** | | |  |
|  |  |  | **through** | |  |  | **through** | |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **(In millions)** |  | **November 7, 2012** | | |  | **December 31, 2012** | | | **2013** | |  | **2014** | |  | **2014** | | **2015** | | |  |
| Net cash provided by (used in): |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Operating activities | $ | | 30.5 | | $ | | 12.5 |  | $ 66.9 | |  | $ 79.4 | | $ | 8.2 | | $ 12.0 | | |  |
| Investing activities |  |  | (16.7) | |  |  | (216.1) | | (7.1) | | | (54.4) | |  | (39.5) | | (5.3) | | |  |
| Financing activities |  |  | (5.8) | |  |  | 192.4 |  | (38.0) | | | (13.0) | |  | 15.0 | | (22.5) | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net (decrease) increase in cash | $ | | 8.0 | | $ | | (11.2) | | $ 21.8 | |  | $ 12.0 | | $ | (16.3) | | $(15.8) | | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |



***Operating activities***

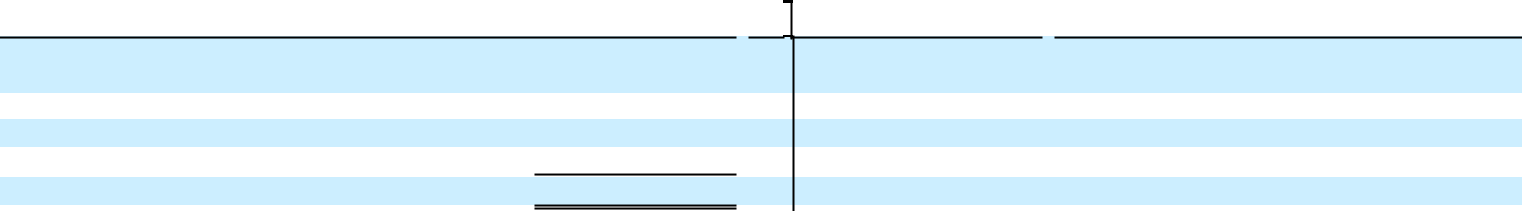
For the quarter ended March 31, 2015, net cash provided by operating activities was $12.0 million compared to $8.2 million in the quarter ended March 31, 2014, an increase of $3.8 million, and was primarily due to higher net income and a decrease in accounts receivable in the quarter ended March 31, 2015, partially offset by the loss on extinguishment of debt in the quarter ended March 31, 2014.

For 2014, net cash provided by operating activities was $79.4 million compared to $66.9 million in 2013, an increase of $12.5 million, and was primarily due to higher net income in 2014 and, to a lesser degree, higher accounts payable, other accrued expenses and equipment deposits offset by higher accounts receivable. For 2013, net cash provided by operating activities was $66.9 million compared to $12.5 million in the 2012 Successor Period and $30.5 million in the 2012 Predecessor Period. The higher 2013 net cash provided by operating activities was primarily due to higher net income and an increase in accounts payable and accrued expenses in 2013.

***Investing activities***

Cash flow used in investing activities related to the following capital expenditures for the period from January 1, 2012 through November 7, 2012, the period from November 8, 2012 through December 31, 2012, the years ended December 31, 2013 and 2014 and the quarters ended March 31, 2014 and 2015:

|  |  |
| --- | --- |
|  | **Period from** |
|  | **January 1, 2012** |
|  | **through** |
| **(In millions)** | **November 7, 2012** |



|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Period from** | **Years ended** | | | **Quarters ended** | | |  |
| **November 8, 2012** |  |
| **December 31,** | | |  | **March 31,** | |  |
| **through** |  |  |
|  |  |  |  |  |  |  |
| **December 31, 2012** | **2013** | **2014** | | **2014** | **2015** | |  |

New and relocated corporate-owned stores and corporate-owned stores not yet opened

Existing corporate-owned stores

Information systems

Corporate and all other

Total capital expenditures

* 0.7

3.0

0.4

0.2

* 4.3



|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| $ | 0.7 |  | $ 2.0 | | $ | 7.1 | | $ | | — | | $ | | 4.1 |
|  | 0.1 |  | 4.7 | |  | 6.8 | |  |  | 0.6 | |  |  | 1.0 |
|  | 0.1 |  | 0.4 | |  | 1.5 | |  |  | — | |  |  | 0.1 |
|  | — |  | 0.2 |  |  | 1.3 | |  |  | 0.2 | |  |  | 0.1 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| $ | 0.9 |  | $ 7.3 |  | $ | 16.7 |  |  | $ | 0.8 | | $ | | 5.3 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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For the quarter ended March 31, 2015, net cash used in investing activities was $5.3 million compared to $39.5 million in the quarter ended March 31, 2014, a decrease of $34.2 million, and was primarily due to the acquisition of eight franchisee-owned stores on March 31, 2014 for $38.6 million. This decrease was partially offset by higher capital expenditures related to new corporate-owned stores in the quarter ended March 31, 2015.

For 2014, net cash used in investing activities was $54.4 million compared to $7.1 million in 2013, an increase of $47.3 million, and was primarily due to the acquisition of eight franchisee-owned stores on March 31, 2014 for $38.6 million. Additionally, capital expenditures increased due to our three new corporate-owned stores and higher replacement equipment for corporate-owned stores during 2014 compared to 2013. For 2013, net cash used in investing activities was $7.1 million compared to $216.1 million in the 2012 Successor Period and $16.7 million in the 2012 Predecessor Period. Cash used in investing activities in the 2012 Successor Period was primarily due to cash used in the 2012 Acquisition of $215.3 million.

We currently estimate that our capital expenditures will be between $15.0 million and $20.0 million in 2015. For the remainder of 2015, we plan to open one additional corporate-owned store and continue to invest in the infrastructure required to support our long-term goals.

*Financing activities*

For the quarter ended March 31, 2015, net cash used in financing activities was $22.5 million compared to net cash provided by financing activities of $15.0 million in the quarter ended March 31, 2014, a difference of $37.5 million. Proceeds from the issuance of debt was $120.0 million in the quarter ended March 31, 2015 compared to proceeds of $390.0 million in the quarter ended March 31, 2014, partially offset by the repayment of existing outstanding debt of $182.9 million in the quarter ended March 31, 2014. Additionally, member distributions were $139.7 million in the quarter ended March 31, 2015 compared to $183.8 million in the quarter ended March 31, 2014.

For 2014, net cash used in financing activities was $13.0 million compared to $38.0 million in 2013, a decrease of $25.0 million, and was primarily due to the refinancing of debt with proceeds from the issuance of new long-term debt of $390.0 million, partially offset by the repayment of the existing debt outstanding of $185.8 million. Additionally, we made distributions to our members in 2014 in the amount of $205.4 million, an increase of $182.3 million. For 2013, net cash used in financing activities was $38.0 million compared to net cash provided by financing activities in the 2012 Successor Period of $192.4 million and net cash used in financing activities in the 2012 Predecessor Period of $5.8 million. In the 2012 Successor Period, we received proceeds from a new credit facility of $190.0 million, partially offset by the repayment of $165.0 million of interim financing payable from TSG to the members of our Predecessor, in connection with the 2012 Acquisition. Additionally, successor capital contributions, net of cash acquired of $215.3 million increased cash provided by financing activities in the 2012 Successor Period.

On March 31, 2014, we consummated a refinancing transaction whereby we borrowed $390.0 million in term loans and obtained a new $40.0 million revolving credit facility from a consortium of banks. The proceeds were primarily used to repay $180.9 million in outstanding debt, issue a $173.9 million dividend to members and acquire eight stores from a franchisee.

On March 31, 2015, we amended our credit agreement governing our senior secured credit facility primarily to provide for an increase of $120.0 million in term loan borrowings for a total of $506.1 million. The full incremental borrowing of $120.0 million plus $20.0 million from cash on hand was used to fund a $140.0 million dividend to Class T and Class O Unit holders. The incremental term loan borrowings bear a variable rate of interest of the greater of LIBOR or 1.00% plus the applicable margin of 3.75%. All other terms and conditions remain unchanged under the senior secured credit facility.

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**Credit facility**

Our senior secured credit facility consists of term loans and a revolving credit facility. Borrowings under the term loans bear interest, payable at least semi-annually. The term loans require principal payments equal to approximately $5.1 million per calendar year, payable in quarterly installments with the final scheduled principal payment on the outstanding term loan borrowings due on March 31, 2021.

The senior secured credit facility also provides for borrowings of up to $40.0 million under the revolving credit facility, of which up to $5.0 million is available for letter of credit advances. Borrowings under the revolving credit facility (excluding letters of credit) bear interest, payable at least semi-annually. We also pay a 0.45% commitment fee per annum on the unused portion of the revolver. The revolving credit facility expires on March 31, 2019.

The credit agreement governing our senior secured credit facility requires us to comply on a quarterly basis with one financial covenant which is a maximum ratio of debt to Credit Facility Adjusted EBITDA (the “leverage ratio”) that becomes more restrictive over time. This covenant is only for the benefit of the revolving credit facility. At March 31, 2015, the terms of the senior secured credit facility require that we maintain a leverage ratio of no more than 6.25 to 1.0. The leverage ratio financial covenant will become more restrictive over time and will require us to maintain a leverage ratio of no more than 4.0 to 1.0 by June 30, 2018.

Failure to comply with this covenant would result in an event of default under our senior secured credit facility unless waived by our senior secured credit facility lenders. An event of default under our senior secured credit facility can result in the acceleration of our indebtedness under the facility, which in turn can result in an event of default and possible acceleration of our other indebtedness, if any.

As of March 31, 2015, we were in compliance with our senior secured credit facility financial covenant with a leverage ratio of 4.3 to 1.0 which was calculated for the twelve months ended March 31, 2015 based upon certain adjustments to EBITDA, as provided for under the terms of our senior secured credit facility.

On March 31, 2015, we amended our credit agreement governing our senior secured credit facility primarily to provide for an increase of $120.0 million in term loan borrowings for a total of $506.1 million. The full incremental borrowing of $120.0 million plus $20.0 million from cash on hand was used to fund a $140.0 million dividend to Class T and Class O Unit holders. The incremental term loan borrowings bear a variable rate of interest of the greater of LIBOR or 1.00% plus the applicable margin of 3.75%. All other terms and conditions remain unchanged under the senior secured credit facility.

For more information on our senior secured credit facility, see “Description of certain indebtedness.”

**Contractual obligations and commitments**

The following table presents contractual obligations and commercial commitments as of March 31, 2015.



|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **(In millions)** |  |  | **Payments due during the twelve months ending March 31,** | | | | | | | | | | | | | |  |
|  | **Total** | **2016** | | | | **2017-2018** | | | **2019-2020** | | |  | **Thereafter** | |  |  |
| Long-term debt(1) | $506.1 | | $ | | 5.1 | | $ | 10.2 | | $ | | 10.2 | | $ | 480.6 |  |  |
| Interest on long-term debt(2) | 140.6 | |  |  | 24.0 |  |  | 47.4 | |  |  | 46.4 | |  | 22.8 | |  |
| Operating leases | 115.2 | |  |  | 13.1 |  |  | 25.9 | |  |  | 22.2 | |  | 54.0 | |  |
| Capital leases | 0.3 | |  |  | 0.3 | |  | — | |  |  | — | |  | — | |  |
| Advertising commitments(3) | 9.9 | |  |  | 9.9 | |  | — | |  |  | — | |  | — | |  |
| Purchase obligations(4) |  | 15.3 |  |  | 15.3 |  |  | — | |  |  | — | |  | — |  |  |
| Total Contractual Obligations | $787.4 | | $ | | 67.7 |  | $ | 83.5 | | $ | | 78.8 | | $ | 557.4 |  |  |
|  | 97 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

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1. Long-term debt payments include scheduled principal payments only.
2. Assumes an annual interest rate of 4.75% for the term of the loan.
3. As of March 31, 2015, we had advertising purchase commitments of approximately $9.9 million, including commitments for the NAF.
4. Purchase obligations consists of $15.3 million for open purchase orders primarily related to equipment to be sold to franchisees. For the majority of our equipment purchase obligations, our policy is to require the franchisee to provide us with either a deposit or proof of a committed financing arrangement.

**Off-balance sheet arrangements**

As of March 31, 2015, our off-balance sheet arrangements consisted of operating leases and certain guarantees. In a limited number of cases, we have guaranteed certain leases and debt agreements of entities related through common ownership. These guarantees relate to leases for operating space, equipment and other operating costs of franchises operated by the related entities. Our maximum total commitment under these agreements is approximately $2.8 million and would only require payment upon default by the primary obligor. The estimated fair value of these guarantees at March 31, 2015 was not material, and no accrual has been recorded for our potential obligation under these arrangements. See Note 17 to our audited consolidated financial statements included elsewhere in this prospectus for more information regarding these operating leases and guarantees.

**Critical accounting policies and use of estimates**

Our discussion and analysis of operating results and financial condition are based upon our consolidated financial statements included elsewhere in this prospectus. The preparation of our financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures of contingent assets and liabilities. We base our estimates on past experience and other assumptions that we believe are reasonable under the circumstances, and we evaluate these estimates on an ongoing basis. Actual results may differ from those estimates.

Our critical accounting policies are those that materially affect our consolidated financial statements including those that involve difficult, subjective or complex judgments by management. A thorough understanding of these critical accounting policies is essential when reviewing our consolidated financial statements. We believe that the critical accounting policies listed below are those that are most important to the portrayal of our results of operations or involve the most difficult management decisions related to the use of significant estimates and assumptions as described above.

***Revenue recognition***

*Franchise*

Franchisees enter into ADAs with us to secure the exclusive right to open stores within a defined geographical area. ADAs establish the timing and number of stores to be developed within the defined geographical area. Pursuant to an ADA, a franchisee is generally required to pay an initial nonrefundable development fee for a minimum number of stores to be developed, as outlined in the respective ADA. ADA fees collected in advance are deferred until we deliver substantially all required obligations pursuant to the ADA. As the efforts and total cost relating to initial services are affected significantly by the number of stores opened in an area, the respective ADA is treated as a divisible contract. As each new site is developed under an ADA, a franchisee signs a franchise agreement for the respective franchise location. Each franchisee-owned store opened under an ADA typically has performance obligations associated with it, and we therefore recognize ADA revenue as each individual franchisee-owned store is developed in proportion to the total number of stores to be developed under the ADA. These obligations are typically completed once the store is opened or the franchisee executes

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the individual property lease. ADAs generally have an initial term equal to the number of years over which the franchisee is required to open franchise stores, which is typically five to ten years. There is no right of refund for an executed ADA. Upon default, as defined in the agreement, we may reacquire the rights pursuant to an ADA, and all remaining deferred revenue for the ADA is recognized at that time.

For stores opened without an ADA, we generally charge an initial upfront nonrefundable franchise fee. Nonrefundable franchise fees are typically deferred until the franchisee executes a lease and receives initial training for the location, which is the point at which we have determined that we have provided all of our material obligations required to recognize revenue. The individual franchise agreements typically have a 10-year initial term but provide the franchisee with an opportunity to enter into successive renewals subject to certain conditions.

Franchise agreements entered into prior to 2010 may include performance fees, which are fees earned by us upon each franchise store reaching a predetermined amount of total monthly membership billings. Performance fees are recognized when the related performance thresholds have been met.

Royalties, which represent recurring fees paid by franchisees based on the franchisee-owned stores’ monthly membership dues and annual fees, are recognized on a monthly basis over the term of the franchise agreement. As specified under certain franchise agreements, we recognize additional royalty fees as the franchisee-owned stores attain contractual monthly membership billing threshold amounts. Beginning in 2010, for all new franchise agreements entered into, we began charging a fixed royalty percentage based upon gross membership billings.

Online member join fees are paid to us by franchisees for processing new membership transactions when a new member signs up for a membership to a franchisee-owned store through our website.

Billing transaction fees are paid to us by franchisees for the processing of franchisee membership dues and annual fees through our third-party hosted point-of-sale system.

We are generally responsible for the assembly and placement of equipment purchased from us for franchisee-owned stores. Placement revenue is recognized upon completion and acceptance of the placement services at the franchise location.

*Commission income*

We recognize commission income from our franchisees’ use of preferred vendor arrangements. Commissions are recognized when amounts have been earned and collectability from the vendor is reasonably assured.

*Corporate-owned stores*

Customers are offered multiple membership choices varying in length and, in most cases, can be canceled without penalty. Monthly membership dues are earned and recognized over the membership term. Enrollment fees are charged to new members at the commencement of their membership. We recognize enrollment fees ratably over the estimated duration of the membership, which is generally two years*.* Annual membership fees are annual fees charged to members in addition to and in order to maintain low monthly membership dues. We recognize annual membership fees ratably over the 12-month membership period. We sell Planet Fitness-branded apparel, beverages and other accessories, which we define as retail sales. The revenue for these items is recognized at the point of sale.

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*Equipment*

We sell equipment purchased from third-party equipment manufacturers to franchisee-owned stores. Equipment revenue is recognized when the equipment is delivered, assembled, placed and accepted by the franchisee at each store. We recognize revenue on a gross basis in these transactions as we have determined that we are the principal in the transaction. We have determined that we are the principal because we are the primary obligor in these transactions, we have latitude in establishing prices for the equipment sales to franchisees, we have supplier selection discretion and are involved in determination of product specifications, and we bear all credit risk associated with obligations to the equipment manufacturers. We charge our franchisees for all freight costs incurred for the delivery of equipment and record these amounts within equipment revenue. Rebates from equipment vendors where we have recognized the related equipment revenue and costs are recorded as a reduction to the cost of revenue.

***Leases***

We currently lease all of our corporate-owned stores and our corporate headquarters. At the inception of each lease, we determine its appropriate classification as an operating or capital lease. The majority of our leases are operating leases. For operating leases that include rent escalations, we record the base rent expense on a straight-line basis over the term of the lease and the difference between the base cash rentals paid and the straight-line rent expense is recorded as deferred rent.

We expend cash for leasehold improvements and to build out and equip our leased premises. We may also expend cash for structural additions that we make to leased premises. Generally, a portion of the leasehold improvements and building costs are reimbursed to us by our landlords as construction contributions pursuant to agreed-upon terms in our leases. If obtained, landlord construction contributions usually take the form of up-front cash, full or partial credits against our future minimum or percentage rents otherwise payable by us, or a combination thereof. When contractually due to us, we classify tenant improvement allowances within property and equipment and deferred rent on the consolidated balance sheets and depreciate the tenant improvement allowance on a straight-line basis over the lease term.

***Business combinations***

We account for business combinations, including the 2012 Acquisition, using the purchase method of accounting which results in the assets acquired and liabilities assumed being recorded at fair value.

The valuation methodologies used are based on the nature of the asset or liability. The significant assets and liabilities measured at fair value include property and equipment, intangible assets, deferred revenue and favorable and unfavorable leases. For the 2012 Acquisition, intangible assets consisted of trade and brand names, member relationships, franchisee relationships related to both our franchise and equipment segments, non-compete agreements, order backlog and favorable and unfavorable leases. For other acquisitions, which consist of acquisitions of stores from franchisees, intangible assets generally consist of member relationships, re-acquired franchise rights, and favorable and unfavorable leases.

The fair value of trade and brand names is estimated using the relief from royalty method, an income approach to valuation, which includes projecting future system-wide sales and other estimates. Membership relationships and franchisee relationships are valued based on an estimate of future revenues and costs related to the respective contracts over the remaining expected lives. Our valuation includes assumptions related to the projected attrition and renewal rates on those existing franchise and membership arrangements being valued. Re—acquired franchise rights are valued using an excess earnings approach. The valuation of re-acquired franchise rights is determined using an estimation of future royalty income and related expenses associated

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with existing franchise contracts at the acquisition date. For re-acquired franchise rights with terms that are either favorable or unfavorable (from our perspective) to the terms included in our current franchise agreements, a gain or charge is recorded at the time of the acquisition to the extent of the favorability or un-favorability, respectively. Favorable and unfavorable operating leases are recorded based on differences between contractual rents under the respective lease agreements and prevailing market rents at the lease acquisition date. Deferred revenue is valued based on our estimated costs to fulfill the obligations assumed, plus a normal profit margin. No deferred revenue amounts are recognized for enrollment fees in our business combinations as there is no remaining obligation.

We consider our trade and brand name intangible assets to have an indefinite useful life, and, therefore, these assets are not amortized but rather are tested for impairment annually as discussed below. Amortization of re-acquired franchise rights and franchisee relationships is recorded over the respective franchise terms using the straight-line method which we believe approximates the period during which we expect to receive the related benefits. Member relationships are amortized on an accelerated basis based on expected attrition. Favorable and unfavorable operating leases are amortized into rental expense over the lease term of the respective leases using the straight-line method.

***Impairment of long-lived assets, including goodwill and intangible assets***

We assess potential impairments to our long-lived assets, which include property and equipment and amortizable intangible assets, whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of an asset is measured by a comparison of the carrying amount of an asset group to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset group exceeds its estimated undiscounted future cash flows, an impairment charge is recognized as the amount by which the carrying amount of the asset exceeds the fair value of the asset. Store-level assets are grouped by store and assessed on a store by store basis for the purpose of the impairment assessment. There were no impairment charges recorded during 2012, 2013 or 2014.

Goodwill and indefinite lived intangibles (our trade and brand name intangible assets) have been assigned to our reporting units for purposes of impairment testing. Our reporting units are Franchise, Corporate-owned stores and Equipment, which are the same as our reportable segments.

The goodwill impairment test consists of a comparison of each reporting unit’s fair value to its carrying value. The fair value of a reporting unit is an estimate of the amount for which the unit as a whole could be sold in a current transaction between willing parties. If the carrying value of a reporting unit exceeds its fair value, goodwill is written down to its implied fair value. Fair value of a reporting unit is estimated based on a combination of comparative market multiples and discounted cash flow valuation approaches. We are also permitted to make a qualitative assessment of whether it is more likely than not that the fair value of a reporting unit is less than its carrying value prior to applying the quantitative assessment. If based on our qualitative assessment it is not more likely than not that the carrying value of the reporting unit is less than its fair value, then a quantitative assessment is not required. The qualitative assessment was utilized to assess goodwill for impairment for all of our reporting units in 2014.

We evaluate the remaining useful lives of our trade and brand name intangible assets to determine whether current events and circumstances continue to support an indefinite useful life. In addition, all of our indefinite lived intangible assets are tested for impairment annually. The trade and brand name intangible asset impairment test consists of a comparison of the fair value of each trade name with its carrying value, with any excess of carrying value over fair value being recognized as an impairment loss. We are also permitted to make a qualitative assessment of whether it is more likely than not an indefinite lived intangible asset’s fair value is less than its carrying value prior to applying the quantitative assessment. If based on our qualitative

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assessment it is not more likely than not that the carrying value of the asset is less than its fair value, then a quantitative assessment is not required. The qualitative assessment was utilized to assess all of our indefinite lived intangible assets for impairment in 2014.

Currently, we have selected the last day of our year as the date on which to perform our annual impairment tests for goodwill and indefinite lived intangible assets. We also test for impairment whenever events or circumstances indicate that the fair value of such indefinite lived intangibles has been impaired. No impairment of goodwill or indefinite lived intangible assets was recorded during 2012, 2013 or 2014.

***Equity-based compensation***

Certain of our employees have received grants of Class M Units in Pla-Fit Holdings, LLC. These awards are accounted for in accordance with guidance prescribed for accounting for share based compensation. Based on this guidance and the terms of the awards, the awards are equity classified.

With the exception of 10.737 units related to one grant that was modified in March of 2015 to accelerate vesting in connection with the resignation of a former director, eighty percent of the awards granted vest over five years of continuous service while the other twenty percent only vest in the event of an initial public offering. All of the Class M Units provide for accelerated vesting if there is a Company Sale (as defined in the existing Pla-Fit Holdings LLC agreement). The Class M Units receive distributions only upon a liquidity event, as defined, that exceeds a threshold approximately equivalent to our fair value at the grant date. Compensation expense related to these awards is determined based on the fair value of the award as of the grant date, determined using a Monte Carlo simulation model. Significant assumptions include the business enterprise value, time to a liquidity event, volatility and expected term of the awards. Compensation expense will be recognized over the vesting period, which is the period over which all of the specified vesting conditions are satisfied. Due to the fact that distributions are contingent on a liquidity event, no expense has been recognized with respect to these awards during any of the periods presented.

In connection with the recapitalization transactions described herein, all of the Class M Units will be converted into Holdings Units. These converted units will still be subject to their existing vesting requirements. The potential compensation expense to be recorded for the awards upon

consummation of this offering is approximately $ million. We will recognize non-cash equity-based compensation expense with respect to these awards in the period in which the offering is consummated and in the subsequent periods based on the vesting provisions within the awards.

***Income taxes***

Pla-Fit Holdings, LLC and its subsidiaries were formed as limited liability companies (LLCs) and have elected to be treated as pass through entities for both federal and state purposes except for those states which do not allow for such an election, such as New Hampshire. For federal and certain state income tax purposes, the members include the net income or loss from the pass through entities in their individual income tax returns. Beginning in 2014, we, through two wholly-owned Canadian subsidiaries, are also subject to taxation in Canada.

Deferred income taxes are recognized for the expected future tax consequences attributable to temporary differences between the carrying amount of the existing tax assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to be applied in the years in which temporary differences are expected to be recovered or settled. The principal items giving rise to temporary differences are the use of accelerated depreciation and certain basis differences resulting from acquisitions including the 2012 Acquisition. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

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We recognize the effects of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

Pla-Fit Holdings, LLC is liable for certain state and local taxes and is subject to tax withholding in foreign jurisdictions. After the consummation of this offering, pursuant to the New LLC Agreement, Pla-Fit Holdings, LLC will generally make pro rata tax distributions to the holders of Holdings Units in an amount sufficient to fund all or part of their tax obligations with respect to the taxable income of Pla-Fit Holdings, LLC that is allocated to them. See “Certain relationships and related party transactions—Recapitalization transactions in connection with this offering—Pla-Fit Holdings, LLC amended and restated limited liability company agreement.”

After consummation of this offering, we will become subject to U.S. federal, state and local income taxes with respect to our allocable share of any taxable income of Pla-Fit Holdings, LLC and will be taxed at the prevailing corporate tax rates. In addition to tax expenses, we will also be responsible to fund payments under the tax receivable agreements, which will be significant. We anticipate that we will account for the income tax effects and corresponding tax receivable agreements effect resulting from future taxable exchanges of units by unit holders of Pla-Fit Holdings, LLC for shares of our Class A common stock by recognizing an increase in our deferred tax assets, based on enacted tax rates at the date of the exchange. Further, we will evaluate the likelihood that we will realize the benefit represented by the deferred tax asset and, to the extent that we estimate that it is more likely than not that we will not realize the benefit, we will reduce the carrying amount of the deferred tax asset with a valuation allowance. The amounts to be recorded for both the deferred tax assets and the liability for our obligations under the tax receivable agreements will be estimated at the time the agreements are executed as a reduction to shareholders equity, and the effects of changes in any of our estimates after this date will be included in net income. Similarly, the effect of subsequent changes in the enacted tax rates will be included in net income. We intend to cause Pla-Fit Holdings, LLC to make distributions in an amount sufficient to allow us to pay our tax obligations, including distributions to fund any ordinary course payments due under the tax receivable agreements. See “Certain relationships and related party transactions—Recapitalization transactions in connection with this offering—Pla-Fit Holdings, LLC amended and restated limited liability company agreement.”

**JOBS Act**

Under the JOBS Act, emerging growth companies that become public can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards following the completion of this offering and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

**Quantitative and qualitative disclosures about market risk**

***Interest rate risk***

We are exposed to market risk from changes in interest rates on our senior secured credit facility, which bears interest at variable rates and has a U.S. dollar LIBOR floor of 1.0%. As of March 31, 2015, we had outstanding borrowings of $506.1 million. An increase in the effective interest rate applied to these borrowings of 100 basis points would result in a $5.1 million increase in pre-tax interest expense on an annualized basis.

We manage our interest rate risk through normal operating and financing activities and, when determined appropriate, through the use of derivative financial instruments. To mitigate exposure to fluctuations in interest rates, we entered into a series of interest rate caps as discussed in Note 11 to our audited consolidated financial statements elsewhere in this prospectus.

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***Foreign exchange risk***

We are exposed to fluctuations in exchange rates between the U.S. and Canadian dollar, which is the functional currency of our Canadian entity. Our sales, costs and expenses of our Canadian subsidiary, when translated into U.S. dollars, can fluctuate due to exchange rate movement. As of March 31, 2015, a 10% increase or decrease in the exchange rate of the U.S. and Canadian dollar would increase or decrease net income by a negligible amount.

***Inflation risk***

Although we do not believe that inflation has had a material effect on our income from continuing operations, we have a substantial number of hourly employees in our corporate-owned stores that are paid wage rates at or based on the applicable federal or state minimum wage. Any increases in these minimum wages will subsequently increase our labor costs. We may or may not be able to offset cost increases in the future.

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**Letter from Chief Executive Officer Chris Rondeau**

Dear Prospective Shareholders,

As we embark on this exciting journey together, I wanted to reflect on what brought us to this point. When I was in college in 1993, brothers Michael and Marc Grondahl hired me to work the front desk of their small town gym in Dover, New Hampshire. In the early days, it was your typical gym that catered to fitness fanatics and had tons of heavy free weights, group fitness classes, a juice bar and daycare facility—a place where the fit got fitter. We quickly recognized that there was a greater opportunity to serve a much larger segment of the population, and we simply asked ourselves, “Why does 80% of the population not belong to a gym?” The answer—first-time and occasional gym users were intimidated by an environment dominated by fitness regulars. They didn’t like the “look-at-me” attitudes and behaviors and wanted a place where they could go at their own pace without being judged or intimidated. They didn’t like feeling as if they needed to be in shape before even joining a gym. We also realized that the amenities we had in the early days weren’t important to most people.

So, throughout the ‘90s, we completely changed our environment, both in attitude and format. I became Chief Operating Officer and co-owner in 2003 alongside Michael and Marc. Over the years, we refined the non-intimidating, low-cost / high-value business model you see today. Planet Fitness became the “Judgement Free Zone”—a welcoming and friendly community and place where millions of people could feel comfortable regardless of fitness level. We also reallocated floor space to more high-quality cardio and circuit-training equipment and limited free weights. Because we made room for more cardio equipment, we didn’t have to put time limits on machines, and our members didn’t have to wait to work out. Removing the heavy free weights also helped us get rid of intimidating “Lunk” behaviors, such as dropping weights and grunting. We even installed “Lunk” alarms in our stores that staff could ring as a light-hearted way to reinforce that we weren’t going to tolerate intimidating behavior. We also slashed our standard membership dues to $10 per month so that everyone and anyone could join without having to sacrifice the quality of the facilities or experience.

The response to our new fitness model was incredible. We saw dramatic increases in memberships and were attracting members at all fitness levels and ages. We also significantly increased our female membership due to our non-intimidating environment. The creation of this new highly successful model was also financially attractive and highly scalable, and perfect for a franchise system. Potential franchisees loved that our new streamlined store model was easy to run, needed minimal staffing, involved limited cash transactions and required little inventory management. All that our franchisees and their employees need to focus on is keeping their stores meticulously clean and making those that walk through our doors feel welcomed and comfortable.

We have proudly grown to 976 stores (as of March 31, 2015) while maintaining the same sense of community among our franchisees, their employees and our corporate team as we did over a decade ago, instilling a teamwork mentality that we call “One Team, One Planet.” I am thankful every day that I helped build a company that creates health for our members and wealth for our franchisees. Not many CEOs can make that statement. I start each day by going to www.PlanetofTriumphs.com, a website that allows our members, unsolicited, to share their personal experiences and triumphs, big and small. Each story reminds me of the role Planet Fitness plays in helping millions of people lead healthier and happier lives, which in turn inspires me to continue to work to help many millions more.

Thank you for taking the time to learn about us. We hope you choose to join the Planet Fitness team!

One Team, One Planet,



Chris Rondeau

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**Business**

**Our Company**

***Fitness for everyone***

We are one of the largest and fastest-growing franchisors and operators of fitness centers in the United States by number of members and locations, with a highly recognized national brand. Our mission is to enhance people’s lives by providing a high-quality fitness experience in a welcoming, non-intimidating environment, which we call the Judgement Free Zone, where anyone—and we mean anyone—can feel they belong. Our bright, clean stores are typically 20,000 square feet, with a large selection of high-quality, purple and yellow Planet Fitness-branded cardio, circuit- and weight-training equipment and friendly staff trainers who offer unlimited free fitness instruction to all our members in small groups through our PE@PF program. We offer this differentiated fitness experience at only $10 per month for our standard membership. This exceptional value proposition is designed to appeal to a broad population, including occasional gym users and the approximately 80% of the U.S. and Canadian populations over age 14 who are not gym members, particularly those who find the traditional fitness club setting intimidating and expensive. We and our franchisees fiercely protect Planet Fitness’ community atmosphere—a place where you do not need to be fit before joining and where progress toward achieving your fitness goals (big or small) is supported and applauded by our staff and fellow members.

Our judgement-free approach to fitness and exceptional value proposition have enabled us to grow our revenues to $279.8 million in 2014 and to become an industry leader with $1.2 billion in system-wide sales in 2014, and more than 7.1 million members and 976 stores in 47 states, Puerto Rico and Canada as of March 31, 2015. In June 2015, we announced the opening of our 1,000th store. System-wide sales for 2014 include

$1.1 billion attributable to franchisee-owned stores, from which we generate royalty revenue, and $82.0 million attributable to our corporate-owned stores. Of our 976 stores, 919 are franchised and 57 are corporate-owned. Our stores are successful in a wide range of geographies and demographics. According to internal and third-party analysis, we believe we have the opportunity to more than quadruple our store count to over 4,000 stores in the United States alone. Under signed ADAs as of March 31, 2015, our franchisees have committed to open more than 1,000 additional stores.

In 2014, our corporate-owned stores had segment EBITDA margin of 37.3% and had AUVs of approximately $1.6 million with four-wall EBITDA margins of approximately 41%, or approximately 36% after applying the 5% royalty rate under our current franchise agreements. Based on a survey of franchisees, we believe that our franchise stores achieve four-wall EBITDA margins in line with these corporate-owned store EBITDA margins. Our strong member value proposition has also driven growth throughout a variety of economic cycles and conditions. For a reconciliation of segment EBITDA margin to four-wall EBITDA margin for corporate-owned stores, see “Management’s discussion and analysis of financial condition and results of operations—Non-GAAP measures.”

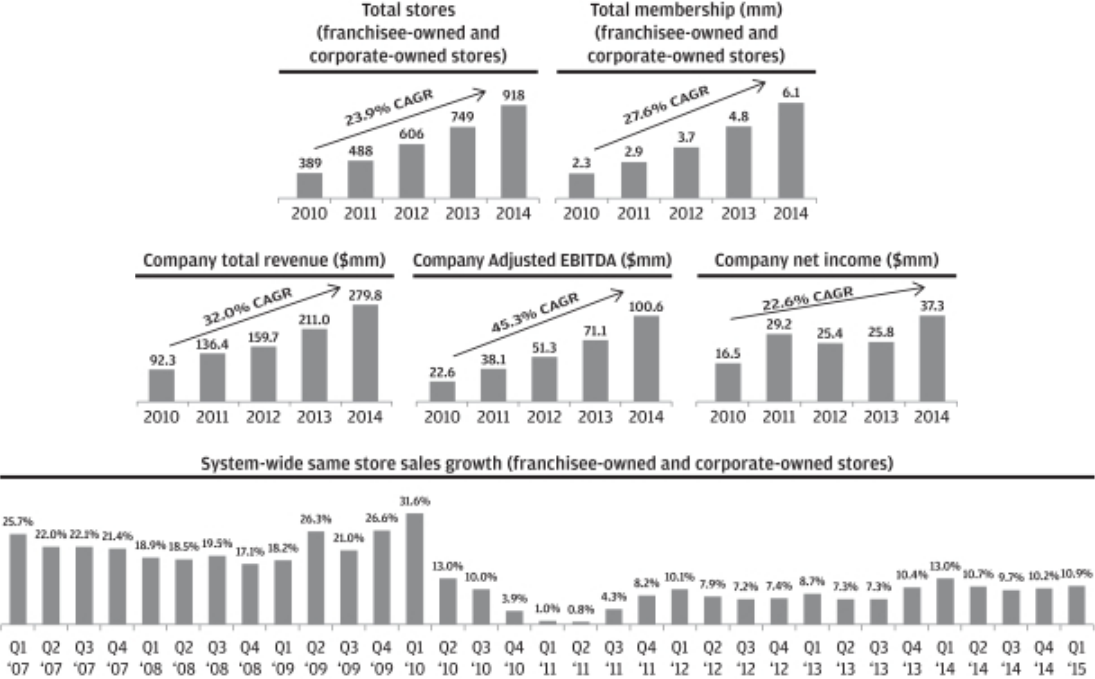
Our significant growth is reflected in:

* 918 stores as of December 31, 2014, compared to 389 as of December 31, 2010, reflecting a CAGR of 23.9%;
* 6.1 million members as of December 31, 2014, compared to 2.3 million as of December 31, 2010, reflecting a CAGR of 27.6%;
* 2014 system-wide sales of $1.2 billion, reflecting a CAGR of 30.1%, or increase of $774.3 million, since 2010;
* 2014 total revenue of $279.8 million, reflecting a CAGR of 32.0%, or increase of $187.5 million, since 2010, of which 3.6% is attributable to revenues from corporate-owned stores acquired from or sold to franchisees since 2010;
* 33 consecutive quarters of system-wide same store sales growth;

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* 2014 Adjusted EBITDA of $100.6 million, reflecting a CAGR of 45.3%, or increase of $78.0 million, since 2010; and
* 2014 net income of $37.3 million, reflecting a CAGR of 22.6%, or increase of $20.8 million, since 2010. Our historical results benefit from insignificant income taxes due to our status as a pass-through entity for U.S. federal income tax purposes, and we anticipate future results will not be consistent as our income will be subject to U.S. federal and state taxes.



For a discussion of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net income, see “Selected consolidated financial and other data.” For a discussion of same store sales and the expected effect of our new point-of-sale and billing system, see “Management’s discussion and analysis of financial condition and results of operations—How we assess the performance of our business.”

***We’re not a gym. We’re Planet Fitness.***

We believe our approach to fitness is revolutionizing the industry by bringing fitness to a large, previously underserved segment of the population.

Our differentiated member experience is driven by three key elements:

* ***Judgement Free Zone***: We believe every member should feel accepted and respected when they walk into a Planet Fitness. Our storesprovide a Judgement Free Zone where members of all fitness levels can enjoy a welcoming, non-intimidating environment. Our “come as you are” approach has fostered a strong sense of community among our members, allowing them not only to feel comfortable as they work toward their fitness goals but also to encourage others to do the same. The removal of heavy free weights reinforces our Judgement Free Zone by discouraging what we call “Lunkhead” behavior, such as dropping weights and grunting, that can be intimidating to new and occasional gym users. In addition, to help maintain our judgement-free environment, each store has a purple and yellow branded “Lunk” alarm on the wall that staff occasionally rings as a light-hearted reminder of our policies.

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* ***Distinct store experience***: Our bright, clean, large-format stores offer our members a selection of high-quality, purple and yellow PlanetFitness-branded cardio, circuit- and weight-training equipment that is commonly used by first-time and occasional gym users. Because our stores are typically 20,000 square feet and we do not offer non-essential amenities such as group exercise classes, pools, day care centers and juice bars, we have more space for the equipment our members do use, and we have not needed to impose time limits on our cardio machines.
* ***Exceptional value for members***: Both our standard and PF Black Card memberships are priced significantly below the industry average of$46 per month and still provide our members with a high-quality fitness experience. For only $10 per month, our standard membership includes unlimited access to one Planet Fitness location and unlimited free fitness instruction to all members in small groups through our PE@PF program. For $19.99 per month, our PF Black Card members have access to all of our stores system-wide and can bring a guest on each visit, which provides an additional opportunity to attract new members. Our PF Black Card members also have access to exclusive areas in our stores that provide amenities such as water massage beds, massage chairs, tanning equipment and more.

Our differentiated approach to fitness has allowed us to create an attractive franchise model that is both profitable and scalable. We recognize that our success depends on a shared passion with our franchisees for providing a distinctive store experience based on a judgement-free environment and an exceptional value for our members. We enhance the attractiveness of our streamlined, easy-to-operate franchise model by providing franchisees with extensive operational support relating to site selection and development, marketing and training. We also take a highly collaborative, teamwork approach to our relationship with franchisees, as captured by our motto “One Team, One Planet.” The strength of our brand and the attractiveness of our franchise model are evidenced by the fact that 87% of our new stores in 2014 were opened by our existing franchisee base and 22 new franchisee groups opened their first store in 2014.

**Our competitive strengths**

We attribute our success to the following strengths:

* ***Market leader with differentiated member experience, nationally recognized brand and scale advantage.*** We believe we are the largestoperator of fitness centers in the United States by number of members, with more than 7.1 million members as of March 31, 2015. Our franchisee-owned and corporate-owned stores generated $1.2 billion in system-wide sales during 2014. Through our differentiated member experience, nationally recognized brand and scale advantage, we will continue to deliver a compelling value proposition to our members and our franchisees and, we believe, grow our store and total membership base.
  + *Differentiated member experience.* We seek to provide our members with a high-quality fitness experience in a non-intimidating,judgement-free environment at an exceptional value. We have a dedicated Brand Excellence team that seeks to ensure that all our franchise stores uphold our brand standards and deliver a consistent Planet Fitness member experience in every store.
  + *Nationally recognized brand.* We have developed a highly relatable and recognized brand that emphasizes our focus on providing ourmembers with a judgement-free environment. We do so through fun and memorable marketing campaigns and in-store signage that often poke fun at “Lunk” behavior. As a result, we have among the highest aided and unaided brand awareness scores in the U.S. fitness industry, according to a third-party consumer study that we commissioned in the fall of 2014. Our brand strength also helps our franchisees attract members, with new stores in 2014 signing up an average of approximately 1,300 members before opening their doors.
  + *Scale advantage.* Our scale provides several competitive advantages, including enhanced purchasing power with our fitness equipmentand other suppliers, and the ability to attract high-quality franchisee

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partners. In addition, our large national advertising fund funded by franchisees and us, together with our requirement that franchisees generally spend 5 to 7% of their monthly membership dues on local advertising, have enabled us and our franchisees to spend over an estimated $150 million since 2011 on marketing to drive consumer brand awareness.

* ***Exceptional value proposition that appeals to a broad member demographic*.**We offer a high-quality and consistent fitness experiencethroughout our entire store base at low monthly membership dues. Combined with our non-intimidating and welcoming environment, we are able to attract a broad member demographic based on age, household income, gender and ethnicity. Our member base is over 50% female and our members come from both high- and low-income households. Our broad appeal and ability to attract occasional and first-time gym users enable us to continue to target a large segment of the population in a variety of markets and geographies across the United States and Canada.
* ***Strong store-level economics*.**Our store model is designed to generate attractive four-wall EBITDA margins, strong free cash flow and highreturns on invested capital for both our corporate-owned and franchise stores. Average four-wall EBITDA margins for our corporate-owned stores have increased significantly since 2010, driven by higher average members per store as well as a higher percentage of PF Black Card members, which leverage our relatively fixed costs. In 2014, our corporate-owned stores had segment EBITDA margin of 37.3% and had AUVs of approximately $1.6 million with four-wall EBITDA margins of approximately 41%, or approximately 36% after applying the 5% royalty rate under our current franchise agreement. Based on a survey of franchisees, we believe that our franchise stores achieve four-wall EBITDA margins in line with these corporate-owned store EBITDA margins. We believe that our strong store-level economics are important to our ability to attract and retain successful franchisees and grow our store base.
* ***Highly attractive franchise system built for growth***. Our easy-to-operate model, strong store-level economics and brand strength haveenabled us to attract a team of professional, successful franchisees from a variety of industries. We believe that our franchise model enables us to scale more rapidly than a company-owned model. Our streamlined model features relatively fixed labor costs, minimal inventory, automatic billing and limited cash transactions. Our franchisees enjoy recurring monthly member dues, regardless of member use, weather or other factors. Based on survey data and management estimates, we believe our franchisees can earn, in their second year of operations, on average, a cash-on-cash return on initial investment greater than 25% after royalties and advertising, which is in line with our corporate-owned stores. The attractiveness of our franchise model is further evidenced by the fact that our franchisees re-invest their capital with us, with 87% of our new stores in 2014 opened by our existing franchisee base. We have received numerous accolades, including #4 among Franchise Times’ “Smartest Growing Brands” for 2015 and #3 among Forbes Magazine’s “America’s Best Franchises” in 2014 (in which we also received an “A” rating for franchisee support). We view our franchisees as strategic partners in expanding the Planet Fitness store base and brand.
* ***Predictable and recurring revenue streams with high cash flow conversion.*** Our business model provides us with predictable andrecurring revenue streams. In 2014, approximately 80% of our franchise revenues and over 90% of our corporate-owned store revenues consisted of recurring revenue streams, which include royalties, vendor commissions, monthly dues and annual fees. In addition, our franchisees are obligated to purchase fitness equipment from us for their new stores and to replace this equipment every four to seven years. As a result, these “equip” and “re-equip” requirements create a predictable and growing revenue stream as our franchisees open new stores under their ADAs. By re-investing in stores, we and our franchisees maintain and enhance our member experience. Our predictable and recurring revenue streams, combined with our attractive margins and minimal capital requirements, result in high cash flow conversion and increased capacity to invest in future growth initiatives.

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* ***Proven, experienced management team driving a strong culture*.**Our strategic vision and unique culture have been developed andfostered by our senior management team under the stewardship of Chief Executive Officer Chris Rondeau. Mr. Rondeau has been with Planet Fitness for over 20 years and helped develop the Planet Fitness business model and brand elements that give us our distinct personality and spirited culture. Dorvin Lively, our Chief Financial Officer, brings valuable expertise from his 30 years of corporate finance experience with companies such as RadioShack and Ace Hardware, and from the initial public offering of Maidenform. We have assembled a management team that shares our passion for “fitness for everyone” and has extensive experience across a broad range of disciplines, including retail, franchising, finance, consumer marketing, brand development and information technology. We believe our senior management team is a key driver of our success and has positioned us well to execute our long-term growth strategy.

**Our growth strategies**

We believe there are significant opportunities to grow our brand awareness, increase our revenues and profitability and deliver shareholder value by executing on the following strategies:

* ***Continue to grow our store base across a broad range of markets.*** We have more than tripled our store count over the last five years,expanding from 302 stores as of December 31, 2009 to 918 stores as of December 31, 2014. As of March 31, 2015, our franchisees have signed ADAs to open more than 1,000 additional stores over the next seven years, including approximately 500 over the next three years. In June 2015, we announced the opening of our 1,000th store. Because our stores are successful across a wide range of geographies and demographics with varying population densities, we believe that our high level of brand awareness and low per capita penetration outside of our original Northeast market create a significant opportunity to open new Planet Fitness stores across the United States and Canada. Based on our internal and third-party analysis, we believe we have the potential to more than quadruple our store base to over 4,000 stores in the United States alone.
* ***Drive revenue growth and system-wide same store sales***. Because we provide a high-quality, affordable, non-intimidating fitnessexperience that is designed for first-time and occasional gym users, we have achieved positive system-wide same store sales growth in each of the past 33 quarters. We expect to continue to grow system-wide same store sales primarily by:
  + *Attracting new members to existing Planet Fitness stores.* As the U.S. and Canadian populations continue to focus on health andwellness, we believe we are well-positioned to capture a disproportionate share of the population given our appeal to first-time and occasional gym users. In addition, because our stores offer a large, focused selection of equipment geared toward first-time and occasional gym users, we are able to service higher member volumes without sacrificing the member experience. We also have continued to evolve our offerings to appeal to our target member base, such as the introduction of 12-minute abdominal circuits and 30-minute express workout areas.
  + *Increasing mix of PF Black Card memberships by enhancing value and member experience*. We expect to drive sales by converting ourexisting members with standard membership dues at $10 per month to our premium PF Black Card membership with dues at $19.99 per month as well as attracting new members to join at the PF Black Card level. We encourage this upgrade by continuing to enhance the value of our PF Black Card benefits through additional in-store amenities and affinity partnerships with national retail brands for discounts and promotions. Since 2010, our PF Black Card members as a percentage of total membership has increased from 38% in 2010 to 55% in 2014, and our average monthly dues per member have increased from $14.22 to $15.45 over the same period.

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We may also explore other future revenue opportunities, such as optimizing member pricing and fees, offering new merchandise and services inside and outside our stores, and securing affinity and other corporate partnerships.

* ***Increase brand awareness to drive growth.*** We plan to continue to increase our strong national brand awareness by leveraging significantmarketing expenditures by our franchisees and us, which we believe will result in increasing membership in new and existing stores and continue to attract high-quality franchisee partners. Under our current franchise agreement, franchisees are required to contribute 2% of their monthly membership dues to our NAF, from which we spent over $21 million in 2014 alone to support our national marketing campaigns, our social media platforms and the development of local advertising materials. Under our current franchise agreement, franchisees are also required to spend 7% of their monthly membership dues on local advertising. We expect both our NAF and local advertising spending to grow as our membership grows.
* ***Continue to expand royalties from increases in average royalty rate and new franchisees.*** While our current franchise agreementstipulates monthly royalty rates of 5% of monthly dues and annual membership fees, only 30% of our stores are paying royalties at the current franchise agreement rate, primarily due to lower rates in historical agreements. As new franchisees enter our system and, generally, as current franchisees open new stores or renew their existing franchise agreements at the current royalty rate, our average system-wide royalty rate will increase. In 2014, our average monthly royalty rate was 2.95% compared to 1.39% in 2010. In addition to rising average royalty rates, total royalty revenue will continue to grow as we expand our franchise store base and increase franchise same store sales.
* ***Grow sales from fitness equipment and related services.*** Our franchisees are contractually obligated to purchase fitness equipment fromus and, due to our scale and negotiating power, we believe we offer competitive pricing for high-quality, purple and yellow Planet Fitness-branded fitness equipment. We expect our equipment sales to grow as our franchisees open new stores. Additionally, franchisees are required to replace their existing equipment with new equipment every four to seven years. As the number of franchise stores continues to increase and existing franchise stores continue to mature, we anticipate incremental growth in revenue related to the sale of equipment. In addition, we believe that regularly refreshing equipment helps our franchise stores maintain a consistent, high-quality fitness experience and drives new member growth.

**Our industry**

Due to our unique positioning to a broader demographic, we believe Planet Fitness has an addressable market that is significantly larger than the traditional health club industry. We view our addressable market as approximately 255 million people, representing the U.S. population over 14 years of age. We compete broadly for consumer discretionary spending related to leisure, sports, entertainment and other non-fitness activities in addition to the traditional health club market. As the economy continues to recover and per capita disposable income increases, we believe consumers will continue to increase spending on health and fitness related expenditures.

According to the International Health, Racquet & Sportsclub Association (“IHRSA”), the United States health club industry generated approximately $24.2 billion in 2014. The industry is highly fragmented, with 34,460 clubs across the United States serving approximately 54 million members, according to IHRSA. In 2014, the U.S. health club industry grew by 6.4% in number of units and 2.3% in number of members compared to Planet Fitness, which grew by 22.6% and 26.1%, respectively. Over the next five years, industry sources project that U.S. health club industry revenues will grow at an annualized rate of approximately 3%, primarily attributed to an increase in discretionary spending coupled with continued consumer awareness and public initiatives on the health benefits of exercise. We believe we are well-positioned to capitalize on these trends, and our impressive growth reinforces our distinct approach to fitness and broad demographic appeal.

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**Our brand philosophy**

We are a brand built on passion and the belief that first-time gym users and casual fitness members can achieve their personal wellness goals in a non-intimidating, judgement-free environment. We have become a nationally recognized consumer brand that stands for the environment, value and quality we provide our members.

*The Judgement Free Zone*. Planet Fitness is the home of the Judgement Free Zone. It is a place where people of all fitness levels can feelcomfortable working out at their own pace, feel supported in their efforts and not feel intimidated by pushy salespeople or other members who may ruin their fitness experience.

*All This for Only That*. Planet Fitness monthly membership dues range from only $10 to $19.99. We pride ourselves on providing a high-qualityexperience at an exceptional value, not an “economy” fitness experience.

*No Gymtimidation.* Gymtimidation is any behavior that makes others feel intimidated or uncomfortable in our stores. Our policy is simple: PlanetFitness is an environment where members can relax, go at their own pace and be themselves without ever having to worry about being judged. Behaviors such as grunting, dropping weights or judging others simply are not tolerated.

*No Lunks*. Lunks are people who Gymtimidate. To help maintain our judgement-free environment, each store has a purple and yellow branded“Lunk” alarm on the wall that our staff occasionally rings as a light-hearted, gentle reminder of our policies.

*You Belong*. We do a lot of little things to make members feel like part of our community—like saying hello and goodbye to everyone who entersour stores, providing Tootsie Rolls at the front desk so that our staff has another opportunity to engage with members, and other membership appreciation gestures such as monthly Pizza Mondays and Bagel Tuesdays at no cost to our members.

*Planet of Triumphs*. All of our members are working toward their goals—from a single push-up to making it to Planet Fitness twice in a week tolosing hundreds of pounds. No matter what size the goal, we believe that all of these accomplishments deserve to be celebrated. Planet of Triumphs (www.PlanetofTriumphs.com) is an elevating, inspiring, 100% Judgement Free social community of real members where all stories are welcome. Our members seem to agree and in its first three months, this community grew to over 13,000 active members, with more than 29,000 posts and over 5.5 million page views. Planet of Triumphs provides an online platform for members to recognize their triumphs (big and small), share their stories and encourage others, while spotlighting our unique brand belief that everyone belongs.

**Membership**

We make it simple for members to join, whether online or in-store—no pushy sales tactics, no pressure and no complicated rate structures. Our corporate store staff is not paid commissions based on membership sales but rather have the opportunity to earn a monthly bonus based primarily on store cleanliness, and we urge our franchisees to follow our lead. Our regional managers review our corporate stores multiple times per month for quality control, including generally one visit per month during which they evaluate store cleanliness based upon internally established criteria from which the monthly bonus is derived. Our members generally pay the following amounts:

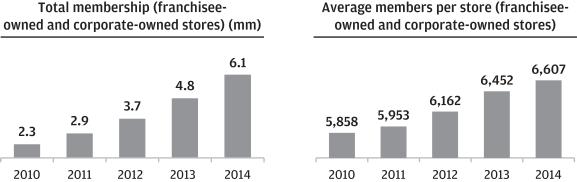
* monthly membership dues of only $10 for our standard membership or, for PF Black Card members, $19.99;
* annual fees of approximately $10 to $39; and
* enrollment fees of approximately $0 to $49.

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Belonging to a Planet Fitness store has perks whether members select the standard membership or the premium PF Black Card membership. Every member gets to take part in Pizza Mondays and Bagel Tuesdays and gets free, unlimited fitness instruction, plus a T-shirt or other Planet Fitness item. Our PF Black Card members also have the right to reciprocal use of all Planet Fitness stores, can bring a friend with them each time they work out, and have access to massage beds and chairs and tanning, among other benefits. PF Black Card benefits extend beyond our store as well, with exclusive specials and discount offers from third-party retail partners like Reebok and Regis Corporation hair salons. While some of our memberships require a cancellation fee, we offer, and require our franchisees to offer, a non-committal membership option.

As reflected below, our total membership has grown from approximately 2.3 million members to 6.1 million from December 31, 2010 to December 31, 2014, reflecting a 27.6% CAGR, and our average members per store has grown from 5,858 to 6,607 over the same period.



As of March 31, 2015, we had more than 7.1 million members. We utilize EFT as our primary method of collecting monthly dues and annual membership fees. Over 75% of membership fee payments to our corporate-owned and franchise stores are collected via ACH direct debit. We believe there are certain advantages to receiving a higher concentration of ACH payments, as compared to credit cards payments, including less frequent expiration of billing information and reduced exposure to subjective chargeback or dispute claims and fees. Due to our scale and negotiating power, we believe that our third party payment processors offer a competitive bundle of transaction pricing and support services to our franchisees while facilitating revenue collection by us.

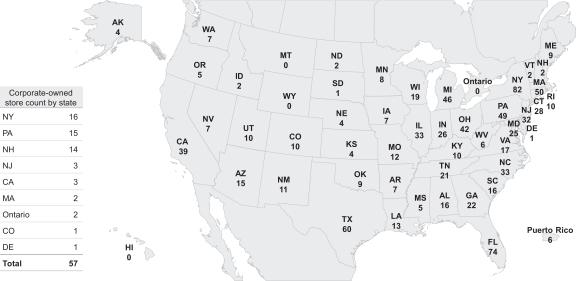
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**Our stores**

We had 976 stores system-wide as of March 31, 2015, of which 919 were franchised and 57 were corporate-owned, located in 47 states, Puerto Rico and Canada. The map below shows our franchisee-owned stores by location, and the accompanying table shows our corporate-owned stores by location.

**Franchisee-owned store count by state**



Under signed ADAs, as of March 31, 2015 franchisees have committed to open more than 1,000 additional stores in the United States. In June 2015, we announced the opening of our 1,000th store. We are also beginning to explore international opportunities. We have opened two corporate-owned locations in Canada as of March 31, 2015 and have signed ADAs to develop numerous additional franchise stores in Canada.

***Our format***

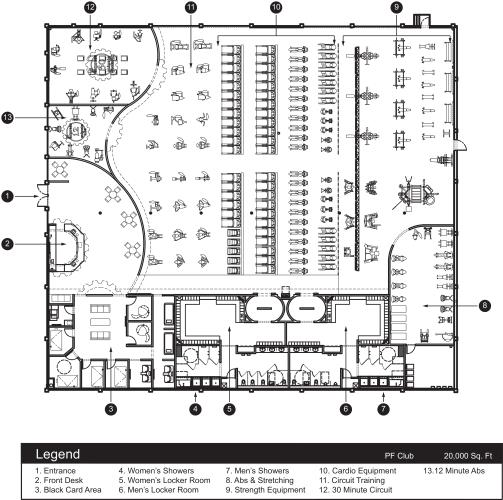
Many traditional gyms include expensive add-ons such as pools, group exercise rooms, daycare facilities and juice bars that require additional maintenance expense and staffing. We have removed these unnecessary and expense-adding facilities and services and replaced them with additional cardio and strength equipment, which we believe allows us to serve more members without imposing time limits on equipment use. We believe our streamlined offerings appeal to the core needs of most gym users, especially first-time or occasional gym users.

Our stores are designed and outfitted to match our brand philosophy, with bright, bold purple and yellow color schemes and purple and yellow Planet Fitness-branded equipment and amenities. Our typical store is 20,000 square feet in single or multi-level retail space. Our stores generally include at least 75 to 100 pieces of co-branded cardio equipment, free weights, strength machines, a 30-minute circuit workout area and a 12-minute abdominal workout area, a small retail area and a drink cooler. For our PF Black Card members, our stores also feature a PF Black Card spa area with total body enhancement machines, massage beds or chairs and tanning.

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The following is an example of the layout of our stores:



***Store model***

Our store model is designed to generate attractive four-wall EBITDA margins, strong free cash flow and high returns on invested capital for both our corporate-owned and franchise stores. Based on survey data from franchisees relating to over 200 stores for 2013 and management estimates, we believe that our franchise stores achieve store-level profitability in line with our corporate-owned store base. The stores included in this survey represent those stores that voluntarily disclosed such information in response to our request, and we believe this information reflects a representative sample of franchisees based on the franchisee groups and geographic areas represented by these stores. Our average four-wall EBITDA margins for our corporate-owned stores have increased significantly since 2010, driven by higher average members per store as well as a higher percentage of PF Black Card members, which leverages our fixed costs. In 2014, our corporate-owned stores had segment EBITDA margin of 37.3% and had AUVs of approximately $1.6 million with four-wall EBITDA margins of approximately 41%, or approximately 36% after applying the 5% royalty rate under our current franchise agreement. Based on survey data and management analysis, franchisees have historically earned, and we believe can continue to earn, in their second year of operations, on average, a cash-on-cash return on unlevered (i.e., not debt-financed) initial investment greater than 25% after royalties and advertising, which is in line with our corporate-owned stores. A franchisee’s initial investment includes fitness equipment purchased

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from us as well as costs for non-fitness equipment and leasehold improvements. The attractiveness of our franchise model is further evidenced by the fact that 87% of our new stores in 2014 were opened by our existing franchisee base. We believe that our strong store-level economics are important to our ability to attract and retain successful franchisees and grow our store base.

Throughout our 23-year history, we and our franchisees have never closed a store that was in compliance with our brand requirements due primarily to financial underperformance, although we have closed a test location and debranded stores for non-compliance with our brand standards and franchise stores have sold to other brands, consolidated or relocated stores with our permission.

***Fitness equipment***

We provide our members with high-quality, Planet Fitness-branded fitness equipment from leading suppliers. In order to maintain a consistent experience across our store base, we stipulate specific pieces and quantities of cardio and strength-training equipment and provide general guidelines for layout and placement. Due to our scale, we are able to negotiate competitive pricing and secure extended warranties from our suppliers. As a result, we believe we offer equipment at more attractive pricing than franchisees could otherwise secure on their own.

***Leases***

We lease all of our corporate-owned stores and our corporate headquarters. Our store leases typically have initial terms of 10 years with two five-year renewal options, exercisable in our discretion. Our corporate headquarters are located at 26 Fox Run Road, Newington, New Hampshire and serve as our base of operations for substantially all of our executive management and employees who provide our primary corporate support functions, including finance, legal, marketing, technology, real estate, development and human resources.

Franchisees own or directly lease from a third-party each Planet Fitness franchise location. We do not own or enter into leases for Planet Fitness franchise stores and generally do not guarantee franchisees’ lease agreements, although we have done so in a few isolated instances.

**Franchising**

***Franchising strategy***

We rely heavily on our franchising strategy to develop new Planet Fitness stores, leveraging the ownership of entrepreneurs with specific local market expertise and requiring a relatively minimal capital commitment by us. As of March 31, 2015, there were 919 franchised Planet Fitness stores operated by 187 franchisee groups. The majority of our existing franchise operators are multi-unit operators. As of March 31, 2015, 88% of all franchise stores were owned and operated by a franchisee group that owns at least three stores. However, while our largest franchisee owns 47 stores, only 9% of our franchisee groups own more than ten stores. When considering a potential franchisee, we generally evaluate the potential franchisee’s prior experience in franchising or other multi-unit businesses, history in managing profit and loss operations, financial history and available capital and financing. We generally do not permit franchisees to borrow more than 80% of the initial investment for their Planet Fitness business.

***Area development agreements***

An ADA specifies the number of Planet Fitness stores to be developed by the franchisee in a designated geographic area, and requires the franchisee to meet certain scheduled deadlines for the development and opening of each

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Planet Fitness store authorized by the ADA. If the franchisee meets those obligations, we agree not to, during the term of the ADA, operate or franchise new Planet Fitness stores in the designated geographic area. The franchisee must sign a separate franchise agreement with us for each Planet Fitness store developed under an ADA, and that franchise agreement governs the franchisee’s right to own and operate the Planet Fitness store.

***Franchise agreements***

For each franchised Planet Fitness store, we enter into a franchise agreement covering standard terms and conditions. Planet Fitness franchisees are not granted an exclusive area or territory under the franchise agreement. The franchise agreement requires that the franchisee operate the Planet Fitness store at a specific location and in compliance with our standard methods of operation, including providing the services, using the vendors, and selling the merchandise that we require. The typical franchise agreement has a 10-year term. Additionally, franchisees must purchase equipment from us and replace the fitness equipment in their stores every four to seven years and periodically refurbish and remodel their stores.

We currently require each franchisee to designate a responsible owner or an approved operator for each Planet Fitness store that will have primary management authority for that store. We require these franchisees to complete our initial and ongoing training programs, including minimum periods of classroom and on-the-job training.

***Site selection and approval***

Our stores are generally located in free-standing retail buildings or neighborhood shopping centers, and we consider locations in both high- and low-density markets. We seek out locations with (i) high visibility and accessibility, (ii) favorable traffic counts and patterns, (iii) availability of signage, (iv) ample parking or access to public transportation and (v) our targeted demographics. Our site analytics tools provide us with extensive demographic data and analysis that we use to review new and existing sites and markets for our corporate-owned stores and franchisees. We assess population density and drive time, current tenant mix, layout, potential competition and cannibalization of existing Planet Fitness stores and comparative data based upon existing stores—all the way down to optimal ceiling heights and HVAC requirements. Our real estate team meets regularly to review sites for future development and follows a detailed approval process to ensure each site aligns with our strategic growth objectives and critical success factors.

We help franchisees select sites and develop facilities in these stores that conform to the physical specifications for a Planet Fitness store. Each franchisee is responsible for selecting a site, but must obtain site approval from us. We primarily learn of new sites in two ways. First, we have a formal site-approval submission process for landlords and franchisees. Each site submitted to us is reviewed by a subcommittee of our real estate team for brand qualifications. Second, we proactively review real estate portfolios for appropriate sites that we may consider for corporate-owned stores or franchisee development, depending upon location. In 2014, we identified and evaluated a total of more than 1,200 sites on this basis.

We are also involved in real estate organizations such as the International Council of Shopping Centers (ICSC), a trade organization for the international shopping center industry. Our membership in ICSC allows us to gather data, meet prospective landlords and further enhance our reputation as a desired tenant for shopping centers in the United States and Canada.

***Design and construction***

Once we have approved a franchisee’s site selection, we assist in the design and layout of the store and track the franchisee’s progress from lease signing to grand opening. Franchisees work directly with our franchise

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support team to track key milestones, coordinate with vendors and make equipment purchases. Certain Planet Fitness brand elements are required to be incorporated into every new store, and we strive for a consistent appearance across all of our stores, emphasizing clean, attractive facilities, including full-size locker rooms, and modern equipment. Franchisees must abide by our standards related to fixtures, finishes and design elements, including distinctive touches such as our “Lunk” alarm. We believe these elements are critical to ensure brand consistency and member experience system-wide.

In 2014, based on a sample of U.S. franchisee data, we believe construction of franchise stores averaged approximately 12 weeks. In addition, based upon this sample of 36 stores across a wide range of U.S. geographies, we estimate that franchisees’ unlevered (i.e., not debt-financed) investment in 2014 to open new stores was approximately $1.9 million. This amount includes fitness equipment purchased from us as well as costs for non-fitness equipment and leasehold improvements from data we received from two general contractors that oversaw the construction of these 36 new stores. Additionally, this amount includes an estimate of other costs that are typically paid by the franchisee and not managed by the general contractor. These amounts can vary significantly depending on a number of factors, including landlord allowances for tenant improvements and construction costs from different geographies.

***Franchisee support***

We live and breathe the motto *One Team, One Planet* in our daily interactions with franchisees. Our franchise model is streamlined and easy-to-operate, with efficient staffing and minimal inventory, and is supported by an active, engaged franchise operations system. We provide our franchisees with operational support, marketing materials and training resources. Our strong and long-lasting partnership with our franchisees is reflected in the fact that 87% of our new stores in 2014 were opened by our existing franchisee base.

*Training*. In the past year, we developed Planet Fitness University, a comprehensive training resource to help franchisees operate successfulstores. Courses are delivered online, and content focuses on customer service, operational policies, brand standards, cleanliness, crisis management and vendor product information. We are continually adding and improving the content available on Planet Fitness University as a no-cost service to help enhance training programs for franchisees. Additional training opportunities offered to our franchisees include new owner orientation, operations training and workshops held at Planet Fitness headquarters and in stores across the country as well as through webinars.

*Operational support and communication*. We believe spending quality time with our franchisees in person is an important opportunity to furtherstrengthen our relationships and share best practices. We have dedicated operations and marketing teams providing ongoing support to franchisees. We are hands on—we often attend franchisees’ presales and grand openings, and we host franchisee meetings each year, known as “PF Huddles.” We also communicate regularly with our entire franchisee base to keep them informed, and we host an Annual Franchise Conference every year that is geared towards franchisees and their operations teams.

We regularly communicate with the franchisee advisory groups described below and send a weekly email communication to all franchisees with timely “news you can use” information related to operations, marketing, financing and equipment. Every month, a franchisee newsletter is sent to all franchisees, which includes a personal letter from our Chief Executive Officer, important updates on the business and benchmarking reports.

*Franchisee relations*. Because our ability to execute our strategy is dependent upon the strength of our relationships with our franchisees, wemaintain an ongoing dialogue and strong relationship with two franchise advisory groups, the Franchise Advisory Council (“FAC”) and the Planet Fitness Independent Franchise Association (“PFIFA”). The FAC includes seven franchisees elected by the franchisee base and seven committees consisting of approximately 36 franchisees. The FAC and its committees provide feedback and input on major brand initiatives,

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new product and service introductions, marketing programs and advertising campaigns. FAC leaders have regular dialogue with our executive team and work closely with us to advise on major initiatives impacting the brand. Our strong culture of working together is the driving force behind all we do, and we refer to our franchisees as “raving FANchisees.” In 2014, in cooperation with us, the franchisees also organized PFIFA. PFIFA assists the franchisees and us in working together to develop brand ideas, streamline legal agreements and provide advice on related topics to franchisees on issues such as succession and estate planning.

***Compliance with brand standards—Brand Excellence***

We have a dedicated Brand Excellence team focused on ensuring that our franchise stores adhere to brand standards and providing ongoing assistance, training and monitoring to those franchisees that have difficulty meeting those standards. We generally perform a detailed Brand Excellence review on each franchise store within 30 to 60 days of opening and each franchise store is generally reviewed at least once per year thereafter. In 2014, our Brand Excellence team performed approximately 922 franchise store reviews covering all franchise ownership groups.

We review stores based on a wide range of criteria ranging from cleanliness to compliance with signage and layout requirements and operational standards. We record the results of each review in a third-party Planet Fitness-branded software system, which automatically sends a Brand Excellence report to the appropriate franchisee. Results are also available to the franchisee through the Brand Excellence software system, which provides access to regional and national benchmarking data, allowing franchisees to compare overall results among their peers as well as results based upon each criterion. Stores that do not receive a passing score are automatically flagged for follow-up by our team and will generally be reevaluated within 30 to 60 days to ensure all identified issues have been addressed. Our Brand Excellence system also enables franchisees to perform, track and benchmark self-assessments and online member surveys through the Brand Excellence software system.

We also use mystery shoppers to perform anonymous Brand Excellence reviews of franchise stores. We generally select franchise stores for review randomly but also target underperforming stores and stores that have not performed well in Brand Excellence reviews.

**Marketing**

***Marketing strategy***

Our marketing strategy is anchored by our key brand differentiators—the Judgement Free Zone, our exceptional value and our high-quality experience. We are nationally known for our memorable and creative advertising, which not only drives membership sales, but also showcases our brand philosophy, humor and innovation in the industry. We see Planet Fitness as a community gathering place, and the heart of our marketing strategy is to create a welcoming community for our members.

***Marketing spending***

*National advertising*. We support our franchisees both at a national and local level. We manage the U.S. NAF and Canadian advertising fund forfranchisees and corporate-owned stores, with the goals of generating national awareness through national advertising and media partnerships, developing and maintaining creative assets to support local sale periods throughout the year, and building and supporting the Planet Fitness community via social media. Our current franchise agreement requires franchisees to contribute 2% of their monthly EFT to the NAF. Since the NAF was founded in September 2011, it has enabled us to spend

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approximately $49.5 million to increase national brand awareness, including $21.1 million in 2014. We believe this is a powerful marketing tool as it allows us to increase brand awareness in new and existing markets.

*Local marketing*. Our current franchise agreement requires franchisees to spend 7% of their monthly EFT on local marketing to supportpromotional sale periods throughout the year. We also strongly encourage franchisees to form regional marketing cooperatives to maximize the impact of their marketing spending. Our corporate-owned stores contribute to, and participate in, regional marketing cooperatives with franchisees where practical. All franchise stores are supported by our dedicated franchisee marketing team, which provides guidance, tracking, measurement and advice on best practices. Franchisees spend their marketing dollars in a variety of ways to promote business at their stores on a local level. These methods typically include media vehicles that we do not use nationally, including direct mail, outdoor (including billboards) and radio advertisements and local partnerships and sponsorships.

***Social media***

We have an engaged social media community, which we believe further raises brand awareness and creates community among our members. We maintain a corporate Facebook page and are active on Twitter and Instagram and seek to engage frequently and personally with our members online. In addition to our national corporate Facebook page, each store has a local Facebook page where it can directly engage with its members.

***Media partnerships***

Given our scale and marketing resources through our national advertising fund, we have aligned ourselves with high-profile media partners who have helped to extend the reach of our brand. Through a four-year partnership with “The Biggest Loser,” a national television show running on NBC where competitors strive to lose weight and learn to live a healthier lifestyle, we showcased the power of our Judgement Free Zone in enabling everyday people (including those who may have never considered joining a gym before) to achieve healthier lifestyles. The partnership included Planet Fitness-branded fitness equipment and logos on air, in-store integrations with trainers and contestants, digital advertising on NBC, local appearances of contestants and other promotions. We also partnered with “Dick Clark’s New Year’s Rockin’ Eve with Ryan Seacrest” to ring in the New Year in 2015. Through on-air verbal mentions, a celebrity integration with host Jenny McCarthy and brand visuals in Times Square, we encouraged everyone to have a “Judgement Free” New Year with us.

***Charitable partnerships***

We believe strongly in giving back to the communities we serve. Over the past five years, Planet Fitness and our franchisees have supported the Breast Cancer Research Foundation at a national level and donated approximately $2.0 million to this cause, as well as other organizations, including the Make-A-Wish Foundation. Our franchisees also donate to and support a variety of local organizations, including youth sports groups and various non-profits.

**Competition**

In a broad sense, because many of our members are first-time or occasional gym-goers, we believe we compete with both fitness and non-fitness consumer discretionary spending alternatives for members’ and prospective members’ time and discretionary resources.

To a great extent, we also compete with other industry participants, including:

• other fitness centers;

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* recreational facilities established by non-profit organizations such as YMCAs and by businesses for their employees;
* private studios and other boutique fitness offerings;
* racquet, tennis and other athletic clubs;
* amenity and condominium/apartment clubs; country clubs;
* online personal training and fitness coaching;
* the home-use fitness equipment industry;
* local tanning salons; and
* businesses offering similar services.

The health club industry is highly competitive and fragmented, and the number, size and strength of competitors vary by region. Some of our competitors have national name recognition or an established presence in local markets, and some are established in markets in which we have existing stores or intend to locate new stores. These risks are more significant in Canada, where we have a limited number of stores and limited brand recognition.

We compete primarily based upon the membership value proposition we are able to offer due to our significant economies of scale, high-quality fitness experience, judgement-free atmosphere and superior customer service, all at an exceptional value, which we believe differentiates us from our competitors.

Our competition continues to increase as we continue to expand into new markets and add stores in existing markets. See also “Risk Factors— Risks related to our business and industry—The high level of competition in the health and fitness industry could materially and adversely affect our business.”

**Suppliers**

Franchisees are required to purchase fitness equipment from us and are required to purchase various other items from vendors that we approve. We sell equipment purchased from third-party equipment manufacturers to franchise stores. We also have two suppliers of tanning beds, one supplier of massage beds and chairs, and various suppliers of non-fitness equipment and miscellaneous items such as towels and t-shirts. These vendors arrange for delivery of products and services directly to franchise stores. From time to time, we re-evaluate our supply relationships to ensure we obtain competitive pricing and high-quality equipment and other items.

**Employees**

As of March 31, 2015, we employed 688 employees at our corporate-owned stores and 154 employees at our corporate headquarters located at 26 Fox Run Road, Newington, New Hampshire. None of our employees is represented by labor unions, and we believe we have an excellent relationship with our employees.

Planet Fitness franchises are independently owned and operated businesses. As such, employees of our franchisees are not employees of the Company.

**Information technology and systems**

All stores use a computerized, third-party hosted store management system to process new in-store memberships, bill members, update member information, check-in members, process point of sale transactions

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as well as track and analyze sales, membership statistics, cross-store utilization, member tenure, amenity usage, billing performance and demographic profiles by member. Our websites are hosted by third parties, and we also rely on third-party vendors for related functions such as our system for processing new online memberships, updating member information and making online payments. We believe these systems are scalable to support our growth plans.

Our back-office computer systems are comprised of a variety of technologies designed to assist in the management and analysis of our revenues, costs and key operational metrics as well as support the daily operations of our headquarters. These include third-party hosted systems that support our real estate and construction processes, a third-party hosted financial system, a third-party hosted data warehouse and business intelligence system to consolidate multiple data sources for reporting, advanced analysis, and financial analysis and forecasting, a third-party hosted payroll system, and an on-premises call center solution to manage and track member-related requests.

We also provide our franchisees access to a web-based, third-party hosted custom franchise management system to receive informational notices, operational resources and updates, training materials and other franchisee communications. In 2015, we initiated a project to replace our existing franchise management system and consolidate several back-office systems, including our call center solution, onto a third-party hosted platform to drive greater cross-system integration and efficiency and provide a scalable platform to support our growth plans. We anticipate the majority of this project will be completed in 2015.

We recognize the value of enhancing and extending the uses of information technology in virtually every area of our business. Our information technology strategy is aligned to support our business strategy and operating plans. We maintain an ongoing comprehensive multi-year program to replace or upgrade key systems, enhance security and optimize their performance.

**Intellectual property**

We own many registered trademarks and service marks in the United States and in other countries. We believe the Planet Fitness name and the many distinctive marks associated with it are of significant value and are very important to our business. Accordingly, as a general policy, we pursue registration of our marks in select international jurisdictions, monitor the use of our marks in the United States and internationally and vigorously oppose any unauthorized use of the marks.

We license the use of our marks to franchisees, third-party vendors and others through franchise agreements, vendor agreements and licensing agreements. These agreements restrict third parties’ activities with respect to use of the marks and impose brand standards requirements. We require licensees to inform us of any potential infringement of the marks.

We register some of our copyrighted material and otherwise rely on common law protection of our copyrighted works. Such copyrighted materials are not material to our business.

We also license some intellectual property from third parties for use in our stores but such licenses are not material to our business.

**Government regulation**

We and our franchisees are subject to various U.S. federal, state and local laws, as well as Canadian national, provincial and local laws, affecting our business.

We are subject to the FTC Franchise Rule promulgated by the FTC that regulates the offer and sale of franchises in the United States and requires us to provide to all prospective franchisees certain mandatory disclosure in a

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FDD. In addition, we are subject to state franchise sales laws in approximately 14 states that regulate the offer and sale of franchises by requiring us to make a franchise filing or obtain franchise registration prior to our making any offer or sale of a franchise in those states and to provide a FDD to prospective franchisees in accordance with such laws.

We are subject to franchise sales laws in five provinces in Canada that regulate the offer and sale of franchises by requiring us to provide a FDD in a prescribed format to prospective franchisees in accordance with such laws, and that regulate certain aspects of the franchise relationship. We are also subject to franchise relationship laws in over 20 states that regulate many aspects of the franchisor-franchisee relationship, including renewals and terminations of franchise agreements, franchise transfers, the applicable law and venue in which franchise disputes must be resolved, discrimination, and franchisees’ right to associate, among others.

We and our franchisees are also subject to the U.S. Fair Labor Standards Act of 1938, as amended, and various other laws in the United States and Canada governing such matters as minimum-wage requirements, overtime and other working conditions. A significant number of our and our franchisees’ employees are paid at rates related to the U.S. federal minimum wage, and past increases in the U.S. federal minimum wage have increased labor costs, as would future increases.

Our and our franchisees’ operations and properties are subject to extensive U.S. and Canadian federal, state, provincial and local laws and regulations, including those relating to environmental, building and zoning requirements. Our and our franchisees’ development of properties depends to a significant extent on the selection and acquisition of suitable sites, which are subject to zoning, land use, environmental, traffic and other regulations and requirements.

We and our franchisees are responsible at stores we each operate for compliance with state laws that regulate the relationship between health clubs and their members. Nearly all states have consumer protection regulations that limit the collection of monthly membership dues prior to opening, require certain disclosures of pricing information, mandate the maximum length of contracts and “cooling off” periods for members (after the purchase of a membership), set escrow and bond requirements for health clubs, govern member rights in the event of a member relocation or disability, provide for specific member rights when a health club closes or relocates, or preclude automatic membership renewals.

We and our franchisees primarily accept payments for our memberships through electronic fund transfers from members’ bank accounts, and, therefore, we and our franchisees are subject to both federal and state legislation and certification requirements, including the Electronic Funds Transfer Act. Some states, such as New York and Tennessee, have passed or have considered legislation requiring gyms and health clubs to offer a prepaid membership option at all times and/or limit the duration for which gym memberships can auto-renew through EFT payments, if at all. Our business relies heavily on the fact that our memberships continue on a month-to-month basis after the completion of any initial term requirements (if any), and compliance with these laws, regulations, and similar requirements may be onerous and expensive, and variances and inconsistencies from jurisdiction to jurisdiction may further increase the cost of compliance and doing business. States that have such health club statutes provide harsh penalties for violations, including membership contracts being void or voidable.

Additionally, the collection, maintenance, use, disclosure and disposal of individually identifiable data by our, or our franchisees’, businesses are regulated at the federal, state and provincial levels as well as by certain financial industry groups, such as the Payment Card Industry Organization and the NACHA. Federal, state and financial industry groups may also consider from time to time new privacy and security requirements that may apply to our businesses and may impose further restrictions on our collection, disclosure and use of individually identifiable information that are housed in one or more of our databases.

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Many of the states where we and our franchisees operate stores have health and safety regulations that apply to health clubs and other facilities that offer indoor tanning services. In addition, U.S. federal healthcare legislation signed into law in March 2010 contains a 10% excise tax on indoor tanning services. Under the rule promulgated by the IRS imposing the tax, a portion of the cost of memberships that include access to our tanning services are subject to the tax.

**Legal proceedings**

We are involved in various claims and legal actions that arise in the ordinary course of business. We do not believe that the ultimate resolution of these actions will have a material adverse effect on our financial position, results of operations, liquidity and capital resources.

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**Management**

**Executive officers and directors**

Below is a list of the names, ages, positions and a brief account of the business experience of the individuals who serve as our executive officers and directors as of the date of this prospectus.

|  |  |  |
| --- | --- | --- |
| **Name** | **Age** | **Position** |
| Chris Rondeau | 42 | Chief Executive Officer and Director |
| Dorvin Lively | 57 | Chief Financial Officer |
| Richard Moore | 44 | Chief Administrative Officer and General Counsel |
| Marc Grondahl | 49 | Director |
| Charles Esserman | 56 | Director |
| Pierre LeComte | 42 | Director |
| Michael Layman | 33 | Director |
| Edward Wong | 32 | Director |
| Stephen Spinelli, Jr. | 60 | Director |

**Chris Rondeau** has served as our Chief Executive Officer since January 2013. He previously served as our Chief Operating Officer since 2003.Mr. Rondeau joined Planet Fitness in 1993, one year after our original founders, Michael and Marc Grondahl, started the Company in 1992. Throughout the years, he has played a critical role working side by side with them to develop and refine the unique, low-cost/high-value business model and lean operating system that we believe revolutionized both the fitness and franchising industry. Because of his leadership experience, role as Chief Executive Officer and history with Planet Fitness, we believe Mr. Rondeau is well qualified to serve on our board of directors.

**Dorvin Lively** has served as our Chief Financial Officer since July 2013. Mr. Lively, a 30-year veteran of corporate finance for various retail andconsumer-products companies, leads our finance, treasury, financial planning and supply chain functions, as well as strategic and long-term planning. Prior to joining Planet Fitness, from August 2011 to July 2013 Mr. Lively served as Executive Vice President, Chief Financial Officer, interim Chief Executive Officer and Chief Administrative Officer for RadioShack Corporation. In these positions, Mr. Lively led the company’s finance, treasury, financial planning, investor relations, supply chain and dealer franchise functions. Prior to RadioShack, Mr. Lively served as Chief Financial Officer at Ace Hardware Corp. His experience also includes previous positions at Maidenform Brands, Toys R Us, The Reader’s Digest Association and Pepsi-Cola International. Mr. Lively is a Certified Public Accountant (Inactive) and received his Bachelor’s Degree from the University of Arkansas.

**Richard Moore** has served as our Chief Administrative Officer and General Counsel since early 2013, after serving as our General Counselbeginning in 2012. Previously, Mr. Moore spent five years at Ropes & Gray LLP, focusing on private equity transactions, private investment fund formation, public offerings and public company portfolio management. He also successfully led Planet Fitness through the sale to TSG in November 2012. In his role as Chief Administrative Officer, Mr. Moore is responsible for assisting the Chief Executive Officer in building out our leadership and management team and is responsible for managing the Planet Fitness Worldwide Headquarters, with a focus on creating an infrastructure to support our continued growth and expansion. Mr. Moore received his Bachelor’s Degree from Duke University and his J.D. from Northeastern University School of Law.

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**Marc Grondahl** has served on our board of directors since November 2012. He is one of our co-founders and joined the business in 1992. For 20years, Mr. Grondahl, alongside his brother, Michael Grondahl, and Chief Executive Officer, Chris Rondeau, developed and refined the successful Planet Fitness business model we have today. Throughout the years, Mr. Grondahl oversaw the financial and strategic planning for the organization, and in 1998, he was named Chief Financial Officer. Prior to joining our Company in 1992, Mr. Grondahl worked at a manufacturing company as a cost accountant. He received his Bachelor’s Degree in business administration from Bryant College. Because of his extensive experience and understanding of the Planet Fitness business, we believe Mr. Grondahl is well qualified to serve on our board of directors.

**Charles Esserman** has served on our board of directors since November 2012. Mr. Esserman serves as Chief Executive Officer of TSG, of whichhe is a founder. He has over 25 years of private equity investment experience and, together with the partners of TSG, built one of the first consumer-focused private equity funds in the United States. Mr. Esserman helps oversee current and prospective portfolio investments for TSG and is Chair of TSG’s Investment Committee. Prior to TSG, Mr. Esserman was with Bain & Company, a management consulting company. He is a member of the Board of Overseers of the Hoover Institution and the Board of Trust of Vanderbilt University. Mr. Esserman received his Bachelor’s Degree in computer science engineering from the Massachusetts Institute of Technology and an MBA from Stanford, where he was an Arjay Miller Scholar. Because of his experience in portfolio investments and consumer brands, we believe Mr. Esserman is well qualified to serve on our board of directors.

**Pierre LeComte** has served on our board of directors since November 2012. Mr. LeComte has served as Managing Director of TSG since 2009and is a member of TSG’s Investment Committee. Mr. LeComte was formerly with Bain & Company, where he led strategic diligence teams in the private equity practice and worked across consumer and retail sectors. Prior to joining Bain, Mr. LeComte worked in brand management with Yahoo! and the Nabisco Biscuit Company, and was a consumer goods and retail consultant with the New England Consulting Group. Mr. LeComte was previously a director of Yard House Restaurants, overseeing its rapid growth from a regional chain to a national brand now owned by Darden Restaurants. Mr. LeComte received his Bachelor’s Degree in Economics from the Wharton School at the University of Pennsylvania and an M.B.A. from the Kellogg Graduate School of Management at Northwestern University. Because of his extensive experience in brand management and retail concepts, we believe Mr. LeComte is well qualified to serve on our board of directors.

**Michael Layman** has served on our board of directors since March 2015. Mr. Layman has served in multiple roles at TSG since 2009, includingmost recently as Principal, and is responsible for conducting due diligence for new business opportunities, structuring transactions and working with TSG’s partner companies across consumer and retail industries. Prior to joining TSG, Mr. Layman was an investment banker with Jefferies & Company, where he worked on a variety of advisory and capital markets transactions for restaurant companies, including franchisors. Prior to Jefferies, Mr. Layman was an investment banker with Wachovia Securities, covering the restaurant and retail industries. Mr. Layman received his Bachelor of Science in Accountancy, summa cum laude, from the WP Carey School of Business at Arizona State University. Because of his experience with consumer brands and franchisors, we believe Mr. Layman is well qualified to serve on our board of directors.

**Edward Wong** has served on our board of directors since November 2012. Mr. Wong has served in multiple roles at TSG since 2011, includingmost recently as Senior Vice President. At TSG, Mr. Wong works with its partner companies and is involved in the origination, structuring and due diligence of new investment opportunities. Prior to joining TSG, Mr. Wong was with Falconhead Capital, a private equity fund focused on investing in the consumer, retail and media sectors. Prior to Falconhead, Mr. Wong was an investment banker at Citigroup, where he was focused on advising clients on mergers and acquisitions and capital markets transactions in the consumer and retail industries. Mr. Wong received his Bachelor of Business Administration, with high distinction, from The Ross School of Business at the University of Michigan. Because of his experience in consumer brands, we believe Mr. Wong is well qualified to serve on our board of directors.

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**Stephen Spinelli, Jr.** has served on our board of directors since January 2012. He currently serves as President of Philadelphia University, aposition he has held since June of 2007. Dr. Spinelli co-founded Jiffy Lube International, Inc. in 1979 under the leadership of his college football coach. Three years later, Dr. Spinelli became a franchisee and remained a director of the Company. He grew to become Jiffy Lube’s largest franchisee. Dr. Spinelli has also previously served as Chief Executive Officer of the American Oil Change Corporation. He received his Ph.D. in economics from The Management School, Imperial College, University of London, his M.B.A. from Babson College and his Bachelor’s Degree in Economics from McDaniel College. Because of his experience in franchising and as an entrepreneur, we believe Dr. Spinelli is well qualified to serve on our board of directors.

**Board composition and director independence**

Our business and affairs are managed under the direction of the board of directors. Upon the closing of this offering, our certificate of incorporation will provide that our board of directors shall consist of at least three directors but not more than 15 directors and that the number of directors may be fixed from time to time by resolution of our board of directors. Our board of directors will be divided into three classes, as follows:

* Class I, which will initially consist of Charles Esserman, Pierre LeComte and Michael Layman, whose terms will expire at our annual meeting of stockholders to be held in 2016;
* Class II, which will initially consist of Edward Wong and Stephen Spinelli, Jr., whose terms will expire at our annual meeting of stockholders to be held in 2017; and
* Class III, which will initially consist of Marc Grondahl and Chris Rondeau, whose terms will expire at our annual meeting of stockholders to be held in 2018.

Upon the expiration of the initial term of office for each class of directors, each director in such class shall be elected for a term of three years and serve until a successor is duly elected and qualified or until his or her earlier death, resignation or removal. Any additional directorships resulting from an increase in the number of directors or a vacancy may be filled by the directors then in office.

In connection with this offering, we will enter into a stockholders agreement with investment funds affiliated with TSG governing their nomination rights with respect to our board of directors following this offering. Under the agreement, we are required to take all necessary action to cause the board of directors to include individuals designated by TSG in the slate of nominees recommended by the board of directors for election by our stockholders, as follows:

* for so long as TSG owns at least 50% of the shares of our Class A and Class B common stock held by TSG prior to the completion of this offering, TSG will be entitled to (i) designate four individuals for nomination and (ii) request to expand the size of the board of directors and fill resulting vacancies such that TSG nominees comprise a majority of our board of directors;
* for so long as TSG owns less than 50% but at least 25% of the shares of our Class A and Class B common stock held by TSG prior to the completion of this offering, TSG will be entitled to designate three individuals for nomination;
* for so long as TSG owns less than 25% but at least 10% of the shares of our Class A and Class B common stock held by TSG prior to the completion of this offering, TSG will be entitled to designate two individuals for nomination; and
* for so long as TSG owns less than 10% but at least 5% of the shares of our Class A and Class B common stock held by TSG prior to the completion of this offering, TSG will be entitled to designate one individual for nomination.

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TSG will have also have the exclusive right to remove its designees and to fill vacancies created by the removal or resignation of its designees, and we are required to take all necessary action to cause such removals and fill such vacancies at the request of TSG.

Following the completion of this offering, we will be a “controlled company” under the rules of the NYSE because more than 50% of the voting power of our common stock will be held by investment funds affiliated with TSG. See “Principal and selling stockholders.” We intend to rely upon the “controlled company” exception relating to the board of directors and committee independence requirements under the rules of the NYSE. Pursuant to this exception, we will be exempt from the rules that would otherwise require that our board of directors consist of a majority of independent directors and that our compensation committee and nominating and governance committee be composed entirely of independent directors. The “controlled company” exception does not modify the independence requirements for the audit committee, and we intend to comply with the requirements of the Exchange Act and the rules of the NYSE, which require that our audit committee have at least one independent director upon consummation of this offering, consist of a majority of independent directors within 90 days following the effective date of the registration statement of which this prospectus forms a part and exclusively of independent directors within one year following the effective date of the registration statement of which this prospectus forms a part.

Our board of directors has determined that Dr. Spinelli is an independent director under the rules of the NYSE. In making this determination, the board of directors considered the relationships that Dr. Spinelli has with our Company and all other facts and circumstances that the board of directors deemed relevant in determining his independence, including ownership interests in us.

**Board committees**

Upon the completion of this offering, our board of directors will have three standing committees: the audit committee; the compensation committee; and the nominating and corporate governance committee. Each of the committees operates under its own written charter adopted by the board of directors, each of which will be available on our website upon completion of this offering. Under our stockholders agreement, following this offering TSG will have the right to appoint a director to serve on each of our committees (other than the audit committee), subject to NYSE and SEC rules.

***Audit committee***

Following this offering, our audit committee will be composed of Dr. Spinelli and Messrs. Layman and LeComte, with Mr. LeComte serving as chairman of the committee. We anticipate that, prior to the completion of this offering, our audit committee will determine that Dr. Spinelli meets the definition of “independent director” under the rules of the NYSE and under Rule 10A-3 under the Exchange Act. Within 90 days following the effective date of the registration statement of which this prospectus forms a part, we anticipate that the audit committee will consist of a majority of independent directors, and within one year following the effective date of the registration statement of which this prospectus forms a part, the audit committee will consist exclusively of independent directors. None of our audit committee members simultaneously serves on the audit committees of more than three public companies, including ours. Our board of directors has determined that Dr. Spinelli is an “audit committee financial expert” within the meaning of the SEC’s regulations and applicable listing standards of the NYSE. The audit committee’s responsibilities upon completion of this offering will include:

* appointing, approving the compensation of, and assessing the qualifications, performance and independence of our independent registered public accounting firm;
* pre-approving audit and permissible non-audit services, and the terms of such services, to be provided by our independent registered public accounting firm;

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* reviewing the audit plan with the independent registered public accounting firm and members of management responsible for preparing our financial statements;
* reviewing and discussing with management and the independent registered public accounting firm our annual and quarterly financial statements and related disclosures as well as critical accounting policies and practices used by us;
* reviewing the adequacy of our internal control over financial reporting;
* reviewing all related person transactions for potential conflict of interest situations and approving all such transactions;
* establishing policies and procedures for the receipt and retention of accounting-related complaints and concerns;
* recommending, based upon the audit committee’s review and discussions with management and the independent registered public accounting firm, the inclusion of our audited financial statements in our Annual Report on Form 10-K;
* reviewing and assessing the adequacy of the committee charter and submitting any changes to the board of directors for approval;
* monitoring our compliance with legal and regulatory requirements as they relate to our financial statements and accounting matters;
* preparing the audit committee report required by the rules of the SEC to be included in our annual proxy statement; and
* reviewing and discussing with management and our independent registered public accounting firm our earnings releases.

***Compensation committee***

Following this offering, our compensation committee will be composed of Messrs. Grondahl, Layman and LeComte, with Mr. LeComte serving as chairman of the committee. The compensation committee’s responsibilities upon completion of this offering will include:

* determining and approving the compensation of our chief executive officer, including annually reviewing and approving corporate goals and objectives relevant to the compensation of our chief executive officer, and evaluating the performance of our chief executive officer in light of such corporate goals and objectives;
* reviewing and approving the corporate goals and objectives relevant to the compensation of our other executive officers;
* reviewing and approving the compensation of our other executive officers;
* appointing, compensating and overseeing the work of any compensation consultant, legal counsel or other advisor retained by the compensation committee;
* conducting the independence assessment outlined in the rules of the NYSE with respect to any compensation consultant, legal counsel or other advisor retained by the compensation committee;
* reviewing and assessing the adequacy of the committee charter and submitting any changes to the board of directors for approval;

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* reviewing and establishing our overall management compensation philosophy and policy;
* overseeing and administering our equity compensation and similar plans;
* reviewing and approving our policies and procedures for the grant of equity-based awards and granting equity awards;
* reviewing and making recommendations to the board of directors with respect to director compensation; and
* reviewing and discussing with management the compensation discussion and analysis to be included in our annual proxy statement or Annual Report on Form 10-K.

***Nominating and corporate governance committee***

Following this offering, our nominating and corporate governance committee will be composed of Messrs. Esserman, LeComte and Wong, with Mr. Esserman serving as chairman of the committee. The nominating and corporate governance committee’s responsibilities upon completion of this offering will include:

* developing and recommending to the board of directors criteria for board and committee membership;
* establishing procedures for identifying and evaluating board of director candidates, including nominees recommended by stockholders;
* identifying individuals qualified to become members of the board of directors;
* recommending to the board of directors the persons to be nominated for election as directors and to each of the board’s committees;
* developing and recommending to the board of directors a set of corporate governance principles;
* articulating to each director what is expected, including reference to the corporate governance principles and directors’ duties and responsibilities;
* reviewing and recommending to the board of directors practices and policies with respect to directors;
* reviewing and recommending to the board of directors the functions, duties and compositions of the committees of the board of directors;
* reviewing and assessing the adequacy of the committee charter and submitting any changes to the board of directors for approval;
* provide for new director orientation and continuing education for existing directors on a periodic basis;
* performing an evaluation of the performance of the committee; and
* overseeing the evaluation of the board of directors and management.

**Board oversight of risk management**

While the full board of directors has the ultimate oversight responsibility for the risk management process, its committees oversee risk in certain specified areas. In particular, our audit committee oversees management of enterprise risks as well as financial risks. Our compensation committee is responsible for overseeing the management of risks relating to our executive compensation plans and arrangements and the incentives created by the compensation awards it administers. Our nominating and corporate governance committee

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oversees risks associated with corporate governance, business conduct and ethics, and is responsible for overseeing the review and approval of related party transactions. Pursuant to the board of directors’ instruction, management regularly reports on applicable risks to the relevant committee or the full board of directors, as appropriate, with additional review or reporting on risks conducted as needed or as requested by the board of directors and its committees.

**Compensation committee interlocks and insider participation**

None of the members of our compensation committee has at any time during the prior three years been one of our officers or employees. None of our executive officers currently serves, or in the past fiscal year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee. For a description of transactions between us and members of our compensation committee and affiliates of such members, see “Certain relationships and related party transactions.”

**Code of conduct**

We have adopted a code of conduct that applies to all of our employees, including our principal executive officer and principal financial officer. In connection with this offering, we will make our code of conduct available on our website. We intend to disclose any amendments to our codes, or any waivers of their requirements, on our website.

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**Executive compensation**

This section describes the compensation awarded to, earned by, or paid to our Chief Executive Officer, Christopher Rondeau, and our two most highly compensated executive officers (other than Mr. Rondeau), our Chief Financial Officer, Dorvin Lively, and our Chief Administrative Officer and General Counsel, Richard Moore, who collectively are referred to in this prospectus as our “named executive officers”. During 2014, our named executive officers received compensation and benefits from Pla-Fit Holdings, LLC (“Pla-Fit”) and its subsidiaries. The board of managers of Pla-Fit (referred to as our board for purposes of this executive compensation discussion) was responsible for making decisions regarding the compensation of our named executive officers.

**Summary compensation table**

The following table sets forth information concerning the compensation awarded or paid to our named executive officers for fiscal 2014.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Non-equity** |  |  |  |
|  |  |  | **incentive plan** | **All other** |  |  |
|  |  | **Salary** | **compensation** | **compensation** | **Total** | |
| **Name and principal position** | **Year** | **($)** | **($)(1)** | **($)(2)** | **($)** | |
| Christopher Rondeau | 2014 | 500,000 | 565,000 | 23,091 | 1,088,091 |  |
| *Chief Executive Officer* |  |  |  |  |  |  |
| Dorvin Lively | 2014 | 450,000 | 254,227 | 24,408 | 728,635 |  |
| *Chief Financial Officer* |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| Richard Moore | 2014 | 270,538 | 158,186 | 26,070 | 454,794 |  |
| *Chief Administrative Officer and General Counsel* |  |  |  |  |  |  |

1. Amounts represent annual bonuses paid to our named executive officers under our annual bonus program, as described below.
2. Amounts shown in the “All other compensation” column include the following items, as applicable to each named executive officer for fiscal 2014:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **401(k)** |  | **Specialized** |  |  |  |
|  | **company** | **Tax** | **accounting** | **Relocation** |  |  |
|  | **match** | **equalization** | **services fees** | **expenses** |  |  |
|  | **contributions** | **payments** | **reimbursed** | **reimbursed** | **Total** | |
| **Name** | **($) (a)** | **($)(b)** | **($)(c)** | **($)(d)** | **($)** | |
| Christopher Rondeau | — | 22,091 | 1,000 | — | 23,091 | |
| Dorvin Lively | 5,486 | 15,997 | 1,000 | 1,925 | 24,408 | |
| Richard Moore | 10,400 | 14,670 | 1,000 | — | 26,070 | |
|  |  |  |  |  |  |  |

1. Represents our matching contributions to the Planet Fitness 401(k) Plan (referred to as our 401(k) plan), which is a broad-based tax-qualified defined contribution plan for our U.S.-based employees.
2. Represents certain tax equalization payments made to our named executive officers to offset self-employment and other additional taxes incurred with respect to 2014 compensation as a result of their being treated as partners rather than employees for U.S. tax purposes.
3. Represents the reimbursement of fees related to accounting services.
4. Represents the reimbursement of certain relocation expenses.

***2014 base salaries***

Each of our named executive officers is paid a base salary reflecting his skill set, experience, role and responsibilities. The base salary of each of our named executive officers is set forth in his employment agreement (described below under “Agreements with our named executive officers— Base salaries and

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performance bonus opportunities”) and is subject to adjustment by our board. In 2014, our board approved an increase to Mr. Moore’s base salary from $265,000 to $280,000, consistent with the terms of his employment agreement as then in effect.

***2014 performance bonuses***

In fiscal 2014, each of our named executive officers was eligible to earn a cash bonus under our cash bonus program based on the achievement of key corporate financial and strategic goals. Pursuant to their employment agreements, the target amount of each named executive officer’s cash bonus is set as a percentage of his base salary. For 2014, the target bonus amount was set at 100% of base salary for Mr. Rondeau and 50% of base salary for each of Messrs. Lively and Moore.

Following the commencement of 2014, our board, after consultation with management, established the corporate performance goals for our 2014 cash bonus program, each having a designated weighting. These corporate performance goals included corporate same store sales, franchise same store sales, franchise openings, earnings before interest, taxes, depreciation and amortization, and capital expenditures. Each performance goal, other than the capital expenditure goal, had a threshold, target and maximum level of achievement and related payout.

The actual amount earned by each named executive officer under our 2014 cash bonus program was determined by our board based on the level of achievement of these goals. The actual amount of the bonuses paid to our named executive officers for fiscal 2014 is set forth above in the Summary compensation table in the column entitled “Non-equity incentive plan compensation.”

***Agreements with our named executive officers***

We have entered into an employment agreement with Mr. Rondeau, dated November 8, 2012 (and amended January 21, 2013), with Mr. Lively, dated June 28, 2013, and with Mr. Moore, dated July 23, 2012. Each of our named executive officers has entered into an employment agreement with both Planet Fitness, Inc. and Pla-Fit Holdings, LLC, amending and restating the terms of his existing employment agreement effective prior to the completion of this offering. The terms of the employment agreements, as so amended, are reflected below.

*Base salaries and performance bonus opportunities*

Pursuant to his amended employment agreement, Mr. Rondeau is entitled to an annual base salary of $500,000, which is subject to increase by the board of directors or the compensation committee of the board of directors of Planet Fitness, Inc. Mr. Rondeau is also eligible to earn an annual cash bonus, with a target of 100% of his annual base salary, based upon the achievement of performance goals determined by the board of directors or the compensation committee of the board of directors of Planet Fitness, Inc.

Pursuant to his amended employment agreement, Mr. Lively is entitled to an annual base salary of $450,000, which is subject to adjustment by the board of directors or the compensation committee of the board of directors of Planet Fitness, Inc. Mr. Lively is also eligible to earn an annual cash bonus, with a target of 50% of his annual base salary, based upon the achievement of performance goals determined by the board of directors or the compensation committee of the board of directors of Planet Fitness, Inc.

Pursuant to his amended employment agreement, Mr. Moore is entitled to an annual base salary of $300,000, which is subject to increase by the board of directors or the compensation committee of the board of directors of Planet Fitness, Inc. Mr. Moore is also eligible to earn an annual cash bonus, with a target of 50% of his annual base salary, based upon the achievement of performance goals determined by the board of directors or the compensation committee of the board of directors of Planet Fitness, Inc.

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*Restrictive covenants*

Pursuant to their respective employment agreements, our named executive officers are bound by certain restrictive covenants, including covenants relating to confidentiality and assignment of intellectual property rights, as well as covenants not to compete with us or to solicit our customers, prospective customers, employees or other service providers during employment and for a period of time (Mr. Rondeau, one year; and Messrs. Lively and Moore, two years) following termination of employment.

*Severance*

Each employment agreement provides for severance upon a termination of employment by us without cause or the named executive officer for good reason, in each case, conditioned on the named executive officer’s timely and effective execution of a separation agreement provided by the Company containing a release of claims and other customary terms and continued performance of the restrictive covenants described above. Messrs. Rondeau and Lively are each entitled to severance consisting of 12 months, and Mr. Moore, to six months, of continued base salary, payable in the form of salary continuation. Mr. Rondeau is also entitled to a prorated annual cash bonus for the year of termination based on actual performance and any unvested stock options held by Mr. Rondeau that would have vested during the calendar year of his termination will vest. Mr. Moore is also entitled to an amount equal to the Company’s monthly share of the premium payments for his participation in the Company’s group health insurance plans for a period of six months following termination.

***Equity-based compensation***

Messrs. Lively and Moore currently hold Class M Common Units in Pla-Fit (the “Class M Units”), granted to them pursuant to the terms of the Management Incentive Plan (described below). The Class M Units are intended to be “profits interests” for U.S. federal income tax purposes. Eighty percent (80%) of the Class M Units generally vest annually over five years from a specified vesting date, and twenty percent (20%) vest upon the occurrence of an initial public offering. All unvested Class M Units are subject to accelerated vesting upon a sale of the Company. None of our named executive officers were granted Class M Units in 2014.

***Employee benefits and perquisites***

All of our full-time employees, including our named executive officers, are eligible to participate in our health and welfare plans, including medical and dental benefits, life insurance benefits and short-term and long-term disability insurance. Our named executive officers participate in these plans on the same basis as other eligible employees. We do not maintain any supplemental health or welfare plans for our named executive officers.

We also provide our named executive officers, together with other key employees, with certain additional limited benefits. The value of these benefits is included above in the “All other compensation” column of the Summary compensation table.

**Retirement plans**

All of our named executive officers participate in our 401(k) Plan, a broad-based retirement plan in which generally all of our full-time U.S.-based employees are eligible to participate. Under our 401(k) Plan, employees are permitted to defer their annual eligible compensation, subject to the limits imposed by the Internal Revenue Code, and the Company makes a matching contribution of 100% of employee contributions up to the first 3% of compensation, plus 50% of employee contributions up to the next 2% of compensation. We do not maintain any qualified or non-qualified defined benefit plans or supplemental executive retirement plans that cover our named executive officers.

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**Management Incentive Plan**

Effective April 30, 2013, our board approved the Pla-Fit Holdings, LLC 2013 Equity Incentive Plan (the “Management Incentive Plan”). The Management Incentive Plan provides for the grant of Class M Units to selected employees and other persons providing services to Pla-Fit and its subsidiaries. Our board is the administrator of the Management Incentive Plan. At the time of grant of Class M Units, our board will establish a distribution threshold in respect of each unit.

The vesting terms and conditions applicable to the Class M Units granted under the Management Incentive Plan are set forth in individual award agreements. In addition, pursuant to the individual award agreements, each holder of Class M Units agrees to be bound by certain restrictive covenants, including covenants relating to confidentiality and assignment of intellectual property rights, as well as covenants not to compete with us or to solicit our customers, prospective customers, employees or other service providers during employment or service and for 12 months following termination of employment or service.

Upon a termination of employment or other service relationship for any reason, all then unvested Class M Units will be forfeited, and if the termination is for cause or due to a breach of the restrictive covenants, all Class M Units, vested or unvested, will be forfeited. Pla-Fit has the right, following a termination of employment or other service, to repurchase vested Class M Units. The price that Pla-Fit is required to pay for any Class M Unit following a termination of employment or service depends on the circumstances of such termination. In general a holder of vested Class M Units is entitled to receive fair value for his or her vested units; however, any repurchase amount paid is required to be returned to Pla-Fit if the holder later breaches any provisions of the award agreement or the Management Incentive Plan, or breaches the restrictive covenants applicable to him or her, or if Pla-Fit reasonably determines that the holder could have been terminated for cause at the time his or her employment was terminated.

Prior to the completion of this offering, it is expected that all of the outstanding vested and unvested Class M Units in Pla-Fit will be converted into an amount of vested and unvested common units (the “Holdings Units” described above under “The recapitalization transactions— Reclassification”), respectively. Each unvested Holdings Unit will continue to vest following the completion of this offering based on the vesting schedule of the outstanding unvested Class M Unit for which it was exchanged. Pursuant to the terms of the award agreements evidencing the grant of Class M Units, twenty percent (20%) of the Class M Units will vest upon the completion of the offering. Holders of Holdings Units will also receive Class B common stock, as described above under “The recapitalization transactions—Reclassification.” To the extent Holdings Units do not vest in accordance with their terms, the corresponding shares of Class B common stock will be forfeited. Holders of Holdings Units will become subject to certain agreements in connection with this offering, as described below under “Certain relationships and related party transactions.”

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**Outstanding equity awards at 2014 fiscal year-end**

The following table shows the number of Class M Unit awards held by our named executive officers as of December 31, 2014.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Number of** | **Market value of** | |
|  | **Class M Units** | **Class M Units** | |
|  | **that have not** | **that have not** | |
| **Name** | **vested (#)** | **vested ($)(4)** | |
| Christopher Rondeau(1) | — | — | |
| Dorvin Lively | 132.632(2) | 8,707,562 |  |
| Richard Moore | 71.579(3) | 5,298,577 |  |
|  |  |  |  |

1. Mr. Rondeau does not hold any Class M Units. He holds Class O Common Units in Pla-Fit.
2. Mr. Lively was granted 157.895 Class M Units on August 13, 2013. 80% of the Class M Units held by Mr. Lively vest in equal installments on each of July 24, 2014, 2015, 2016, 2017 and 2018 and 20% of the Class M Units will vest in connection with an initial public offering (including this offering), subject to his continued employment. Any unvested awards will vest in full upon a sale of the Company, subject to Mr. Lively’s continued employment.
3. Mr. Moore was granted 105.263 Class M Units on April 30, 2013. 80% of the Class M Units held by Mr. Moore vest in equal installments on each of November 8, 2013, 2014, 2015, 2016 and 2017 and 20% of the Class M Units will vest in connection with an initial public offering (including this offering), subject to his continued employment. Any unvested awards will vest in full upon a sale of the Company, subject to Mr. Moore’s continued employment.
4. There is no public market for the Class M Units. The value included in this table is based on the fair market value of a Class M Unit as of December 31, 2014, as determined by our board (taking into account the applicable distribution threshold associated with the Class M Units). As described above, prior to the completion of this offering, the Class M Units will be converted into Holdings Units (with corresponding shares of Class B common stock). Amounts will only be realized in respect of Class M Units to the extent that the vesting conditions described above are satisfied and to the extent they are entitled to distributions under their governing documents.

**Director compensation**

Our directors who are affiliated with our Sponsor do not receive any compensation for their service on our board. Our board agreed to pay an amount of $10,000 per year to each of Gov. Benson and Dr. Spinelli, our former and current non-affiliated non-employee directors, respectively, for their service on our board. Gov. Benson resigned from our board in March 2015. In 2014, Dr. Spinelli was also paid $40,000 for the provision of business and franchise consulting services pursuant to a consulting agreement with the Company dated April 30, 2013, which agreement terminated on December 31, 2014 with no further payment due and owing to Dr. Spinelli under the agreement thereafter.

The following table sets forth information concerning the compensation of our non-employee directors in fiscal 2014. Other than as set forth in the table below, we did not pay any compensation, or make any equity awards or non-equity incentive plan awards, to any of the non-employee members of our board in 2014. Mr. Rondeau receives no additional compensation for his service as a director, and, consequently, is not included in this table. The compensation received by Mr. Rondeau as an employee during 2014 is reflected in the “Summary compensation table” above.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Fees earned or** | **All other** |  |  |
|  | **paid in cash** | **compensation** | **Total** | |
| **Name** | **($)(2)** | **($)** | **($)** | |
| Craig Benson(1) | 10,000 | — | 10,000 | |
| Stephen Spinelli, Jr.(1) | 10,000 | 40,000(3) | 50,000 | |
| Charles Esserman | — | — | — | |
| Pierre LeComte | — | — | — | |
| Edward Wong | — | — | — | |
| Marc Grondahl | — | 7,582(4) | 7,582 |  |
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1. As of December 31, 2014, Gov. Benson and Dr. Spinelli each held 15.789 Class M Common Units, granted to them on April 30, 2013 (the “Director Units”). 80% of the Director Units vest in equal installments on each of November 8, 2013, 2014, 2015, 2016 and 2017 and 20% of the Director Units will vest in connection with an initial public offering (including this offering), subject to the director’s continued service on the board. Any unvested awards will vest in full upon a sale of the Company, subject to the director’s continued service on the board. As of December 31, 2014, each of Gov. Benson and Dr. Spinelli held 10.737 unvested Class M Units. In connection with Gov. Benson’s resignation from our board, our board amended Gov. Benson’s Director Units to provide that his unvested Class M Units vested in full prior to such resignation.
2. Represents the $10,000 annual fee paid to each of Gov. Benson and Dr. Spinelli for their services on our board.
3. Represents consulting fees paid to Dr. Spinelli for consulting services performed for the Company in 2014, pursuant to his consulting agreement with the Company dated April 30, 2013. The consulting agreement with Dr. Spinelli terminated on December 31, 2014. Pursuant to this agreement, the Company paid Dr. Spinelli an annual consulting fee of $40,000.
4. Represents the cost to the Company of health insurance premiums paid on behalf of Mr. Grondahl, who had been an employee of the Company until April 2013. This is a discretionary benefit provided by the Company to Mr. Grondahl.

In connection with this offering, our board of directors intends to adopt a non-employee director compensation program. Under the new non-employee director compensation program, each member of our board of directors who is not an employee and who is not affiliated with our Sponsor will be eligible to receive an annual cash retainer payment of $50,000 and an annual grant of restricted stock units with a grant date fair market value of $50,000. The annual grant of restricted stock units will vest in full on the first anniversary of the date of grant, subject to the director’s continued service as a member of our board of directors through the vesting date. In addition, under the new program, eligible directors will receive the following additional cash retainers on an annual basis for service as the chairperson of the committees of our board of directors: audit committee chairperson—$15,000; compensation committee chairperson—$12,000; and nominating and corporate governance committee chairperson—$10,000. As a co-founder, Mr. Grondahl will not be eligible to receive compensation under this program. Our board of directors expects to grant a restricted stock unit award to a newly appointed member of our board of directors in connection with his appointment, on the terms described above, except that such grant will be pro-rated to take into account the expected number of months until our annual meeting of stockholders in 2016.

**Other equity and incentive plans**

***Planet Fitness, Inc. 2015 Omnibus Plan***

In connection with this offering, our board of directors intends to adopt the Planet Fitness, Inc. 2015 Omnibus Plan (the “2015 Omnibus Plan”), and, following this offering, all equity-based awards will be granted under the 2015 Omnibus Plan. The following summary describes what we anticipate will be the material terms of the 2015 Omnibus Plan. This summary of the 2015 Omnibus Plan is not a complete description of all provisions of the 2015 Omnibus Plan and is qualified in its entirety by reference to the 2015 Omnibus Plan, a form of which is filed as an exhibit to the registration statement of which this prospectus forms a part. In connection with this offering, we expect to grant certain of our employees options to purchase

approximately shares of our Class A common stock in the aggregate, at an exercise price equal to the public offering price. None of our named executive officers will receive stock option grants in connection with this offering.

*Administration*

The 2015 Omnibus Plan is administered by our compensation committee, which has the authority to, among other things, interpret the 2015 Omnibus Plan, determine eligibility for, grant and determine the terms of awards under the 2015 Omnibus Plan. Our compensation committee’s determinations under the 2015 Omnibus Plan will be conclusive and binding.

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*Authorized shares*

Subject to adjustment, as described below, the maximum number of shares of our Class A common stock that may be delivered in satisfaction of

awards under the 2015 Omnibus Plan is shares. The shares of our Class A common stock to be issued under the 2015 Omnibus Plan may be newly issued shares of treasury stock acquired by us. Any shares of Class A common stock underlying awards that are settled in cash, expire or become unexercisable without having been exercised or that are forfeited or repurchased by us due to failure to vest will again be available for issuance under the 2015 Omnibus Plan. In addition, the number of shares of our Class A common stock delivered in satisfaction of awards will be determined net of shares of our Class A common stock withheld by us in payment of the exercise price or purchase price of an award or in satisfaction of tax withholding requirements with respect to an award.

*Individual limits*

The maximum number of shares of our Class A common stock subject to stock options, and the maximum number of shares of our Class A common stock subject to stock appreciation rights (“SARs”), that may be granted to any participant in the 2015 Omnibus Plan in any calendar year

is each shares. The maximum number of shares of our Class A common stock subject to other awards that may be granted to any participant in the 2015 Omnibus Plan in any calendar year is shares. The maximum amount payable to any participant in the 2015 Omnibus Plan in any calendar year under a cash award is $ . Additional limits apply with respect to awards granted to directors who are not employees

of our Company, such that the grant-date fair value of stock-denominated awards granted in any calendar year may not exceed $500,000, except that such limit for a non-employee chairman of our board of directors or lead director is $700,000.

*Eligibility*

Our and our affiliates’ key employees, directors, consultants and advisors are eligible to participate in the 2015 Omnibus Plan.

*Types of awards*

The 2015 Omnibus Plan provides for awards of stock options, SARs, restricted stock, unrestricted stock, stock units, performance awards, other awards convertible into or otherwise based on shares of our Class A common stock and cash awards. Cash awards and stock options that are intended to qualify as “incentive stock options” under Section 422 of the Internal Revenue Code may only be granted to participants who are our employees. The 2015 Omnibus Plan permits the grant of performance awards that are intended to qualify as exempt performance-based compensation under Section 162(m) of the Internal Revenue Code (“Section 162(m)”), to the extent applicable, as well as awards that are not intended to so qualify. During a transition period following the completion of this offering, the 2015 Omnibus Plan will also allow for the grant of performance awards that are exempt from Section 162(m) and its requirements under a special transition rule under Section 162(m).

*Performance criteria*

Performance awards may be made based upon, and subject to the achievement of, performance objectives specified by our compensation committee. Performance objectives with respect to those awards that are intended to qualify as “performance-based compensation” for purposes of Section 162(m), to the extent applicable, are limited to an objectively determinable measure or measures of performance relating to any or any combination of the following (measured either absolutely or comparatively (including, without limitation, by reference to an index or indices or a specified peer group) and determined either on a consolidated basis or,

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as the context permits, on a divisional, subsidiary, line of business, project or geographical basis or in combinations thereof, and subject to such adjustments, if any, as our compensation committee specifies, consistent with the requirements of Section 162(m)): sales; revenues; assets; expenses; earnings before or after deduction for all or any portion of interest, taxes, depreciation, amortization or equity expense, whether or not on a continuing operations or an aggregate or per share basis; return on equity, investment, capital, capital employed or assets; one or more operating ratios; operating income or profit, including on an after-tax basis; borrowing levels, leverage ratios or credit rating; market share; capital expenditures; cash flow; stock price; stockholder return; sales of particular products or services; same store sales; customer satisfaction; gross or net store openings, including timing of openings and achievement of growth targets with respect thereto; new store first year sales; customer acquisition or retention; acquisitions and divestitures (in whole or in part); joint ventures and strategic alliances; spin-offs, split-ups and the like; reorganizations; or recapitalizations, restructurings, financings (issuance of debt or equity) or refinancings.

*Vesting*

Our compensation committee has the authority to determine the vesting schedule applicable to each award, and to accelerate the vesting or exercisability of any award.

*Termination of employment or service*

Our compensation committee may determine the effect of a termination of employment or service on an award. Unless otherwise provided by our compensation committee, upon a termination of a participant’s employment or service, all unvested stock options and SARs then held by the participant will terminate, all other unvested awards will be forfeited and all vested stock options and SARs then held by the participant will remain outstanding for three months following such termination, or one year in the case of a termination due to death or permanent disability, or, in each case, until the applicable expiration date of the award, if earlier. All stock options and SARs held by a participant immediately prior to the participant’s termination of employment or service will immediately terminate if such termination is for cause, as defined in the 2015 Omnibus Plan, or occurs in circumstances that would have constituted grounds for the participant’s employment or service to be terminated for cause, in the determination of our compensation committee.

*Transferability*

Awards under the 2015 Omnibus Plan may not be transferred other than by the laws of descent and distribution, unless, for awards other than incentive stock options, otherwise provided by our compensation committee.

*Corporate transactions*

In the event of certain corporate transactions (including a merger, consolidation or similar transaction, or the sale of substantially all of the assets, a change in ownership of the stock, or the dissolution or liquidation of the Company), our compensation committee may, among other things, provide for the continuation or assumption of outstanding awards, for new grants in substitution of outstanding awards, for the accelerated vesting or delivery of shares under awards or for a cash-out of outstanding awards, in each case on such terms and with such restrictions as it deems appropriate. Except as our compensation committee may otherwise determine, awards not assumed in connection with such a transaction will terminate automatically and, in the case of outstanding restricted stock, will be forfeited automatically upon the consummation of such transaction.

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*Adjustments*

In the event of certain corporate transactions (including a stock dividend, stock split or combination of shares, including a reverse stock split, recapitalization or other change in our capital structure), our compensation committee will make appropriate adjustments to the maximum number of shares of our Class A common stock that may be delivered under, and the individual share limits included in, the 2015 Omnibus Plan, and will also make appropriate adjustments to the number and kind of shares or securities subject to awards, the exercise prices of such awards or any other terms of awards affected by such change. Our compensation committee may also make the types of adjustments described above to take into account distributions and events other than those listed above if it determines that such adjustments are appropriate to avoid distortion in the operation of the 2015 Omnibus Plan.

*Recovery of compensation*

Our compensation committee may cancel, rescind, withhold or otherwise limit or restrict any award at any time under the 2015 Omnibus Plan if the participant is not in compliance with the provisions of the 2015 Omnibus Plan or any award thereunder or if the participant breaches any agreement with us with respect to non-competition, non-solicitation or confidentiality. Our compensation committee also may recover any award or payments or gain in respect of any award under the 2015 Omnibus Plan in accordance with any applicable Company clawback or recoupment policy, or as otherwise required by applicable law or applicable stock exchange listing standards.

*Amendment; termination*

Our compensation committee may amend the 2015 Omnibus Plan or outstanding awards, or terminate the 2015 Omnibus Plan as to future grants of awards, except that our compensation committee will not be able to alter the terms of an award if it would affect materially and adversely a participant’s rights under the award without the participant’s consent (unless expressly provided in the 2015 Omnibus Plan or the right to alter the terms of an award was expressly reserved by our compensation committee at the time the award was granted). Amendments to the 2015 Omnibus Plan will be conditioned on shareholder approval to the extent such approval is required by law, including the Internal Revenue Code and applicable stock exchange requirements.

***Cash Incentive Plan***

In connection with this offering, our board of directors intends to adopt the Planet Fitness, Inc. Cash Incentive Plan (the “Cash Incentive Plan”). Beginning with our 2016 fiscal year, annual cash bonus opportunities for our named executive officers and other key employees will be granted under the Cash Incentive Plan. The following summary describes what we anticipate will be the material terms of the Cash Incentive Plan. This summary is not a complete description of all provisions of the Cash Incentive Plan and is qualified in its entirety by reference to the Cash Incentive Plan, a form of which is filed as an exhibit to the registration statement of which this prospectus forms a part.

*Administration*

The Cash Incentive Plan will be administered by our compensation committee, which has the authority to interpret the Cash Incentive Plan and awards granted under it, to determine the terms and conditions of awards, and generally to do all things necessary to administer the Cash Incentive Plan. Any interpretation or decision by our compensation committee will be final and conclusive.

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*Participation; individual limit*

Our executive officers and other key employees will be selected from time to time by our compensation committee to participate in the Cash Incentive Plan. The maximum payment to any participant pursuant to an award intended to qualify as performance-based compensation under Section 162(m) under the Cash Incentive Plan in any fiscal year will in no event exceed $5,000,000.

*Awards*

With respect to each award granted under the Cash Incentive Plan, our compensation committee will determine the performance criteria applicable to the award, the amount or amounts payable if the performance criteria are achieved, and such other terms and conditions as our compensation committee deems appropriate. The Cash Incentive Plan permits the grant of awards that are intended to qualify as exempt performance-based compensation under Section 162(m), to the extent applicable, as well as awards that are not intended to so qualify. During a transition period following completion of this offering, awards under the Cash Incentive Plan will not be required to comply with the provisions of the plan applicable to performance-based compensation under Section 162(m) under a special transition rule under Section 162(m).

*Performance criteria*

Awards under the Cash Incentive Plan will be made based on, and subject to achieving, performance criteria established by our compensation committee, which may be applied to a participant or participants on an individual basis, to a business unit or division, or to the Company as a whole. Performance criteria for awards intended to qualify as performance-based compensation for purposes of Section 162(m), to the extent applicable, are limited to the objectively determinable measure or objectively determinable measures of performance relating to any or any combination of the following (measured either absolutely or comparatively (including, without limitation, by reference to an index or indices or a specified peer group) and determined either on a consolidated basis or, as the context permits, on a divisional, subsidiary, line of business, project or geographical basis or in combinations thereof and subject to such adjustments, if any, as our compensation committee specifies, consistent with the requirements of Section 162(m)): sales; revenues; assets; expenses; earnings before or after deduction for all or any portion of interest, taxes, depreciation, amortization or equity expense, whether or not on a continuing operations or an aggregate or per share basis; return on equity, investment, capital, capital employed or assets; one or more operating ratios; operating income or profit, including on an after tax basis; borrowing levels, leverage ratios or credit rating; market share; capital expenditures; cash flow; stock price; stockholder return; sales of particular products or services; same store sales; customer satisfaction; gross or net store openings, including timing of openings and achievement of growth targets with respect thereto; new store first year sales; customer acquisition or retention; acquisitions and divestitures (in whole or in part); joint ventures and strategic alliances; spin-offs, split-ups and the like; reorganizations; or recapitalizations, restructurings, financings (issuance of debt or equity) or refinancings.

*Payment under an award*

A participant will be entitled to payment under an award only if all conditions to payment have been satisfied in accordance with the Cash Incentive Plan and the terms of the award. Our compensation committee will determine the payment date or dates for awards under the Cash Incentive Plan. Following the close of the performance period, our compensation committee will determine (and, to the extent required by Section 162(m), certify) whether and to what extent the applicable performance criteria have been satisfied. Our compensation committee will then determine the actual payment, if any, under each award. Unless otherwise provided by our compensation committee, all payments will be made not later than March 15th of the calendar

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year following the calendar year in which the performance period ends, and a participant will not be entitled to any payment unless he or she remains employed through the date of payment. Our compensation committee may permit a participant to defer payment of an award subject to the requirements of applicable law.

*Recovery of compensation*

Our compensation committee may provide that awards will be subject to forfeiture, termination or rescission, and that a participant will be obligated to return to the Company payments received with respect to an award, in connection with (i) a breach by the participant of award terms or the Cash Incentive Plan, or any non-competition, non-solicitation, confidentiality or similar covenant or agreement with the Company or any of its affiliates or

1. an overpayment to the participant of incentive compensation due to inaccurate financial data. Our compensation committee may recover

awards and payments under any award in accordance with any applicable Company clawback or recoupment policy, as amended and in effect from time to time, or as otherwise required by applicable law or applicable stock exchange listing standards.

*Amendment; termination*

Our compensation committee or our board of directors may amend or terminate the Cash Incentive Plan at any time.

***2015 Cash Bonus Program***

Each of our named executive officers is entitled to participate in our cash bonus program for our 2015 fiscal year. The terms of our of cash bonus program for our 2015 fiscal year, as they apply to our named executive officers and our other senior executives, are generally the same as the terms that applied for our 2014 fiscal year, as described above under “2014 performance bonuses”. Cash bonus awards payable in respect of our 2015 fiscal year will be based on the achievement of key corporate financial and strategic goals relating to corporate same store sales, franchise same store sales, club openings, and earnings before interest, taxes, depreciation and amortization. The target amount of each named executive officer’s annual cash bonus as a percentage of his base salary remains unchanged from the 2014 target amounts. The actual amount earned by each named executive officer under our 2015 cash bonus program will be determined by our board or our compensation committee based on the level of achievement of these goals.

***2013 Performance Incentive Plan***

Certain of our employees were granted cash awards pursuant to the Pla-Fit Holdings, LLC 2013 Performance Incentive Plan (“2013 Performance Incentive Plan”). None of our named executive officers or directors holds awards under the 2013 Performance Incentive Plan. Each award under this plan represents the conditional right to receive a cash payment upon a change in control or an initial public offering of Pla-Fit Holdings, LLC if the equity value of Pla-Fit Holdings, LLC in connection with such transaction exceeds a certain threshold, subject to the holder of the award remaining employed on the date of such transaction. We expect to make cash payments in an estimated amount of $1.7 million to holders of awards under the 2013 Performance Incentive Plan in connection with this offering.

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**Certain relationships and related party transactions**

**Related party agreements in effect prior to this offering**

***Franchisee relationships***

Former Governor Craig Benson, a former member of our board of directors, is also a Planet Fitness franchisee. Gov. Benson, through his ownership interest in BL Technologies Investments, LLC, entered into an ADA with us dated October 23, 2012, under which he has opened eight Planet Fitness stores as of March 31, 2015, for each of which he entered into a franchise agreement. Over the next twelve years, Gov. Benson is obligated to open an additional 27 Planet Fitness stores. In 2012, 2013 and 2014, Gov. Benson paid royalties and fees to us, which totaled approximately $350,000, $40,000 and $452,000, respectively, and purchased fitness equipment for seven of his Planet Fitness stores, each as required by the terms of his franchise agreements. Gov. Benson’s equipment purchases totaled approximately $1.4 million and $3.1 million in 2013 and 2014, respectively. Gov. Benson did not purchase equipment from us in 2012. The terms of Gov. Benson’s ADA and franchise agreements are commensurate with other franchise agreements executed during the same time period.

Dennis Rondeau, father of Chris Rondeau, our Chief Executive Officer and a member of our board of directors, is also a Planet Fitness franchisee. Mr. Rondeau, through his ownership interest in Freedom Fitness, LLC, entered into an ADA with us dated December 10, 2009, under which he has opened four stores as of March 31, 2015, for each of which he entered into a Franchise Agreement. Over the next two years, Mr. Rondeau is obligated to open an additional four Planet Fitness stores. In 2012, 2013 and 2014, Mr. Rondeau paid royalties and fees to us, which totaled approximately $132,000, $200,000 and $321,000, respectively, and purchased fitness equipment for three of his Planet Fitness stores, each as required by the terms of his franchise agreements. Mr. Rondeau’s equipment purchases totaled approximately $0, $855,000 and $574,000, in 2012, 2013 and 2014, respectively. The terms of Mr. Rondeau’s ADA and franchise agreements are commensurate with other franchise agreements executed during the same time period.

In addition, Chris Rondeau and Marc Grondahl are partial owners of PFP Direct Loan LLC and PF Principals, LLC, which directly and indirectly have provided financing to a limited number of qualified Planet Fitness franchisees to fund leasehold improvements and other related expenses, as one of several financing providers available to franchisees. Our Company does not participate in these transactions.

***Consulting agreement***

Stephen Spinelli, Jr. a member of our board of directors, entered into a consulting agreement with us dated April 30, 2013 pursuant to which he provided us with business and franchise consulting services in exchange for an annual fee of $40,000. In both 2013 and 2014, Dr. Spinelli received $40,000 in compensation pursuant to the consulting agreement. The agreement expired December 31, 2014.

***Leases***

On June 23, 2008, we entered into a lease agreement with MMC Fox Run, LLC for our headquarters in Newington, New Hampshire. The lease agreement was amended on November 1, 2011 and again on November 8, 2012. On November 8, 2013, we entered into a new office lease. MMC Fox Run, LLC is currently owned by Mr. Chris Rondeau and Mr. Marc Grondahl. Pursuant to the office lease, the initial lease term is for ten years, with two five-year renewal options. In 2012, 2013 and 2014, we paid an aggregate of approximately $269,000, $269,000 and $383,000, respectively, in rent to MMC Fox Run, LLC.

On March 1, 2010, we entered into a lease agreement with Matthew Michael Realty, LLC for a corporate-owned store in Dover, New Hampshire. Matthew Michael Realty, LLC is currently owned by Mr. Michael Grondahl, an

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original co-founder of Planet Fitness and brother of Mr. Marc Grondahl. Pursuant to the lease agreement, the initial lease term is for approximately fourteen years and expires on April 20, 2024. In 2012, 2013 and 2014, we paid approximately $491,000, $466,000 and $466,000, respectively, in rent to Matthew Michael Realty, LLC.

On June 3, 2008, we entered into a lease agreement with PF Melville Realty Co., LLC for our corporate-owned store in Melville, New York. PF Melville Realty Co., LLC is currently owned by Mr. Michael Grondahl. The initial lease term is for fifteen years. In 2012, 2013 and 2014, we paid an aggregate of approximately $160,000, $544,000 and $559,000, respectively, in rent to PF Melville Realty Co., LLC.

For some or all of the periods presented in this prospectus, the results of operations of MMC Fox Run, LLC, Matthew Michael Realty, LLC and PF Melville Realty Co., LLC are included in our consolidated financial statements. For further information, including certain ownership changes that have occurred with respect to these entities, see Notes 2(a) and 4 to our audited consolidated financial statements included elsewhere in this prospectus.

***Management services agreement***

On December 14, 2012, in connection with our acquisition by investment funds affiliated with our Sponsor, we entered into a management services agreement with TSG6 Management, LLC, an affiliate of our Sponsor (the “Management Company”), pursuant to which the Management Company has provided certain management, consulting and advisory services to Pla-Fit Holdings, LLC. In exchange for these services, we pay the Management Company an aggregate annual management fee equal to $1.0 million, and we reimburse the Management Company for reasonable out-of-pocket expenses incurred by it relating to operations of Pla-Fit Holdings, LLC and its subsidiaries and in connection with the provision of services pursuant to the management services agreement. In 2012, 2013 and 2014, we paid $0.1 million, $1.1 million and $1.2 million, respectively, in respect of management services and reimbursable expenses payable to the Management Company under the management services agreement. In addition, we agreed to indemnify the Management Company and certain persons affiliated with the Management Company to the fullest extent permitted by law from and against all losses arising from the Management Company’s performance under the management services agreement.

In connection with the completion of this offering, the management services agreement will be terminated, and we will pay a one-time termination fee of $1.0 million to the Management Company in accordance with the terms of the agreement. Four of our directors, Messrs. Esserman, Layman, LeComte and Wong, are employees of TSG.

**Recapitalization transactions in connection with this offering**

These summaries do not purport to be complete descriptions of all of the provisions of the documents relating to the recapitalization transactions, and they are qualified in their entirety by reference to the complete text of agreements which have been filed with the SEC as exhibits to the registration statement of which this prospectus is a part. For information on how to obtain copies of these agreements, see the section entitled “Where you can find more information.”

***Exchange agreement***

In connection with this offering, we and the Continuing LLC Owners will enter into an exchange agreement under which they (or certain permitted transferees) will have the right, from time to time and subject to the terms of the exchange agreement, to exchange their Holdings Units, together with a corresponding number of shares of Class B common stock, for shares of our Class A common stock on a one-for-one basis, subject to

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customary conversion rate adjustments for stock splits, stock dividends, reclassifications and other similar transactions. At our election, acting by a majority of the disinterested members of our board of directors pursuant to the exchange agreement, we may elect to redeem the Holdings Units for cash when tendered for exchange. We may not elect to pay cash if a registration statement under the Securities Act is available for the issuance in connection with the exchange or the subsequent resale. The exchange agreement will also provide that a Continuing LLC Owner will not have the right to exchange Holdings Units if we determine that such exchange would be prohibited by law or regulation or would violate other agreements with us to which the Continuing LLC Owner may be subject. As a Continuing LLC Owner exchanges Holdings Units for shares of Class A common stock, the number of Holdings Units held by Planet Fitness, Inc. is correspondingly increased as it acquires the exchanged Holdings Units, and a corresponding number of shares of Class B common stock are cancelled. Also pursuant to the exchange agreement, to the extent an exchange results in a Company liability relating to the New Hampshire business profits tax, the Continuing LLC Owners have agreed that they will contribute to Pla-Fit Holdings, LLC an amount sufficient to pay such tax liability (up to 3.5% of the value received upon exchange). If and when we subsequently realize a related tax benefit, Pla-Fit Holdings, LLC will distribute the amount of any such tax benefit to the relevant Continuing LLC Owner in respect of its contribution. We have agreed in the exchange agreement that we will use commercially reasonable efforts to reduce or eliminate this tax liability, provided it does not materially and adversely impact our net income, including by pursuing a change in the applicable law or by relocating our corporate headquarters to a different state and franchising some or all of our 14 corporate-owned stores located in the State of New Hampshire.

***Tax receivable agreements***

Pursuant to the exchange agreement described above, from time to time we may be required to acquire Holdings Units of Pla-Fit Holdings, LLC from their holders upon exchange for shares of our Class A common stock. Pla-Fit Holdings, LLC intends to have an election under Section 754 of the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”) in effect for taxable years in which such sales of Holdings Units occur. Pursuant to the Section 754 election, sales of Holdings Units are expected to result in an increase in the tax basis of tangible and intangible assets of Pla-Fit Holdings, LLC. When we acquire Holdings Units from the Continuing LLC Owners, we expect that both the existing basis for certain assets and the anticipated basis adjustments will increase depreciation and amortization deductions allocable to us for tax purposes from Pla-Fit Holdings, LLC, and therefore reduce the amount of income tax we would otherwise be required to pay in the future to various tax authorities. This increase in tax basis may also decrease gain (or increase loss) on future dispositions of certain capital assets to the extent increased tax basis is allocated to those capital assets.

Upon the completion of this offering, we will be a party to two tax receivable agreements. Under the first of those agreements, we generally will be required to pay to our Continuing LLC Owners 85% of the applicable cash savings, if any, in U.S. federal and state income tax that we are deemed to realize as a result of certain tax attributes of their Holdings Units sold to us (or exchanged in a taxable sale) and that are created as a result of

1. the sales of their Holdings Units for shares of our Class A common stock and (ii) tax benefits attributable to payments made under the tax receivable agreement (including imputed interest). Under the second tax receivable agreement, we generally will be required to pay to the Direct TSG Investors 85% of the amount of cash savings, if any, that we are deemed to realize as a result of the tax attributes of the Holdings Units that we hold in respect of the Direct TSG Investors’ interest in us, which resulted from the Direct TSG Investors’ purchase of interests in the 2012 Acquisition, and certain other tax benefits. Under both agreements, we generally will retain the benefit of the remaining 15% of the applicable tax savings.

For purposes of these tax receivable agreements, cash savings in tax are calculated by comparing our actual income tax liability to the amount we would have been required to pay had we not been able to utilize any of

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the tax benefits subject to the tax receivable agreements, unless certain assumptions apply or the tax receivable agreements accelerate, as discussed herein. The term of the tax receivable agreements will commence upon the completion of this offering and will continue until all such tax benefits have been utilized or expired, unless we exercise our rights to terminate the agreements or payments under the agreements are accelerated in the event that we materially breach any of our material obligations under the agreements or our counterparties elect to accelerate our obligations under the tax receivable agreements (as described below). The actual increase in tax basis, as well as the amount and timing of any payments under these agreements, will vary depending upon a number of factors, including the timing of sales by the holders of Holdings Units, the price of our Class A common stock at the time of the sale, whether such sales are taxable, the amount and timing of the taxable income we generate in the future, the tax rate then applicable and the portion of our payments under the tax receivable agreements constituting imputed interest.

The payment obligation under the tax receivable agreements is an obligation of Planet Fitness, Inc., not Pla-Fit Holdings, LLC, and we expect that the payments we will be required to make under the tax receivable agreements will be substantial. Assuming no material changes in the relevant tax law and that we earn sufficient taxable income to realize all tax benefits that are subject to the tax receivable agreements, we expect that the reduction in tax payments for us associated with our purchase of Holdings Units from certain of our Continuing LLC Owners with the net proceeds

of this offering and future sales of Holdings Units as described above would aggregate approximately $ over years from the date of this offering based on the initial public offering price of $ per share of our Class A common stock and assuming all future exchanges or

redemptions would occur one year after this offering. Under such scenario we would be required to pay the owners of Holdings Units 85% of such

amount, or $ , over the -year period from the date of this offering. The actual amounts may materially differ from these hypothetical amounts, as potential future reductions in tax payments for us, and tax receivable agreement payments by us, will be calculated using the market value of the shares at the time of exchange or redemption and the prevailing tax rates applicable to us over the life of the tax receivable agreements, and will be dependent on us generating sufficient future taxable income to realize the benefit. Payments under the tax receivable agreements are not conditioned on the Continuing LLC Owners’ or the Direct TSG Investors’ continued ownership of us.

In addition, although we are not aware of any issue that would cause the IRS to challenge the tax basis increases or tax attributes subject to the tax receivable agreements, the beneficiaries of the tax receivable agreements will not reimburse us for any payments previously made if such basis increases or other attributes are subsequently disallowed, except that excess payments made to any beneficiary will be netted against payments otherwise to be made, if any, to such beneficiary after our determination of such excess. As a result, in such circumstances, we could make payments under the tax receivable agreements that are greater than our actual cash tax savings.

The tax receivable agreements provide that (i) in the event that we materially breach such tax receivable agreements, (ii) if, at any time, we elect an early termination of the tax receivable agreements, or (iii) upon certain mergers, asset sales, other forms of business combinations or other changes of control, our (or our successor’s) obligations under the tax receivable agreements (with respect to all Holdings Units, whether or not they have been sold before or after such transaction) would accelerate and become payable in a lump sum amount equal to the present value of the anticipated future tax benefits calculated based on certain assumptions, including that we would have sufficient taxable income to fully utilize the deductions arising from the tax deductions, tax basis and other tax attributes subject to the tax receivable agreements.

As a result of the foregoing, (i) we could be required to make payments under the tax receivable agreements that are greater than or less than the specified percentage of the actual tax savings we realize in respect of the tax attributes subject to the agreements and (ii) we may be required to make an immediate lump sum payment equal to the present value of the anticipated tax savings, which payment may be made years in advance of the

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actual realization of such future benefits, if any such benefits are ever realized. In these situations, our obligations under the tax receivable agreements could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combinations or other changes of control. There can be no assurance that we will be able to finance our obligations under the tax receivable agreements in a manner that does not adversely affect our working capital and growth requirements. For example, if we were to elect to terminate the tax receivable agreements immediately after this offering, based on the initial public offering price of

$ per share of our Class A common stock and a discount rate equal to %, we estimate that we would be required to pay $ in the aggregate under the tax receivable agreements.

Subject to the discussion above regarding the acceleration of payments under the tax receivable agreements, payments under the tax receivable agreements, if any, will generally be made on an annual basis to the extent we have sufficient taxable income to utilize the increased depreciation and amortization charges and other tax attributes subject to the tax receivable agreements. The availability of sufficient taxable income to utilize the increased depreciation and amortization expense and other tax attributes will not be determined until such time as the financial results for the year in question are known and tax estimates prepared. We generally expect to make payments under the tax receivable agreements, to the extent they are required, within approximately 125 days after our federal income tax return is filed for each fiscal year. The tax receivable agreements will provide for interest, at a rate equal to one-year LIBOR, accrued from the due date (without extensions) of the corresponding tax return to the date of payment specified by the tax receivable agreements. In addition, under certain circumstances where we are unable to make timely payments under the tax receivable agreements, the tax receivable agreements will provide for interest to accrue on unpaid payments, at a rate equal to one-year LIBOR plus 500 basis points.

The impact that the tax receivable agreements will have on our consolidated financial statements will be the establishment of a liability, which will be increased upon the exchanges of Holdings Units for our Class A common stock, generally representing 85% of the estimated future tax benefits, if any, relating to the increase in tax basis associated with the Holdings Unit we receive in this sale.

Decisions made by our Continuing LLC Owners in the course of running our business, such as with respect to mergers, asset sales, other forms of business combinations or other changes in control, may influence the timing and amount of payments that are received by a Continuing LLC Owner under the tax receivable agreements. For example, the earlier disposition of assets following an exchange or acquisition transaction will generally accelerate payments under the tax receivable agreements and increase the present value of such payments, and the disposition of assets before an exchange or acquisition transaction will increase a Continuing LLC Owner’s tax liability without giving rise to any rights of a Continuing LLC Owner to receive payments under the tax receivable agreements.

Because of our structure, our ability to make payments under the tax receivable agreements is dependent on the ability of Pla-Fit Holdings, LLC to make distributions to us. The ability of Pla-Fit Holdings, LLC to make such distributions will be subject to, among other things, restrictions in our debt documents and the applicable provisions of Delaware law that may limit the amount of funds available for distribution to its members. To the extent that we are unable to make payments under the tax receivable agreements for any reason, such payments will be deferred and will accrue interest until paid.

***Pla-Fit Holdings, LLC amended and restated limited liability company agreement***

In connection with the recapitalization transactions, the limited liability company agreement of Pla-Fit Holdings, LLC will be amended and restated. As a result of the recapitalization transactions and this offering, we will hold Holdings Units in Pla-Fit Holdings, LLC indirectly through wholly owned subsidiaries and will be the sole managing

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member of Pla-Fit Holdings, LLC. Accordingly, we will operate and control all of the business and affairs of Pla-Fit Holdings, LLC and, through Pla-Fit Holdings, LLC and its operating subsidiaries, conduct our business.

Pursuant to the New LLC Agreement as it will be in effect at the time of this offering, as managing member, Planet Fitness, Inc. has the right to determine when distributions will be made by Pla-Fit Holdings, LLC to holders of Holdings Units and the amount of any such distributions. If a distribution is authorized, such distribution will be made to the holder of Holdings Units (including Planet Fitness, Inc. and its subsidiaries) pro rata in accordance with the percentages of their respective Holdings Units.

The holders of Holdings Units, including Planet Fitness, Inc. and its subsidiaries, will incur U.S. federal, state and local income taxes on their allocable share (determined under relevant tax rules) of any taxable income of Pla-Fit Holdings, LLC. Net profits and net losses of Pla-Fit Holdings, LLC will generally be allocated to holders of Holdings Units (including Planet Fitness, Inc.) pro rata in accordance with the percentages of their respective Holdings Units, except to the extent certain rules provide for disproportionate allocations or are otherwise required under applicable tax law.

The New LLC Agreement will provide that Pla-Fit Holdings, LLC will make cash distributions, which we refer to as “tax distributions,” to the holders of Holdings Units. Generally, these tax distributions will be computed based on the net taxable income of Pla-Fit Holdings, LLC allocable to the holders of Holdings Units multiplied by an assumed, combined tax rate equal to the maximum rate applicable to an individual or corporate resident in San Francisco, California (taking into account, among other things, the deductibility of certain expenses and certain adjustments relating to the calculation of state taxes). For purposes of determining the taxable income of Pla-Fit Holdings, LLC, such determination will be made by generally disregarding any adjustment to the taxable income of any member of Pla-Fit Holdings, LLC that arises under the tax basis adjustment rules of the Code, and is attributable to the acquisition by such member of an interest in Pla-Fit Holdings, LLC in this offering and future exchange or sale transactions. We expect Pla-Fit Holdings, LLC may make tax distributions periodically to the extent permitted by our agreements governing our indebtedness and necessary to enable us to cover our operating expenses and other obligations, including our tax liability and obligations under the tax receivable agreements, as well as to make dividend payments, if any, to the holders of our Class A common stock.

The New LLC Agreement will also provide that substantially all expenses incurred by or attributable to Planet Fitness, Inc. (such as expenses incurred in connection with this offering) will be borne or reimbursed by Pla-Fit Holdings, LLC, but Pla-Fit Holdings, LLC will not bear the cost of our income tax expenses, obligations incurred by us under the tax receivable agreements or payments on indebtedness incurred by us other than to pay operating expenses that otherwise would be borne by Pla-Fit Holdings, LLC.

***Stockholders agreement***

In connection with this offering, we intend to enter into a stockholders agreement with investment funds affiliated with TSG. Pursuant to the stockholders agreement, we will be required to take all necessary action to cause the board of directors and its committees to include individuals designated by TSG and to include such individuals in the slate of nominees recommended by the board of directors for election by our stockholders. These nomination rights are described in this prospectus in the sections titled “Management—Board composition and director independence” and “Management—Board committees.” The stockholders agreement will also provide that we will obtain customary director indemnity insurance and enter into indemnification agreements with TSG’s director designees, and we expect to enter into indemnification agreements with each of our directors generally providing for indemnification in connection with their service to us or on our behalf.

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***Registration rights agreement***

In connection with the recapitalization transactions, we intend to enter into a registration rights agreement with all of the Continuing LLC Owners and Direct TSG Investors, which include the investment funds affiliated with TSG that hold Holdings Units and shares of Class A common stock and certain employees and directors that hold Holdings Units. The registration rights agreement will provide TSG with certain demand registration rights, including shelf registration rights, in respect of any shares of our Class A common stock held by it, subject to certain conditions. In addition, in the event that we register additional shares of Class A common stock for sale to the public following the completion of this offering, we will be required to give notice of such registration to TSG and certain employees and directors party to the agreement of our intention to effect such a registration, and, subject to certain limitations, include shares of Class A common stock held by them in such registration. We also will undertake in the registration rights agreement to file a shelf registration statement as soon as we meet the applicable eligibility criteria and to use commercially reasonable efforts to have the shelf registration statement declared effective as soon as practicable and to remain effective in order to register the exchange of Holdings Units together with shares of Class B common stock for shares of Class A common stock by certain employees and directors from time to time. We will be required to bear the registration expenses, other than underwriting discounts and commissions and transfer taxes, associated with any registration of shares pursuant to the agreement. The agreement will include customary indemnification provisions in favor of TSG and the employees and directors party to the agreement, any person who is or might be deemed a control person (within the meaning of the Securities Act and the Exchange Act) and related parties against certain losses and liabilities (including reasonable costs of investigation and legal expenses) arising out of or based upon any filing or other disclosure made by us under the securities laws relating to any such registration.

**Participation in this offering**

Certain of our directors, officers, employees, franchisees and other parties associated with us or TSG may purchase shares of Class A common stock in the directed share program in this offering at the initial public offering price. These prospective purchasers have the right to purchase these shares, but are under no obligation to purchase any shares in this offering and their interest in purchasing shares in this offering is not a commitment to do so. The underwriters will receive the same discount from shares of our Class A common stock purchased by such directors, officers, employees, franchisees and other parties as they will from other shares of our Class A common stock sold to the public in this offering. Any shares purchased by such parties, other than franchisees, will be subject to lock-up restrictions described in the section entitled “Shares eligible for future sale—Lock-up agreements.”

**Indemnification agreements**

Prior to the completion of this offering, we expect to enter into indemnification agreements with each of our directors. These agreements will require us to indemnify these individuals and, in certain cases, affiliates of such individuals, to the fullest extent permissible under Delaware law against liabilities that may arise by reason of their service to us or at our direction, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, we have been informed that in the opinion of the SEC such indemnification is against public policy and is therefore unenforceable.

**Related person transactions policy**

In connection with this offering, we have adopted a policy with respect to the review, approval and ratification of related person transactions. Under the policy, our audit committee is responsible for reviewing and

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approving related person transactions. In the course of its review and approval of related person transactions, our audit committee will consider the relevant facts and circumstances to decide whether to approve such transactions. Related person transactions must be approved or ratified by the audit committee based on full information about the proposed transaction and the related person’s interest.

We did not have a written policy regarding the review and approval of related person transactions prior to this offering. Nevertheless, with respect to such transactions, it was our policy for the board of managers of Pla-Fit Holdings, LLC to consider the nature of and business reason for such transactions, how the terms of such transactions compared to those which might be obtained from unaffiliated third parties and whether such transactions were otherwise fair to and in the best interests of, or not contrary to, our best interests.

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**Principal and selling stockholders**

The following table sets forth information with respect to the beneficial ownership of our Class A common stock and Class B common stock immediately following the recapitalization transactions for (a) each person, or group of affiliated persons, known by us to own beneficially more than 5% of our outstanding shares of Class A common stock and Class B common stock, (b) each member of our board of directors, (c) each of our named executive officers, (d) all of our directors and executive officers as a group and (e) each of the selling stockholders.

Beneficial ownership is determined in accordance with SEC rules. The information is not necessarily indicative of beneficial ownership for any other purpose. In general, under these rules a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has or shares voting power or investment power with respect to such security. A person is also deemed to be a beneficial owner of a security if that person has the right to acquire beneficial ownership of such security within 60 days. To our knowledge, except as otherwise indicated, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of Class A common stock and Class B common stock beneficially owned by that person.

In connection with the recapitalization transactions, we will issue to the Continuing LLC Owners one share of our Class B common stock for each Holdings Unit that they hold. Each Continuing LLC Owner will have the right to exchange their Holdings Units, along with a corresponding number of shares of our Class B common stock, for shares of our Class A common stock on a one-for-one basis. See “The recapitalization transactions” and “Certain relationships and related party transactions.”

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The percentage of shares beneficially owned is computed on the basis of shares of our Class A common stock outstanding immediately following the recapitalization transactions, and Holdings Units and shares of our Class B common stock outstanding immediately following

the recapitalization transactions. Shares of our Class A common stock that a person has the right to acquire within 60 days of the date of this prospectus (including the right to exchange described above) are deemed outstanding for purposes of computing the percentage ownership of such person’s holdings, but are not deemed outstanding for purposes of computing the percentage ownership of any other person, except with respect to the percentage ownership of all directors and executive officers as a group. In addition, the table below does not reflect any shares of our Class A common stock that our directors, officers and other affiliates may purchase in this offering through the directed share program described in the section entitled “Underwriting.” Unless otherwise indicated below, the address for each beneficial owner listed is c/o Planet Fitness, Inc., 26 Fox Run Road, Newington, New Hampshire 03801.



**Class A common stock beneficially owned(1)**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | **Shares of Class A** | |  | **Shares of Class A** |  |  |
|  |  | **Shares of Class A** | |  |  | **common stock** | |  | **common stock** | |  |
|  |  | **common stock** | |  | **beneficially owned after** | | | **beneficially owned after** | | |  |
|  | **beneficially owned after** | | |  |  | **giving effect to the** | |  | **giving effect to the** | |  |
|  |  | **giving effect to the** | |  |  | **recapitalization** | |  | **recapitalization** | |  |
|  |  | **recapitalization** | |  | **transactions and after** | | | **transactions and after** | | |  |
|  | **transactions and before** | | | **Shares** |  | **this offering** | |  | **this offering** | |  |
|  |  | **this offering** | |  | **(no option)** | |  | **(with option)** | |  |
|  |  | **being** |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  | **Number** | **Percentage** | | **offered** | **Number** | **Percentage** | | **Number** | **Percentage** |  |  |

**Name of beneficial owner**



***5% Stockholders***



TSG Funds(2)

***Directors and Named Executive***

***Officers***



Chris Rondeau(3)

Dorvin Lively(4)



Richard L. Moore(5)

Charles Esserman(6)



Michael Layman(6)

Pierre LeComte(6)



Edward Wong(6)

Marc Grondahl(7)



Stephen Spinelli, Jr.(8)

All executive officers and directors as a

group (9 persons)(9)



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**Class B common stock beneficially owned(1)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **Shares of Class B** | |  | **Shares of Class B** |  |
|  |  | **Shares of Class B** | |  | **common stock** | |  | **common stock** | |
|  |  | **common stock** | | **beneficially owned after** | | | **beneficially owned after** | | |
|  | **beneficially owned after** | | |  | **giving effect to the** | |  | **giving effect to the** | |
|  |  | **giving effect to the** | |  | **recapitalization** | |  | **recapitalization** | |
|  |  | **recapitalization** | |  | **transactions and after** | |  | **transactions and after** | |
|  | **transactions and before** | | |  | **this offering** | |  | **this offering** | |
|  |  | **this offering** | |  | **(no option)** | |  | **(with option)** | |
|  |  |  |  |  |  |  |  |  |  |
|  | **Number** | **Percentage** | | **Number** | **Percentage** | | **Number** | **Percentage** |  |

**Name of beneficial owner**



***5% Stockholders***



TSG Funds(2)

***Directors and Named Executive Officers***



Chris Rondeau(3)

Dorvin Lively(4)



Richard L. Moore(5)

Charles Esserman(6)



Michael Layman(6)

Pierre LeComte(6)



Edward Wong(6)

Marc Grondahl(7)



Stephen Spinelli, Jr.(8)

All executive officers and directors as a

group (9 persons)(9)



* Represents beneficial ownership of less than 1%.

1. Subject to the terms of the exchange agreement, the Holdings Units held by Continuing LLC Owners are exchangeable for shares of our Class A common stock on a one-for-one basis. See “Certain relationships and related party transactions—Recapitalization transactions in connection with this offering—Exchange agreement.” In these tables, beneficial ownership of Holdings Units has been reflected as beneficial ownership of shares of our Class A common stock for which such Holdings Units may be exchanged. When a Holdings Unit is exchanged by a Continuing LLC Owner who holds shares of Class B common stock, a corresponding share of Class B common stock will be cancelled. Accordingly, in the first table above, the percentages of Class A common stock provided also reflect combined voting power for each respective beneficial owner. See “Description of capital stock.”

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| (2) | Shares of Class A common stock shown as beneficially owned by the TSG Funds include: (a) | | | shares of Class A common stock held by TSG6 AIV II-A L.P. (“AIV II-A”), a Delaware | |
|  | limited partnership whose general partner is TSG6 Management L.L.C. (“TSG6 Management”), a Delaware limited liability company; (b) | | | | shares of Class A common stock held by |
|  | TSG6 PF Co-Investors A L.P. (“Co-Investors A”), a Delaware limited partnership whose general partner is TSG6 Management; (c) | | | | shares of Class A common stock underlying an |
|  | identical number of Holdings Units and shares of Class B common stock held by TSG PF Investment L.L.C. (“Investment”), a Delaware limited liability company whose managing | | | | |
|  | member is TSG6 AIV II L.P., whose general partner is TSG6 Management; and (d) | | shares of Class A common stock underlying an identical number of Holdings Units and shares | | |
|  | of Class B common stock held by TSG PF Investment II L.L.C. (“Investment II” and, together with AIV II-A, Co-Investors A and Investment, the “TSG Funds”), a Delaware limited liability | | | | |
|  | company whose managing member is TSG6 AIV II L.P., whose general partner is TSG6 Management. By virtue of the relationships described in this footnote, TSG6 Management may | | | | |
|  | be deemed to share beneficial ownership of the securities held by the TSG Funds. Voting and investment decisions with respect to securities held by the TSG Funds are made by the | | | | |
|  | managing members of TSG6 Management, which is comprised of Charles Esserman, James O’Hara, Hadley Mullin, Pierre LeComte, Blythe Jack, Brian Krumrei and Jennifer Baxter | | | | |
|  | Moser. Each of the TSG Funds has an address c/o TSG Consumer Partners, LLC, 600 Montgomery Street, Suite 2900, San Francisco, California 94111. | | | | |
| (3) | Includes | shares of Class A common stock underlying an identical number of Holdings Units and shares of Class B common stock held by Mr. Rondeau. | | | |
| (4) | Includes | shares of Class A common stock underlying an identical number of Holdings Units and shares of Class B common stock held by Mr. Lively that have vested or will vest | | | |
|  | within 60 days. |  |  |  |  |
| (5) | Includes | shares of Class A common stock underlying an identical number of Holdings Units and shares of Class B common stock held by Mr. Moore that have vested or will vest | | | |
|  | within 60 days. |  |  |  |  |

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1. Does not include shares of Class A common stock beneficially owned by the TSG Funds. Mr. Esserman is Chief Executive Officer of TSG, Mr. Layman is a Principal of TSG,

Mr. LeComte is Managing Director of TSG and Edward Wong is a Senior Vice President of TSG. The address of each of Messrs. Esserman, Layman, LeComte and Wong is c/o TSG Consumer Partners, LLC, 600 Montgomery Street, Suite 2900, San Francisco, California 94111.

|  |  |  |
| --- | --- | --- |
| (7) | Includes | shares of Class A common stock underlying an identical number of Holdings Units and shares of Class B common stock held by Mr. Grondahl. |
| (8) | Includes | shares of Class A common stock underlying an identical number of Holdings Units and shares of Class B common stock held by Dr. Spinelli that have vested or will vest |
|  | within 60 days. |  |
| (9) | Includes | shares of Class A common stock underlying an identical number of Holdings Units and shares of Class B common stock held by our current directors and executive |
|  | officers as a group that have vested or will vest within 60 days. | |
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**Description of certain indebtedness**

**Senior secured credit facility**

***General***

On December 14, 2012, Planet Fitness Holdings, LLC entered into a $230.0 million senior secured credit facility with JPMorgan Chase Bank, N.A. as administrative agent and the other lenders party thereto. The senior secured credit facility originally consisted of a $190.0 million term loan facility and a $40.0 million revolving credit facility. On March 31, 2014, we amended and restated the senior secured credit facility to increase the size of the term loan facility to $390.0 million and to make certain other changes to the pricing terms and certain covenants.

The senior secured credit facility provides that Planet Fitness Holdings, LLC has the right at any time to request additional loans and commitments, and to the extent that the aggregate amount of such additional loans and commitments exceeds $75.0 million, the incurrence thereof is subject to a first lien net leverage ratio being no greater than the first lien net leverage ratio on March 31, 2014, reduced by 0.25. The lenders under these facilities are not under any obligation to provide any such additional term loans or commitments, and any additional term loans or increase in commitments are subject to several conditions precedent and limitations.

On March 31, 2015, we amended our senior secured credit facility to provide for an increase in term loan borrowings to $506.1 million to permit the issuance of a cash dividend of $140.0 million to holders of Class T Units and Class O Units of Pla-Fit Holdings, LLC, and to extend 1.00% soft-call prepayment premium on our senior secured credit facility until September 30, 2015. The full incremental borrowings of $120.0 million plus $20.0 million from cash on hand were used to fund the dividend payment. The additional incremental term loan borrowings bear a variable rate of interest of the greater of LIBOR or 1.00% plus the applicable margin of 3.75%. All other terms and conditions remained unchanged under the senior secured credit facility.

***Interest rates and fees***

Borrowings under the senior secured credit facility bear interest at a rate per annum equal to an applicable margin plus, at our option, either (1) a base rate determined by reference to the highest of (a) the Federal Funds rate plus 1/2 of 1%, (b) the prime rate of JPMorgan Chase Bank, N.A. and (c) the adjusted LIBO rate for a one month interest period plus 1% or (2) a LIBO rate determined by reference to the costs of funds for U.S. dollar deposits for the interest period relevant to such borrowing adjusted for certain additional costs, provided that LIBO rate shall not be lower than 1.00%. The initial applicable margin under the term loan facility was 2.75% and ranges from 2.75% to 2.50% for loans based upon the base rate and ranges from 3.75% to 3.50% for loans based upon the LIBO rate, in each case based upon on specified leverage ratios. The applicable margin under the revolving credit facility ranges from 1.75% to 2.25% for loans based upon the base rate and ranges from 2.75% to 3.25% for loans based upon the LIBO rate, in each case based upon on specified leverage ratios.

In addition to paying interest on outstanding principal under the senior secured credit facility, we are required to pay a commitment fee to the lenders under the revolving credit facility in respect of the unutilized commitments thereunder at a rate ranging from 0.35% to 0.45% per annum, based upon on specified leverage ratios. We also pay customary letter of credit and agency fees.

***Mandatory prepayments***

The credit agreement governing the senior secured credit facility requires Planet Fitness Holdings, LLC to prepay outstanding term loans, subject to certain exceptions, with: (1) 100% of the net cash proceeds of any

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incurrence of indebtedness by Planet Fitness Holdings, LLC or its restricted subsidiaries other than certain indebtedness permitted under the senior secured credit facility, (2) 100% of the net cash proceeds of non-ordinary course asset sales or other dispositions of assets (including casualty events) by Planet Fitness Holdings, LLC or its restricted subsidiaries, subject to reinvestment rights and certain other exceptions.

In general, the mandatory prepayments described above are applied first, in direct order of maturities or otherwise at our direction, to scheduled principal amortization payments, second, to prepay any revolving loans, without any permanent reduction in the commitments under the revolving loan facility and third, to cash collateralize any outstanding letters of credit.

***Voluntary repayments***

We may voluntarily repay outstanding loans under the senior secured credit facility at any time subject to customary “breakage” costs with respect to LIBO rate loans.

***Amortization and final maturity***

The term loan facility amortizes each year in an amount equal to 1% per annum in equal quarterly installments for the first six and three quarter years, with the balance payable on March 31, 2021. The principal amount outstanding of the loans under the revolving credit facility becomes due and payable on March 31, 2019.

***Guarantees and security***

The senior secured credit facility is guaranteed by Planet Intermediate, LLC and certain of Planet Fitness Holdings, LLC’s direct and indirect wholly owned domestic subsidiaries (excluding certain immaterial subsidiaries and subject to certain other exceptions), and is required to be guaranteed by certain of Planet Fitness Holdings, LLC’s future domestic wholly owned subsidiaries. The security of all obligations under the senior secured credit facility and the guarantees of those obligations, subject to certain exceptions, including the mortgages, will be limited to owned real property with a fair market value above a specified threshold. Such obligations and guarantees are secured by (i) substantially all of the assets of Planet Intermediate, LLC, Planet Fitness Holdings, LLC and the subsidiary guarantors, including a first-priority pledge of 100% of certain of the capital stock or equity interests held by Planet Intermediate, LLC, Planet Fitness Holdings, LLC or any subsidiary guarantor (which pledge, in the case of the stock of any foreign subsidiary (each such entity, a “Pledged Foreign Sub”) (with certain agreed-upon exceptions) and the equity interests of certain U.S. subsidiaries that hold capital stock of foreign subsidiaries and are disregarded entities for U.S. federal income tax purposes (each such entity, a “Pledged U.S. DE”) (with certain agreed-upon exceptions), is limited to 65% of the stock or equity interests of such Pledged Foreign Sub or Pledged U.S. DE, as the case may be), in each case excluding any interests in non-wholly owned restricted subsidiaries (including joint ventures) to the extent such a pledge would violate the governing documents thereof and certain other exceptions; and (ii) a first-priority security interest in substantially all other tangible and intangible assets of Planet Intermediate, LLC, Planet Fitness Holdings, LLC and each subsidiary guarantor.

***Covenants and other matters***

The senior secured credit facility contains a number of covenants that, among other things and subject to certain exceptions, restrict the ability of

Planet Intermediate, LLC Planet Fitness Holdings, LLC and its restricted subsidiaries to:

* incur additional indebtedness;
* incur certain liens;

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* consolidate or merge;
* alter the business conducted by Planet Intermediate, LLC, Planet Fitness Holdings, LLC and its restricted subsidiaries;
* make investments, loans, advances and acquisitions;
* sell assets, including capital stock of its subsidiaries;
* enter into certain sale and leaseback transactions;
* enter into certain swap agreements or derivative transactions;
* pay dividends on capital stock or redeem, repurchase or retire capital stock or certain other indebtedness;
* engage in transactions with affiliates; and
* enter into agreements restricting our restricted subsidiaries’ ability to pay dividends.

In addition, the credit agreement governing the senior secured credit facility requires Planet Fitness Holdings, LLC and its restricted subsidiaries to comply on a quarterly basis with a maximum total net leverage ratio, which covenant is only for the benefit of the revolving credit facility. This financial maintenance covenant becomes more restrictive over time.

The credit agreement governing the senior secured credit facility contains certain customary affirmative covenants and events of default.

This summary describes the material provisions of the senior secured credit facility, but may not contain all information that is important to you. We urge you to read the provisions of the credit agreement governing the senior secured credit facility, which has been filed as an exhibit to the registration statement of which this prospectus forms a part. See “Where you can find more information.”

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**Description of capital stock**

**General**

The following description of our capital stock is intended as a summary only and is qualified in its entirety by reference to our certificate of incorporation and bylaws to be in effect at the completion of this offering, which are filed as exhibits to the registration statement of which this prospectus forms a part, and to the applicable provisions of the DGCL. Under “Description of capital stock,” “we,” “us,” “our” and “our Company” refer to Planet Fitness, Inc. and not to any of its subsidiaries.

As of the consummation of this offering, our authorized capital stock will consist of shares of Class A common stock, par value $0.0001 per share, shares of Class B common stock, par value $0.0001 per share, and shares of preferred stock, par value $0.0001 per share. Upon the completion of this offering, there will be shares of our Class A common stock issued and outstanding and shares of our Class B common stock issued and outstanding. See the section entitled “The recapitalization transactions.”

**Common stock**

*Voting rights.* Holders of our Class A common stock and Class B common stock will be entitled to cast one vote per share on all matterssubmitted to stockholders for their approval. Holders of our Class A common stock and Class B common stock will not be entitled to cumulate their votes in the election of directors. Holders of our Class A common stock and Class B common stock will vote together as a single class on all matters submitted to stockholders for their vote or approval, except with respect to the amendment of certain provisions of our certificate of incorporation that would alter or change the powers, preferences or special rights of the Class B common stock so as to affect them adversely, which amendments must be approved by a majority of the votes entitled to be cast by the holders of the Class B common stock, voting as a separate class, or as otherwise required by applicable law. The voting power of the outstanding Class B common stock (expressed as a percentage of the total voting power of all common stock) will be equal to the percentage of Holdings Units not held directly or indirectly by Planet Fitness, Inc.

Generally, all matters to be voted on by stockholders must be approved by a majority of votes cast affirmatively or negatively on a matter by stockholders (or, in the case of election of directors, by a plurality), voting together as a single class. Except as otherwise provided by law, amendments to the certificate of incorporation must be approved by a majority or, in some cases, a super-majority of the combined voting power of all shares entitled to vote, voting together as a single class.

*Dividend rights*. Holders of Class A common stock will share ratably (based on the number of shares of Class A common stock held) if and whenany dividend is declared by the board of directors out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred stock. The holders of our Class B common stock will not have any right to receive dividends other than dividends consisting of shares of our Class B common stock paid proportionally with respect to each outstanding share of our Class B common stock.

*Liquidation rights*. On our liquidation, dissolution or winding up and after payment in full of all amounts required to be paid to creditors and to theholders of preferred stock having liquidation preferences, if any, each holder of Class A common stock will be entitled to a pro rata distribution of any assets available for distribution to common stockholders. Other than their par value, the holders of our Class B common stock will not have any right to receive a distribution upon a liquidation or dissolution of our Company.

*Other matters*. No shares of Class A common stock or Class B common stock will be subject to redemption or have preemptive rights topurchase additional shares of Class A common stock or Class B common stock. Holders of shares of our Class A common stock and Class B common stock do not have subscription, redemption

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or conversion rights. There will be no redemption or sinking fund provisions applicable to the Class A common stock or Class B Common Stock. Upon consummation of this offering, all the outstanding shares of Class A common stock and Class B common stock will be validly issued, fully paid and non-assessable.

*Transfers of Class B common stock*. Pursuant to the recapitalization agreement and the New LLC Agreement, each holder of Class B commonstock agrees that:

* the holder will not transfer any shares of Class B common stock to any person unless the holder transfers an equal number of Holdings Units to the same person; and
* in the event the holder transfers any Holdings Units to any person, the holder will transfer an equal number of shares of Class B common stock to the same person.

**Preferred stock**

Our board of directors may, without further action by our stockholders, from time to time, direct the issuance of shares of preferred stock in series and may, at the time of issuance, determine the designations, powers, preferences, privileges and relative participating, optional or special rights, as well as the qualifications, limitations or restrictions thereof, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights of the Class A common stock. Satisfaction of any dividend preferences of outstanding shares of preferred stock would reduce the amount of funds available for the payment of dividends on shares of our Class A common stock. Holders of shares of preferred stock may be entitled to receive a preference payment in the event of our liquidation before any payment is made to the holders of shares of our Class A common stock. Under certain circumstances, the issuance of shares of preferred stock may render more difficult or tend to discourage a merger, tender offer or proxy contest, the assumption of control by a holder of a large block of our securities or the removal of incumbent management. Upon the affirmative vote of a majority of the total number of directors then in office, our board of directors, without stockholder approval, may issue shares of preferred stock with voting and conversion rights which could adversely affect the holders of shares of our Class A common stock and the market value of our Class A common stock. Upon consummation of this offering, there will be no shares of preferred stock outstanding, and we have no present intention to issue any shares of preferred stock.

**Stockholders agreement**

In connection with this offering, we intend to enter into a stockholders agreement with investment funds affiliated with TSG pursuant to which TSG will have specified board representation rights, governance rights and other rights. See “Certain relationships and related party transactions— Recapitalization transactions in connection with this offering—Stockholders agreement.”

**Registration rights**

Following the completion of this offering, all of the Continuing LLC Owners and Direct TSG Investors, which include the investment funds affiliated with TSG that hold Holdings Units and shares of Class A common stock, and certain employees and directors that hold Holdings Units, will be entitled to rights with respect to the registration of their shares under the Securities Act. These registration rights are contained in our registration rights agreement. See “Certain relationships and related party transactions—Recapitalization transactions in connection with this offering— Registration rights agreement.”

**Anti-takeover effects of our certificate of incorporation and our bylaws**

Our certificate of incorporation and our bylaws contain provisions that may delay, defer or discourage another party from acquiring control of us. We expect that these provisions will discourage coercive takeover practices

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or inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with the board of directors, which we believe may result in an improvement of the terms of any such acquisition in favor of our stockholders. However, they may also discourage acquisitions that some stockholders may favor.

These provisions include:

* *Classified board.* Our certificate of incorporation provides that our board of directors will be divided into three classes of directors. As a result,approximately one-third of our board of directors will be elected each year. The classification of directors will have the effect of making it more difficult for stockholders to change the composition of our board. Following the closing of this offering, our board of directors will initially be composed of seven members.
* *No cumulative voting.* The DGCL provides that stockholders are not entitled to the right to cumulate votes in the election of directors unlessthe certificate of incorporation specifically authorizes cumulative voting. Our certificate of incorporation does not authorize cumulative voting.
* *Requirements for removal of directors*. Following the date on which the TSG no longer beneficially owns a majority of our common stock,directors may only be removed for cause by the affirmative vote of the holders of at least 75% of the voting power of our outstanding shares of capital stock entitled to vote thereon.
* *Advance notice procedures*. Our bylaws establish an advance notice procedure for stockholder proposals to be brought before an annualmeeting of our stockholders, including proposed nominations of persons for election to the board of directors. Stockholders at an annual meeting will only be able to consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of the board of directors or by a stockholder who was a stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has given our secretary timely written notice, in proper form, of the stockholder’s intention to bring that business before the meeting. Although the bylaws do not give the board of directors the power to approve or disapprove stockholder nominations of candidates or proposals regarding other business to be conducted at a special or annual meeting, the bylaws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed or may discourage or deter a potential acquiror from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempting to obtain control of our Company.
* *Actions by written consent; special meetings of stockholders*. Our certificate of incorporation provides that, following the date on which TSG nolonger beneficially owns a majority of our common stock, stockholder action can be taken only at an annual or special meeting of stockholders and cannot be taken by written consent in lieu of a meeting. Our certificate of incorporation also provides that, except as otherwise required by law, special meetings of the stockholders can only be called by or at the direction of the chairman of the board, a majority of the board of directors, or, until the date on which TSG no longer beneficially owns a majority of our common stock, by the secretary at the request of the holders of 50% or more of our outstanding shares of common stock.
* *Supermajority approval requirements*. Following the date on which TSG no longer beneficially owns a majority of our common stock, certainamendments to our certificate of incorporation and shareholder amendments to our bylaws will require the affirmative vote of at least 75% of the voting power of the outstanding shares of our capital stock entitled to vote thereon.
* *Authorized but unissued shares*. Our authorized but unissued shares of common and preferred stock will be available for future issuancewithout stockholder approval. The existence of authorized but unissued shares of preferred stock could render more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

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* *Business combinations with interested stockholders*. We have elected in our certificate of incorporation not to be subject to Section 203 of theDGCL, an antitakeover law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination, such as a merger, with a person or group owning 15% or more of the corporation’s voting stock for a period of three years following the date the person became an interested stockholder, unless (with certain exceptions) the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner. While we will not be subject to any anti-takeover effects of Section 203, our certificate of incorporation contains provisions that have the same effect as Section 203, except that they provide that investment funds affiliated with TSG will not be deemed to be an “interested stockholder,” regardless of the percentage of our voting stock owned by investment funds affiliated with TSG, and accordingly we will not be subject to such restrictions.

**Exclusive forum**

Our certificate of incorporation requires, to the fullest extent permitted by law, that derivative actions brought in the name of the Company, actions against directors, officers and employees for breach of a fiduciary duty and other similar actions may be brought only in specified courts in the State of Delaware. Although we believe this provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, the provision may have the effect of discouraging lawsuits against our directors and officers. See “Risk Factors —Our certificate of incorporation designates courts in the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.”

**Corporate opportunities**

Our certificate of incorporation provides that we renounce any interest or expectancy in the business opportunities of TSG and of its officers, directors, agents, stockholders, members, partners, affiliates and subsidiaries and each such party shall not have any obligation to offer us those opportunities unless presented to one of our directors or officers in his or her capacity as a director or officer.

**Limitations on liability and indemnification of directors and officers**

Our certificate of incorporation limits the liability of our directors and officers to the fullest extent permitted by the DGCL and requires that we will provide them with customary indemnification. We also expect to enter into customary indemnification agreements with each of our directors that provide them, in general, with customary indemnification in connection with their service to us or on our behalf. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, we have been informed that in the opinion of the SEC such indemnification is against public policy and is therefore unenforceable. We also maintain officers’ and directors’ liability insurance that insures against liabilities that our officers and directors may incur in such capacities.

**Transfer agent and registrar**

The transfer agent and registrar for our Class A common stock is American Stock Transfer and Trust Company, LLC.

**Listing**

We intend to apply to list our Class A common stock on the NYSE under the symbol “PLNT.”

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**Shares eligible for future sale**

Before this offering, there has been no public market for our Class A common stock. As described below, only a limited number of shares currently outstanding will be available for sale immediately after this offering due to contractual and legal restrictions on resale. Nevertheless, future sales of substantial amounts of our Class A common stock, including shares issued upon the exercise of outstanding options, in the public market after this offering, or the perception that those sales may occur, could cause the prevailing market price for our Class A common stock to fall or impair our ability to raise capital through sales of our equity securities.

Upon the completion of this offering, we will have outstanding shares of our Class A common stock, after giving effect to the issuance of shares of our Class A common stock in this offering, assuming no exercise by the underwriters of their option to purchase additional shares and no exercise of options outstanding as of , 2015.

Of the shares that will be outstanding immediately after the completion of this offering, we expect that the shares to be sold in this offering

will be freely tradable without restriction under the Securities Act unless purchased by our “affiliates,” as that term is defined in Rule 144 under the Securities Act. Shares purchased by our affiliates may not be resold except pursuant to an effective registration statement or an exemption from registration, including the safe harbor under Rule 144 of the Securities Act described below.

In addition, upon consummation of this offering, the Continuing LLC Owners and the Direct TSG Investors will beneficially own shares of our Class A common stock, including shares of Class A common stock underlying Holdings Units. Pursuant to the terms of the exchange

agreement that we will enter into with the Continuing LLC Owners in connection with this offering, the Continuing LLC Owners will have the right, from time to time and subject to the terms of the exchange agreement, to exchange their Holdings Units, together with a corresponding number of shares of our Class B common stock, for shares of our Class A common stock on a one-for-one basis, subject to customary conversion rate adjustments for stock splits, stock dividends, reclassifications and other similar transactions.

Shares of our Class A common stock held by the Continuing LLC Owners and the Direct TSG Investors would be “restricted securities,” as defined in Rule 144. As a result, absent registration under the Securities Act or compliance with Rule 144 thereunder or an exemption therefrom, these shares of Class A common stock will not be freely transferable to the public. However, we will enter into a registration rights agreement with the Continuing LLC Owners and the Direct TSG Investors that will require us to register under the Securities Act the resale of these shares of Class A common stock (including shares of our Class A common stock received in exchange for a corresponding number of Holdings Units and shares of Class B common stock). See “—Registration rights” and “Certain relationships and related party transactions—Recapitalization transactions in connection with this offering—Registration rights agreement.” Such securities registered under any registration statement will be available for sale in the open market unless restrictions apply.

The remaining shares of our Class A common stock outstanding after this offering will be “restricted securities,” as that term is defined in Rule 144 of the Securities Act, and we expect that substantially all of these restricted securities will be subject to the lock-up agreements described below. These restricted securities may be sold in the public market only if the sale is registered or pursuant to an exemption from registration, such as the safe harbor provided by Rule 144.

**Lock-up agreements**

We and each of our directors, executive officers, the selling stockholders and certain other stockholders, who collectively own shares of our common stock, or securities exercisable for or exchangeable into shares of our common stock, including Holdings Units, following this offering, have agreed that, without the prior

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written consent of certain of the underwriters, we and they will not, subject to limited exceptions, directly or indirectly sell or dispose of any shares of common stock or any securities convertible into or exchangeable or exercisable for shares of common stock for a period of 180 days after the date of this prospectus. The lock-up restrictions and specified exceptions are described in more detail under “Underwriting.”

**Rule 144**

In general, under Rule 144, beginning 90 days after the date of this prospectus, any person who is not our affiliate and has held their shares of Class A common stock for at least six months, including the holding period of any prior owner other than one of our affiliates, may sell shares without restriction, subject to the availability of current public information about us. In addition, under Rule 144, any person who is not our affiliate and has not been our affiliate at any time during the preceding three months and has held their shares of Class A common stock for at least one year, including the holding period of any prior owner other than one of our affiliates, would be entitled to sell an unlimited number of shares of Class A common stock immediately upon the completion of this offering without regard to whether current public information about us is available.

Beginning 90 days after the date of this prospectus, a person who is our affiliate or who was our affiliate at any time during the preceding three months and who has beneficially owned restricted securities for at least six months, including the holding period of any prior owner other than one of our affiliates, is entitled to sell a number of shares of Class A common stock within any three-month period that does not exceed the greater of:

(i) 1% of the number of shares of our Class A common stock outstanding, which will equal approximately shares immediately after this offering; and (ii) the average weekly trading volume of our Class A common stock on the NYSE during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

Sales under Rule 144 by our affiliates are also subject to certain manner of sale provisions, notice requirements and the availability of current public information about us.

**Rule 701**

In general, under Rule 701 under the Securities Act, beginning 90 days after we become subject to the public company reporting requirements of the Exchange Act, any of our employees, directors, officers, consultants or advisors who acquired shares of Class A common stock from us in connection with a written compensatory stock or option plan or other written agreement in compliance with Rule 701 is entitled to sell such shares in reliance on Rule 144 but without compliance with certain of the requirements contained in Rule 144. Accordingly, subject to any applicable lock-up agreements, beginning 90 days after we become subject to the public company reporting requirements of the Exchange Act, under Rule 701 persons who are not our affiliates may resell those shares without complying with the minimum holding period or public information requirements of Rule 144, and persons who are our affiliates may resell those shares without compliance with Rule 144’s minimum holding period requirements.

**Equity incentive plans**

Following this offering, we intend to file with the SEC a registration statement on Form S-8 under the Securities Act covering the shares of Class A common stock that are subject to options and other awards issuable pursuant to our equity incentive plans. Shares covered by such registration statement will be available for sale in the open market following its effective date, subject to certain Rule 144 limitations applicable to affiliates and the terms of lock-up agreements applicable to those shares.

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**Registration rights**

Subject to the lock-up agreements described above, certain holders of our Class A common stock, or securities exercisable for or exchangeable into, shares of Class A common stock, including Holdings Units, may demand that we register the sale of their shares under the Securities Act or, if we file another registration statement under the Securities Act other than a Form S-8 covering securities issuable under our equity plans or on Form S-4, may elect to include their shares of Class A common stock in such registration. Following such registered sales, the shares will be freely tradable without restriction under the Securities Act, unless held by our affiliates. See “Certain relationships and related party transactions— Recapitalization transactions in connection with this offering—Registration rights agreement.”

**Participation in this offering**

Certain shares purchased by potential purchasers in the directed share program cannot be resold in the public market immediately following this offering as a result of restrictions under securities laws and lock-up agreements, but are able to be sold following the expiration of these restrictions, in each case as described above. However, any such shares purchased by our franchisees will not be subject to such restrictions.

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**Material U.S. federal income tax considerations for Non-U.S. Holders**

The following is a summary of the material U.S. federal income and estate tax considerations relating to the purchase, ownership and disposition of shares of our Class A common stock issued pursuant to this offering by Non-U.S. Holders (defined below). This summary does not purport to be a complete analysis of all the potential tax considerations relevant to Non-U.S. Holders of shares of our Class A common stock. This summary is based upon the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”), the Treasury regulations promulgated or proposed thereunder and administrative and judicial interpretations thereof, all as of the date hereof and all of which are subject to change or differing interpretations at any time, possibly with retroactive effect.

This summary assumes that shares of our Class A common stock are held by a Non-U.S. Holder as “capital assets” within the meaning of Section 1221 of the Internal Revenue Code (generally, property held for investment). This summary does not purport to deal with all aspects of U.S. federal income and estate taxation that might be relevant to particular Non-U.S. Holders in light of their particular investment circumstances or status, nor does it address specific tax considerations that may be relevant to particular persons subject to special treatment under U.S. federal income tax laws (including, for example, financial institutions, broker-dealers, insurance companies, partnerships or other pass-through entities or arrangements, certain U.S. expatriates or former long-term residents of the U.S., tax-exempt organizations, pension plans, “controlled foreign corporations,” “passive foreign investment companies,” corporations that accumulate earnings to avoid U.S. federal income tax, or persons in special situations, such as those who have elected to mark securities to market or those who hold shares of our Class A common stock as part of a straddle, hedge, conversion transaction, synthetic security or other integrated investment). In addition, except as explicitly addressed herein with respect to estate tax, this summary does not address estate or any gift tax considerations or considerations arising under the tax laws of any state, local or non-U.S. jurisdiction or any consideration relating to the alternative minimum tax or the 3.8% tax on net investment income.

For purposes of this summary, a “Non-U.S. Holder” means a beneficial owner of shares of our Class A common stock that for U.S. federal income tax purposes, is an individual, corporation, estate or trust other than:

* an individual who is a citizen or resident of the United States;
* a corporation, or any other organization taxable as a corporation for U.S. federal income tax purposes, that is created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
* an estate, the income of which is included in gross income for U.S. federal income tax purposes regardless of its source; or
* a trust if (1) a U.S. court is able to exercise primary supervision over the trust’s administration and one or more U.S. persons (as defined in the Internal Revenue Code) have the authority to control all of the trust’s substantial decisions or (2) the trust has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If an entity or arrangement that is classified as a partnership for U.S. federal income tax purposes holds shares of our Class A common stock, the tax treatment of persons treated as its partners for U.S. federal income tax purposes will generally depend upon the status of the partner and the activities of the partnership. Partnerships and other entities that are classified as partnerships for U.S. federal income tax purposes and persons holding our Class A common stock through a partnership or other entity classified as a partnership for U.S. federal income tax purposes are urged to consult their own tax advisors.

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There can be no assurance that the IRS will not challenge one or more of the tax consequences described herein, and we have not obtained, nor do we intend to obtain, a ruling from the IRS or an opinion of counsel with respect to the U.S. federal income or estate tax consequences to a Non-U.S. Holder of the purchase, ownership or disposition of shares of our Class A common stock.

**THIS SUMMARY IS NOT INTENDED TO BE TAX ADVICE. PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE U.S. FEDERAL INCOME AND ESTATE TAXATION AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF SHARES OF OUR CLASS A COMMON STOCK, AS WELL AS THE APPLICATION OF STATE, LOCAL AND NON-U.S. INCOME AND OTHER TAX LAWS.**

**Distributions on shares of our Class A common stock**

As discussed under “Dividend policy” above, we do not currently anticipate paying cash dividends on shares of our Class A common stock in the foreseeable future. In the event that we do make a distribution of cash or property with respect to shares of our Class A common stock, any such distributions generally will constitute dividends for U.S. federal income tax purposes to the extent of our current or accumulated earnings and profits as determined under U.S. federal income tax principles, and will be subject to withholding as described in the next paragraph below. If a distribution exceeds our current or accumulated earnings and profits, the excess will be treated as a tax-free return of the Non-U.S. Holder’s investment, up to such holder’s adjusted tax basis in its shares of our Class A common stock, as determined on a share-per-share basis. Any remaining excess will be treated as capital gain, subject to the tax treatment described below in “—Gain on sale, exchange or other taxable disposition of shares of our Class A common stock.”

Any dividends paid to a Non-U.S. Holder with respect to shares of our Class A common stock generally will be subject to a 30% U.S. federal withholding tax unless such Non-U.S. Holder provides the applicable withholding agent with an appropriate and validly completed IRS Form W-8, such as:

* IRS Form W-8BEN (or successor form) or IRS Form W-8BEN-E (or successor form) certifying, under penalties of perjury, that such Non-U.S. Holder is entitled to a reduction in withholding under an applicable income tax treaty; or
* IRS Form W-8ECI (or successor form) certifying, under penalties of perjury, that a dividend paid on shares of our Class A common stock is not subject to withholding tax because it is effectively connected with conduct of a trade or business in the United States of the Non-U.S. Holder (in which case such dividend generally will be subject to regular graduated U.S. federal income tax rates on a net income basis as described below).

The certifications described above must be provided to the applicable withholding agent prior to the payment of dividends and must be updated periodically. The certification also may require a Non-U.S. Holder that provides an IRS form or that claims treaty benefits to provide its U.S. taxpayer identification number. Special certification and other requirements apply in the case of certain Non-U.S. Holders that are intermediaries or pass-through entities for U.S. federal income tax purposes.

If dividends are effectively connected with the conduct of a trade or business in the United States of the Non-U.S. Holder (and, if required by an applicable income tax treaty, are attributable to a permanent establishment or fixed base maintained by such Non-U.S. Holder in the United States), the Non-U.S. Holder, although exempt from the withholding tax described above (provided that the certifications described above are satisfied), will generally be subject to U.S. federal income tax on such dividends on a net income basis in the same manner as if it were a resident of the U.S. In addition, if such Non-U.S. Holder is taxable as a corporation for U.S. federal income tax purposes, such Non-U.S. Holder may be subject to an additional “branch profits tax” equal to 30% of its effectively connected earnings and profits for the taxable year, unless an applicable income tax treaty provides otherwise.

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Non-U.S. Holders that do not timely provide the applicable withholding agent with the required certification, but which are eligible for a reduced rate of U.S. federal withholding tax pursuant to an applicable income tax treaty may obtain a refund or credit of any excess amount withheld by timely filing an appropriate claim for refund with the IRS.

Any distribution described in this section would also be subject to the discussion below in the section entitled “—Foreign Account Tax Compliance Act.”

**Gain on sale, exchange or other taxable disposition of shares of our Class A common stock**

Subject to the discussion below under “—Backup withholding and information reporting” and “—Foreign Account Tax Compliance Act,” in general, a Non-U.S. Holder will not be subject to U.S. federal income tax or withholding tax on any gain realized upon such holder’s sale, exchange or other disposition of shares of our Class A common stock (including a redemption, but only if the redemption would be treated as a sale or exchange rather than a distribution for U.S. federal income tax purposes) unless (i) such Non-U.S. Holder is an individual who is present in the U.S. for 183 days or more in the taxable year of disposition, and certain other conditions are met, (ii) we are or have been a “U.S. real property holding corporation,” as defined in the Internal Revenue Code (a “USRPHC”), at any time within the shorter of the five-year period preceding the disposition and the Non-U.S. Holder’s holding period with respect to the applicable shares of our Class A common stock (the “relevant period”) and certain other conditions are met, or (iii) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the U.S. (and, if required by an applicable income tax treaty, is attributable to a permanent establishment or fixed base maintained by such Non-U.S. Holder in the U.S.).

If the first exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (unless an applicable income tax treaty provides otherwise) on the amount by which such Non-U.S. Holder’s capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of the disposition.

With respect to the second exception above, although there can be no assurance, we believe we are not, and we do not currently anticipate becoming, a USRPHC. However, because the determination of whether we are a USRPHC depends on the fair market value of our U.S. real property relative to the fair market value of other business assets, there can be no assurance that we are not currently or will not become a USRPHC in the future. Generally, a corporation is a USRPHC only if the fair market value of its U.S. real property interests (as defined in the Internal Revenue Code) equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests plus certain other assets used or held for use in a trade or business. Even if we are or become a USRPHC, a Non-U.S. Holder would not be subject to U.S. federal income tax on a sale, exchange or other taxable disposition of our Class A common stock by reason of our status as a USRPHC so long as (a) our Class A common stock is regularly traded on an established securities market (within the meaning of Internal Revenue Code Section 897(c)(3)) during the calendar year in which such sale, exchange or other taxable disposition of our Class A common stock occurs and (b) such Non-U.S. Holder does not own and is not deemed to own (directly, indirectly or constructively) more than 5% of our Class A common stock at any time during the relevant period. If we are a USRPHC and the requirements of (a) or (b) are not met, gain on the disposition of shares of our Class A common stock generally will be taxed in the same manner as gain that is effectively connected with the conduct of a U.S. trade or business, except that the “branch profits tax” generally will not apply. Prospective investors are urged to consult their own tax advisors regarding the possible consequences to them if we are, or were to become, a USRPHC.

If the third exception applies, the Non-U.S. Holder generally will be subject to U.S federal income tax on a net income basis with respect to such gain in the same manner as if such holder were a resident of the U.S., unless

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otherwise provided in an applicable income tax treaty. In addition, a Non-U.S. Holder that is a corporation for U.S federal income tax purposes may also be subject to a “branch profits tax” on its effectively connected earnings and profits at a rate of 30%, unless an applicable income tax treaty provides otherwise.

**Foreign Account Tax Compliance Act**

Legislation commonly referred to as the Foreign Account Tax Compliance Act, as modified by Treasury regulations and subject to any official interpretations thereof, any applicable intergovernmental agreement between the U.S. and non-U.S. government to implement these rules and improve international tax compliance, or any fiscal or regulatory legislation or rules adopted pursuant to any such intergovernmental agreement (collectively, “FATCA”), generally will impose a U.S. federal withholding tax of 30% on payments to certain non-U.S. entities (including certain intermediaries), including dividends on and the gross proceeds from a sale or other disposition of our Class A common stock unless such persons comply with a complicated U.S. information reporting, disclosures and certification requirements. This new regime requires, among other things, a broad class of persons to obtain disclose and report information about their investors and account holders. These requirements are different from and in addition to the certification requirements described elsewhere in this discussion. The withholding rules apply currently to payments of dividends on shares of our Class A common stock, and are scheduled to apply to payments of gross proceeds from the sale or other dispositions of our Class A common stock paid after December 31, 2016. If a dividend payment is both subject to withholding under FATCA and subject to the withholding tax discussed above under “—Distributions on shares of our Class A common stock,” the withholding under FATCA may be credited against, and therefore reduce, such other withholding tax. Prospective investors should consult their own tax advisors regarding the possible impact of these rules on their investment in our Class A common stock, and the entities through which they hold our Class A common stock, including, without limitation, the process and deadlines for meeting the applicable requirements to prevent the imposition of this 30% withholding tax under FATCA.

**Backup withholding and information reporting**

We or a financial intermediary must report annually to the IRS and to each Non-U.S. Holder the gross amount of the distributions on shares of our Class A common stock paid to such holder and the tax withheld, if any, with respect to such distributions. These information reporting requirements apply even if withholding was not required. In addition to the requirements described above under “—Foreign Account Tax Compliance Act,” a Non-U.S. Holder generally will be subject to backup withholding at the then applicable rate for dividends paid to such holder unless such holder furnishes a valid IRS Form W-8BEN or IRS Form W-8BEN-E (or such other applicable form and documentation as required by the Internal Revenue Code or the Treasury regulations promulgated thereunder) certifying under penalties of perjury that it is a Non-U.S. Holder (and the payor does not have actual knowledge or reason to know that such holder is a U.S. person as defined under the Internal Revenue Code). Dividends paid to Non-U.S. Holders subject to the U.S. federal withholding tax, as described above under “—Distributions on shares of our Class A common stock,” generally will be exempt from U.S. backup withholding.

Information reporting and backup withholding will generally apply to the payment of the proceeds of a disposition of shares of our Class A common stock by a Non-U.S. Holder effected by or through the U.S. office of any broker, U.S. or non-U.S., unless the holder certifies that it is not a U.S. person (as defined in the Internal Revenue Code) and satisfies certain other requirements, or otherwise establishes an exemption. For information reporting purposes, dispositions effected through a non-U.S. office of a broker with substantial U.S. ownership or operations generally will be treated in a manner similar to dispositions effected through a U.S. office of a broker, and dispositions otherwise effected through a non-U.S. office generally will not be subject to

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information reporting. Generally, backup withholding will not apply to a payment of disposition proceeds to a Non-U.S. Holder where the transaction is effected through a non-U.S. office of a U.S. broker or non-U.S. office of a non-U.S. broker. Prospective investors are urged to consult their own tax advisors regarding the application of the information reporting and backup withholding rules to them.

Copies of information returns may be made available to the tax authorities of the country in which the Non-U.S. Holder resides or is incorporated, under the provisions of a specific treaty or agreement.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment made to a Non-U.S. Holder can be refunded or credited against such Non-U.S. Holder’s U.S. federal income tax liability, if any, provided that an appropriate claim is timely filed with the IRS.

**Federal estate tax**

Shares of our Class A common stock held (or treated as held) by an individual who is not a U.S. citizen or resident (as defined for U.S. federal estate tax purposes) at the time of such individual’s death will be included in such individual’s gross estate for U.S. federal estate tax purposes, unless an applicable estate tax treaty provides otherwise, and, therefore, may be subject to U.S. federal estate tax.

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**Underwriting**

We and the selling stockholders are offering the shares of Class A common stock described in this prospectus through a number of underwriters. J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Jefferies LLC and Credit Suisse Securities (USA) LLC are acting as representatives of the underwriters named below. We and the selling stockholders have entered into an underwriting agreement with the underwriters. Subject to the terms and conditions of the underwriting agreement, we and the selling stockholders have agreed to sell to the underwriters, and each underwriter has severally agreed to purchase, at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus, the number of shares of Class A common stock listed next to its name in the following table.

|  |  |
| --- | --- |
|  | **Number** |
| **Underwriter** | **of Shares** |



J.P. Morgan Securities LLC

Merrill Lynch, Pierce, Fenner & Smith

Incorporated



Jefferies LLC

Credit Suisse Securities (USA) LLC



Guggenheim Securities, LLC

Robert W. Baird & Co. Incorporated



William Blair & Company, L.L.C.

Piper Jaffray & Co.



Cowen and Company, LLC

Total



The underwriters are committed to purchase all the shares of Class A common stock offered by us and the selling stockholders, other than those covered by the option to purchase additional shares described below, if they purchase any shares. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may also be increased or the offering may be terminated.

The underwriters propose to offer the shares of Class A common stock directly to the public at the initial public offering price set forth on the cover

page of this prospectus and to certain dealers at that price less a concession not in excess of $ per share. Any such dealers may resell

shares to certain other brokers or dealers at a discount of up to $ per share from the initial public offering price. After the initial public offering of the shares, the offering price and other selling terms may be changed by the underwriters. Sales of shares made outside of the United States may be made by affiliates of the underwriters.

The underwriters have an option to buy up to additional shares of Class A common stock to cover sales of shares by the underwriters which exceed the number of shares specified in the table above. The underwriters have 30 days from the date of this prospectus to exercise this option. If any shares are purchased with this option, the underwriters will purchase shares in approximately the same proportion as shown in the table above. If any additional shares of Class A common stock are purchased, the underwriters will offer the additional shares on the same terms as those on which the shares are being offered.

The underwriters have reserved for sale at the initial public offering price up to shares of Class A common stock, or approximately % of the shares of being offered by this prospectus, for sale to some of our directors, officers, employees, franchisees and other parties associated with us or our Sponsor in a directed share program. The number of shares of Class A common stock available for sale to the general public in the offering will be reduced to the extent these parties purchase the reserved shares. Any reserved shares of

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Class A common stock not so purchased will be offered by the underwriters to the general public on the same terms as the other shares offered in this prospectus.

The underwriting fee is equal to the public offering price per share of Class A common stock less the amount paid by the underwriters to us and the

selling stockholders per share of Class A common stock. The underwriting fee is $ per share. The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters assuming both no exercise and full exercise of the underwriters’ option to purchase additional shares.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | **Paid by the selling** |
|  |  |  | **Paid by the Company** | |  | **stockholders** |
|  |  |  |  |  |  |  |
|  |  | **No exercise** | **Full exercise** | | **No exercise** | **Full exercise** |
| Per share | $ | | $ |  | $ |  |
| Total | $ | | $ |  | $ |  |

We estimate that the total expenses of this offering, including registration, filing and listing fees, printing fees and legal and accounting expenses,

but excluding the underwriting discounts and commissions, will be approximately $ . We have agreed to reimburse the underwriters for certain expenses in connection with this offering in the amount not exceeding $ . The underwriters have agreed to reimburse certain of our expenses incurred in connection with this offering.

A prospectus in electronic format may be made available on the websites maintained by one or more underwriters, or selling group members, if any, participating in the offering. The underwriters may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters and selling group members that may make Internet distributions on the same basis as other allocations.

We have agreed that we will not:

* offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly, or file with the SEC a registration statement under the Securities Act relating to, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, or publicly disclose the intention to make any offer, sale, pledge or disposition; or
* enter into any swap or other arrangement that transfers all or a portion of the economic consequences associated with the ownership of any shares of common stock or any such other securities,

regardless of whether any of these transactions are to be settled by the delivery of shares of common stock or such other securities, in cash or otherwise, in each case without the prior written consent of J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated for a period of 180 days after the date of this prospectus, other than the shares of our common stock to be sold hereunder and subject to certain other limited exceptions.

Our directors, executive officers, the selling stockholders and certain other stockholders have entered into lock-up agreements with the underwriters prior to the commencement of this offering pursuant to which each of these persons or entities, with limited exceptions, for a period of 180 days after the date of this prospectus, may not, without the prior written consent of J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated:

* offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, regardless of whether any such transaction is to be settled by delivery of our common stock or such other

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securities, in cash or otherwise, any shares of our common stock or any securities convertible into or exercisable or exchangeable for our common stock (including, without limitation, common stock or such other securities which may be deemed to be beneficially owned by such directors, executive officers and stockholders in accordance with the rules and regulations of the SEC and securities which may be issued upon exercise of a stock option or warrant) or publicly disclose the intention to make any offer, sale, pledge or disposition;

* enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock or such other securities, regardless of whether any such transaction is to be settled by delivery of our common stock or such other securities, in cash or otherwise; or
* make any demand for or exercise any right with respect to the registration of any shares of our common stock or any security convertible into or exercisable or exchangeable for our common stock.

We and the selling stockholders have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

We intend to apply to have our Class A common stock approved for listing on the NYSE under the symbol “PLNT.”

In connection with this offering, the underwriters may engage in stabilizing transactions, which involves making bids for, purchasing and selling shares of Class A common stock in the open market for the purpose of preventing or retarding a decline in the market price of the Class A common stock while this offering is in progress. These stabilizing transactions may include making short sales of the Class A common stock, which involves the sale by the underwriters of a greater number of shares of Class A common stock than they are required to purchase in this offering, and purchasing shares of Class A common stock on the open market to cover positions created by short sales. Short sales may be “covered” shorts, which are short positions in an amount not greater than the underwriters’ over-allotment option referred to above, or may be “naked” shorts, which are short positions in excess of that amount. The underwriters may close out any covered short position either by exercising their over-allotment option, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market compared to the price at which the underwriters may purchase shares through the over-allotment option. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Class A common stock in the open market that could adversely affect investors who purchase in this offering. To the extent that the underwriters create a naked short position, they will purchase shares in the open market to cover the position.

The underwriters have advised us that, pursuant to Regulation M of the Securities Act, they may also engage in other activities that stabilize, maintain or otherwise affect the price of the Class A common stock, including the imposition of penalty bids. This means that if the representatives of the underwriters purchase Class A common stock in the open market in stabilizing transactions or to cover short sales, the representatives can require the underwriters that sold those shares as part of this offering to repay the underwriting discount received by them.

These activities may have the effect of increasing or maintaining the market price of the Class A common stock or preventing or retarding a decline in the market price of the Class A common stock, and, as a result, the price of the Class A common stock may be higher than the price that otherwise might exist in the open market. If the underwriters commence these activities, they may discontinue them at any time. The underwriters may carry out these transactions on the NYSE, in the over-the-counter market or otherwise.

Prior to this offering, there has been no public market for our Class A common stock. The initial public offering price will be determined by negotiations among us, the selling stockholders and the representatives of the

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underwriters. In determining the initial public offering price, we, the selling stockholders and the representatives of the underwriters expect to consider a number of factors including:

* the information set forth in this prospectus and otherwise available to the representatives;
* our prospects and the history and prospects for the industry in which we compete;
* an assessment of our management;
* our prospects for future earnings;
* the general condition of the securities markets at the time of this offering;
* the recent market prices of, and demand for, publicly traded common stock of generally comparable companies; and
* other factors deemed relevant by the underwriters, the selling stockholders and us.

Neither we nor the selling stockholders nor the underwriters can assure investors that an active trading market will develop for our Class A common stock, or that the shares will trade in the public market at or above the initial public offering price.

Other than in the United States, no action has been taken by us, the selling stockholders or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

**Notice to prospective investors in the United Kingdom**

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling with Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). The securities are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

**Notice to prospective investors in the European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), with effect from and including the date on which the European Union Prospectus Directive (the “EU Prospectus Directive”) was implemented in that Relevant Member State no offer of securities described in this prospectus may be made to the public in that Relevant Member State other than:

* to any legal entity which is a “qualified investor” as defined under the EU Prospectus Directive; 173

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* to fewer than 150 natural or legal persons (other than “qualified investors” as defined in the EU Prospectus Directive), per Relevant Member State, subject to obtaining the prior consent of the underwriters; or
* in any other circumstances falling within Article 3(2) of the EU Prospectus Directive, provided that no such offer of securities shall result in a requirement for us or any underwriter to publish a prospectus pursuant to Article 3 of the EU Prospectus Directive or a supplemental prospectus pursuant to Article 16 of the EU Prospectus Directive and each person who initially acquires any securities or to whom any offer is made will be deemed to have represented, warranted and agreed to and with each of the underwriters and us that it is a “qualified investor” within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the EU Prospectus Directive.

For the purposes of this provision, the expression an “offer of securities to the public” in relation to any securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe for the securities, as the same may be varied in that Member State by any measure implementing the EU Prospectus Directive in that Member State. The expression “EU Prospectus Directive” means Directive 2003/71/EC, as amended, including by Directive 2010/73/EU, and includes any relevant implementing measure in each Relevant Member State.

**Notice to prospective investors in Switzerland**

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“SIX”) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Company or the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (“CISA”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

**Notice to prospective investors in the Dubai International Financial Centre**

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (“DFSA”). This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

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**Notice to prospective investors in Australia**

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission (“ASIC”), in relation to the offering. This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the “Corporations Act”), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the shares may only be made to persons (the “Exempt Investors”) who are “sophisticated investors” (within the meaning of section 708(8) of the Corporations Act), “professional investors” (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the shares without disclosure to investors under Chapter 6D of the Corporations Act.

The shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring shares must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

**Notice to prospective investors in Hong Kong**

The securities have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or

1. in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the securities has been or may be issued or has been or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

**Notice to prospective investors in Japan**

The securities have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, will not be offered or sold, directly or indirectly, in Japan, or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, “Japanese Person” shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

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**Notice to prospective investors in Singapore**

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

1. a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
2. a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except:

1. to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
2. where no consideration is or will be given for the transfer;
3. where the transfer is by operation of law;
4. as specified in Section 276(7) of the SFA; or
5. as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

**Other relationships**

The underwriters and their respective affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities.

Certain of the underwriters and their affiliates have provided in the past to us and our affiliates and may provide from time to time in the future certain commercial banking, financial advisory, investment banking and other services for us and such affiliates in the ordinary course of their business, for which they have received and may continue to receive customary fees and commissions. An affiliate of J.P. Morgan Securities LLC is the administrative agent and a lender and an affiliate of Jefferies LLC is a lender under the credit agreement governing our senior secured credit facility. In addition, from time to time, certain of the underwriters and their affiliates may effect transactions for their own account or the account of customers, and hold on behalf of themselves or their customers, long or short positions in our debt or equity securities or loans, and may do so in the future.

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In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the issuer. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Solebury Capital LLC (“Solebury”), a FINRA member, is acting as our financial advisor in connection with the offering. Solebury is not acting as an underwriter and will not sell or offer to sell any securities and will not identify, solicit or engage directly with potential investors. In addition, Solebury will not underwrite or purchase any of the offered securities or otherwise participate in any such undertaking.

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**Legal matters**

The validity of the issuance of our Class A common stock offered in this prospectus will be passed upon for us by Ropes & Gray LLP, Boston, Massachusetts. The underwriters are being represented by Simpson Thacher & Bartlett LLP, New York, New York.

**Experts**

The balance sheet of Planet Fitness, Inc. as of March 16, 2015 has been included herein and in the registration statement in reliance upon the report of KPMG LLP, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

The consolidated financial statements of Pla-Fit Holdings, LLC as of December 31, 2013 and 2014 (Successor), and for the period from January 1, 2012 to November 7, 2012 (Predecessor), the period from November 8, 2012 to December 31, 2012 (Successor) and for the years ended December 31, 2013 and 2014 (Successor), have been included herein and in the registration statement in reliance upon the report of KPMG LLP, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

**Where you can find more information**

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of Class A common stock offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits filed therewith. For further information with respect to us and the Class A common stock offered hereby, please refer to the registration statement and the exhibits filed therewith. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement. A copy of the registration statement and the exhibits filed therewith may be inspected without charge at the public reference room maintained by the SEC, located at 100 F Street N.E., Washington, D.C. 20549, and copies of all or any part of the registration statement may be obtained from such offices upon the payment of the fees prescribed by the SEC. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. The SEC also maintains a website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The SEC’s website address is www.sec.gov.

Upon completion of this offering, we will become subject to the information and periodic reporting requirements of the Exchange Act and, in accordance therewith, we will file periodic reports, proxy statements and other information with the SEC. Such periodic reports, proxy statements and other information will be available for inspection and copying at the public reference room and website of the SEC referred to above.

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| **Pla-Fit Holdings, LLC and subsidiaries** | | | | | | | | | | | | | | | | | | | |  |
|  | Consolidated financial statements as of December 31, 2013 and 2014 (Successor) and the periods from January 1, 2012 to | | | | | | | | | | | | | | | | | | |  |
|  | November 7, 2012 (Predecessor) and from November 8, 2012 to December 31, 2012 (Successor) and the years ended December 31, | | | | | | | | | | | | | | | | | | |  |
|  | 2013 and 2014 (Successor) | | | | | | | | | | | | | | | | | | |  |
|  |  | [Report of independent registered public accounting firm](#page194) | | | | | | | | | | | | | | |  | | | F-7 |
|  |  | [Consolidated balance sheets](#page195) | | |  | | | | | | | | | | | | | | | F-8 |
|  |  | [Consolidated statements of operations](#page196) | | | | | |  | | | | | | | | | | | | F-9 |
|  |  | [Consolidated statements of comprehensive income](#page197) | | | | | | | | | | | | | | | | | | F-10 |
|  |  | [Consolidated statements of cash flows](#page198) | | | | |  | | | | | | |  | | | | | | F-11 |
|  |  | [Consolidated statements of changes in equity](#page200) | | | | | | | | | | | | | | | | | | F-13 |
|  |  | [Notes to consolidated financial statements](#page201) | | | | | | | | |  | | | | | | | | | F-14 |
|  |  |  | | | | | | |  |  | |  |  | | |  | |  |  |  |
|  | Interim condensed consolidated financial statements (unaudited) for the quarters ended March 31, 2015 and March 31, 2014 | | | | | | | | | | | | | | | | | | |  |
|  |  | [Condensed consolidated balance sheets](#page235) | | | | | | | | | | | | | | | | | | F-48 |
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|  |  | [Condensed consolidated statements of operations](#page236) | | | | | | | | | | |  | | | | | | | F-49 |
|  |  | [Condensed consolidated statements of comprehensive income](#page237) | | | | | | | | | | | | | | | | | | F-50 |
|  |  | [Condensed consolidated statements of cash flows](#page238) | | | | | | | | | | | | | | | | |  | F-51 |
|  |  |  | | | | | | | | | |  | | | |  | |  | |  |
|  |  | [Condensed consolidated statement of changes in equity](#page239) | | | | | | | | | | | | | | | | | | F-52 |
|  |  | [Notes to condensed consolidated financial statements](#page240) | | | | | | | | | | | | | | | |  | | F-53 |
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**Report of independent registered public accounting firm**

The Board of Directors

Planet Fitness, Inc.:

We have audited the accompanying balance sheet of Planet Fitness, Inc. (the “Corporation”) as of March 16, 2015. The balance sheet is the responsibility of the Corporation’s management. Our responsibility is to express an opinion on this balance sheet based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of Planet Fitness, Inc. at March 16, 2015, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

Boston, Massachusetts

March 25, 2015

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**Planet Fitness, Inc.**

**Balance sheet**



|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **March 16, 2015** | | |  |
|  | **Assets** | $ | 1 | |  |
| **Commitments and Contingencies** | |  |  |  |  |
|  |  |  |  |
|  | **Stockholder’s Equity** |  |  |  |  |
|  | Common stock, par value $0.01 per share, 1,000 shares authorized, 100 shares issued and outstanding |  | 1 |  |  |
|  | **Total Stockholder’s Equity** | $ | 1 | |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

*See accompanying notes to balance sheet.*

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**Planet Fitness, Inc.**

**Notes to balance sheet**

**(1) Organization**

Planet Fitness, Inc. (the “Corporation”) was formed as a Delaware corporation on March 16, 2015. The Corporation was formed for the purpose of completing a public offering and related transactions in order to carry on the business of Pla-Fit Holdings, LLC and subsidiaries (the “Company”). The Corporation will be the sole managing member of the Company and will operate and control all of the businesses and affairs of the Company and continue to conduct the business now conducted by the Company.

**(2) Summary of significant accounting policies**

***Basis of accounting***

The balance sheet has been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Separate statements of operations, comprehensive income, changes in stockholder’s equity, and cash flows have not been presented in the financial statements because there have been no activities in this entity.

**(3) Stockholder’s equity**

The Corporation is authorized to issue 1,000 shares of Common Stock, par value $0.01 per share, 100 shares of which have been issued and are outstanding as of March 16, 2015.

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**Planet Fitness, Inc.**

**Balance sheets**

**(unaudited)**



|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **March 16, 2015** | | | **March 31, 2015** | | |  |
|  |  |  |  |  |  |  |  |  |  |
| **Assets** | **$** | | **1** | | **$** | **1** | |  |
| **Commitments and Contingencies** | |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  | **Stockholder’s Equity** |  |  |  |  |  |  |  |  |
|  | Common stock, par value $0.01 per share, 1,000 shares authorized, 100 shares issued and |  |  |  |  |  |  |  |  |
|  | outstanding |  |  | 1 | |  | 1 | |  |
|  |  |  |  |  |  |  |  |  |  |
| **Total Stockholder’s Equity** | $ | | 1 | | $ | 1 | |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |

*See accompanying notes to balance sheets.*

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**Planet Fitness, Inc.**

**Notes to balance sheets**

**(unaudited)**

**(1) Organization**

Planet Fitness, Inc. (the “Corporation”) was formed as a Delaware corporation on March 16, 2015. The Corporation was formed for the purpose of completing a public offering and related transactions in order to carry on the business of Pla-Fit Holdings, LLC. The Corporation will be the sole managing member of Pla-Fit Holdings, LLC and will operate and control all of the businesses and affairs of Pla-Fit Holdings, LLC and, through Pla-Fit Holdings, LLC and its subsidiaries, continue to conduct the business now conducted by these subsidiaries.

**(2) Summary of Significant Accounting Policies**

***Basis of Accounting***

The balance sheet as of March 31, 2015 is unaudited. The balance sheets have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Separate statements of operations, comprehensive income, changes in stockholder’s equity, and cash flows have not been presented in the financial statements because there have been no activities in this entity.

**(3) Stockholder’s Equity**

The Corporation is authorized to issue 1,000 shares of Common Stock, par value $0.01 per share, 100 shares of which were issued and outstanding at March 16, 2015 and March 31, 2015.

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**Report of independent registered public accounting firm**

The Board of Directors and Members

Pla-Fit Holdings, LLC:

We have audited the accompanying consolidated balance sheets of Pla-Fit Holdings, LLC and subsidiaries as of December 31, 2013 and 2014 (Successor), and the related consolidated statements of operations, comprehensive income, cash flows, and changes in equity for period from January 1, 2012 to November 7, 2012 (Predecessor), the period from November 8, 2012 to December 31, 2012 (Successor), and the years ended December 31, 2013 and 2014 (Successor). These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Pla-Fit Holdings, LLC and subsidiaries as of December 31, 2013 and 2014 (Successor), and the results of their operations and their cash flows for the period from January 1, 2012 to November 7, 2012 (Predecessor), the period from November 8, 2012 to December 31, 2012 (Successor), and the years ended December 31, 2013 and 2014 (Successor), in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

Boston, Massachusetts

March 25, 2015

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**Pla-Fit Holdings, LLC and subsidiaries**

**Consolidated balance sheets**

**(Amounts in thousands)**



|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **December 31,** | | | |  |  |
|  |  |  |  | **2013** |  |  | **2014** | |  |
|  |  |  |  |  |  |  |  |  |  |
| **Assets** |  |  |  |  |  |  |  |  |
| Current assets: | |  |  |  |  |  |  |  |  |
|  | Cash and cash equivalents | $ | | 31,267 | $ | | 43,291 | |  |
|  | Accounts receivable, net of allowance for bad debts of $352 and $399 at December 31, 2013 and 2014, respectively |  |  | 15,783 |  |  | 19,275 | |  |
|  | Due from related parties, current |  |  | 1,332 |  |  | 1,141 |  |  |
|  | Inventory |  |  | 2,243 |  |  | 3,012 |  |  |
|  | Notes receivable, current |  |  | 513 |  |  | 1,290 |  |  |
|  | Restricted assets—NAF (note 6) |  |  | 1,351 |  |  | — | |  |
|  | Prepaid expenses |  |  | 3,573 |  |  | 4,355 |  |  |
|  | Other current assets |  |  | 1,485 |  |  | 2,954 |  |  |
|  | Total current assets |  |  | 57,547 |  |  | 75,318 | |  |
|  | Property and equipment, net |  |  | 33,766 |  |  | 49,579 | |  |
|  | Intangible assets, net |  |  | 303,328 |  |  | 295,162 |  |  |
|  | Goodwill |  |  | 157,210 |  |  | 176,981 |  |  |
|  | Notes receivable, net of current portion |  |  | 3,672 |  |  | 2,007 |  |  |
|  | Other assets, net |  |  | 6,573 |  |  | 10,229 |  |  |
|  | Total assets | $ | | 562,096 | $ | | 609,276 |  |  |
| **Liabilities and Equity** | |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  | |  |  |  |  |  |  |  |  |
|  | Current liabilities: |  |  |  |  |  |  |  |  |
|  | Current maturities of long-term debt | $ | | 9,500 | $ | | 3,900 |  |  |
|  | Accounts payable |  |  | 25,517 |  |  | 26,738 | |  |
|  | Accrued expenses |  |  | 4,862 |  |  | 8,494 |  |  |
|  | Current maturities of obligations under capital leases |  |  | 1,162 |  |  | 376 |  |  |
|  | Equipment deposits |  |  | 2,647 |  |  | 6,675 |  |  |
|  | Restricted liabilities—NAF (note 6) |  |  | 1,351 |  |  | — | |  |
|  | Deferred revenue, current |  |  | 11,444 |  |  | 14,549 | |  |
|  | Other current liabilities |  |  | 264 |  |  | 153 |  |  |
|  | Total current liabilities |  |  | 56,747 |  |  | 60,885 | |  |
|  | Long-term debt, net of current maturities |  |  | 173,375 |  |  | 383,175 |  |  |
| Obligations under capital leases, net of current portion | |  |  | 423 |  |  | 45 | |  |
|  | Deferred rent, net of current portion |  |  | 1,376 |  |  | 3,012 |  |  |
| Deferred revenue, net of current portion | |  |  | 7,193 |  |  | 9,330 |  |  |
|  | Deferred tax liabilities—non current |  |  | 593 |  |  | 606 |  |  |
| Other liabilities | |  |  | 474 |  |  | 474 |  |  |
|  | Total noncurrent liabilities |  |  | 183,434 |  |  | 396,642 |  |  |
| Commitments and contingencies (note 17) | |  |  |  |  |  |  |  |  |
|  | |  |  |  |  |  |  |  |  |
|  | Equity: |  |  |  |  |  |  |  |  |
|  | Members’ equity |  |  | 315,623 |  |  | 146,156 |  |  |
|  | Accumulated other comprehensive income (loss) |  |  | 92 |  |  | (636) | |  |
|  | Total equity attributable to Pla-Fit Holdings, LLC |  |  | 315,715 |  |  | 145,520 |  |  |
|  | Noncontrolling interests in variable interest entities |  |  | 6,200 |  |  | 6,229 |  |  |
|  | Total equity |  |  | 321,915 |  |  | 151,749 |  |  |
|  | Total liabilities and equity | $ | | 562,096 | $ | | 609,276 |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |

*See accompanying notes to consolidated financial statements.*

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**Pla-Fit Holdings, LLC and subsidiaries**

**Consolidated statements of operations**

**(Amounts in thousands)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Period from** | |  |  | **Period from** | |  |  |  |  |  |  |  |
|  |  |  | **January 1,** | |  | **November 8,** | | |  |  |  |  |  |  |  |
|  |  | **2012 through** | | |  | **2012 through** | | |  |  | **Year ended** | |  | **Year ended** | |
|  |  |  | **November 7,** | |  | **December 31,** | | |  | **December 31,** | | | **December 31,** | | |
|  |  |  | **2012** | |  |  | **2012** | |  |  | **2013** | |  | **2014** | |
|  |  | **(Predecessor)** | | |  |  |  |  |  | **(Successor)** | | |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenue: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Franchise | $ | | 21,289 |  |  | $ | 4,420 |  | $ | | 33,684 | | $ | 58,001 | |
| Commission income |  |  | 7,189 |  |  |  | 1,837 |  |  |  | 10,473 | |  | 13,805 | |
| Corporate-owned stores |  |  | 40,360 |  |  |  | 8,822 |  |  |  | 67,364 | |  | 85,041 | |
| Equipment |  |  | 49,062 |  |  |  | 26,708 | |  |  | 99,488 | |  | 122,930 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total revenue |  |  | 117,900 |  |  |  | 41,787 | |  |  | 211,009 | |  | 279,777 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Operating costs and expenses: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cost of revenue |  |  | 41,064 |  |  |  | 21,480 | |  |  | 81,353 | |  | 100,306 |  |
| Store operations |  |  | 28,381 |  |  |  | 5,950 |  |  |  | 41,692 | |  | 49,476 | |
| Selling, general and administrative |  |  | 19,475 |  |  |  | 2,633 |  |  |  | 23,118 | |  | 35,121 | |
| Depreciation and amortization |  |  | 5,676 |  |  |  | 6,959 |  |  |  | 28,808 | |  | 32,341 | |
| Other (gain) loss (notes 4 and 5) |  |  | (1,921) | |  |  | — | |  |  | — | |  | 994 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total operating costs and expenses |  |  | 92,675 |  |  |  | 37,022 | |  |  | 174,971 | |  | 218,238 |  |
| Income from operations |  |  | 25,225 |  |  |  | 4,765 |  |  |  | 36,038 |  |  | 61,539 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other income (expense), net: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Interest income |  |  | 897 |  |  |  | 100 |  |  |  | 496 | |  | 377 |  |
| Interest expense |  |  | (2,249) | |  |  | (2,530) | |  |  | (9,408) | |  | (22,177) | |
| Other income (expense) |  |  | 29 |  |  |  | (125) | |  |  | (694) | |  | (1,261) | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total other expense, net |  |  | (1,323) | |  |  | (2,555) | |  |  | (9,606) | |  | (23,061) | |
| Income before taxes |  |  | 23,902 |  |  |  | 2,210 |  |  |  | 26,432 |  |  | 38,478 |  |
| Provision for income taxes |  |  | 656 |  |  |  | 56 |  |  |  | 633 |  |  | 1,183 |  |
| Net income |  |  | 23,246 |  |  |  | 2,154 |  |  |  | 25,799 | |  | 37,295 | |
| Less net income attributable to noncontrolling interests |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| (note 4) |  |  | 1,015 |  |  |  | 32 |  |  |  | 361 |  |  | 487 |  |
| Net income attributable to Pla-Fit Holdings, LLC | $ | | 22,231 |  |  | $ | 2,122 |  | $ | | 25,438 | | $ | 36,808 | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Unaudited pro forma financial information (note 21, |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| unaudited) |  |  |  |  |  |  |  |  |  |  |  |  | $ |  |  |
| Historical income before taxes |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Pro forma provision for income taxes |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Pro forma net income |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Pro forma net income attributable to |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| noncontrolling interests |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Pro forma net income attributable to the Company |  |  |  |  |  |  |  |  |  |  |  |  | $ |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Pro forma net income per share information (note 21, |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| unaudited) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Pro forma net income per share of Class A common |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| stock |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Basic |  |  |  |  |  |  |  |  |  |  |  |  | $ |  |  |
| Diluted |  |  |  |  |  |  |  |  |  |  |  |  | $ |  |  |
| Pro forma weighted average shares of Class A common |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| stock outstanding |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Basic |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Diluted |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| *See accompanying notes to consolidated financial statements.* |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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**Pla-Fit Holdings, LLC and subsidiaries**

**Consolidated statements of comprehensive income**

**(Amounts in thousands)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Period from** |  |  |  | **Period from** | |  |  |  |  |  |  |  |
|  |  | **January 1,** |  |  | **November 8,** | | |  |  |  |  |  |  |  |
|  | **2012 through** | |  |  | **2012 through** | | |  |  | **Year ended** | |  | **Year ended** | |
|  |  | **November 7,** |  |  | **December 31,** | | |  | **December 31,** | | | **December 31,** | | |
|  |  | **2012** |  |  |  | **2012** | |  |  | **2013** | |  | **2014** | |
|  | **(Predecessor)** | |  |  |  |  |  |  | **(Successor)** | | |  |  |  |
| Net income including noncontrolling interests | $ | 23,246 |  | $ | | 2,154 |  | $ | | 25,799 | | $ | 37,295 | |
| Other comprehensive income (loss), net: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Gains (losses) on interest rate swaps |  | — |  |  |  | — | |  |  | 92 | |  | (92) | |
| Unrealized loss on interest rate cap |  | — |  |  |  | — | |  |  | — | |  | (662) | |
| Foreign currency translation adjustments |  | — |  |  |  | — | |  |  | — | |  | 26 | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total other comprehensive income (loss) |  | — |  |  |  | — | |  |  | 92 | |  | (728) | |
| Total comprehensive income including |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| noncontrolling interests |  | 23,246 |  |  |  | 2,154 |  |  |  | 25,891 | |  | 36,567 | |
| Total comprehensive income attributable to |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| noncontrolling interests |  | 1,015 |  |  |  | 32 |  |  |  | 361 | |  | 487 |  |
| Total comprehensive income attributable to Pla- |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fit Holdings, LLC | $ | 22,231 |  | $ | | 2,122 |  | $ | | 25,530 | | $ | 36,080 | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |



*See accompanying notes to consolidated financial statements.*

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**Pla-Fit Holdings, LLC and subsidiaries**

**Consolidated statements of cash flows**

**(Amounts in thousands)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Period from** |  |  |  | **Period from** | |  |  |  |  |  |  |  |
|  |  |  | **January 1,** |  |  | **November 8,** | | |  |  |  |  |  |  |  |
|  |  | **2012 through** | |  |  | **2012 through** | | |  |  | **Year ended** | |  | **Year ended** | |
|  |  |  | **November 7,** |  |  | **December 31,** | | |  | **December 31,** | | | **December 31,** | | |
|  |  |  | **2012** |  |  |  | **2012** | |  |  | **2013** | |  | **2014** | |
|  |  | **(Predecessor)** | |  |  |  |  |  |  | **(Successor)** | | |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cash flows from operating activities: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income | $ | | 23,246 |  | $ | | 2,154 |  | $ | | 25,799 | | $ | 37,295 | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Adjustments to reconcile net income to net cash |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| provided by operating activities: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Depreciation and amortization |  |  | 5,676 |  |  |  | 6,959 |  |  |  | 28,808 | |  | 32,341 | |
| Amortization of deferred financing costs |  |  | 283 |  |  |  | 75 |  |  |  | 1,582 | |  | 1,315 |  |
| Amortization of favorable leases and asset |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| retirement obligations |  |  | — |  |  |  | 34 |  |  |  | 246 | |  | 501 |  |
| Deferred tax benefit |  |  | (25) |  |  |  | (101) | |  |  | (1,430) | |  | (63) | |
| Provision for bad debts |  |  | 129 |  |  |  | 24 |  |  |  | 57 | |  | 139 |  |
| Gains on disposal of property and equipment |  |  | (20) |  |  |  | (22) | |  |  | (52) | |  | (545) | |
| Loss on extinguishment of debt |  |  | — |  |  |  | — | |  |  | — | |  | 4,697 |  |
| Gain on sale of subsidiaries and variable interest |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| entities |  |  | (1,921) |  |  |  | — | |  |  | — | |  | — | |
| Changes in operating assets and liabilities, |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| excluding effects of acquisitions and |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| dispositions: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| State income taxes |  |  | — |  |  |  | — | |  |  | (364) | |  | (1,670) | |
| Accounts receivable |  |  | 4,458 |  |  |  | (5,399) | |  |  | (3,101) | |  | (3,632) | |
| Notes receivable and due from related parties |  |  | (1,129) |  |  |  | 5,025 |  |  |  | 1,281 | |  | 177 |  |
| Inventory |  |  | 188 |  |  |  | (493) | |  |  | (1,750) | |  | (769) | |
| Other assets and other current assets |  |  | (4,599) |  |  |  | 1,093 |  |  |  | (776) | |  | (1,818) | |
| Accounts payable and accrued expenses |  |  | (713) |  |  |  | 3,142 |  |  |  | 13,456 | |  | 5,042 |  |
| Other liabilities and other current liabilities |  |  | 104 |  |  |  | 182 |  |  |  | 421 | |  | (2) | |
| Equipment deposits |  |  | 3,350 |  |  |  | (1,885) | |  |  | (1,803) | |  | 4,028 |  |
| Deferred revenue |  |  | 880 |  |  |  | 1,488 |  |  |  | 3,398 | |  | 842 |  |
| Deferred rent |  |  | 670 |  |  |  | 205 |  |  |  | 1,171 |  |  | 1,527 |  |
| Net cash provided by operating activities |  |  | 30,577 |  |  |  | 12,481 | |  |  | 66,943 | |  | 79,405 | |
| Cash flows from investing activities: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Acquisition of the Company, net of cash acquired |  |  | — |  |  |  | (215,336) | |  |  | — | |  | — | |
| Additions to property and equipment |  |  | (4,308) |  |  |  | (856) | |  |  | (7,287) | |  | (16,650) | |
| Acquisition of franchises |  |  | (12,140) |  |  |  | — | |  |  | — | |  | (38,638) | |
| Proceeds from sale of property and equipment and |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| insurance recoveries |  |  | 39 |  |  |  | 36 |  |  |  | 150 | |  | 926 |  |
| Acquisition of intangibles |  |  | (335) |  |  |  | — | |  |  | — | |  | — | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net cash used in investing activities |  |  | (16,744) |  |  |  | (216,156) | |  |  | (7,137) | |  | (54,362) | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |



continued

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**Pla-Fit Holdings, LLC and subsidiaries**

**Consolidated statements of cash flows**

**(Amounts in thousands)**

continued

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Period from** | |  |  | **Period from** | |  |  |  |  |  |  |  |  |
|  |  | **January 1,** | |  | **November 8,** | | |  |  |  |  |  |  |  |  |
|  | **2012 through** | | |  | **2012 through** | | |  |  | **Year ended** | |  | **Year ended** | |  |
|  |  | **November 7,** | |  | **December 31,** | | |  | **December 31,** | | | **December 31,** | | |  |
|  |  | **2012** | |  |  | **2012** | |  |  | **2013** | |  | **2014** | |  |
|  | **(Predecessor)** | | |  |  |  |  |  | **(Successor)** | | |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cash flows from financing activities: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Successor capital contribution, net of cash acquired |  | — | |  |  | 215,336 |  |  |  | — | |  | — | |  |
| Proceeds from issuance of long-term debt |  | 8,500 |  |  |  | 190,000 |  |  |  | — | |  | 390,000 |  |  |
| Principal payments on capital lease obligations |  | (2,354) | |  |  | (490) | |  |  | (3,291) | |  | (1,162) | |  |
| Repayment of long-term debt |  | (1,203) | |  |  | (40,052) | |  |  | (10,544) | |  | (185,800) | |  |
| Payment of deferred financing and other debt-related |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| costs |  | (360) | |  |  | (7,161) | |  |  | (19) | |  | (7,785) | |  |
| Net (repayments) borrowings on line of credit |  | 14,500 | |  |  | 3,525 |  |  |  | (3,525) | |  | — | |  |
| Repayment of interim financing |  | — | |  |  | (165,000) | |  |  | — | |  | — | |  |
| Premiums paid for interest rate caps |  | — | |  |  | — | |  |  | — | |  | (2,373) | |  |
| Acquisition of PFPA noncontrolling interest |  | (4,895) | |  |  | — | |  |  | — | |  | — | |  |
| Contributions from members |  | 4,792 |  |  |  | — | |  |  | — | |  | — | |  |
| Contributions from variable interest entities |  | — | |  |  | 22 |  |  |  | 3,402 | |  | — | |  |
| Distributions to variable interest entities |  | (1,651) | |  |  | — | |  |  | (960) | |  | (458) | |  |
| Distributions to members |  | (23,127) | |  |  | (3,739) | |  |  | (23,057) | |  | (205,374) | |  |
| Net cash (used in) provided by financing |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| activities |  | (5,798) | |  |  | 192,441 |  |  |  | (37,994) | |  | (12,952) | |  |
| Effects of exchange rate changes on cash and cash |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| equivalents |  | — | |  |  | — | |  |  | — | |  | (67) | |  |
| Net increase (decrease) in cash and cash |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| equivalents |  | 8,035 |  |  |  | (11,234) | |  |  | 21,812 | |  | 12,024 | |  |
| Cash and cash equivalents, beginning of period |  | 12,986 |  |  |  | 20,689 | |  |  | 9,455 | |  | 31,267 | |  |
| Cash and cash equivalents, end of period | $ | 21,021 |  |  | $ | 9,455 |  |  | $ | 31,267 |  | $ | 43,291 |  |  |
| Supplemental cash flow information: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net cash paid for income taxes | $ | 1,194 |  |  | $ | 285 |  | $ | | 1,826 | | $ | 1,604 |  |  |
| Cash paid for interest |  | 2,056 |  |  |  | 2,021 |  |  |  | 7,638 | |  | 20,756 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Non-cash investing activities: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Non-cash consideration for acquisition of franchises | $ | — | |  | $ | — | | $ | | — | | $ | 3,000 |  |  |
| Non-cash additions to property and equipment |  | — | |  |  | — | |  |  | — | |  | 1,049 |  |  |
| Rollover equity investment by MMC |  | — | |  |  | 78,750 | |  |  | — | |  | — | |  |
| Interim financing in connection with the 2012 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Acquisition |  | — | |  |  | 165,000 |  |  |  | — | |  | — | |  |
| NY/NJ acquisition and consolidation of PF Melville: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fair value of assets contributed | $ | 44,143 | |  | $ | — | | $ | | — | | $ | — | |  |
| Liabilities assumed |  | (5,396) | |  |  | — | |  |  | — | |  | — | |  |
| Equity contribution of net assets |  | (38,747) | |  |  | — | |  |  | — | |  | — | |  |
| Sale of subsidiary: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Assets sold | $ | (1,531) | |  | $ | — | | $ | | — | | $ | — | |  |
| Liabilities forgiven |  | 483 |  |  |  | — | |  |  | — | |  | — | |  |
| Issuance of note receivable |  | 1,500 |  |  |  | — | |  |  | — | |  | — | |  |
| Non-cash financing activities: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Non-cash distributions to members | $ | — | |  | $ | — | | $ | | — | | $ | 901 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

*See accompanying notes to consolidated financial statements.*

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**Pla-Fit Holdings, LLC and subsidiaries**

**Consolidated statements of changes in equity**

**(Amounts in thousands)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  | **Noncontrolling** | | |  |  |  |
|  |  |  |  |  | **Accumulated** | |  | **interests in** | |  |  |  |
|  |  |  |  |  | **other** | |  | **variable** | |  |  |  |
|  |  | **Members’** | | **comprehensive** | | |  | **interest** | |  |  |  |
|  | **equity (deficit)** | | |  | **income (loss)** | |  | **entities** | | **Total equity** | | |
| **Predecessor** |  |  |  |  |  |  |  |  |  |  |  |  |
| Balance at December 31, 2011 | $ | (6,475) | | $ | — | | $ | 8,236 |  | $ | 1,761 |  |
| Net income |  | 22,231 |  |  | — | |  | 1,015 |  |  | 23,246 | |
| Contributions from members |  | 4,792 |  |  | — | |  | — | |  | 4,792 |  |
| NY/NJ acquisition |  | 38,747 |  |  | — | |  | 275 |  |  | 39,022 | |
| Acquisition of PFPA |  | (5,287) | |  | — | |  | 392 |  |  | (4,895) | |
| Acquisition of Colorado |  | (118) | |  | — | |  | 118 |  |  | — | |
| Distributions to members |  | (23,127) | |  | — | |  | (1,651) | |  | (24,778) | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Balance at November 7, 2012 | $ | 30,763 |  | $ | — | | $ | 8,385 |  | $ | 39,148 | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Successor** |  |  |  |  |  |  |  |  |  |  |  |  |
| Successor capital contribution | $ | 314,250 |  | $ | — | | $ | — | | $ | 314,250 |  |
| Net income |  | 2,122 |  |  | — | |  | 32 | |  | 2,154 |  |
| Noncontrolling interests and eliminations |  | 609 |  |  | — | |  | 3,343 |  |  | 3,952 |  |
| Contributions from members |  | — | |  | — | |  | 22 | |  | 22 | |
| Distributions to members |  | (3,739) | |  | — | |  | — | |  | (3,739) | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Balance at December 31, 2012 |  | 313,242 |  |  | — | |  | 3,397 |  |  | 316,639 |  |
| Net income |  | 25,438 |  |  | — | |  | 361 |  |  | 25,799 | |
| Other comprehensive income |  | — | |  | 92 |  |  | — | |  | 92 | |
| Contributions from members |  | — | |  | — | |  | 3,402 |  |  | 3,402 |  |
| Distributions to members |  | (23,057) | |  | — | |  | (960) | |  | (24,017) | |
| Balance at December 31, 2013 |  | 315,623 |  |  | 92 |  |  | 6,200 |  |  | 321,915 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income |  | 36,808 |  |  | — | |  | 487 |  |  | 37,295 | |
| Other comprehensive loss |  | — | |  | (728) | |  | — | |  | (728) | |
| Distributions to members |  | (206,275) | |  | — | |  | (458) | |  | (206,733) | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Balance at December 31, 2014 | $ | 146,156 |  | $ | (636) | | $ | 6,229 |  | $ | 151,749 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |

*See accompanying notes to consolidated financial statements.*

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**Pla-Fit Holdings, LLC and subsidiaries**

**Notes to consolidated financial statements**

**(Amounts in thousands, except unit and per unit amounts)**

**(1) Business organization**

Planet Fitness is a franchisor and operator of fitness centers, with more than 6 million members and 918 owned and franchised locations (referred to as stores) in 47 states across the United States, Puerto Rico and Canada as of December 31, 2014.

Planet Fitness Holdings, LLC (Holdings or the Predecessor) was established on March 1, 2008 to serve as the reporting entity for various subsidiaries that operate three distinct lines of business:

* Licensing and selling franchises under the Planet Fitness trade name.
* Owning and operating fitness centers under the Planet Fitness trade name.
* Selling fitness-related equipment to franchisee-owned stores.

Prior to November 7, 2012, Holdings was wholly owned by three individuals (Michael Grondahl, Marc Grondahl, and Christopher Rondeau, collectively known as MMC). On November 7, 2012, MMC contributed their ownership interests in Holdings to a newly formed entity, Pla-Fit Holdings LLC (the Company or the Successor) and on November 8, 2012 the Company was acquired as part of a transaction between MMC and TSG PF Investment LLC (TSG), for consideration totaling $479,250 (the TSG Acquisition) (see note 3).

The TSG Acquisition was accounted for using the purchase method of accounting which resulted in a new basis for the assets acquired and liabilities assumed. Accordingly, although the Company continues with the same core operations after the TSG Acquisition, the accompanying consolidated financial statements reflect Holdings’ historical accounting basis for the periods prior to the TSG Acquisition (the Predecessor) and the Company’s new accounting basis for the period following the TSG Acquisition (the Successor).

**(2) Summary of significant accounting policies**

***(a) Basis of presentation and consolidation***

The accompanying consolidated financial statements include the accounts of the Company and its predecessor, Holdings, and have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). All significant intercompany balances and transactions have been eliminated in consolidation.

The Company also consolidates entities in which it has a controlling financial interest, the usual condition of which is ownership of a majority voting interest. The Company also considers for consolidation certain interests where the controlling financial interest may be achieved through arrangements that do not involve voting interests. Such an entity, known as a variable interest entity (VIE), is required to be consolidated by its primary beneficiary. The primary beneficiary of a VIE is considered to possess the power to direct the activities of the VIE that most significantly impact its economic performance and has the obligation to absorb losses or the rights to receive benefits from the VIE that are significant to it. The principal entities in which the Company possesses a variable interest include franchise entities and certain other entities. The Company is not deemed to be the primary beneficiary for Planet Fitness franchise entities. Therefore, these entities are not consolidated.

During 2012, certain changes occurred, including the TSG Acquisition, which impacted the consolidation status of certain VIEs. As such, the results of the Successor have been consolidated with Matthew Michael Realty LLC

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**Pla-Fit Holdings, LLC and subsidiaries**

**Notes to consolidated financial statements**

**(Amounts in thousands, except unit and per unit amounts)**

(MMR) and PF Melville LLC (PF Melville) based on the determination that the Company is the primary beneficiary with respect to these VIEs.

These entities are real estate holding companies that derive a majority of their financial support from the Company through lease arrangements.

The results of the Predecessor for all or a portion of the period from January 1, 2012 through November 7, 2012 have been consolidated with the following VIEs in which Holdings or one of its subsidiaries has been determined to be the primary beneficiary (see note 4):

* 304 Maplewood, LLC (304 Maplewood); MMC Fox Run, LLC (MMC Fox Run); MMCT Realty, LLC (MMCT); MMR, MMC Crosby Road LLC (MMC Crosby Road); and PF Melville (collectively, the Real Estate Entities). These are all real estate holding companies that previously had common ownership with Holdings and derived a majority of their financial support from Holdings (see note 4).
* PFPA, LLC (PFPA), Fitness 41, LLC (Planet Fitness OK), and Pla-Fit Colorado, LLC (Colorado) operate Planet Fitness franchises in certain parts of Pennsylvania, Oklahoma, and Colorado, respectively. The aforementioned entities previously had common ownership with Holdings and received financial support from Holdings in the form of guarantees and advances. Holdings acquired the remaining ownership interest in PFPA on February 1, 2012 and Colorado on September 30, 2012 (see note 5). The common ownership in Planet Fitness OK was terminated on September 30, 2012 (see note 4).

With the exception of the change in basis, the accounting principles utilized are the same for the Predecessor and the Successor. ***(b) Use of estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Although these estimates are based on management’s knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results. Significant areas where estimates and judgments are relied upon by management in the preparation of the consolidated financial statements include revenue recognition, consolidation of VIEs, valuation of assets and liabilities in connection with acquisitions, valuation of share based compensation awards, and the evaluation of the recoverability of goodwill and long-lived assets, including intangible assets.

***(c) Concentrations***

Cash and cash equivalents are financial instruments, which potentially subject the Company to a concentration of credit risk. The Company invests its excess cash in several major financial institutions, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The Company maintains balances in excess of these limits, but does not believe that such deposits with its banks are subject to any unusual risk.

The credit risk associated with trade receivables is mitigated due to the large number of customers, generally our franchisees, and their broad dispersion over many different geographic areas. We do not have any concentrations with respect to our revenues.

The Company purchases equipment, both for corporate-owned stores and for sales to franchisee-owned stores, from two primary vendors. For the year ended December 31, 2013 purchases from these two vendors comprised

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**Pla-Fit Holdings, LLC and subsidiaries**

**Notes to consolidated financial statements**

**(Amounts in thousands, except unit and per unit amounts)**

66% and 27%, respectively of total equipment purchases. For the year ended December 31, 2014 purchases from these two vendors comprised

66% and 25%, respectively of total equipment purchases.

The Company, including Planet Fitness NAF, LLC (NAF) uses one primary vendor for advertising services. Purchases from this vendor totaled 68% and 61% of total advertising purchases for the years ended December 31, 2013 and 2014, respectively (see note 6 for further discussion of NAF).

***(d) Cash and cash equivalents***

The Company considers all highly liquid investments purchased with an original maturity of 90 days or less to be cash equivalents. Cash held within the NAF is recorded as a restricted asset (see note 6).

1. ***Revenue recognition* Franchise**

The following revenues are generated as a result of transactions with or related to the Company’s franchisees. *Area development fees*

Franchisees contractually enter into area development agreements (ADAs) to secure the exclusive right to open franchise stores within a defined geographical area. ADAs establish the timing and number of stores to be developed within the defined geographical area. Pursuant to an ADA, a franchisee is generally required to pay an initial nonrefundable development fee for a minimum number of stores to be developed, as outlined in the respective ADA. ADA fees collected in advance are deferred until the Company provides substantially all required obligations pursuant to the ADA. As the efforts and total cost relating to initial services are affected significantly by the number of stores opened in an area, the respective ADA is treated as a divisible contract. As each new site is accepted under an ADA, a franchisee signs a franchise operating agreement for the respective franchise location. As each store opened under an ADA typically has performance obligations associated with it, the Company recognizes ADA revenue as each individual franchise location is developed in proportion to the total number of stores to be developed under the ADA. These obligations are typically completed once the store is opened or the franchisee executes the individual property lease. As of December 31, 2013 and 2014, the deferred revenue for ADAs was $7,867 and $8,215, respectively. ADAs generally have an initial term equal to the number of years over which the franchisee is required to open franchise stores, which is typically 5 to 10 years. There is no right of refund for an executed ADA. Upon default, as defined in the agreement, the Company may reacquire the rights pursuant to an ADA, and all remaining deferred revenue is recognized at that time.

*Franchise fees and performance fees*

For stores opened without an ADA, the Company generally charges an initial upfront nonrefundable franchise fee. Nonrefundable franchise fees are typically deferred until the franchisee executes a lease and receives initial training for the location, which is the point at which the Company has determined it has provided all of its material obligations required to recognize revenue. As of December 31, 2013 and 2014, the Company has recorded deferred franchise fees of $206 and $205, respectively, relating to stores to be opened in future years. These amounts are included in deferred revenue as of December 31, 2013 and 2014.

The individual franchise agreements typically have a 10-year initial term, but provide the franchisee with an opportunity to enter into successive renewals subject to certain conditions.

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**Pla-Fit Holdings, LLC and subsidiaries**

**Notes to consolidated financial statements**

**(Amounts in thousands, except unit and per unit amounts)**

Franchise agreements entered into prior to 2010 may include performance fees, which are fees earned by the Company upon each franchise store reaching a predetermined amount of total monthly membership billings. Performance fees are recognized when the related performance thresholds have been met.

*Royalties*

Royalties, which represent recurring fees paid by franchisees based on the franchisee-owned stores’ monthly membership billings, are recognized on a monthly basis over the term of the franchise agreement. As specified under certain franchise agreements, the Company recognizes additional royalty fees as the franchisee-owned stores attain contractual monthly membership billing threshold amounts. Beginning in 2010, for all new franchise agreements entered into, the Company began charging a fixed royalty percentage based upon gross membership billings.

*Other fees*

Online member join fees are paid to the Company by franchisees for processing new membership transactions when a new member signs up for a membership to a franchisee-owned store through the Company’s website.

Billing transaction fees are paid to the Company by franchisees for the processing of franchisee membership dues and annual fees through the Company’s third-party hosted point-of-sale system.

*Placement*

The Company is generally responsible for assembly and placement of equipment it sells to franchisee-owned stores. Placements revenue is recognized upon completion and acceptance of the services at the franchise location.

**Commission income**

The Company recognizes commission income from its franchisees’ use of preferred vendor arrangements. Commissions are recognized when amounts have been earned and collectability from the vendor is reasonably assured.

**Corporate-owned stores**

The following revenues are generated from stores owned and operated by the Company.

*Membership dues revenue*

Customers are offered multiple membership choices varying in length. Membership dues are earned and recognized over the membership term on a straight-line basis.

*Enrollment fee revenue*

Enrollment fees are charged to new members at the commencement of their membership. The Company recognizes enrollment fees ratably over the estimated duration of the membership life, which is generally two years.

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*Annual membership fee revenue*

Annual membership fees are annual fees charged to members in addition to and in order to maintain low monthly membership dues. The Company recognizes annual membership fees ratably over the 12-month membership period.

*Retail sales*

The Company sells Planet Fitness branded apparel, food, beverages, and other accessories. The revenue for these items is recognized at the point of sale.

**Equipment**

The Company sells and delivers equipment purchased from third-party equipment manufacturers to franchisee-owned stores. Equipment revenue is recognized upon the equipment being delivered to and assembled at each store and accepted by the franchisee. Franchisees are charged for all freight costs incurred for the delivery of equipment. Freight revenue is recorded within equipment revenue and freight costs are recorded within cost of revenue. The Company recognizes revenue on a gross basis in these transactions as management has determined the Company to be the principal in these transactions. Management determined the Company to be the principal because the Company is the primary obligor in these transactions, the Company has latitude in establishing prices for the equipment sales to franchisees, the Company has supplier selection discretion and is involved in determination of product specifications, and the Company bears all credit risk associated with obligations to the equipment manufacturers.

Equipment deposits are recognized as a liability on the accompanying consolidated balance sheets until delivery, assembly (if required), and acceptance by the franchisee. As of December 31, 2013 and 2014, equipment deposits were $2,647 and $6,675, respectively.

**Sales tax**

All revenue amounts are recorded net of applicable sales tax.

***(f) Deferred revenue***

Deferred revenue represents cash received from franchisees for ADAs and franchise fees for which revenue recognition criteria has not yet been met and cash received from members for enrollment fees, membership dues and annual fees for the portion not yet earned based on the membership period.

ASC Topic 805, *Business Combinations*, required the Successor to recognize a liability related to deferred revenue previously recorded by the Predecessor at its fair value on the acquisition date rather than its historical book value. As such, the Successor did not record $8,038 of deferred revenues that had been recorded by the Predecessor as of November 7, 2012, but instead reduced the value of goodwill as of November 8, 2012.

***(g) Cost of revenue***

Cost of revenue consists of direct costs associated with equipment sales, including freight costs, direct costs related to the maintenance and support of the Company’s proprietary system-wide point-of-sale system, and

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the cost of retail merchandise sold in corporate-owned stores. Costs related to the point-of-sale system were $0, $0, $1,107 and $3,385 for the period from January 1, 2012 through November 7, 2012 (Predecessor), the period from November 8, 2012 through December 31, 2012 (Successor), and for the years ended December 31, 2013 and 2014 (Successor), respectively. Costs related to retail merchandise were immaterial in all periods presented. Rebates from equipment vendors where the Company has recognized the related equipment revenue and costs are recorded as a reduction to the cost of revenue.

***(h) Store operations***

Store operations consists of the direct costs related to operating corporate-owned stores, including our store management and staff, rent expense, utilities, supplies, maintenance, and local advertising.

***(i) Selling, general and administrative***

Selling, general and administrative expenses consist of costs associated with administrative and franchisee support functions related to our existing business as well as growth and development activities. These costs primarily consist of payroll, IT related, marketing, legal and accounting expenses. These expenses include costs related to placement services of $1,159, $532, $2,245, and $2,743, for the period from January 1, 2012 through November 7, 2012 (Predecessor), the period from November 8, 2012 through December 31, 2012 (Successor), and for the years ended December 31, 2013 and 2014 (Successor), respectively.

***(j) Accounts and notes receivable***

Accounts receivable is primarily comprised of amounts owed to the Company resulting from equipment, placement, and commission revenue. Notes receivable arise primarily from financing activities with franchisees. On a periodic basis, and at least annually, the Company evaluates its accounts and notes receivable and may establish an allowance for doubtful accounts based on collections and current credit conditions. Accounts are written off as uncollectible when it is determined that further collection efforts will be unsuccessful. Notes receivable are generally secured by all property, assets, and rights owned by the franchisee. Historically, the Company has not had a significant amount of write-offs.

***(k) Leases and asset retirement obligations***

The Company recognizes rent expense related to leased office and operating space on a straight-line basis over the term of the lease. The difference between rent expense and rent paid, if any, is the result of escalation provisions and lease incentives, such as tenant improvements provided by lessors, and is recorded as deferred rent in the Company’s consolidated balance sheets.

In accordance with ASC Topic 410, *Asset Retirement and Environmental Obligations*, the Company establishes assets and liabilities for the present value of estimated future costs to return certain leased facilities to their original condition. Such assets are depreciated on a straight-line basis over the lease period into operating expense, and the recorded liabilities are accreted to the future value of the estimated restoration costs.

***(l) Property and equipment***

Property and equipment is recorded at cost and depreciated using the straight-line method over its related estimated useful life. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the related asset, whichever is shorter. Upon sale or retirement, the asset cost and related accumulated depreciation are removed from the respective accounts, and any related gain or loss is

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reflected in the consolidated statements of operations. Ordinary maintenance and repair costs are expensed as incurred. The estimated useful lives of the Company’s fixed assets by class of asset are as follows:



|  |  |
| --- | --- |
|  | **Years** |
| Buildings and building improvements | 20–40 |
| Computers and equipment | 3 |
| Furniture and fixtures | 5 |
| Leasehold improvements | Useful life or term of lease |
|  | whichever is shorter |
| Fitness equipment | 5–7 |
| Vehicles | 5 |

***(m) Advertising expenses***

The Company expenses advertising costs as incurred. Advertising expenses, net of amounts reimbursed by franchisees, are included within selling, general and administrative expenses and totaled $4,708, $481, $5,731 and $7,272 for the period from January 1, 2012 to November 7, 2012 (Predecessor), the period from November 8, 2012 to December 31, 2012 (Successor) and the years ended December 31, 2013 and 2014 (Successor), respectively. See note 6 for discussion of the national advertising fund.

***(n) Goodwill, long-lived assets, and other intangible assets***

Goodwill and other intangible assets that arise from acquisitions are recorded in accordance with ASC Topic 350, *Intangibles—Goodwill and Other*. In accordance with this guidance, specifically identified intangible assets must be recorded as a separate asset from goodwill if either of the following two criteria is met: (1) the intangible asset acquired arises from contractual or other legal rights; or (2) the intangible asset is separable. Intangibles are typically trade and brand names, customer relationships, noncompete agreements, reacquired franchise rights, and favorable or unfavorable leases. Transactions are evaluated to determine whether any gain or loss on reacquired franchise rights, based on their fair value, should be recognized separately from identified intangibles. Goodwill is the excess of the purchase price over the fair value of identifiable net assets acquired in a business combination.

Goodwill and indefinite-lived intangible assets are not amortized, but are reviewed annually for impairment or more frequently if impairment indicators arise. Separable intangible assets that are not deemed to have an indefinite life are amortized over their estimated useful lives on either a straight-line or accelerated basis as deemed appropriate, and are reviewed for impairment when events or circumstances suggest that the assets may not be recoverable.

The Company performs its annual test for impairment of goodwill and indefinite lived intangible assets on December 31 of each year. For goodwill, the first step of the impairment test is to determine whether the carrying amount of a reporting unit exceeds the fair value of the reporting unit. If the carrying amount of the reporting unit exceeds the reporting unit’s fair value, the Company would be required to perform a second step of the impairment test as this is an indication that the reporting unit’s goodwill may be impaired. The second step compares the implied fair value of the reporting unit’s goodwill with the carrying amount of that goodwill. Any impairment loss would be recognized in an amount equal to the excess of the carrying value of

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the goodwill over the implied fair value of the goodwill. The Company is also permitted to make a qualitative assessment of whether it is more likely than not that a reporting unit’s fair value is less than its carrying amount before applying the two-step goodwill impairment test. If the Company concludes it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, it need not perform the two-step impairment test.

For indefinite lived intangible assets, the impairment assessment consists of comparing the carrying value of the asset to its estimated fair value. To the extent that the carrying value exceeds the fair value of the asset, an impairment is recorded to reduce the carrying value to its fair value. The Company is also permitted to make a qualitative assessment of whether it is more likely than not an indefinite lived intangible asset’s fair value is less than its carrying value prior to applying the quantitative assessment. If based on the Company’s qualitative assessment it is not more likely than not that the carrying value of the asset is less than its fair value, then a quantitative assessment is not required.

The Company determined that no impairment charges were required during any periods presented.

The Company applies the provisions of ASC Topic 360, *Property, Plant and Equipment*, which requires that long-lived assets, including amortizable intangible assets, be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group to be tested for impairment, then assets are required to be grouped and evaluated at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets.

Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset or asset group to the undiscounted future net cash flows expected to be generated by the asset or asset group. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. There were no events or changes in circumstances that required the Company to test for impairment during any of the periods presented.

***(o) Income taxes***

The Company and its wholly owned subsidiaries were formed as limited liability companies (LLCs) and have elected to be taxed as partnerships for both federal and state purposes (pass-through entities). For federal and certain state income tax purposes, the members of the Company include the net income or loss from the pass-through entities in their individual income tax returns. Additionally, other VIEs consolidated with the Company were formed as LLCs in their state of origin and have also elected to be taxed as pass-through entities. Beginning in 2014, the Company, through two wholly owned Canadian subsidiaries, is also subject to taxation in Canada.

The Company accounts for income taxes using the asset and liability method. Deferred income taxes are recognized for the expected future tax consequences attributable to temporary differences between the carrying amount of the existing tax assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to be applied in the years in which temporary differences are expected to be recovered or settled. The principal items giving rise to temporary differences are the use of accelerated depreciation and certain basis differences resulting from acquisitions including the TSG Acquisition. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. The Company does incur state income taxes in certain states, principally New Hampshire.

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The Company recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs (see note 14).

During 2013 the Company changed its position with respect to taxes due on interest and dividends to the state of New Hampshire that had previously been paid by the members of the Predecessor. This resulted in the Company making tax payments in 2013 totaling $4,392 for periods prior to November 7, 2012. This amount is included within other income (expense) for the year ended December 31, 2013 for the Successor and is fully offset by amounts received from the members of the Predecessor as reimbursement for the taxes paid, also recorded within other income (expense) for the year ended December 31, 2013 for the Successor. This position is not available for periods subsequent to November 7, 2012 and therefore taxes on interest and dividends due and payable in the Successor periods are paid by the members of the Successor.

***(p) Fair value measurements***

ASC 820, *Fair Value Measurements and Disclosures*, establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows:

Level 1—Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2—Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3—Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The table below presents information about the Company’s assets and liabilities that are measured at fair value on a recurring basis as of

December 31, 2013 and 2014:

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Quoted** | | **Significant** | |  | **Significant** | |  |
|  |  | **Total fair** |  | **prices** |  | **other** |  |  |
|  |  | **value at** | **in active** | | **observable** | | **unobservable** | | |  |
|  | **December 31,** | | **markets** | |  | **inputs** |  | **inputs** | |  |
|  |  | **2013** | **(Level 1)** | |  | **(Level 2)** |  | **(Level 3)** | |  |
| Interest rate swap | $ | 92 | $ | — | $ | 92 | $ | — | |  |
|  |  |  |  |  |  | |  |  |  |  |
|  |  |  |  |  |  | |  |  |  |  |
|  |  |  |  | **Quoted** | **Significant** | |  | **Significant** | |  |
|  |  | **Total fair** |  | **prices** |  | **other** |  |  |
|  |  | **value at** | **in active** | | **observable** | | **unobservable** | | |  |
|  | **December 31,** | | **markets** | |  | **inputs** |  | **inputs** | |  |
|  |  | **2014** | **(Level 1)** | |  | **(Level 2)** |  | **(Level 3)** | |  |
| Interest rate caps | $ | 1,711 | $ | — | $ | 1,711 | $ | — | |  |
|  |  |  |  |  |  |  |  |  |  |  |
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The Company’s derivative assets as of December 31, 2014 consist of interest rate caps that effectively manage the risk above certain interest rates for a portion of the Company’s variable rate debt. The derivative positions are valued using models that use readily observable market parameters (such as forward yield curves) and are classified within Level 2 of the valuation hierarchy. The Company considers the credit risk of its counterparties when evaluating the fair value of its derivatives.

The Company’s interest rate cap and interest rate swap are the only asset or liability in the consolidated balance sheets measured at fair value as of December 31, 2013 and 2014, respectively. See note 11 for further discussion.

Assets and liabilities that are measured at fair value on a nonrecurring basis primarily include assets acquired and liabilities assumed in business combination transactions and assets and liabilities measured in the course of assessing goodwill and other long-lived assets for impairment. The fair values used in these nonrecurring measurements are generally Level 3 measurements.

***(q) Financial instruments***

The carrying values of cash and cash equivalents, accounts receivable and accounts payable approximate fair value because of the short-term nature of these instruments. The carrying value of debt also approximates fair value as it is variable rate debt. The Company has determined that the determination of the fair value of amounts due from related parties under long-term arrangements is impracticable given the related-party nature of these arrangements. The carrying value of notes receivable approximates fair value based on similar interest rates charged for these arrangements in recent transactions.

***(r) Derivative instruments and hedging activities***

The Company recognizes all derivative instruments as either assets or liabilities in the balance sheet at their respective fair values. For derivatives designated in hedging relationships, changes in the fair value are either offset through earnings against the change in fair value of the hedged item attributable to the risk being hedged or recognized in accumulated other comprehensive income, to the extent the derivative is effective at offsetting the changes in cash flows being hedged until the hedged item affects earnings.

The Company only enters into derivative contracts that it intends to designate as a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability (cash flow hedge). For all hedging relationships, the Company formally documents the hedging relationship and its risk-management objective and strategy for undertaking the hedge, the hedging instrument, the hedged transaction, the nature of the risk being hedged, how the hedging instrument’s effectiveness in offsetting the hedged risk will be assessed prospectively and retrospectively, and a description of the method used to measure ineffectiveness. The Company also formally assesses, both at the inception of the hedging relationship and on an ongoing basis, whether the derivatives that are used in hedging relationships are highly effective in offsetting changes in cash flows of hedged transactions. For derivative instruments that are designated and qualify as part of a cash flow hedging relationship, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings.

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The Company discontinues hedge accounting prospectively when it determines that the derivative is no longer effective in offsetting cash flows attributable to the hedged risk, the derivative expires or is sold, terminated, or exercised, the cash flow hedge is de-designated because a forecasted transaction is not probable of occurring, or management determines to remove the designation of the cash flow hedge.

In all situations in which hedge accounting is discontinued and the derivative remains outstanding, the Company continues to carry the derivative at its fair value on the balance sheet and recognizes any subsequent changes in its fair value in earnings. When it is probable that a forecasted transaction will not occur, the Company discontinues hedge accounting and recognizes immediately in earnings gains and losses that were accumulated in other comprehensive income related to the hedging relationship.

See note 11 for further information.

***(s) Equity-based compensation***

The Company has an equity-based compensation plan under which it receives services from employees as consideration for equity instruments of the Company. The compensation expense is determined based on the fair value of the award as of the grant date. Compensation expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are satisfied. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period. No compensation expense has been recognized related to the Company’s equity-based compensation plan since distributions in respect of these awards (other than tax distributions) are contingent upon a liquidity event occurring. See note 16 for further information.

***(t) Guarantees***

The Company, as a guarantor, is required to recognize, at inception of the guaranty, a liability for the fair value of the obligation undertaken in issuing the guarantee. See notes 4 and 17 for further discussion of such obligations guaranteed.

***(u) Contingencies***

The Company records estimated future losses related to contingencies when such amounts are probable and estimable. The Company includes estimated legal fees related to such contingencies as part of the accrual for estimated future losses.

***(v) Reclassifications***

Certain amounts have been reclassified to conform to current year presentation, including placement revenue which was previously classified in equipment revenue and is now classified in franchise revenue. Placement revenue was $1.3 million, $3.6 million, $6.3 million, and $8.5 million for the period from January 1, 2012 to November 7, 2012 (Predecessor), the period from November 8, 2012 to December 31, 2012 (Successor), and the years ended December 31, 2013 and 2014 (Successor), respectively.

***(w) Recent accounting pronouncements***

The FASB issued ASU No. 2015-02, *Income Statement—Consolidation* in February 2015. This guidance affects reporting entities that are required to evaluate whether they should consolidate certain legal entities. Specifically, the guidance 1) modifies the evaluation of whether limited partnerships and similar legal entities are variable interest entities or voting interest entities, 2) eliminates the presumption that a general partner should

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consolidate a limited partnership, 3) affects the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangements and related party relationships, and 4) provides a scope exception from consolidation guidance for reporting entities with interests in legal entities that are required to comply with or operate in accordance with requirements that are similar to those in Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds. The guidance is effective for public business entities for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

The FASB issued ASU No. 2015-01, *Income Statement—Extraordinary and Unusual Items: Simplifying Income Statement Presentation by* *Eliminating the Concept of Extraordinary Items* in January 2015. This guidance eliminates from GAAP the concept of extraordinary items. Thisguidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. A reporting entity may apply the guidance prospectively. A reporting entity also may apply this guidance retrospectively to all prior periods presented in the financial statements. Early adoption is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

The FASB issued ASU No. 2014-17*, Business Combinations (Topic 805): Pushdown Accounting*, in November 2014. ASU 2014-17 provides an acquired entity with an option to apply pushdown accounting in its separate financial statements upon occurrence of an event in which an acquirer obtains control of the acquired entity. An acquired entity may elect the option to apply pushdown accounting in the reporting period in which the change-in-control event occurs. This guidance is effective for annual periods beginning after December 15, 2015 and the effective date of adoption depends on the timing of that first in-scope transaction. Early adoption is permitted. The Company will evaluate whether to apply this guidance for applicable transactions in the future.

The FASB issued ASU No. 2014-12, *Stock Compensation: Accounting for Share-Based Payments When the Terms of an Award Provide That a* *Performance Target Could Be Achieved after the Requisite Service Period* in June 2014.

This ASU finalizes Proposed ASU EITF-13D of the same name, and seeks to resolve the diversity in practice that exists when accounting for share-based payments. In particular, ASU 2014-12 requires a performance target that affects vesting and that could be achieved after the requisite service period to be treated as a performance condition. A reporting entity should apply existing guidance in Topic 718, Compensation—Stock Compensation, as it relates to awards with performance conditions that affect vesting to account for such awards, and, thus, the performance target should not be reflected in estimating the grant-date fair value of the award. This guidance is effective for annual periods and interim periods within those annual periods beginning after December 15, 2015, with earlier adoption permitted. The Company does not expect that the adoption of this standard will have a material impact on its financial statements.

The FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, in May 2014. ASU 2014-09 requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should also disclose sufficient quantitative and qualitative information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The new standard is effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Early application is not

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permitted. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the effect the new guidance will have on its consolidated financial statements and related disclosures and has not yet selected a transition method.

The FASB issued ASU No. 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity* in April 2014. ASU 2014-08 changes the requirements for reporting discontinued operations. This ASU limits discontinued operations reporting to disposals of components of an entity that represent strategic shifts that have a major effect on an entity’s operations and financial results. The new standard became effective for any disposals of components of the Company in annual reporting periods beginning after December 15, 2014. The Company implemented the provisions of ASU 2014-08 as of January 1, 2015. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

The FASB issued ASU 2013-11, *Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss* *Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists* in July 2013*.* ASU 2013-11 requires an unrecognized tax benefit, or a portionof an unrecognized tax benefit, to be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. ASU 2013-11 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2014. The new standard will be applied prospectively but retrospective application is permitted. The Company implemented the provisions of ASU 2013-11 as of January 1, 2015. The Company does not expect the adoption of this guidance to have a material impact on the Company’s consolidated financial statements.

**(3) TSG acquisition**

On November 8, 2012, the Company was acquired in a transaction with TSG for $479,250. The consideration consisted of equity contributions totaling $314,250, including a rollover investment of $78,750 by MMC and $165,000 of interim notes payable from TSG to MMC. The interim notes payable were repaid in connection with the financing agreements entered into in December 2012 by the Successor (see note 10).

The following table summarizes the consideration and the fair values of the assets acquired and liabilities assumed at the acquisition date based on the final valuation and purchase price allocation:

|  |  |  |  |
| --- | --- | --- | --- |
| Total consideration transferred, net of cash acquired | $ | 459,086 |  |
| Recognized amounts of identifiable assets acquired and liabilities assumed attheir fair values: |  |  |  |
| Accounts receivable | $ | 7,364 |  |
| Property, plant and equipment |  | 28,461 | |
| Other assets |  | 17,669 | |
| Identifiable intangibles |  | 332,335 |  |
| Accounts payable, accrued expenses and other liabilities assumed |  | (68,265) | |
| Deferred revenues |  | (13,751) | |
| Deferred income taxes |  | (1,937) | |
| Total net assets acquired |  | 301,876 |  |
| Goodwill |  | 157,210 |  |
| Total | $ | 459,086 |  |
|  |  |  |  |
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The purchase price allocation to the identifiable intangible assets acquired is as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Weighted** |  |  |  |
|  | **average** | **Fair** | |  |
|  | **useful life** |  |
|  | **(in years)** | **value** | |  |
| Trade and brand names | Indefinite | $146,300 |  |  |
| Customer relationships | 11 | 165,900 |  |  |
| Noncompete agreements | 5 | 14,500 | |  |
| Favorable leases, net | 9 | 2,235 |  |  |
| Order backlog | — | 3,400 |  |  |
|  |  | $332,335 |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

These acquired intangible assets are being amortized primarily on a straight-line basis, over their estimated useful lives by the Successor. Order backlog was amortized over the period in which the orders were fulfilled and certain customer relationships are being amortized on an accelerated basis.

The fair values of the intangible assets acquired were determined using the income approach based on significant inputs that are not observable. The Company considers the fair value of each of the acquired intangible assets to be Level 3 assets due to the significant estimates and assumptions used by management in establishing the estimated fair values.

In connection with the TSG Acquisition, the Predecessor incurred $6,638 of expenses that are included in the consolidated statement of operations for the period ended November 7, 2012, of which $4,792 was funded by equity contributions by MMC.

**(4) Variable interest entities**

The Company classifies income attributable to noncontrolling interests as part of consolidated net income and includes the accumulated amount of noncontrolling interests as a component of equity. Net income, excluding the amount allocable to noncontrolling interests, is presented as “Net income attributable to members of Pla-Fit Holdings, LLC.” The presentation of changes in equity distinguishes between equity amounts attributable to members and amounts attributable to the noncontrolling interests. Distributions to noncontrolling interests are classified as financing cash flows. In addition, increases and decreases in the Company’s controlling financial interests are reported within equity as long as such changes do not result in a loss of control. If a change occurs that results in loss of control and deconsolidation, any retained ownership interests are remeasured at fair value with the gain or loss reported in net income.

The carrying values of VIEs included in the consolidated financial statements as of December 31 are as follows:



|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **2013** |  |  |  |  |  | **2014** |  |  |
|  |  | **Assets** | **Liabilities** | | |  |  | **Assets** | **Liabilities** | | |
| PF Melville | $ 3,446 | | $ | — | | | $ 3,479 | | $ | — | |
| MMR |  | 2,754 |  | — | | | 2,750 | |  | — | |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Total |  | $ 6,200 | $ | — | | | $ 6,229 | | $ | — | |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | |  |  |  |  |  |  |  |  |  |
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**Pla-Fit Holdings, LLC and subsidiaries**

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**(Amounts in thousands, except unit and per unit amounts)**

In August 2012, MMC became the sole members of PF Melville and management determined that the Company was the primary beneficiary of this VIE. Therefore, Holdings began consolidating PF Melville in August 2012. During 2013 the ownership of this entity changed; however, this did not impact the determination that the Company continues to be the primary beneficiary of this VIE.

During 2013, the ownership of MMR changed; however, the Company continues to be the primary beneficiary of this VIE, therefore MMR remains a consolidated VIE.

The TSG Acquisition and certain other transactions resulted in the deconsolidation of MMCT, 304 Maplewood, MMC Fox Run, and MMC Crosby during 2012.

On September 30, 2012, the Company acquired the remaining interest in Colorado from the individual members for one dollar (see note 5). This resulted in Colorado becoming a wholly owned subsidiary of Holdings rather than a consolidated VIE.

On February 1, 2012, the Company purchased 100% interest in PFPA and an affiliated entity, which were formerly 51% owned by the members of the Predecessor (see note 5). This resulted in PFPA becoming a wholly owned subsidiary of Holdings rather than a consolidated VIE.

On December 31, 2011, the operations of Planet Development, LLC, an entity which had been consolidated as a VIE based on common ownership, were discontinued. During 2012, the remaining net assets of Planet Development, LLC were distributed to the individual members of the Predecessor, and the Company recognized a $702 gain on the dissolution.

On September 30, 2012, one of the individual members of the Predecessor sold their interest in Planet Fitness OK and the Company recognized a $767 gain on the sale. As a result of this transaction, Planet Fitness OK is no longer a consolidated VIE.

The Company also has variable interests in certain franchisees mainly through the guarantee of certain debt and lease agreements as well as financing provided by the Company as well as by certain related parties; however, the Company has determined it is not the primary beneficiary of these franchisees based on the criteria described in note 2(a). The Company’s maximum obligation, as a result of its guarantees of leases and debt, is approximately $3,902 and $2,896 as of December 31, 2013 and 2014, respectively.

The amount of maximum obligation represents a loss that the Company could incur from the variability in credit exposure without consideration of possible recoveries through insurance or other means. In addition, the amount bears no relation to the ultimate settlement anticipated to be incurred from the Company’s involvement with these entities, which is estimated at $0.

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**(Amounts in thousands, except unit and per unit amounts)**

**(5) Business acquisitions, dispositions, and noncontrolling interests**

On March 31, 2014, the Company purchased certain assets from one of its franchisees, including eight franchisee-owned stores in New York, for consideration of $42,931, including a cash payment of $39,931 and a $3,000 discount to be applied to future equipment purchases. The $3,000 equipment discount has been recorded as deferred revenue by the Company and is being recognized as future equipment sales are made by the Company to the franchisee. In addition, as a result of the transaction, the Company incurred a loss on unfavorable reacquired franchise rights of $1,293, which has been reflected in other operating costs in the statement of operations. The loss incurred reduced the net purchase price to $41,638. The Company financed the purchase through its credit facility. The purchase consideration was allocated as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| Fixed assets | $ | 7,634 |  |
| Reacquired franchise rights |  | 8,950 |  |
| Membership relationships |  | 5,882 |  |
| Favorable leases, net |  | 700 |  |
| Other assets |  | 35 |  |
| Goodwill |  | 19,771 |  |
| Liabilities assumed, including deferred revenues |  | (1,334) | |
| Total | $ | 41,638 |  |
|  |  |  |  |
|  |  |  |  |

The following unaudited, pro forma financial information assumes the acquisition of these eight franchisee-owned stores occurred on January 1, 2013. The unaudited pro forma consolidated revenue and net income for the years ended December 31, 2013 and 2014 are provided for informational purposes only and do not purport to represent the Company’s actual consolidated results had each acquisition occurred on the date assumed, nor are these necessarily indicative of the Company’s future consolidated results of operations.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Years ended December 31, (unaudited)** |  | **2013** |  | **2014** |
| Revenue | $ | 228,772 | $ | 284,211 |
| Net Income | $ | 25,166 | $ | 41,039 |

Revenue and net income relating to the acquisition of these eight franchisee-owned stores since the acquisition date of March 31, 2014, amounting to $12,169 and $3,860, respectively, have been included in the consolidated statement of operations for the year ended December 31, 2014.

On September 30, 2012, Holdings acquired the remaining interest in Colorado from the individual members of the Predecessor for one dollar. In accordance with ASC Topic 810, *Consolidation*, because Colorado was already a consolidated VIE, Holdings recorded this purchase as an equity transfer of $(118) from noncontrolling interest to members’ equity.

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On August 10, 2012, the individual members of Holdings liquidated their ownership in a limited liability company that was established in 2009. In conjunction with the liquidation, Holdings forgave $650 of indebtedness to the franchise entity and the members received and concurrently contributed to Holdings certain assets of the entity, including 10 stores in New York and New Jersey (the NY/NJ acquisition). Holdings recorded this equity contribution at the fair value of the net assets contributed, in accordance with ASC Topic 805, *Business Combinations*. The fair value of the contribution was allocated based on a valuation as follows:



|  |  |  |  |
| --- | --- | --- | --- |
|  | **Amount** | | |
| Fixed assets | $ | 5,667 |  |
| Reacquired franchise rights and membership relationships |  | 14,900 |  |
| Reacquired area development rights |  | 600 |  |
| Goodwill |  | 22,488 |  |
| Other assets |  | 488 |  |
| Unfavorable leases, net |  | (26) | |
| Forgiveness of note receivable |  | (650) | |
| Deferred tax liabilities |  | (438) | |
| Liabilities assumed |  | (4,282) | |
| Total | $ | 38,747 |  |
|  |  |  |  |
|  |  |  |  |

On August 1, 2012, Holdings purchased the assets of a franchise entity, including four stores in Delaware and Pennsylvania, for a cash payment of $12,140. Holdings financed the purchase through its revolving credit facility and operating cash. The purchase price was allocated as follows:



|  |  |  |  |
| --- | --- | --- | --- |
|  | **Amount** | | |
| Fixed assets | $ | 2,022 |  |
| Reacquired franchise rights and membership relationships |  | 9,629 |  |
| Reacquired area development rights |  | 90 |  |
| Goodwill |  | 956 |  |
| Liabilities assumed, including deferred revenues |  | (557) | |
| Total | $ | 12,140 |  |
|  |  |  |  |
|  |  |  |  |

On June 1, 2012, Holdings sold certain assets related to two stores in Rhode Island to a third party. In exchange for the assets sold, Holdings received a note receivable of $1,500. The note bears interest at 7% and calls for monthly payments of principal and interest with a lump-sum payment of $1,224 due upon maturity on July 1, 2015. Holdings recorded a $452 gain on the sale.

On February 1, 2012, Holdings purchased 100% interest in PFPA and an affiliated entity, which were formerly 51% owned by the members of the Predecessor. The combined purchase included 11 stores in Pennsylvania for an additional investment of approximately $5,000. Holdings financed the purchase through its revolving credit facility. In accordance with ASC Topic 810, *Consolidation*, because PFPA was already a consolidated VIE, Holdings recorded this purchase as an equity transaction, reducing members’ equity by $5,287 and increasing noncontrolling interest in VIEs by $392.

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In all of the acquisitions above, the estimated fair values of the intangible assets acquired were determined using the income approach based on significant inputs that are not observable. All amounts related to Predecessor transactions were revalued in connection with the TSG acquisition. The Company considers the fair value of each of the acquired intangible assets to be Level 3 assets due to the significant estimates and assumptions used by management in establishing the estimated fair values.

**(6) National advertising fund**

On July 26, 2011, the Company established NAF for the creation and development of marketing, advertising, and related programs and materials for all Planet Fitness stores. On behalf of the NAF, the Company collects 2% of gross monthly membership billings from franchisees, in accordance with the provisions of the franchise agreements. The Company also contributes 2% of monthly membership billings from corporate-owned stores to the NAF. The use of amounts received by NAF is restricted to advertising, product development, public relations, merchandising, and administrative expenses and programs to increase sales and further enhance the public reputation of the Planet Fitness brand. The Company consolidates and reports all assets and liabilities held by NAF. Amounts received by NAF are reported as restricted assets and restricted liabilities within current assets and current liabilities on the consolidated balance sheets. The Company provides administrative services to NAF and charges NAF a fee for providing those services. These services include accounting services, information technology, data processing, product development, legal and administrative support, and other operating expenses, which amounted to $534, $92, $865 and $1,010 for the period from January 1, 2012 to November 7, 2012 (Predecessor), the period from November 8, 2012 through December 31, 2012 (Successor) and for the years ended December 31, 2013 and 2014 (Successor), respectively. The fees paid to the Company by NAF are included in the consolidated statements of operations as a reduction in general and administrative expense, where the expense incurred by the Company was initially recorded.

**(7) Notes receivable**

The Company has various notes receivable from franchisees to facilitate ongoing business. Notes receivable consist of unpaid principal and accrued interest. There were two notes receivable as of December 31, 2014, with maturity dates ranging from July 1, 2015 to February 1, 2018. The balance as of December 31 consists of the following current and noncurrent portions:



|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **2013** | | **2014** | | |
| Current portion of notes receivable | $ | | 513 |  | $1,290 | |  |
| Long-term portion of notes receivable |  |  | 3,672 |  |  | 2,007 |  |
| Total notes receivable | $ | | 4,185 |  | $3,297 | |  |
|  |  |  |  |  |  |  |  |
|  |  | |  |  |  |  |  |
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**(Amounts in thousands, except unit and per unit amounts)**

**(8) Property and equipment**

Property and equipment as of December 31 consists of the following:



|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **2013** | |  | **2014** | |
| Land | $ | 910 |  | $ | 910 |  |
| Equipment |  | 13,001 |  |  | 22,137 | |
| Leasehold improvements |  | 19,001 |  |  | 27,361 | |
| Buildings and improvements |  | 5,341 |  |  | 5,119 |  |
| Vehicles |  | 141 |  |  | 155 |  |
| Other |  | 2,343 |  |  | 4,250 |  |
| Construction in progress |  | — | |  | 5,375 |  |
|  |  | 40,737 |  |  | 65,307 |  |
| Accumulated depreciation |  | (6,971) | |  | (15,728) | |
| Total | $ | 33,766 |  | $ | 49,579 |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |

In connection with the TSG Acquisition, the gross value of property and equipment was adjusted to its estimated fair value and accumulated depreciation was reset to $0.

The Company recorded depreciation expense of $4,142, $869, $6,171 and $9,138 for the period from January 1, 2012 to November 7, 2012 (Predecessor), the period from November 8, 2012 to December 31, 2012 (Successor) and for the years ended December 31, 2013 and 2014 (Successor), respectively. Refer to note 17 for capital lease commitments.

**(9) Goodwill and intangible assets**

A summary of goodwill and intangible assets at December 31, 2013 is as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Weighted** |  |  |  |  |  |  |  |  |  |  |
|  | **average** |  |  |  |  |  |  |  | **Net** | |  |
|  | **amortization** |  | **Gross** | |  |  |  |  |  |
|  | **period** |  | **carrying** | |  | **Accumulated** | | | **carrying** | |  |
|  | **(years)** |  | **amount** | |  | **amortization** | | | **amount** | |  |
| Customer relationships | 11.3 | $165,900 | |  | $ | | (21,995) | | $143,905 |  |  |
| Noncompete agreements | 5.0 | 14,500 | |  |  |  | (3,328) | | 11,172 | |  |
| Favorable leases | 8.5 | 2,235 | |  |  |  | (284) | | 1,951 |  |  |
| Order backlog | 0.4 |  | 3,400 |  |  |  | (3,400) | | — | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  | 186,035 |  |  |  | (29,007) | | 157,028 |  |  |
| Indefinite-lived intangible: |  |  |  |  |  |  |  |  |  |  |  |
| Trade and brand names | N/A |  | 146,300 |  |  |  | — |  | 146,300 |  |  |
| Total intangible assets |  | 332,335 | |  |  |  | (29,007) | | 303,328 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Goodwill |  | $157,210 | |  | $ | | — | | $157,210 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
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**(Amounts in thousands, except unit and per unit amounts)**

A summary of goodwill and intangible assets at December 31, 2014 is as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Weighted** | | | |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **average** | | |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **amortization** | | | |  | **Gross** | | |  |  |  |  |  |  | **Net** | |
|  |  |  | **period** | | **carrying** | | | |  | **Accumulated** | | | | | **carrying** | |
|  |  |  | **(years)** | |  | **amount** | | |  | **amortization** | | | | | **Amount** | |
| Customer relationships |  |  | 11.1 |  | $171,782 | |  |  | $ | |  | (41,130) | |  | $130,652 |  |
| Noncompete agreements |  |  | 5.0 |  |  | 14,500 |  |  |  |  |  | (6,229) | |  | 8,271 |  |
| Favorable leases |  |  | 7.5 |  |  | 2,935 |  |  |  |  |  | (779) | |  | 2,156 |  |
| Order backlog |  |  | 0.4 |  |  | 3,400 |  |  |  |  |  | (3,400) | |  | — | |
| Reacquired franchise rights |  |  | 5.8 |  |  | 8,950 |  |  |  |  |  | (1,167) | |  | 7,783 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  | 201,567 |  |  |  |  |  | (52,705) | |  | 148,862 |  |
| Indefinite-lived intangible: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Trade and brand names |  |  | N/A | |  | 146,300 |  |  |  |  |  | — |  | | 146,300 |  |
| Total intangible assets |  |  |  |  | $347,867 | |  |  | $ | |  | (52,705) | |  | $295,162 |  |
|  |  |  |  |  |  | |  |  |  |  |  |  |  |  |  |  |
| Goodwill |  |  |  |  | $176,981 | |  |  | $ | |  | — | | | $176,981 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| The changes in the carrying amount of goodwill are as follows: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  | | |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  | **Corporate-** | | |  |  |  |  |  |  |  |  |
|  |  | **Franchise** | | | **owned stores** | | | |  |  | **Equipment** | | | | **Total** | |
| As of December 31, 2012 | $ | | 16,938 | | $ | 47,606 | | | $ | | | 92,666 | |  | $157,210 |  |
| Additions |  |  | — |  |  |  | — |  |  |  |  | — | | | — | |
| As of December 31, 2013 |  |  | 16,938 |  |  | 47,606 | |  |  |  |  | 92,666 | |  | 157,210 |  |
| Acquisition of franchises |  |  | — |  |  | 19,771 | |  |  |  |  | — | | | 19,771 | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| As of December 31, 2014 |  | $ | 16,938 |  | $ | 67,377 | |  | $ | | | 92,666 | |  | $176,981 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

Amortization expense related to the intangible assets totaled $1,499, $6,124, $22,883 and $23,698 for the period from January 1, 2012 to November 7, 2012 (Predecessor), the period from November 8, 2012 to December 31, 2012 (Successor), and for the years ended December 31, 2013 and 2014 (Successor), respectively. Included within these total amortization expense amounts are $34, $246, and $495 related to amortization of favorable and unfavorable leases for the period from November 8, 2012 to December 31, 2012, and for the years ended December 31, 2013 and 2014, respectively. Amortization of favorable and unfavorable leases is recorded within store operations as a component of rent expense in the consolidated statements of operations. The anticipated annual amortization expense to be recognized in future years as of December 31, 2014 is as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 2015 | $ | | 21,519 | |
| 2016 |  |  | 19,756 | |
| 2017 |  |  | 18,215 | |
| 2018 |  |  | 14,582 | |
| 2019 |  |  | 14,215 | |
| Thereafter |  |  | 60,575 |  |
| Total |  | $ | 148,862 |  |
|  |  |  |  |  |
|  |  | |  |  |
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**(10) Long-term debt**

Long-term debt as of December 31 consists of the following:



|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **2013** | | **2014** | |
|  |  |  |  |  |  |
| Pla-Fit Holdings: |  |  |  |  |  |
| Term loan B requires quarterly installments plus interest through the term of the loan, maturing March 31, 2021. |  |  |  |  |  |
| Outstanding borrowings bear interest at LIBOR or base rate (as defined) plus a margin at the election of the |  |  |  |  |  |
| borrower (4.75% at December 31, 2014) | $ | — | | $387,075 |  |
| Revolving credit line, requires interest only payments through the term of the loan, maturing March 31, 2019. |  |  |  |  |  |
| Outstanding borrowings bear interest at LIBOR or base rate (as defined) plus a margin at the election of the |  |  |  |  |  |
| borrower (4.25% at December 31, 2014) |  | — | | — | |
| Term loan A requires quarterly installments plus interest through the term of the loan, maturing December 14, |  |  |  |  |  |
| 2017. Outstanding borrowings bear interest at LIBOR or base rate (as defined) plus a margin at the election of |  |  |  |  |  |
| the borrower Term Loan repaid on March 31, 2014 |  | 182,875 |  | — | |
| Revolving credit line requires interest only payments through the term of the loan, maturing December 14, 2017. |  |  |  |  |  |
| Outstanding borrowings bear interest at LIBOR or base rate (as defined) plus a margin at the election of the |  |  |  |  |  |
| borrower Revolving credit line terminated on March 31, 2014 |  | — | | — | |
|  |  | 182,875 |  | 387,075 |  |
| Current portion of long-term debt and line of credit |  | 9,500 |  | 3,900 |  |
| Long-term debt, net of current portion | $ | 173,375 |  | $383,175 |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

On March 31, 2014, the Company entered into a five-year $430,000 credit facility with a consortium of banks and lenders to refinance the existing indebtedness, as well as to provide funds for working capital, capital expenditures, acquisitions, and general corporate purposes. The facility consists of a $390,000 Term Loan and a $40,000 Revolving Credit Facility. The unused portion of the Revolving Credit Facility as of December 31, 2014 was $40,000. The Term Loan calls for quarterly principal installment payments of $975 through March 2021. Capitalized debt issuance costs associated with the financing totaled $7,785 and are reflected in other long-term assets in the Successor’s consolidated balance sheet, net of accumulated amortization of $886 as of December 31, 2014.

On December 12, 2012, the Company entered into a five-year $230,000 credit facility with a consortium of banks led by J.P. Morgan Chase Bank (JP Morgan) to refinance existing indebtedness, as well as to provide funds for working capital, capital expenditures, loans to franchisees, acquisitions, and general corporate purposes. The facility consisted of a $190,000 Term Loan and $40,000 Revolving Credit Facility. The Term Loan was paid in full as a result of the Credit Facility entered into on March 31, 2014. Capitalized debt issuance costs associated with the financing totaled $7,161. As part of the Credit Facility transaction on March 31, 2014, the Company wrote off the portions of the unamortized debt issuance costs related to the term loan as well as a portion of the debt issuance costs related to the revolving credit facility totaling $4,697. This amount is

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reflected as a loss on extinguishment in the consolidated statement of operations. Unamortized debt issuance costs associated with the 2012 credit facility of $447 is reflected in other long-term assets in the Company’s consolidated balance sheet, net of accumulated amortization of $51 as of December 31, 2014.

In conjunction with the TSG Acquisition, TSG issued notes payable to MMC totaling $165,000. These notes bore interest at 10% annually and were scheduled to mature on November 7, 2013. These interim notes payable were repaid in full and terminated in connection with executing the JP Morgan Term Loan A.

The Company’s five-year $430,000 credit facility requires the Company to meet certain financial covenants, which the Company was in compliance with as of December 31, 2014. The facility is secured by all of the Company’s assets, excluding the assets attributable to the VIEs (see note 4).

Future annual principal payments of long-term debt as of December 31, 2014 are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| 2015 | $ | 3,900 |  |
| 2016 |  | 3,900 |  |
| 2017 |  | 3,900 |  |
| 2018 |  | 3,900 |  |
| 2019 |  | 3,900 |  |
| Thereafter |  | 367,575 |  |
| Total | $ | 387,075 |  |
|  |  |  |  |
|  |  |  |  |

**(11) Derivative instruments and hedging activities**

During 2013 the Company entered into interest-rate-related derivative instruments to manage its exposure related to changes in interest rates on its variable-rate debt instruments. The Company does not enter into derivative instruments for any purpose other than cash flow hedging. The Company does not speculate using derivative instruments.

By using derivative financial instruments to hedge exposures to changes in interest rates, the Company exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is an asset, the counterparty owes the Company, which creates credit risk for the Company. When the fair value of a derivative contract is a liability, the Company owes the counterparty and, therefore, the Company is not exposed to the counterparty’s credit risk in those circumstances. The Company minimizes counterparty credit risk in derivative instruments by entering into transactions with high-quality counterparties whose credit rating is higher than A1/A+ at the inception of the derivative transaction. The derivative instruments entered into by the Company do not contain credit-risk-related contingent features.

Market risk is the adverse effect on the value of a derivative instrument that results from a change in interest rates. The market risk associated with interest-rate contracts is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

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**(Amounts in thousands, except unit and per unit amounts)**

The Company assesses interest rate risk by continually identifying and monitoring changes in interest rate exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities. The Company monitors interest rate risk attributable to both the Company’s outstanding or forecasted debt obligations as well as the Company’s offsetting hedge positions.

A component of the interest due on the Company’s long-term debt is based on the variable London Interbank Offered Rate (LIBOR). The debt obligations expose the Company to variability in interest payments due to changes in interest rates. Management believes that it is prudent to limit the variability of a portion of its interest payments. To meet this objective, in 2013, management entered into LIBOR based interest rate swap agreements to manage fluctuations in cash flows resulting from changes in the benchmark interest rate of LIBOR. These swaps change the variable-rate cash flow exposure on a portion of its debt obligations to fixed-rate cash flows. Under the terms of the interest rate swaps, the Company receives LIBOR based variable interest rate payments and makes fixed interest rate payments, thereby creating the equivalent of fixed-rate debt for the notional amount of its debt hedged. As of December 31, 2013, the total notional amount of the Company’s outstanding interest-rate swap agreements that were entered into was $90,630. The Company’s interest rate swaps were terminated in 2014 and the Company recorded a loss of $248 within interest expense in the consolidated statement of operations.

In September 2014, the Company entered into a series of LIBOR based interest rate cap agreements in exchange for premium payments of

$2.4 million to effectively manage our risk above certain interest rates and mitigate our exposure to changes in interest rates under the term loan. The interest rate caps are for a total notional amount of $194 million. The term of the interest rate caps began on September 30, 2014 and ends on September 29, 2017. The interest rate cap agreements are designed to cap the LIBOR interest rate into a fixed interest rate if the LIBOR goes above the set cap amounts of 1.5%. The derivative instruments are designated as cash flow hedges, and the effective portion of the change in the fair value of the derivative is recognized as a component of accumulated other comprehensive income (loss) until the underlying item is recognized in earnings or the forecasted transaction is no longer probable of occurring. As of December 31, 2014, the total notional amount of the Company’s outstanding interest-rate cap agreements that were entered into to hedge interest rate changes above 1.5% LIBOR was $194 million.

Changes in the fair value of interest rate swaps and caps designated as hedging instruments that effectively offset the variability of cash flows associated with variable-rate, long-term debt obligations are reported in accumulated other comprehensive income. These amounts subsequently are reclassified into interest expense as a yield adjustment of the hedged interest payments in the same period in which the related interest affects earnings.

There were no derivative instruments in place prior to 2013.

The Company has recorded a reduction to the interest rate cap of $662 within other assets with a corresponding amount included within accumulated other comprehensive loss as of December 31, 2014. The Company recorded a deferred gain of $92 within other assets related to its interest rate swaps with a corresponding amount included within accumulated other comprehensive income as of December 31, 2013. These amounts have been measured at fair value and are considered to be a Level 2 fair value measurement.

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As of December 31, 2014, the Company does not expect to reclassify any amounts included in accumulated other comprehensive income into earnings during the next 12 months. Transactions and events expected to occur over the next twelve months that will necessitate reclassifying these derivatives’ loss to earnings include the re-pricing of variable-rate debt.

**(12) Deferred revenue**

The summary set forth below represents the balances in deferred revenue as of December 31:



|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **2013** |  |  | **2014** | |
| Prepaid membership fees | $ | 4,693 | $ | | 5,382 |  |
| Enrollment fees |  | 1,603 |  |  | 1,692 |  |
| Equipment discount |  | — |  |  | 2,689 |  |
| Annual membership fees |  | 4,268 |  |  | 5,696 |  |
| Area development and franchise fees |  | 8,073 |  |  | 8,420 |  |
| Total deferred revenue |  | 18,637 |  |  | 23,879 | |
| Long-term portion of deferred revenue |  | 7,193 |  |  | 9,330 |  |
| Current portion of deferred revenue | $ | 11,444 | $ | | 14,549 | |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |

Equipment deposits received in advance of assembly and customer acceptance as of December 31, 2013 and 2014 were $2,647 and $6,675, respectively.

**(13) Related party transactions**

Amounts due from members as of December 31, 2013 and 2014 relate to reimbursements for taxes owed and paid by the Company on their behalf.



|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **2013** | |  |  | **2014** | |
| Accounts receivable—related entities | $ | | 7 | | $ | | 11 | |
| Accounts receivable—members |  |  | 1,325 |  |  |  | 1,130 |  |
|  |  |  | 1,332 |  |  |  | 1,141 |  |
| Due from related parties, current portion |  |  | 1,332 |  |  |  | 1,141 |  |
| Due from related parties, net of current portion |  | $ | — |  | $ | | — | |
|  |  |  |  |  |  |  |  |  |
|  |  | |  |  |  |  |  |  |
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Activity with entities considered to be related parties is summarized below.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Period from** | |  |  |  | **Period from** | |  |  |  |  |  |  |
|  |  | **January 1,** | |  |  | **November 8,** | | |  |  |  |  |  |  |
|  | **2012 through** | | |  |  | **2012 through** | | |  | **Year ended** | |  | **Year ended** | |
|  |  | **November 7,** | |  |  | **December 31,** | | | **December 31,** | | | **December 31,** | | |
|  |  | **2012** | |  |  |  | **2012** | |  | **2013** | |  | **2014** | |
|  | **(Predecessor)** | | |  |  |  |  |  | **(Successor)** | | |  |  |  |
| Franchise revenue | $ | 1,783 |  |  | $ | | 23 | | $ | 1,620 |  | $ | 733 |  |
| Equipment revenue |  | 2,988 |  |  |  |  | — | |  | 855 |  |  | 3,711 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total revenue from related parties | $ | 4,771 |  |  |  | $ | 23 | | $ | 2,475 |  | $ | 4,444 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |



During the period from January 1, 2012 to November 7, 2012 (Predecessor), the Company earned interest income of $326 on notes receivable from related parties. The Company has not earned interest income on notes receivable from related parties after the period ended November 7, 2012. All funds advanced to these entities were used to assist in financing of the respective operations. In addition, the Company guarantees certain operating leases and debt agreements of these entities (see note 17).

The Company paid management fees to TSG totaling $147 during the period from November 8, 2012 to December 31, 2012 (Successor), and totaling $1,136 and $1,211 during the years ended December 31, 2013 and 2014 (Successor), respectively.

**(14) Income taxes**

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

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Period from** | |  |  | **Period from** | |  |  |  |  |  |  |
|  |  |  | **January 1,** | |  | **November 8,** | | |  |  |  |  |  |  |
|  |  | **2012 through** | | |  | **2012 through** | | |  | **Year ended** | |  | **Year ended** | |
|  |  |  | **November 7,** | |  | **December 31,** | | | **December 31,** | | | **December 31,** | | |
|  |  |  | **2012** | |  |  | **2012** |  |  | **2013** | |  | **2014** | |
|  |  | **(Predecessor)** | | |  |  |  |  | **(Successor)** | | |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Current: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| State | $ | | 681 | | $ | | 157 |  | $ | 2,063 |  | $ | 1,078 |  |
| Foreign |  |  | — |  |  |  | — | |  | — | |  | 168 |  |
| Total current tax expense |  |  | 681 |  |  |  | 157 |  |  | 2,063 |  |  | 1,246 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Deferred: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| State |  |  | (25) | |  |  | (101) | |  | (1,430) | |  | 217 |  |
| Foreign |  |  | — |  |  |  | — | |  | — | |  | (280) | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total deferred tax (benefit) expense |  |  | (25) | |  |  | (101) | |  | (1,430) | |  | (63) | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Provision for income taxes | $ | | 656 | | $ | | 56 |  | $ | 633 |  | $ | 1,183 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

The Company’s effective tax rate during all periods presented is significantly lower than the U.S. federal statutory tax rate of 35% due to its election to be treated as a pass-through entity for U.S. federal income taxes and for most state income taxes. Net deferred tax liabilities of $406 and $343 as of December 31, 2013 and

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2014, respectively, relate primarily to the tax effects of temporary differences for acquired intangible assets. Deferred tax assets as of December 31, 2013 and 2014 are immaterial and included in other assets in the accompanying consolidated balance sheets. The Company has net operating loss carryforwards related to its Canada operations of approximately $280, which begin to expire in 2034. It is more likely than not that the results of future operations will generate sufficient taxable income to realize the deferred tax assets.

As of December 31, 2013 and 2014, the total liability related to uncertain tax positions is $300. The Company recognizes interest accrued and penalties, if applicable, related to unrecognized tax benefits in income tax expense. Interest and penalties for the period from January 1, 2012 to November 7, 2012 (Predecessor), the period from November 8, 2012 to December 31, 2012 (Successor) and for the years ended December 31, 2013 and 2014 were not material.

The Company’s open years for income tax examination purposes are 2011 through 2013.

**(15) Members’ equity**

Each of the Company’s limited liability company (LLC) subsidiaries and VIEs operate like a partnership, and therefore, profits and losses are allocated on a basis defined in the LLC agreement. The LLCs make capital distributions of cash available on the basis defined in the LLC agreement. Thereafter, distributions are made according to each partner’s or member’s interests in the LLC. As of December 31, 2014, all of the priority distribution payments, per the agreement of all of the partners of the LLC, have been made.

**(16) Equity-based compensation plan**

In 2013, the Company’s Board of Directors adopted the 2013 Equity Incentive Plan (the “Plan”). Under the Plan, the Company has granted awards in the form of Class M Units to employees and directors of the Company and its subsidiaries. A maximum of 526.316 Class M Units may be granted under the Plan. Awards under the Plan are granted on a discretionary basis and are subject to the approval of the Company’s Board of Directors. The Class M Units receive distributions (other than tax distributions) only upon a liquidity event, as defined, that exceeds a threshold equivalent to the fair value of the Company, as determined by the Company’s Board of Directors, at the grant date. Eighty percent of the awards vest over five years of continuous employment or service while the other twenty percent only vest in the event of an initial public offering of the Company’s common stock or that of its parent or one of its subsidiaries, subject to the holder of the Class M Units remaining employed or providing services on the date of such initial public offering. All awards include a repurchase option at the election of the Company for the vested portion upon termination of employment or service. The Class M Units provide for accelerated vesting if there is a Company Sale (as defined in the Company’s LLC agreement), subject to the holder of the Class M Units remaining employed or providing services on the date of such transaction. The Plan and all awards granted under it will terminate on the tenth anniversary of the date the Plan was adopted by the Company’s Board of Directors. These awards are accounted for as equity at their fair value as of the grant date; however, no expense has been recorded since distributions in respect of the Class M Units (other than tax distributions) are contingent upon a liquidity event.

The fair value of each award was estimated on the date of grant using a Monte Carlo simulation model.

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The weighted average assumptions for the grants are provided in the following table. Since the Company’s shares are not publicly traded, expected volatility is estimated based on the average historical volatility of similar entities with publicly traded shares. The term is based on the estimated time to a liquidity event. The risk-free rate for the expected term of the option is based on the U.S. Treasury yield curve at the date of grant.

Valuation assumptions:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Year ended** | **Year ended** | |
|  | **December 31,** | **December 31,** | |
|  | **2013** | **2014** | |
| Expected dividend yield | —% | —% | |
| Expected volatility | 39.4% | 36.8% |  |
| Expected term (in years) | 3.7 | 1.7 | |
| Risk-free interest rate | 0.8% | 0.4% | |
| A summary of Class M Unit activity is presented below: |  |  |  |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Time and** | |  |  |  |  |  |  | **Weighted** | |
|  |  | **liquidity** | | **Liquidity** | |  |  |  | **average grant** | | |
|  |  | **event based** | | **event based** | | **Total units** | |  | **date fair value** | | |
| Outstanding at January 1, 2013 | | — | | — | | — | | $ | | — | |
| Units granted | | 345.262 |  | 86.315 |  | 431.577 |  | $ | | 10,047 | |
| Outstanding at December 31, 2013 | | 345.262 |  | 86.315 |  | 431.577 |  | $ | | 10,047 | |
| Units granted | | 96.841 | | 24.210 |  | 121.051 |  | $ | | 5,993 |  |
| Units forfeited | | (37.895) | | (9.473) | | (47.368) | | $ | | 6,148 |  |
| Outstanding at December 31, 2014 | | 404.208 |  | 101.052 |  | 505.260 |  | $ | | 9,436 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Vested at December 31, 2014 | | 93.473 | | — | | 93.473 | | $ | | 10,206 | |
|  |  |  |  |  |  |  |  | |  |  |  |
|  |  |  |  |  |  |  |  | |  |  |  |
| The weighted average grant-date fair value of the Class M Units vested during the years ended December 31, 2013 and 2014 was $ | | | | | | | | | | 10,656 and | |

$10,047 respectively. During the years ended December 31, 2013 and 2014, 24.421 and 69.052 units vested, respectively, but were not yet exercisable due to the fact that exercisability is contingent on a liquidity event. No distributions were paid under these awards in 2013 or 2014 and no awards were forfeited in 2013. At December 31, 2014, there was $4,767 of total unrecognized compensation cost related to all awards granted under this Plan. The timing of recognition of this amount will depend on if and when a liquidity event should occur.

**(17) Commitments and contingencies**

***(a) Capital lease commitments***

The Company is obligated under a number of lease agreements for equipment. Certain of these leases have been determined to be capital leases and the assets and liabilities have been recorded at the lesser of the present value of the minimum lease payments or the fair value of the assets. Depreciation of the assets held under capital leases is included in depreciation expense.

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Following is the property and equipment under capital lease commitments by major class as of December 31:



|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2013** | | **2014** | | |
| Property class: |  |  |  |  |  |
| Equipment | $ 4,774 |  | $ 4,774 | |  |
| Leasehold improvements | 1,542 |  | 1,542 | |  |
| Less accumulated depreciation | (2,161) | | (3,756) | | |
|  | $ 4,155 |  | $ 2,560 | |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| Approximate future annual minimum gross lease payments due under capital leases are as follows: |  |  |  |  |  |
|  |  |  |  |  |  |
| 2015 |  |  | $390 | |  |
| 2016 |  |  |  | 47 |  |
| Total gross lease payments |  |  | 437 | |  |
| Less interest included in payments |  |  |  | (16) | |
| Net future annual lease payments due under capital leases |  |  |  | 421 |  |
| Less current portion |  |  |  | 376 |  |
| Long-term portion |  |  | $ 45 | | |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

***(b) Operating lease commitments***

The Company rents equipment, office, and warehouse space at various locations in the United States and Canada under noncancelable operating leases. Rental expense was $7,848, $1,904, $13,830 and $16,980 for the period from January 1, 2012 to November 7, 2012 (Predecessor), the period from November 8, 2012 to December 31, 2012 (Successor) and for the years ended December 31, 2013 and 2014 (Successor), respectively. Approximate annual future commitments under noncancelable operating leases as of December 31, 2014 are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| 2015 | $ | 13,147 | |
| 2016 |  | 13,350 | |
| 2017 |  | 12,955 | |
| 2018 |  | 12,137 | |
| 2019 |  | 10,748 | |
| Thereafter |  | 56,532 | |
| Total minimum lease payments | $ | 118,869 |  |
|  |  |  |  |
|  |  |  |  |

***(c) Guarantees***

On October 7, 2008, the Company entered into an agreement with Main Street Bank (MSB), a Texas banking association, for all franchisees seeking financing to acquire equipment and other property. This agreement provides financing to all qualified franchisees for up to $40,000 (as defined in the agreement). The maximum length for any one loan is 72 months.

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The Company earns a commission from MSB of up to 1.5% of the total funded leases provided to the franchisees, including origination fees. The Company has not earned any fees or commissions from MSB during any of the periods presented.

At inception, the Company was obligated to MSB in an initial aggregate amount of up to $4,000 for leases subject to a subsequent default, which declines over the term of the agreement, as defined, provided that there has been no breach by the Company of its material representations, warranties, or covenants under the agreement. The Company’s maximum potential obligation as of December 31, 2014 was approximately $137. The Company has determined the fair value of these guarantees at inception is not material and no accrual is recorded as of December 31, 2013 or 2014.

The Company has also guaranteed certain other leases and debt agreements of entities related through common ownership. These guarantees relate to leases for operating space, equipment, and other operating costs of franchises operated by the related entities. The Company’s maximum total commitment under these agreements is approximately $2,759 and would only require payment upon default by the primary obligor. The Company has determined the fair value of these guarantees at inception is not material, and as of December 31, 2013 and 2014, no accrual has been recorded for the Company’s potential obligation under its guaranty arrangement.

***(d) Legal matters***

From time to time, and in the ordinary course of business, the Company is subject to various claims, charges, and litigation, such as employment-related claims and slip and fall cases. The Company is not currently aware of any legal proceedings or claims that the Company believes will have, individually or in the aggregate, a material adverse effect on the Company’s financial position or result of operations.

***(e) Purchase commitments***

As of December 31, 2014, the Company had advertising purchase commitments of approximately $8,182, including commitments made by the NAF. In addition the Company had open purchase orders of approximately $17,371 primarily related to equipment to be sold to franchisees.

***(f) Performance incentive plan***

During 2013, the Company adopted the 2013 Performance Incentive Plan, which calls for pre-determined bonus amounts totaling $311 to be paid to employees of the Company upon a future liquidity event of the Company, including an initial public offering, that exceeds a pre-determined threshold. Given the uncertainty of the underlying event, no compensation expense has been recorded in 2013 or 2014 related to this Plan. The bonuses would be recorded in the period in which the liquidity event occurs.

**(18) Retirement plan**

The Company maintains a 401(k) deferred tax savings plan (the Plan) for eligible employees. The Plan provides for the Company to make an employer matching contribution currently equal to 100% of employee deferrals up to a maximum of 4% of each eligible participating employees’ wages. Total employer matching contributions expensed in the consolidated statements of operations were approximately $73, $18, $214, and $211 for the period from January 1, 2012 to November 7, 2012 (Predecessor), the period from November 8, 2012 to December 31, 2012 (Successor) and for the years ended December 31, 2013 and 2014 (Successor), respectively.

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**(19) Segments**

The Company has three reportable segments: (i) Franchise; (ii) Corporate-owned stores; and (iii) Equipment.

The Company’s operations are organized and managed by type of products and services and segment information is reported accordingly. The Company’s chief operating decision maker (the “CODM”) is its Chief Executive Officer. The CODM reviews financial performance and allocates resources by reportable segment. There have been no operating segments aggregated to arrive at the Company’s reportable segments.

The Franchise segment includes operations related to the Company’s franchising business in the United States, Puerto Rico, and Canada. The Corporate-owned stores segment includes operations with respect to all Corporate-owned stores throughout the United States and Canada. The Equipment segment includes the sale of equipment to franchisee-owned stores.

The accounting policies of the reportable segments are the same as those described in note 2. The Company evaluates the performance of its segments and allocates resources to them based on revenue and earnings before interest, taxes, depreciation, and amortization, referred to as Segment EBITDA. Revenues for all operating segments include only transactions with unaffiliated customers and include no intersegment revenues. No individual customer accounted for more than 10% of total revenues by segment or in total for any periods presented.

The tables below summarize the financial information for the Company’s reportable segments for the period from January 1, 2012 through November 7, 2012 (Predecessor), the period from November 8, 2012 through December 31, 2012 (Successor), and the years ended December 31, 2013 and 2014 (Successor). The “Corporate and other” column as it relates to Segment EBITDA primarily includes corporate overhead costs, such as payroll and related benefit costs and professional services which are not directly attributable to any individual segment.



|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  | **Revenue** | |  |  |  |  |  |  |
|  |  |  | **Period from** | |  |  | **Period from** | |  |  |  |  |  |  |
|  |  | **January 1, 2012** | | |  | **November 8,** | | |  |  |  |  |  |  |
|  |  |  | **through** | |  | **2012 through** | | |  | **Year ended** | |  | **Year ended** | |
|  |  |  | **November 7,** | |  | **December 31,** | | | **December 31,** | | | **December 31,** | | |
|  |  |  | **2012** | |  |  | **2012** | |  | **2013** | |  | **2014** | |
|  |  |  | **(Predecessor)** | |  |  |  |  | **(Successor)** | | |  |  |  |
| Franchise segment | $ | | 28,478 | |  | $ | 6,257 |  | $ | 44,157 | | $ | 71,806 | |
| Corporate-owned stores segment |  |  | 40,360 | |  |  | 8,822 |  |  | 67,364 | |  | 85,041 | |
| Equipment segment |  |  | 49,062 | |  |  | 26,708 | |  | 99,488 | |  | 122,930 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total | $ | | 117,900 |  |  | $ | 41,787 | | $ | 211,009 |  | $ | 279,777 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

Franchise segment revenue includes franchise revenue and commission income.

Franchise revenue includes $117, $26, $201, and $351 generated from franchisee-owned stores in Puerto Rico for the period from January 1, 2012 through November 7, 2012 (Predecessor), the period from November 8, 2012 through December 31, 2012 (Successor), and the years ended December 31, 2013 and 2014 (Successor). The Company’s Canadian corporate-owned stores generated $19 in revenue for the year ended December 31, 2014. Equipment revenue includes $638, $0, $1,327, and $1,128 related to equipment sold to franchisee-owned stores in Puerto Rico for the period from January 1, 2012 through November 7, 2012 (Predecessor), the period

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from November 8, 2012 through December 31, 2012 (Successor), and the years ended December 31, 2013 and 2014 (Successor). All other revenue for all periods presented was generated from corporate-owned and franchisee-owned stores within the United States. Franchise revenue includes $3,629, $1,312, $6,315, and $8,450 generated from placement services for the period from January 1, 2012 through November 7, 2012 (Predecessor), the period from November 8, 2012 through December 31, 2012 (Successor), and the years ended December 31, 2013 and 2014 (Successor).



|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  | **Segment EBITDA** | | | |  |  |  |  |  |
|  |  |  |  | **Period from** | |  |  | **Period from** | |  |  |  |  |  |  |  |
|  |  |  |  | **January 1,** | |  | **November 8,** | | |  |  |  |  |  |  |  |
|  |  |  | **2012 through** | | |  | **2012 through** | | |  |  | **Year ended** | |  | **Year ended** | |
|  |  |  |  | **November 7,** | |  | **December 31,** | | |  | **December 31,** | | | **December 31,** | | |
|  |  |  |  | **2012** |  |  |  | **2012** |  |  |  | **2013** |  |  | **2014** | |
|  |  |  | **(Predecessor)** | | |  |  |  |  |  | **(Successor)** | | |  |  |  |
| Franchise | $ | | | 17,793 |  | $ | | 4,934 |  | $ | | 30,123 |  | $ | 53,109 | |
| Corporate-owned stores |  |  |  | 11,585 |  |  |  | 2,194 |  |  |  | 21,742 |  |  | 31,705 | |
| Equipment |  |  |  | 6,713 |  |  |  | 5,312 |  |  |  | 19,791 |  |  | 26,447 | |
| Corporate and other |  |  |  | (5,161) | |  |  | (841) | |  |  | (7,504) | |  | (18,642) | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total | $ | | | 30,930 |  | $ | | 11,599 |  | $ | | 64,152 |  | $ | 92,619 | |
|  | |  |  | |  |  |  |  |  |  |  |  |  |  |  |  |
|  | |  | | |  |  |  |  |  |  |  |  |  |  |  |  |
| The following table reconciles total Segment EBITDA to income before taxes: | | | | | |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  | |  |  |  | |  |  |  |  |  |  |  |
|  |  |  |  | **Period from** | |  |  | **Period from** | |  |  |  |  |  |  |  |
|  |  | **January 1, 2012** | | | |  | **November 8,** | | |  |  |  |  |  |  |  |
|  |  |  |  | **through** | |  | **2012 through** | | |  |  | **Year ended** | |  | **Year ended** | |
|  |  |  |  | **November 7,** | |  | **December 31,** | | |  | **December 31,** | | | **December 31,** | | |
|  |  |  |  | **2012** |  |  |  | **2012** | |  |  | **2013** | |  | **2014** | |
|  |  |  | **(Predecessor)** | | |  |  |  |  |  | **(Successor)** | | |  |  |  |
| Total Segment EBITDA | $ | | | 30,930 |  | $ | | 11,599 |  | $ | | 64,152 | | $ | 92,619 | |
| Less: Depreciation and amortization |  |  |  | 5,676 |  |  |  | 6,959 |  |  |  | 28,808 | |  | 32,341 | |
| Less: Other income (expense) |  |  |  | 29 |  |  |  | (125) | |  |  | (694) | |  | (1,261) | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Income from operations |  |  |  | 25,225 |  |  |  | 4,765 |  |  |  | 36,038 | |  | 61,539 | |
| Interest expense, net |  |  |  | (1,352) | |  |  | (2,430) | |  |  | (8,912) | |  | (21,800) | |
| Other income (expense) |  |  |  | 29 |  |  |  | (125) | |  |  | (694) | |  | (1,261) | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Income before income taxes | $ | | | 23,902 |  | $ | | 2,210 |  | $ | | 26,432 | | $ | 38,478 | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  | |  |  |  |  |  |  |  |  |  |  |  |
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**Pla-Fit Holdings, LLC and subsidiaries**

**Notes to consolidated financial statements**

**(Amounts in thousands, except unit and per unit amounts)**

The following table summarizes the Company’s assets by reportable segment:



|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2013** | | | **2014** | |
| Franchise | $193,997 | |  | $183,964 |  |
| Corporate-owned stores | 144,315 | |  | 161,183 |  |
| Equipment | 215,670 | |  | 250,578 |  |
| Unallocated |  | 8,114 |  | 13,551 |  |
| Total consolidated assets | $562,096 | |  | $609,276 |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

The table above includes $2,011 of long-lived assets located in the Company’s corporate-owned stores in Canada as of December 31, 2014. The Company had no assets outside the United States prior to 2014.

**(20) Corporate-owned and franchisee-owned stores**

The following table shows changes in our corporate-owned and franchisee-owned stores for the period from January 1, 2012 to November 7, 2012 (Predecessor), the period from November 8, 2012 to December 31, 2012 (Successor), and for the years ended December 31, 2013 and 2014 (Successor):

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Period from** | |  | **Period from** | |  |  |  |  |  |  |
|  |  | **January 1,** | |  | **November 8,** | |  |  |  |  |  |  |
|  |  | **2012 through** | |  | **2012 through** | |  | **Years ended December 31,** | | | |  |
|  |  | **November 7,** | |  | **November 7,** | |  |  |
|  |  |  |  |  |  |  |  |  |
|  |  | **2012** | |  | **2012** | | **2013** | | | **2014** | |  |
|  |  | **(Predecessor)** | |  |  |  | **(Successor)** | | |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Franchisee-owned stores:** |  |  |  |  |  |  |  |  |  |  |  |
| Stores operated at beginning of period | | 457 |  |  | 526 |  | 562 | | | 704 |  |  |
|  | New stores opened | 82 |  |  | 36 |  | 148 | | | 169 |  |  |
| Stores acquired from corporate | | 3 | |  | — | |  | — | | — | |  |
|  | Stores debranded, sold or consolidated | (16) | |  | — | | (6) | | | (10) | |  |
| Stores operated at end of period | | 526 |  |  | 562 |  |  | 704 |  | 863 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Corporate-owned stores:** |  |  |  |  |  |  |  |  |  |  |  |
| Stores operated at beginning of period | | 31 |  |  | 44 |  | 44 | | | 45 | |  |
|  | New stores opened | — | |  | — | | 1 | | | 2 | |  |
| Stores acquired from franchisees | | 16 |  |  | — | |  | — | | 8 | |  |
|  | Stores sold | (3) | |  | — | |  | — | | — | |  |
| Stores operated at end of period | | 44 |  |  | 44 |  |  | 45 |  | 55 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Total stores:** |  |  |  |  |  |  |  |  |  |  |  |
| Stores operated at beginning of period | | 488 |  |  | 570 |  | 606 | | | 749 |  |  |
|  | New stores opened | 82 |  |  | 36 |  | 149 | | | 171 |  |  |
| Stores debranded, sold or consolidated | | — |  |  | — | | (6) | | | (2) | |  |
|  | Stores operated at end of period | 570 |  |  | 606 |  |  | 749 |  | 918 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  | |  |  |  |  |  |  |  |  |  |
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**Pla-Fit Holdings, LLC and subsidiaries**

**Notes to consolidated financial statements**

**(Amounts in thousands, except unit and per unit amounts)**

**(21) Pro forma financial information (unaudited)**

Unaudited pro forma financial information has been presented to disclose the pro forma income tax expense and net income attributable to Planet Fitness, Inc., the registrant in the accompanying Registration Statement on Form S-1 (Form S-1) to register shares of Class A common stock of Planet Fitness, Inc. The unaudited pro forma financial information reflects an adjustment to the provision for income taxes to reflect an effective tax

rate of %, which was calculated using the U.S. federal income tax rate and the highest statutory rates applied to income apportioned to each

state and local jurisdiction. This tax rate has been applied to the % portion of income before taxes that represents the economic interest in

Pla-Fit Holdings, LLC that will be held by Planet Fitness Inc. upon completion of the Merger and Reclassification disclosed in the Form S-1, but

before application of the proceeds of the offering. In addition, pro forma provision for income taxes includes the historical provision for income

taxes of $ related to Pla-Fit Holdings, LLC. The sum of these amounts represents total pro forma provision for income taxes of $ .

The unaudited pro forma financial information also reflects the effects of the Merger and Reclassification on the allocation of pro forma net income between noncontrolling interests and Planet Fitness, Inc. After the Merger and Reclassification, but prior to the completion of the offering, the

noncontrolling interests of Planet Fitness, Inc. held by the continuing owners of Pla-Fit Holdings, LLC will have a % economic ownership of Pla-Fit Holdings, LLC, and as such, % of pro forma net income will be attributable to the noncontrolling interests.

Unaudited pro forma net income per share has been computed to give effect to the number of shares whose proceeds would be necessary to pay the distributions to members totaling $173,900 during the year ended December 31, 2014 and $140,000 during the three months ended March 31,

2015 as if such distributions occurred on January 1, 2014, to the extent they are in excess of the pro forma net income of $ attributable to Planet Fitness, Inc. for the year ended December 31, 2014. The pro forma unaudited net income per share has been prepared using pro forma net income, as set forth above, which reflects the pro forma effects on provision for income taxes and the allocation of pro forma net income between noncontrolling interests and Planet Fitness, Inc., resulting from the Merger and Reclassification, but before application of the proceeds of the offering. In addition, pro forma weighted average shares outstanding includes Class A common stock of Planet Fitness, Inc. that will be outstanding after the Merger and Reclassification, but before the offering, as well as shares issued in the offering whose proceeds would be necessary to pay the distributions to members as set forth above.

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**Pla-Fit Holdings, LLC and subsidiaries**

**Notes to consolidated financial statements**

**(Amounts in thousands, except unit and per unit amounts)**

The supplemental pro forma information has been computed, assuming an initial public offering price of $ per share, the midpoint in the estimated price range set forth on the cover of the prospectus included in the Company’s Form S-1 Registration Statement. The computations assume there will be no exercise by the underwriters of their option to purchase additional shares of Class A common stock.



**Year ended**

**December 31,**

**2014**

|  |  |  |  |
| --- | --- | --- | --- |
| Pro forma net income attributable to Planet Fitness, Inc.—basic and diluted | | $ |  |
| Pro forma weighted average shares of Class A common stock—basic and diluted | |  |  |
| Weighted average shares outstanding during the period | |  |  |
| Shares issued in the offering necessary to pay member distributions | |  |  |
| Pro forma weighted average shares of Class A common stock | |  |  |
| Pro forma net income per share—basic and diluted | | $ |  |
|  |  |  |  |
|  |  |  |  |

**(22) Subsequent events**

The Company has evaluated events that have occurred subsequent to December 31, 2014 through March 25, 2015, the date these consolidated financial statements were available to be issued.

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**Pla-Fit Holdings, LLC and subsidiaries**

**Condensed consolidated balance sheets**

**(Unaudited)**

**(Amounts in thousands)**



|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **December 31,** | |  | **March 31, 2015** | |  |  |
|  |  |  |  | **2014** | |  | **2015** | |  |
|  |  |  |  |  |  |  |  |  |  |
| **Assets** |  |  |  |  |  |  |  |  |
| Current assets: | |  |  |  |  |  |  |  |  |
|  | Cash and cash equivalents | $ | | 43,291 | | $ | 27,532 | |  |
|  | Accounts receivable, net of allowance for bad debts of $399 and $388 at December 31, 2014 |  |  |  |  |  |  |  |  |
|  | and March 31, 2015, respectively |  |  | 19,275 | |  | 9,444 |  |  |
|  | Due from related parties, current |  |  | 1,141 |  |  | 1,139 |  |  |
|  | Inventory |  |  | 3,012 |  |  | 2,011 |  |  |
|  | Restricted assets—NAF (note 5) |  |  | — | |  | 364 |  |  |
|  | Other current assets |  |  | 8,599 |  |  | 7,857 |  |  |
|  | Total current assets |  |  | 75,318 | |  | 48,347 | |  |
| Property and equipment, net | |  |  | 49,579 | |  | 51,587 | |  |
|  | Intangible assets, net |  |  | 295,162 | |  | 289,779 |  |  |
| Goodwill | |  |  | 176,981 | |  | 176,981 |  |  |
|  | Other assets, net |  |  | 12,236 | |  | 12,873 | |  |
|  |  |  |  |  |  |  |  |  |  |
|  | Total assets | $ | | 609,276 | | $ | 579,567 |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **Liabilities and Equity** |  |  |  |  |  |  |  |  |
| Current liabilities: | |  |  |  |  |  |  |  |  |
|  | Current maturities of long-term debt | $ | | 3,900 |  | $ | 5,100 |  |  |
|  | Accounts payable |  |  | 26,738 | |  | 10,515 | |  |
|  | Member distribution payable |  |  | — | |  | 7,496 |  |  |
|  | Accrued expenses |  |  | 8,494 |  |  | 7,580 |  |  |
|  | Current maturities of obligations under capital leases |  |  | 376 | |  | 249 |  |  |
|  | Equipment deposits |  |  | 6,675 |  |  | 6,445 |  |  |
|  | Restricted liabilities—NAF (note 5) |  |  | — | |  | 364 |  |  |
|  | Deferred revenue, current |  |  | 14,549 | |  | 13,634 | |  |
|  | Other current liabilities |  |  | 153 | |  | 129 |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  | Total current liabilities |  |  | 60,885 | |  | 51,512 | |  |
|  |  |  |  |  |  |  |  |  |  |
|  | Long-term debt, net of current maturities |  |  | 383,175 | |  | 501,000 |  |  |
| Obligations under capital leases, net of current portion | |  |  | 45 | |  | 34 | |  |
|  | Deferred rent, net of current portion |  |  | 3,012 |  |  | 4,035 |  |  |
| Deferred revenue, net of current portion | |  |  | 9,330 |  |  | 9,443 |  |  |
|  | Deferred tax liabilities—non current |  |  | 606 | |  | 638 |  |  |
| Other liabilities | |  |  | 474 | |  | 480 |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  | Total noncurrent liabilities |  |  | 396,642 | |  | 515,630 |  |  |
| Commitments and contingencies (note 13) | |  |  |  |  |  |  |  |  |
|  | |  |  |  |  |  |  |  |  |
|  | Equity: |  |  |  |  |  |  |  |  |
|  | Members’ equity |  |  | 146,156 | |  | 7,397 |  |  |
|  | Accumulated other comprehensive loss |  |  | (636) | |  | (1,314) | |  |
|  |  |  |  |  |  |  |  |  |  |
|  | Total equity attributable to Pla-Fit Holdings, LLC |  |  | 145,520 | |  | 6,083 |  |  |
|  | Noncontrolling interests in variable interest entities |  |  | 6,229 |  |  | 6,342 |  |  |
|  | Total equity |  |  | 151,749 | |  | 12,425 | |  |
|  |  |  |  |  |  |  |  |  |  |
|  | Total liabilities and equity | $ | | 609,276 | | $ | 579,567 |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |

*See accompanying notes to condensed consolidated financial statements.*

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**Pla-Fit Holdings, LLC and subsidiaries**

**Condensed consolidated statements of operations**

**(Unaudited)**

**(Amounts in thousands)**



**Quarter ended**

**March 31,**



|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **2014** | |  |  | **2015** | |
|  |  |  |  |  |  |  |  |
| Revenue: |  |  |  |  |  |  |  |
| Franchise | $ | 12,461 | | $ | | 16,967 | |
| Commission income |  | 4,039 | |  |  | 4,790 |  |
| Corporate-owned stores |  | 17,703 | |  |  | 23,546 | |
| Equipment |  | 23,391 |  |  |  | 31,619 |  |
| Total revenue |  | 57,594 | |  |  | 76,922 | |
|  |  |  |  |  |  |  |  |
| Operating costs and expenses: |  |  |  |  |  |  |  |
| Cost of revenue |  | 19,225 | |  |  | 25,946 | |
| Store operations |  | 10,382 | |  |  | 14,341 | |
| Selling, general and administrative |  | 6,620 | |  |  | 14,138 | |
| Depreciation and amortization |  | 6,536 | |  |  | 8,201 |  |
| Other loss (gain) |  | 1,293 |  |  |  | (6) | |
| Total operating costs and expenses |  | 44,056 |  |  |  | 62,620 |  |
| Income from operations |  | 13,538 | |  |  | 14,302 | |
|  |  |  |  |  |  |  |  |
| Other income (expense), net: |  |  |  |  |  |  |  |
| Interest income |  | 80 | |  |  | 173 |  |
| Interest expense |  | (6,642) | |  |  | (4,929) | |
| Other expense |  | (379) | |  |  | (736) | |
|  |  |  |  |  |  |  |  |
| Total other expense, net |  | (6,941) | |  |  | (5,492) | |
| Income before taxes |  | 6,597 |  |  |  | 8,810 |  |
| Provision for income taxes |  | 338 |  |  |  | 272 |  |
| Net income |  | 6,259 | |  |  | 8,538 |  |
| Less net income attributable to noncontrolling interests |  | 209 |  |  |  | 113 |  |
| Net income attributable to Pla-Fit Holdings, LLC | $ | 6,050 | | $ | | 8,425 |  |
|  |  |  |  |  |  |  |  |
| Pro forma financial information (note 16) |  |  |  |  |  |  |  |
| Historical income before taxes |  |  |  | $ | |  |  |
| Pro forma provision for income taxes |  |  |  |  |  |  |  |
| Pro forma net income |  |  |  |  |  |  |  |
| Pro forma net income attributable to noncontrolling interests |  |  |  |  |  |  |  |
| Pro forma net income attributable to the Company |  |  |  | $ | |  |  |
|  |  |  |  |  |  |  |  |
| Pro forma net income per share information (note 16) |  |  |  |  |  |  |  |
| Pro forma net income per share of Class A common stock |  |  |  |  |  |  |  |
| Basic |  |  |  | $ | |  |  |
| Diluted |  |  |  | $ | |  |  |



Pro forma weighted average shares of Class A common stock outstanding

Basic



Diluted



*See accompanying notes to condensed consolidated financial statements.*

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**Pla-Fit Holdings, LLC and subsidiaries**

**Condensed consolidated statements of comprehensive income**

**(Unaudited)**

**(Amounts in thousands)**



|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Quarter ended March 31,** | | | | |  |
|  |  | **2014** | |  |  | **2015** | |
| Net income including noncontrolling interests | $ | 6,259 |  | $ | | 8,538 |  |
| Other comprehensive income (loss), net: |  |  |  |  |  |  |  |
| Loss on interest rate swaps |  | (92) | |  |  | — | |
| Unrealized loss on interest rate cap |  | — | |  |  | (779) | |
| Foreign currency translation adjustments |  | — |  |  |  | 101 |  |
| Total other comprehensive loss |  | (92) | |  |  | (678) | |
| Total comprehensive income including noncontrolling interests |  | 6,167 |  |  |  | 7,860 |  |
| Less: total comprehensive income attributable to noncontrolling interests |  | 209 |  |  |  | 113 |  |
| Total comprehensive income attributable to Pla-Fit Holdings, LLC | $ | 5,958 |  | $ | | 7,747 |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

*See accompanying notes to condensed consolidated financial statements.*

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**Pla-Fit Holdings, LLC and subsidiaries**

**Condensed consolidated statements of cash flows**

**(Unaudited)**

**(Amounts in thousands)**



|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Quarter ended March 31,** | | | | |  |
|  |  |  |  | |  |  |  |  |
|  |  |  | **2014** | |  | **2015** | |  |
|  | Cash flows from operating activities: |  |  |  |  |  |  |  |
|  | Net income | $ | 6,259 | | $ | 8,538 |  |  |
|  |  |  |  |  |  |  |  |  |
|  | Adjustments to reconcile net income to net cash provided by operating activities: |  |  |  |  |  |  |  |
|  | Depreciation and amortization |  | 6,535 | |  | 8,201 |  |  |
|  | Amortization of deferred financing costs |  | 380 | |  | 305 | |  |
|  | Amortization of favorable leases and asset retirement obligations |  | 62 | |  | 113 | |  |
|  | Deferred tax benefit |  | 2 | |  | 7 | |  |
|  | Provision for bad debts |  | — | |  | 11 | |  |
|  | Gain on disposal of property and equipment |  | — | |  | (6) | |  |
|  | Unrealized loss on interest rate swaps |  | (59) | |  | — | |  |
|  | Loss on extinguishment of debt |  | 4,697 | |  | — | |  |
|  | Changes in operating assets and liabilities, excluding effects of acquisitions and dispositions: |  |  |  |  |  |  |  |
|  | State income taxes |  | 214 | |  | 290 | |  |
|  | Accounts receivable |  | 5,675 | |  | 9,792 |  |  |
|  | Notes receivable and due from related parties |  | 120 | |  | 50 | |  |
|  | Inventory |  | 4 | |  | 1,001 |  |  |
|  | Other assets and other current assets |  | (106) | |  | 422 | |  |
|  | Accounts payable and accrued expenses |  | (15,190) | |  | (16,745) | |  |
|  | Other liabilities and other current liabilities |  | (246) | |  | 15 | |  |
|  | Equipment deposits |  | 1,286 | |  | (230) | |  |
|  | Deferred revenue |  | (1,755) | |  | (717) | |  |
|  | Deferred rent |  | 301 |  |  | 992 | |  |
|  | Net cash provided by operating activities |  | 8,179 |  |  | 12,039 |  |  |
| Cash flows from investing activities: | |  |  |  |  |  |  |  |
|  | Additions to property and equipment |  | (823) | |  | (5,326) | |  |
|  | Acquisition of franchises |  | (38,638) | |  | — | |  |
|  | Proceeds from sale of property and equipment |  | — |  |  | 6 | |  |
|  |  |  |  |  |  |  |  |  |
|  | Net cash used in investing activities |  | (39,461) | |  | (5,320) | |  |
|  |  |  |  |  |  |  |  |  |
| Cash flows from financing activities: |  |  |  |  |  |  |  |
|  | Proceeds from issuance of long-term debt |  | 390,000 |  |  | 120,000 |  |  |
|  | Principal payments on capital lease obligations |  | (523) | |  | (140) | |  |
|  | Repayment of long-term debt |  | (182,875) | |  | (975) | |  |
|  | Payment of deferred financing and other debt-related costs |  | (7,785) | |  | (1,698) | |  |
|  | Distributions to members |  | (183,835) | |  | (139,688) | |  |
|  |  |  |  |  |  |  |  |  |
|  | Net cash provided by (used in) by financing activities |  | 14,982 |  |  | (22,501) | |  |
|  | Effects of exchange rate changes on cash and cash equivalents |  | 6 |  |  | 23 | |  |
|  |  |  |  |  |  |  |  |  |
|  | Net decrease in cash and cash equivalents |  | (16,294) | |  | (15,759) | |  |
|  | Cash and cash equivalents, beginning of period |  | 31,267 |  |  | 43,291 |  |  |
|  | Cash and cash equivalents, end of period | $ | 14,973 |  | $ | 27,532 |  |  |
| Supplemental cash flow information: | |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  | Net cash paid for income taxes | $ | 125 | | $ | 211 | |  |
|  | Cash paid for interest | $ | 2,367 | | $ | 4,614 |  |  |
|  |  |  |  |  |  |  |  |  |
| Non-cash investing activities: |  |  |  |  |  |  |  |
|  | Non-cash consideration for acquisition of franchises | $ | 3,000 | | $ | — | |  |
|  | Non-cash additions to property and equipment | $ | — | | $ | 384 | |  |
| Non-cash financing activities: | |  |  |  |  |  |  |  |
|  | Unsettled distributions to members | $ | — | | $ | 7,496 |  |  |

*See accompanying notes to condensed consolidated financial statements.*

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**Pla-Fit Holdings, LLC and subsidiaries**

**Condensed consolidated statement of changes in equity**

**(Unaudited)**

**(Amounts in thousands)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  | **Noncontrolling** | | |  |  |  |  |
|  |  |  |  |  | **Accumulated** | |  | **interests in** | |  |  |  |  |
|  |  |  |  |  | **other** | |  | **variable** | |  |  |  |  |
|  | **Members’** | | | **comprehensive** | | |  | **interest** | |  |  |  |  |
|  |  | **equity** | |  | **loss** | |  | **entities** | | **Total equity** | | |  |
| Balance at December 31, 2014 |  |  |  |  |  |  |  |  |  |  |  |  |  |
| $ | 146,156 |  | $ | (636) | | $ | 6,229 |  | $ | 151,749 |  |  |
| Net income |  | 8,425 |  |  | — | |  | 113 |  |  | 8,538 |  |  |
| Other comprehensive loss |  | — | |  | (678) | |  | — | |  | (678) | |  |
| Distributions to members |  | (147,184) | |  | — | |  | — | |  | (147,184) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Balance at March 31, 2015 | $ | 7,397 |  | $ | (1,314) | | $ | 6,342 |  | $ | 12,425 | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |

*See accompanying notes to condensed consolidated financial statements.*

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**Pla-Fit Holdings, LLC and subsidiaries**

**Notes to condensed consolidated financial statements**

**(unaudited)**

**(Amounts in thousands, except unit and per unit amounts)**

**(1) Business organization**

Pla-Fit Holdings, LLC (the Company) is a franchisor and operator of fitness centers, with more than 7.1 million members and 976 owned and franchised locations (referred to as stores) in 47 states, Puerto Rico and Canada as of March 31, 2015.

The Company serves as the reporting entity for various subsidiaries that operate three distinct lines of business:

* Licensing and selling franchises under the Planet Fitness trade name.
* Owning and operating fitness centers under the Planet Fitness trade name.
* Selling fitness-related equipment to franchisee-owned stores.

The results of the Company have been consolidated with Matthew Michael Realty LLC (MMR) and PF Melville LLC (PF Melville) based on the determination that the Company is the primary beneficiary with respect to these variable interest entities (VIEs). These entities are real estate holding companies that derive a majority of their financial support from the Company through lease agreements.

**(2) Summary of significant accounting policies**

***(a) Basis of presentation and consolidation***

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, these interim financial statements do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the results of operations, financial position and cash flows for the periods presented have been reflected. All significant intercompany balances and transactions have been eliminated in consolidation.

The condensed consolidated financial statements as of and for the quarters ended March 31, 2014 and 2015 are unaudited. The condensed consolidated balance sheet as of December 31, 2014 has been derived from the audited financial statements at that date but does not include all of the disclosures required by U.S. GAAP. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements as of and for the year ended December 31, 2014 and related notes thereto included elsewhere in this prospectus. Operating results for the interim periods are not necessarily indicative of the results that may be expected for the full year.

The Company also consolidates entities in which it has a controlling financial interest, the usual condition of which is ownership of a majority voting interest. The Company also considers for consolidation certain interests where the controlling financial interest may be achieved through arrangements that do not involve voting interests. Such an entity, known as a VIE, is required to be consolidated by its primary beneficiary. The primary beneficiary of a VIE is considered to possess the power to direct the activities of the VIE that most significantly impact its economic performance and has the obligation to absorb losses or the rights to receive benefits from the VIE that are significant to it. The principal entities in which the Company possesses a variable interest include franchise entities and certain other entities. The Company is not deemed to be the primary beneficiary for Planet Fitness franchise entities. Therefore, these entities are not consolidated.

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**Pla-Fit Holdings, LLC and subsidiaries**

**Notes to condensed consolidated financial statements**

**(unaudited)**

**(Amounts in thousands, except unit and per unit amounts)**

***(b) Use of estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Although these estimates are based on management’s knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results. Significant areas where estimates and judgments are relied upon by management in the preparation of the consolidated financial statements include revenue recognition, valuation of assets and liabilities in connection with acquisitions, valuation of equity based compensation awards, and the evaluation of the recoverability of goodwill and long-lived assets, including intangible assets.

***(c) Fair Value***

The table below presents information about the Company’s assets and liabilities that are measured at fair value on a recurring basis as of

December 31, 2014 and March 31, 2015:

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Quoted** | **Significant** | |  |  |  |
|  | **Total fair** | |  | **prices** |  | **other** |  | **Significant** | |
|  |  | **value at** | **in active** | | **observable** | | **unobservable** | | |
|  | **December 31,** | | **markets** | |  | **inputs** |  | **inputs** | |
|  |  | **2014** | **(Level 1)** | |  | **(Level 2)** |  | **(Level 3)** | |
| Interest rate caps | $ | 1,711 | $ | — | $ | 1,711 | $ | — | |
|  |  |  |  |  |  | |  |  |  |
|  |  |  |  | **Quoted** | **Significant** | |  |  |  |
|  | **Total fair** | |  | **prices** |  | **other** |  | **Significant** | |
|  |  | **value at** | **in active** | | **observable** | | **unobservable** | | |
|  | **March 31,** | | **markets** | |  | **inputs** |  | **inputs** | |
|  |  | **2015** | **(Level 1)** | |  | **(Level 2)** |  | **(Level 3)** | |
| Interest rate caps | $ | 932 | $ | — | $ | 932 | $ | — |  |

***(d) Equity-based compensation***

The Company has granted equity awards to employees in the form of Class M Units. There were no grants, exercises or forfeitures of Class M Units during the three months ended March 31, 2015. During the three months ended March 31, 2015, the Company modified the vesting terms of 10.737 outstanding Class M Units such that those units are fully vested and eligible to receive distributions following a liquidity event. There were no other changes in awards during the three months ended March 31, 2015. As a result, the total vested awards outstanding at March 31, 2015 was 101.052. The amount of total unrecognized compensation cost related to all awards under this plan was $5,591 as of March 31, 2015.

***(e) Recent accounting pronouncements***

The FASB issued ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs* in April 2015. This guidance requires reporting entities present debt issuance costs as a direct deduction from the carrying amount of the related debt liability. The guidance is effective for public business entities for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015. A reporting entity must apply this guidance retrospectively to all prior periods presented in the financial statements. The Company expects the only impact of the adoption of this guidance to be on balance sheet presentation.

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**Pla-Fit Holdings, LLC and subsidiaries**

**Notes to condensed consolidated financial statements**

**(unaudited)**

**(Amounts in thousands, except unit and per unit amounts)**

**(3) Variable interest entities**

The carrying values of VIEs included in the consolidated financial statements as of December 31, 2014 and March 31, 2015 are as follows:



|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **December 31, 2014** | | | |  |  |  | **March 31, 2015** | | |  |
|  |  | **Assets** | | **Liabilities** | | | **Assets** | |  | **Liabilities** | | |
| PF Melville | $ 3,479 | | | $ | — | | $ 3,542 |  | $ | | — | |
| MMR |  | 2,750 | |  | — | | 2,800 |  |  |  | — | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total |  | $ 6,229 | | $ | — | | $ 6,342 |  | $ | | — | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |

**(4) Acquisition**

On March 31, 2014, the Company purchased certain assets from one of its franchisees, including eight franchisee-owned stores in New York, for consideration of $42,931, including a cash payment of $39,931 and a $3,000 discount to be applied to future equipment purchases. The $3,000 equipment discount has been recorded as deferred revenue by the Company and is being recognized as future equipment sales are made by the Company to the franchisee. In addition, as a result of the transaction, the Company incurred a loss on unfavorable reacquired franchise rights of $1,293, which has been reflected in other operating costs in the statement of operations. The loss incurred reduced the net purchase price to $41,638. The Company financed the purchase through its credit facility. The purchase consideration was allocated as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| Fixed assets | $ | 7,634 |  |
| Reacquired franchise rights |  | 8,950 |  |
| Membership relationships |  | 5,882 |  |
| Favorable leases, net |  | 700 |  |
| Other assets |  | 35 |  |
| Goodwill |  | 19,771 |  |
| Liabilities assumed, including deferred revenues |  | (1,334) | |
| Total | $ | 41,638 |  |
|  |  |  |  |
|  |  |  |  |

**(5) National advertising fund**

The Company consolidates and reports all assets and liabilities held by Planet Fitness NAF, LLC (NAF). Amounts received by NAF are reported as restricted assets and restricted liabilities within current assets and current liabilities on the condensed consolidated balance sheets. The Company provides administrative services to NAF and charges NAF a fee for providing those services. These services include accounting services, information technology, data processing, product development, legal and administrative support, and other operating expenses, which amounted to $277 and $329 for the quarters ending March 31, 2014 and 2015 respectively. The fees paid to the Company by NAF are included in the condensed consolidated statements of operations as a reduction in general and administrative expense, where the expense incurred by the Company was initially recorded.

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**Pla-Fit Holdings, LLC and subsidiaries**

**Notes to condensed consolidated financial statements**

**(unaudited)**

**(Amounts in thousands, except unit and per unit amounts)**

**(6) Property and equipment**

Property and equipment as of December 31, 2014 and March 31, 2015 consists of the following:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **December 31,** | | |  | **March 31,** | | |
|  |  | **2014** |  |  |  | **2015** | |
| Land | $ | 910 |  | $ | | 910 |  |
| Equipment |  | 22,137 |  |  |  | 23,635 | |
| Leasehold improvements |  | 27,361 |  |  |  | 31,405 | |
| Buildings and improvements |  | 5,119 |  |  |  | 5,119 |  |
| Vehicles |  | 155 |  |  |  | 155 |  |
| Other |  | 4,250 |  |  |  | 4,629 |  |
| Construction in progress |  | 5,375 |  |  |  | 4,393 |  |
|  |  | 65,307 |  |  |  | 70,246 | |
| Accumulated depreciation |  | (15,728) | |  |  | (18,659) | |
| Total | $ | 49,579 |  |  | $ | 51,587 |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

The Company recorded depreciation expense of $1,617 and $2,931 for the quarters ended March 31, 2014 and 2015, respectively.

**(7) Goodwill and intangible assets**

The Company determined that no impairment charges were required during any periods presented.

A summary of goodwill and intangible assets at December 31, 2014 and March 31, 2015 is as follows:

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Weighted** |  |  |  |  |  |  |  |  |  |
|  | **average** |  |  |  |  |  |  |  |  |  |
|  | **amortization** |  | **Gross** | |  |  |  |  | **Net** | |
|  | **period** |  | **carrying** | |  | **Accumulated** | | | **carrying** | |
| **December 31, 2014** | **(years)** |  | **amount** | |  | **amortization** | | | **amount** | |
| Customer relationships | 11.1 | $171,782 | |  | $ | | (41,130) | | $130,652 |  |
| Noncompete agreements | 5.0 | 14,500 | |  |  |  | (6,229) | | 8,271 |  |
| Favorable leases | 7.5 | 2,935 | |  |  |  | (779) | | 2,156 |  |
| Order backlog | 0.4 | 3,400 | |  |  |  | (3,400) | | — | |
| Reacquired franchise rights | 5.8 |  | 8,950 |  |  |  | (1,167) | | 7,783 |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  | 201,567 |  |  |  | (52,705) | | 148,862 |  |
|  |  |  |  |  |  |  |  |  |  |  |
| Indefinite-lived intangible: |  |  |  |  |  |  |  |  |  |  |
| Trade and brand names | N/A |  | 146,300 |  |  |  | — |  | 146,300 |  |
| Total intangible assets |  | $347,867 | |  | $ | | (52,705) | | $295,162 |  |
|  |  |  |  |  |  |  |  |  |  |  |
| Goodwill |  | $176,981 | |  | $ | | — | | $176,981 |  |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
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**Pla-Fit Holdings, LLC and subsidiaries**

**Notes to condensed consolidated financial statements**

**(unaudited)**

**(Amounts in thousands, except unit and per unit amounts)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Weighted** |  |  |  |  |  |  |  |  |
|  | **average** |  |  |  |  |  |  |  |  |
|  | **amortization** | **Gross** | |  |  |  |  | **Net** | |
|  | **period** | **carrying** | |  | **Accumulated** | | | **carrying** | |
| **March, 31 2015** | **(years)** | **amount** | |  | **amortization** | | | **amount** | |
| Customer relationships | 11.1 | $171,782 |  | $ | | (45,286) | | $126,496 |  |
| Noncompete agreements | 5.0 | 14,500 |  |  |  | (6,954) | | 7,546 |  |
| Favorable leases | 7.5 | 2,935 |  |  |  | (892) | | 2,043 |  |
| Order backlog | 0.4 | 3,400 |  |  |  | (3,400) | | — | |
| Reacquired franchise rights | 5.8 | 8,950 |  |  |  | (1,556) | | 7,394 |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  | 201,567 |  |  |  | (58,088) | | 143,479 |  |
|  |  |  |  |  |  |  |  |  |  |
| Indefinite-lived intangible: |  |  |  |  |  |  |  |  |  |
| Trade and brand names | N/A | 146,300 |  |  |  | — |  | 146,300 |  |
| Total intangible assets |  | $347,867 |  |  | $ | (58,088) | | $289,779 |  |
|  |  |  |  |  |  |  |  |  |  |
| Goodwill |  | $176,981 |  | $ | | — | | $176,981 |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |

**(8) Long-term debt**

Long-term debt as of December 31, 2014 and March 31, 2015 consists of the following:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **December 31,** | |  | **March 31,** | |
|  |  | **2014** | **2015** | | |
|  |  |  |  |  |  |
| Pla-Fit Holdings: |  |  |  |  |  |
| Term loan B requires quarterly installments plus interest through the term of the loan, maturing March 31, |  |  |  |  |  |
| 2021. Outstanding borrowings bear interest at LIBOR or base rate (as defined) plus a margin at the |  |  |  |  |  |
| election of the borrower (4.75% at December 31, 2014 and March 31, 2015) | $ | 387,075 | $ 506,100 | |  |
| Revolving credit line, requires interest only payments through the term of the loan, maturing March 31, |  |  |  |  |  |
| 2019. Outstanding borrowings bear interest at LIBOR or base rate (as defined) plus a margin at the |  |  |  |  |  |
| election of the borrower (4.25% at December 31, 2014 and March 31, 2015) |  | — |  | — |  |
| Total debt |  | 387,075 | 506,100 | |  |
| Current portion of long-term debt and line of credit |  | 3,900 |  | 5,100 |  |
| Long-term debt, net of current portion | $ | 383,175 | $ 501,000 | |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

On March 31, 2014, the Company entered into a five-year $430,000 credit facility with a consortium of banks and lenders to refinance its existing indebtedness, as well as to provide funds for working capital, capital expenditures, acquisitions, and general corporate purposes. The facility consists of a $390,000 Term Loan and a $40,000 Revolving Credit Facility. On March 31, 2015, the Company amended this credit facility to increase the Term Loan to $510,000. The unused portion of the Revolving Credit Facility as of March 31, 2015 was $40,000. The Term Loan calls for quarterly principal installment payments of $1,275 through March 2021. Capitalized debt issuance costs associated with the outstanding term loan and revolving credit line totaled

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**Pla-Fit Holdings, LLC and subsidiaries**

**Notes to condensed consolidated financial statements**

**(unaudited)**

**(Amounts in thousands, except unit and per unit amounts)**

$9,930 and are reflected in other long-term assets in the Company’s condensed consolidated balance sheet, net of accumulated amortization of $1,243 as of March 31, 2015.

The credit facility requires the Company to meet certain financial covenants, which the Company was in compliance with as of March 31, 2015.

The facility is secured by all of the Company’s assets, excluding the assets attributable to the consolidated VIEs (see note 3).

Future principal payments of long-term debt as of March 31, 2015 are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| Remainder of 2015 | $ | 3,825 |  |
| 2016 |  | 5,100 |  |
| 2017 |  | 5,100 |  |
| 2018 |  | 5,100 |  |
| 2019 |  | 5,100 |  |
| Thereafter |  | 481,875 |  |
| Total | $ | 506,100 |  |
|  |  |  |  |
|  |  |  |  |

**(9) Derivative instruments and hedging activities**

The Company utilizes interest-rate-related derivative instruments to manage its exposure related to changes in interest rates on its variable-rate debt instruments. The Company does not enter into derivative instruments for any purpose other than cash flow hedging. The Company does not speculate using derivative instruments.

By using derivative financial instruments to hedge exposures to changes in interest rates, the Company exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is an asset, the counterparty owes the Company, which creates credit risk for the Company. When the fair value of a derivative contract is a liability, the Company owes the counterparty and, therefore, the Company is not exposed to the counterparty’s credit risk in those circumstances. The Company minimizes counterparty credit risk in derivative instruments by entering into transactions with high-quality counterparties whose credit rating is higher than A1/A+ at the inception of the derivative transaction. The derivative instruments entered into by the Company do not contain credit-risk-related contingent features.

Market risk is the adverse effect on the value of a derivative instrument that results from a change in interest rates. The market risk associated with interest-rate contracts is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

The Company assesses interest rate risk by continually identifying and monitoring changes in interest rate exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities. The Company monitors interest rate risk attributable to both the Company’s outstanding or forecasted debt obligations as well as the Company’s offsetting hedge positions.

As of March 31, 2014, the total notional amount of the Company’s outstanding LIBOR based interest-rate swap agreements that were entered into to manage fluctuations in cash flows resulting from changes in the benchmark interest rate of LIBOR was $90.6 million. It was determined during the quarter ended March 31,

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**Pla-Fit Holdings, LLC and subsidiaries**

**Notes to condensed consolidated financial statements**

**(unaudited)**

**(Amounts in thousands, except unit and per unit amounts)**

2014 that the hedge was ineffective and expense of $92 was reclassified from other comprehensive income to interest expense. The interest rate swaps were terminated in September 2014.

In September 2014, the Company entered into a series of interest rate caps. As of March 31, 2015, the total notional amount of the Company’s outstanding interest-rate cap agreements that were entered into to hedge interest rate changes above 1.5% LIBOR was $194 million.

The interest rate cap balances of $1,711 and $932 were recorded within other assets at December 31, 2014 and March 31, 2015, respectively. The Company recorded a reduction to the value of its interest rate caps of $779, within other comprehensive loss during the three months ended March 31, 2015. These amounts have been measured at fair value and are considered to be a Level 2 fair value measurement.

As of March 31, 2015, the Company does not expect to reclassify any amounts included in accumulated other comprehensive income into earnings during the next 12 months. Transactions and events expected to occur over the next twelve months that will necessitate reclassifying these derivatives’ loss to earnings include the re-pricing of variable-rate debt.

**(10) Deferred revenue**

The summary set forth below represents the balances in deferred revenue as of December 31, 2014 and March 31, 2015:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **December 31,** | |  | **March 31,** | | |
|  |  | **2014** |  |  | **2015** | |
| Prepaid membership fees | $ | 5,382 | $ | | 5,130 |  |
| Enrollment fees |  | 1,692 |  |  | 1,815 |  |
| Equipment discount |  | 2,689 |  |  | 2,534 |  |
| Annual membership fees |  | 5,696 |  |  | 4,188 |  |
| Area development and franchise fees |  | 8,420 |  |  | 9,410 |  |
| Total deferred revenue |  | 23,879 |  |  | 23,077 | |
| Long-term portion of deferred revenue |  | 9,330 |  |  | 9,443 |  |
| Current portion of deferred revenue | $ | 14,549 | $ | | 13,634 | |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |

Equipment deposits received in advance of delivery, placement, and customer acceptance as of December 31, 2014 and March 31, 2015 were $6,675 and $6,445, respectively.

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**Pla-Fit Holdings, LLC and subsidiaries**

**Notes to condensed consolidated financial statements**

**(unaudited)**

**(Amounts in thousands, except unit and per unit amounts)**

**(11) Related party transactions**

Amounts due from members as of December 31, 2014 and March 31, 2015 relate to reimbursements for taxes owed and paid by the Company on their behalf.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **December 31,** | | |  | **March 31,** | | |
|  |  |  | **2014** | |  |  | **2015** | |
| Accounts receivable—related entities | $ | | 11 |  | $ | | 13 | |
| Accounts receivable—members |  |  | 1,130 |  |  |  | 1,126 |  |
|  |  |  | 1,141 |  |  |  | 1,139 |  |
| Due from related parties, current portion |  |  | 1,141 |  |  |  | 1,139 |  |
| Due from related parties, net of current portion | $ | | — | | $ | | — | |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Activity with entities considered to be related parties is summarized below. |  |  |  |  |  |  |  |  |



|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Quarter ended March 31,** | | | | |
|  |  |  | **2014** | |  | **2015** |  |
| Franchise revenue | $ | | 125 |  | $ | 262 |  |
| Equipment revenue |  |  | 669 |  |  | 55 |  |
| Total revenue from related parties | $ | | 794 |  | $ | 317 |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

The Company paid management fees to TSG totaling $331 and $228 for the quarters ending March 31, 2014 and 2015, respectively.

**(12) Income taxes**

The Company’s effective tax rate during all periods presented is significantly lower than the U.S. federal statutory tax rate of 35% due to its election to be treated as a pass-through entity for U.S. federal income taxes and for most state income taxes. Net deferred tax liabilities of $343 and $352 as of December 31, 2014 and March 31, 2015, respectively, relate primarily to the tax effects of temporary differences for acquired intangible assets. Deferred tax assets as of December 31, 2014 and March 31, 2015 are immaterial and included in other assets in the accompanying condensed consolidated balance sheets. The Company has net operating loss carryforwards related to its Canada operations of approximately $280, which begin to expire in 2034. It is more likely than not that the results of future operations will generate sufficient taxable income to realize the deferred tax assets.

As of March 31, 2015, the total liability related to uncertain tax positions is $300. The Company recognizes interest accrued and penalties, if applicable, related to unrecognized tax benefits in income tax expense. Interest and penalties for the quarters ended March 31, 2014 and 2015 were not material.

**(13) Commitments and contingencies**

The Company rents equipment, office, and warehouse space at various locations in the United States and Canada under noncancelable operating leases. Rental expense was $3,551 and $4,620 for the three months

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**Pla-Fit Holdings, LLC and subsidiaries**

**Notes to condensed consolidated financial statements**

**(unaudited)**

**(Amounts in thousands, except unit and per unit amounts)**

ending March 31, 2014 and 2015, respectively. Approximate annual future commitments under noncancelable operating leases as of March 31, 2015 are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| Remainder of 2015 | $ | 9,780 |  |
| 2016 |  | 13,341 | |
| 2017 |  | 12,996 | |
| 2018 |  | 12,148 | |
| 2019 |  | 10,614 | |
| Thereafter |  | 56,348 | |
| Total | $ | 115,227 |  |
|  |  |  |  |
|  |  |  |  |

From time to time, and in the ordinary course of business, the Company is subject to various claims, charges, and litigation, such as employment-related claims and slip and fall cases. The Company is not currently aware of any legal proceedings or claims that the Company believes will have, individually or in the aggregate, a material adverse effect on the Company’s financial position or result of operations.

As of March 31, 2015 the Company had advertising purchase commitments of approximately $9,944, including commitments made by the NAF. In addition the Company had open purchase orders of approximately $15,288 primarily related to equipment to be sold to franchisees.

The Company’s maximum obligation, as a result of its guarantees of leases and debt, is approximately $2,896 and $2,526 as of December 31, 2014 and March 31, 2015, respectively.

During 2013, the Company adopted the 2013 Performance Incentive Plan, which calls for pre-determined bonuses to be paid to employees of the Company upon a future liquidity event of the Company, including an initial public offering, that exceeds a predetermined threshold. As of March 31, 2015, awards outstanding under this plan total $1,740. Given the uncertainty of the underlying event, no compensation expense has been recorded to date related to this plan. The bonuses would be recorded in the period in which the liquidity event occurs, including the initial public offering contemplated in the accompanying Form S-1.

**(14) Segments**

The Company has three reportable segments: (i) Franchise; (ii) Corporate-owned stores; and (iii) Equipment.

The Company’s operations are organized and managed by type of products and services and segment information is reported accordingly. The Company’s chief operating decision maker (the “CODM”) is its Chief Executive Officer. The CODM reviews financial performance and allocates resources by reportable segment. There have been no operating segments aggregated to arrive at the Company’s reportable segments.

The Franchise segment includes operations related to the Company’s franchising business in the United States, Puerto Rico, and Canada. The Corporate-owned stores segment includes operations with respect to all Corporate-owned stores throughout the United States and Canada. The Equipment segment includes the sale of equipment to franchisee-owned stores.

The accounting policies of the reportable segments are the same as those described in note 2. The Company evaluates the performance of its segments and allocates resources to them based on revenue and earnings before

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interest, taxes, depreciation, and amortization, referred to as Segment EBITDA. Revenues for all operating segments include only transactions with unaffiliated customers and include no intersegment revenues.

The tables below summarize the financial information for the Company’s reportable segments for the quarters ended March 31, 2014 and 2015. The “Corporate and other” column as it relates to Segment EBITDA primarily includes corporate overhead costs, such as payroll and related benefit costs and professional services which are not directly attributable to any individual segment.



|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **Quarter ended March 31,** | | | | |
|  |  | **2014** | |  | **2015** |  |
| Revenue |  |  |  |  |  |  |
| Franchise segment | $ | 16,500 | | $ | 21,757 |  |
| Corporate-owned stores segment |  | 17,703 | | $ | 23,546 |  |
| Equipment segment |  | 23,391 | | $ | 31,619 |  |
|  |  |  |  |  |  |  |
| Total revenue | $ | 57,594 | | $ | 76,922 |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |

Franchise segment revenue includes franchise revenue and commission income.

Franchise revenue includes $77 and $100 generated from franchisee-owned stores in Puerto Rico for the quarters ended March 31, 2014 and 2015, respectively. The Company’s Canadian corporate-owned stores generated $0 and $276 in revenue for the quarters ended March 31, 2014 and 2015, respectively. All other revenue for the periods presented was generated from corporate-owned and franchisee-owned stores within the United States. Franchise revenue includes $1,590 and $1,974 generated from placement services for the quarters ended March 31, 2014 and 2015. Costs related to placement services of $497 and $755 were included in selling, general and administrative expenses for the quarters ended March 31, 2014 and 2015, respectively.



|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Quarter ended March 31,** | | | | |
|  |  |  | **2014** | |  | **2015** |  |
|  |  |  |  |  |  |  |  |
| Segment EBITDA |  |  |  |  |  |  |  |
| Franchise | $ | | 12,853 | | $ | 13,578 |  |
| Corporate-owned stores |  |  | 6,442 |  |  | 7,798 |  |
| Equipment |  |  | 5,018 |  |  | 6,763 |  |
| Corporate and other |  |  | (4,618) | |  | (6,372) | |
| Total Segment EBITDA |  | $ | 19,695 |  | $ | 21,767 |  |
|  |  |  |  |  |  |  |  |
|  |  | |  |  |  |  |  |
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**(Amounts in thousands, except unit and per unit amounts)**

The following table reconciles total Segment EBITDA to income before taxes:



|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Quarter ended March 31,** | | | | | | |
|  |  |  | **2014** | |  |  | **2015** | |  |
| Total Segment EBITDA | $ | | 19,695 | |  | $ | 21,767 | |  |
| Less: |  |  |  |  |  |  |  |  |  |
| Depreciation and amortization |  |  | 6,536 |  |  |  | 8,201 | |  |
| Other expense |  |  | (379) | |  |  | (736) | | |
| Income from operations |  |  | 13,538 |  |  |  | 14,302 | |  |
| Interest expense, net |  |  | (6,562) | |  |  | (4,756) | | |
| Other expense |  |  | (379) | |  |  | (736) | | |
| Income before income taxes |  | $ | 6,597 |  |  | $ | 8,810 | |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| The following table summarizes the Company’s assets by reportable segment: |  |  |  |  |  |  |  |  |  |
|  |  |  | | | |  |  |  | |
|  |  | **December 31,** | | | |  |  | **March 31,** | |
|  |  |  | **2014** | | |  | **2015** | |  |
| Franchise | $ | | 183,964 | | |  | $ 135,191 | |  |
| Corporate-owned stores |  |  | 161,183 | | |  | 174,991 | |  |
| Equipment |  |  | 250,578 | | |  | 254,700 | |  |
| Unallocated |  |  | 13,551 | | |  | 14,685 | |  |
|  |  |  |  |  |  |  |  |  |  |
| Total consolidated assets | $ | | 609,276 | | |  | $ 579,567 | |  |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |

The table above includes $2,011 and $3,342 of long-lived assets located in the Company’s corporate-owned stores in Canada as of December 31, 2014 and March 31, 2015, respectively.

The following table summarizes the Company’s goodwill by reportable segment:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **December 31,** | | |  | **March 31,** | | |
|  |  |  | **2014** | |  |  | **2015** | |
| Franchise | $ | | 16,938 | | $ | | 16,938 | |
| Corporate-owned stores |  |  | 67,377 | |  |  | 67,377 | |
| Equipment |  |  | 92,666 | |  |  | 92,666 | |
|  |  |  |  |  |  |  |  |  |
| Consolidated goodwill | $ | | 176,981 | | $ | | 176,981 |  |
|  |  |  |  |  |  |  |  |  |
|  |  | |  |  |  |  |  |  |
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**Pla-Fit Holdings, LLC and subsidiaries**

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**(15) Corporate-owned and franchisee-owned stores**

The following table shows changes in our corporate-owned and franchisee-owned stores for the quarters ended March 31, 2014 and 2015:



|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **Quarter ended March 31,** | | | |  |
|  |  | **2014** | | **2015** |  |  |
|  |  |  |  |  |  |  |
| **Franchisee-owned stores:** |  |  |  |  |  |
| Stores operated at beginning of period | | 704 |  | 863 |  |  |
|  | New stores opened | 36 |  | 59 |  |  |
| Stores acquired from corporate | | — | | — | |  |
|  | Stores debranded, sold or consolidated | (8) | | (3) | |  |
| Stores operated at end of period | | 732 |  | 919 |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **Corporate-owned stores:** |  |  |  |  |  |
| Stores operated at beginning of period | | 45 |  | 55 |  |  |
|  | New stores opened | — | | 2 |  |  |
| Stores acquired from franchisees | | 8 | | — | |  |
|  | Stores sold |  |  | — | |  |
| Stores operated at end of period | | 53 |  | 57 |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **Total stores:** |  |  |  |  |  |
| Stores operated at beginning of period | | 749 |  | 918 |  |  |
|  | New stores opened | 36 |  | 61 |  |  |
| Stores debranded, sold or consolidated | | — | | (3) | |  |
|  | Stores operated at end of period | 785 |  | 976 |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |

**(16) Pro forma financial information**

Unaudited pro forma financial information has been presented to disclose the pro forma income tax expense and net income attributable to Planet Fitness, Inc., the registrant in the accompanying Form S-1 to register shares of Class A common stock of Planet Fitness, Inc. The unaudited pro

forma financial information reflects an adjustment to the provision for income taxes to reflect an effective tax rate of %, which was calculated using the U.S. federal income tax rate and the highest statutory rates applied to income apportioned to each state and local jurisdiction. This tax

rate has been applied to the % portion of income before taxes that represents the economic interest in Pla-Fit Holdings, LLC that will be held by Planet Fitness Inc. upon completion of the Merger and Reclassification disclosed in the Form S-1, but before application of the proceeds of the

offering. In addition, pro forma provision for income taxes includes the historical provision for income taxes of $ related to Pla-Fit Holdings, LLC. The sum of these amounts represents total pro forma provision for income taxes of $ .

The unaudited pro forma financial information also reflects the effects of the Merger and Reclassification on the allocation of pro forma net income between noncontrolling interests and Planet Fitness, Inc. After the

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Merger and Reclassification, but prior to the completion of the offering, the noncontrolling interests of Planet Fitness, Inc. held by the continuing

owners of Pla-Fit Holdings, LLC will have a % economic ownership of Pla-Fit Holdings, LLC, and as such, % of pro forma net income will be attributable to the noncontrolling interests.

Unaudited pro forma net income per share has been computed to give effect to the number of shares whose proceeds would be necessary to pay the distributions to its members totaling $173,900 during the year ended December 31, 2014 and $140,000 during the quarter ended March 31,

2015 as if such distributions occurred on January 1, 2015, to the extent they are in excess of the pro forma net income of $ attributable to Planet Fitness, Inc. for the twelve months ended March 31, 2015, calculated as the sum of pro forma net income of $ for the period from April 1, 2014 through December 31, 2014, and pro forma net income of $ for the period from January 1, 2015 through March 31, 2015. The

pro forma unaudited net income per share has been prepared using pro forma net income, as set forth above, which reflects the pro forma effects on provision for income taxes and the allocation of pro forma net income between noncontrolling interests and Planet Fitness, Inc., resulting from the Merger and Reclassification, but before application of the proceeds of the offering. In addition, pro forma weighted average shares outstanding includes Class A common stock of Planet Fitness, Inc. that will be outstanding after the Merger and Reclassification, but before the offering, as well as shares issued in the offering whose proceeds would be necessary to pay the distributions to members as set forth above.

The supplemental pro forma information has been computed, assuming an initial public offering price of $ per share, the midpoint in the estimated price range set forth on the cover of the prospectus included in the Company’s Form S-1 Registration Statement. The computations assume there will be no exercise by the underwriters of their option to purchase additional shares of Class A common stock.



**Twelve months ended**

**March 31, 2015**

|  |  |  |
| --- | --- | --- |
| Pro forma net income attributable to Planet Fitness, Inc.—basic and diluted | $ |  |
| Pro forma weighted average shares of Class A common stock—basic and diluted |  |  |
| Weighted average shares outstanding during the period |  |  |
| Shares issued in the offering necessary to pay member distributions |  |  |
| Pro forma weighted average shares of Class A common stock |  |  |
| Pro forma net income per share—basic and diluted | $ |  |
|  |  |  |

**(17) Subsequent events**

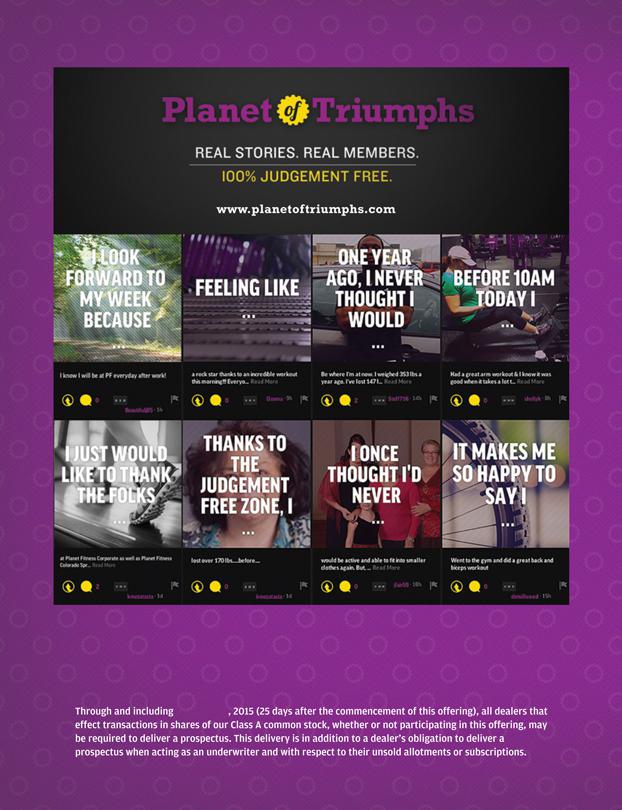
The Company has evaluated events that have occurred subsequent to March 31, 2015 through May 5, 2015, the date these consolidated financial statements were available to be issued.

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**Part II**

**Information not required in prospectus**

**Item 13. Other expenses of issuance and distribution**

The following table sets forth the costs and expenses, other than the underwriting discounts and commissions, payable by the registrant in connection with the sale of Class A common stock being registered. All amounts are estimates except for the SEC registration fee, the FINRA filing fee and NYSE listing fee.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Amount to be** | | |
| **Item** |  |  | **paid** | |
| SEC registration fee | $ | | 11,620 | |
| FINRA filing fee | $ | | 14,850 | |
| NYSE listing fee |  |  | \* | |
| Blue sky fees and expenses |  |  | \* | |
| Printing and engraving expenses |  |  | \* | |
| Legal fees and expenses |  |  | \* | |
| Accounting fees and expenses |  |  | \* | |
| Transfer agent and registrar fees and expenses |  |  | \* | |
| Miscellaneous expenses |  |  | \* |  |
| **Total** | $ | | \* | |



* To be completed by amendment.

**Item 14. Indemnification of directors and officers**

Section 145(a) of the General Corporation Law of the State of Delaware (the “DGCL”) grants each corporation organized thereunder the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation), by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person’s conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that such person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person’s conduct was unlawful.

Section 145(b) of the DGCL grants each corporation organized thereunder the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys’ fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a

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manner the person reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 102(b)(7) of the DGCL enables a corporation in its certificate of incorporation or an amendment thereto to eliminate or limit the personal liability of a director to the corporation or its stockholders of monetary damages for violations of the director’s fiduciary duty, except (i) for any breach of the director’s duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the DGCL (providing for liability of directors for unlawful payment of dividends or unlawful stock purchases or redemptions) or (iv) for any transaction from which a director derived an improper personal benefit. Our certificate of incorporation includes a provision that eliminates the personal liability of directors for monetary damages for actions taken as a director to the fullest extent authorized by the DGCL.

We have also entered into indemnification agreements with certain of our directors. Such agreements generally provide for indemnification by reason of being our director, as the case may be. These agreements are in addition to the indemnification provided by our certificate of incorporation and bylaws. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, we have been informed that in the opinion of the SEC such indemnification is against public policy and is therefore unenforceable.

The underwriting agreement provides that the underwriters are obligated, under certain circumstances, to indemnify our directors, officers and controlling persons against certain liabilities, including liabilities under the Securities Act. Please see the form of underwriting agreement filed as Exhibit 1.1 hereto.

Our amended and restated bylaws indemnify the directors and officers to the full extent of the DGCL and also allow the board of directors to indemnify all other employees. Such right of indemnification is not exclusive of any right to which such officer or director may be entitled as a matter of law and shall extend and apply to the estates of deceased officers and directors. Section 145(f) of the DGCL further provides that a right to indemnification or to advancement of expenses arising under a provision of the bylaws shall not be eliminated or impaired by an amendment to such provision after the occurrence of the act or omission which is the subject of the civil, criminal, administrative or investigative action, suit or proceeding for which indemnification or advancement of expenses is sought.

We also maintain a directors’ and officers’ insurance policy, The policy insures directors and officers against unindemnified losses arising from certain wrongful acts in their capacities as directors and officers and reimburses us for those losses for which we have lawfully indemnified the directors and officers. The policy contains various exclusions that are normal and customary for policies of this type. Section 145(g) of the DGCL provides that a corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person’s status as such, whether or not the corporation would have the power to indemnify such person against such liability under that section.

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**Item 15. Recent sales of unregistered securities**

In March 2015, the registrant issued 100 shares of common stock to Christopher Rondeau for aggregate consideration of $1. The shares were issued in reliance on the exemption contained in Section 4(a)(2) of the Securities Act of 1933 on the basis that the transaction did not involve a public offering.

In connection with the recapitalization transactions described in the accompanying prospectus, the registrant will issue shares of Class B common stock to investment funds affiliated with TSG Consumer Partners, LLC, and certain members of our management and our board of directors. The shares of Class B common stock described above will be issued in reliance on the exemption contained in Section 4(a)(2) of the Securities Act of 1933 on the basis that the transaction will not involve a public offering. No underwriters will be involved in the transaction.

**Item 16. Exhibits and financial statement schedules**

***(a) Exhibits***

See Exhibit Index following the signature page.

***(b) Financial statement schedules***

Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

**Item 17. Undertakings**

The undersigned Registrant hereby undertakes:

1. That for purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or
2. or 497(h) under the Securities Act of 1933 shall be deemed to be part of this registration statement as of the time it was declared effective.
3. That for the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
4. For the purpose of determining liability under the Securities Act of 1933 to any purchaser, if the registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.
5. The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the

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purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

* 1. Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;
  2. Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;
  3. The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and
  4. Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

1. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.
2. To provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

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**Signatures**

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Newington, State of New Hampshire, on July 15, 2015.

**PLANET FITNESS, INC.**

By: /s/ Christopher Rondeau



Name: Christopher Rondeau

Title: Chief Executive Officer

\* \* \*

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Signature** |  | **Title** | **Date** |
| /s/ Christopher Rondeau | | Chief Executive Officer and Director | | July 15, 2015 |
| Christopher Rondeau | | (Principal Executive Officer) | |  |
| /s/ Dorvin Lively | | Chief Financial Officer | | July 15, 2015 |
| Dorvin Lively | | (Principal Financial Officer and Principal Accounting | |  |
|  |  | Officer) | |  |
| \* |  | Director | | July 15, 2015 |
| Charles Esserman | |  |  |  |
| \* |  | Director | | July 15, 2015 |
| Marc Grondahl | |  |  |  |
| \* |  | Director | | July 15, 2015 |
| Michael Layman | |  |  |  |
| \* |  | Director | | July 15, 2015 |
| Pierre LeComte | |  |  |  |
| \* |  | Director | | July 15, 2015 |
| Stephen Spinelli, Jr. | |  |  |  |
| \* |  | Director | | July 15, 2015 |
| Edward Wong | |  |  |  |
| \*By: /s/ Dorvin Lively | |  |  |  |
|  | Attorney-in-fact |  |  |  |
|  |  |  | II-5 |  |

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| **number** | | **Description of exhibit** |
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| 2.1 | | Merger Agreement between Planet Fitness, Inc. and Planet Fitness Holdings, L.P. |
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|  | 3.2† | Amended and Restated Bylaws of Planet Fitness, Inc. |
| 4.1\* | | Form of Class A Common Stock Certificate |
| 5.1\* | | Opinion of Ropes & Gray LLP |
| 10.1† | | Amended and Restated Credit Agreement dated as of March 31, 2014 among Planet Intermediate, LLC, as Holdings, Planet Fitness |
|  |  | Holdings, LLC, as Borrower, the other loan parties thereto, and the lenders party thereto |
| 10.2† | | Amendment No. 1 to Amended and Restated Credit Agreement, dated as of March 31, 2015 among Planet Intermediate, LLC, |
|  |  | Planet Fitness Holdings, LLC, the lenders party thereto and JP Morgan Chase Bank, N.A. |
| 10.3† | | Amended and Restated Pledge and Security Agreement dated as of March 31, 2014 by and between Planet Intermediate, LLC, |
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| 24.1\* | | Power of Attorney (included in the signature pages to this Registration Statement) |

* To be filed by amendment.

† Previously filed.

**Exhibit 2.1**

**AGREEMENT AND PLAN OF MERGER**

**OF**

**PLANET FITNESS HOLDINGS, L.P.**

**(A DELAWARE LIMITED PARTNERSHIP)**

**WITH AND INTO**

**PLANET FITNESS, INC.**

**(A DELAWARE CORPORATION)**

THIS AGREEMENT AND PLAN OF MERGER (this “Agreement”) is made and entered into as of June 22, 2015, by and among Planet Fitness, Inc., a Delaware corporation (the “Corporation”), and Planet Fitness Holdings, L.P., a Delaware limited partnership (“Holdings”), in accordance with Section 263 of the Delaware General Corporation Law (“DGCL”) and Section 17-211 of the Delaware Revised Uniform Limited Partnership Act (the “Limited Partnership Act”), respectively.

**RECITALS:**

WHEREAS, TSG6 PF Co-Investors A L.P. and TSG6 AIV II-A L.P. are the sole equity holders of Holdings (the “Sole Holdings Owners”);

WHEREAS, the Corporation is duly organized and validly existing under the laws of the State of Delaware and has authorized capital of one thousand (1,000) shares of Class A common stock, par value $0.01 per share (“Common Stock”), of which one hundred (100) shares are issued and outstanding and held by Christopher Rondeau (the “Sole Corporation Owner”);

WHEREAS, the Board of Directors of the Corporation has approved and deemed advisable the merger of Holdings with and into the Corporation, with the Corporation being the surviving entity in such merger, pursuant to the terms of this Agreement and in accordance with the DGCL;

WHEREAS, TSG6 Management L.L.C., as the general partner of Holdings (the “General Partner”), in accordance with Section 17 of the Limited Partnership Agreement of Holdings, in order to reconstitute Holdings as a corporation under the DGCL, has approved and deemed advisable the merger of Holdings with and into the Corporation, with the Corporation being the surviving entity in such merger, pursuant to the terms of this Agreement and in accordance with the Limited Partnership Act (the “Merger”);

WHEREAS, the form, terms and provisions of and the transactions contemplated by this Agreement have also been approved by the Sole Holdings Owners and the Sole Corporation Owner; and

WHEREAS, the Merger is intended to be treated as part of a transaction described in Section 368(a)(1)(F) of the Internal Revenue Code of 1986, as amended (the “Code”);

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the Corporation and Holdings hereby agree as follows:

**ARTICLE I**

**THE MERGER**

1. Subject to and in accordance with the provisions of this Agreement, a Certificate of Merger shall be executed and acknowledged by the Corporation and thereafter delivered to the Secretary of State of Delaware for filing, as provided in Section 263(c) of the DGCL and Section 17-211(c) of the Limited Partnership Act. The Merger shall become effective at the same time and at such time as the Certificate of Merger is filed as required by law with the Secretary of State of Delaware (the “Effective Time”). At the Effective Time, (a) Holdings shall be merged with and into the Corporation; (b) the separate existence of Holdings shall cease; and (c) the Corporation shall survive the Merger and shall continue to be governed by the laws of the State of Delaware. The Corporation shall be, and is herein sometimes referred to as, the “Surviving Entity.” The name of the Surviving Entity shall remain “Planet Fitness, Inc.”
2. Prior to and after the Effective Time, the General Partner, officers and directors of the parties, as applicable, shall take all such actions as may be necessary or appropriate in order to effectuate the Merger. In the event that at any time after the Effective Time any further action is necessary or desirable to carry out the purposes of this Agreement and to vest the Surviving Entity with full title to all properties, assets, rights, approvals, and immunities and franchises of Holdings, the General Partner, officers and directors of the parties, as applicable, as of the Effective Time shall take all such further action.

**ARTICLE II**

**EFFECT ON SHARES AND PARTNERSHIP INTERESTS**

1. Conversion of Holdings Interests. At the Effective Time, by virtue of the Merger and without any action on the part of the Corporation, Holdings, the Sole Holdings Owners or the Sole Corporation Owner, each interest in Holdings outstanding immediately prior to the Merger shall be converted into an equivalent amount of shares of Class A common stock of the Corporation such that, following the Merger, the Sole Holdings Owners hold shares of Class A common stock of the Corporation with such rights as may be set forth in the Certificate of Incorporation and Bylaws of the Corporation (as amended from time to time, the “Governing Documents”).
2. Redemption of Class A Shares of the Corporation. At the Effective Time, by virtue of the Merger and without any action on the part of the Corporation or the Sole Corporation Owner, the one hundred (100) shares of Common Stock held by the Sole Corporation Owner shall be redeemed for par value.

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**ARTICLE III**

**GOVERNING DOCUMENTS OF THE SURVIVING ENTITY**

The Governing Documents as of immediately prior to the Effective Time shall be the governing documents of the Surviving Entity from and after the Effective Time until amended in accordance with their terms and applicable law.

**ARTICLE IV**

**MANAGEMENT OF THE SURVIVING ENTITY**

The Board of Directors of the Corporation as of immediately prior to the Effective Time shall be the Board of Directors of the Surviving Entity from and after the Effective Time to serve in accordance with the Governing Documents, or as otherwise provided by applicable law. The officers of the Corporation at the Effective Time shall be the officers of the Surviving Entity immediately after the Effective Time and will hold office from and after the Effective Time in accordance with the Governing Documents, or as otherwise provided by applicable law.

**ARTICLE V**

**EFFECTIVE TIME OF THE MERGER**

From and after the date hereof, this Agreement, the Merger and the other transactions contemplated hereby shall be irrevocable on the parties hereto and their respective controlling persons, and the parties shall do all such acts and things as are necessary or desirable in order to make the Effective Time with respect to the Merger the earlier of (1) the time of pricing of the initial public offering of the Corporation (the “IPO”) and (2) 11:59 P.M., New York time, on March 31, 2016. If, prior to the pricing of the IPO, the Board of Directors of the Corporation determines to abandon the IPO, then this Agreement shall remain in full force and effect and the Effective Time shall be 11: 59 P.M., New York time, on March 31, 2016. From and after the date hereof, this Agreement, the Merger and the other transactions contemplated hereby also shall be binding and irrevocable on the Sole Holdings Owners and their controlling persons and the Sole Corporation Owner, and the consents of the Sole Holdings Owners and the Sole Corporation Owner may not be withdrawn.

**ARTICLE VI**

**MISCELLANEOUS**

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to principles of conflict of

laws.

1. This Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original, and such counterparts shall together constitute but one and the same instrument. A facsimile signature page (or signature page in similar electronic form) hereto shall be treated by the parties for all purposes as equivalent to a manually signed signature page.

*[Signature page follows]*

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IN WITNESS WHEREOF, the Corporation and Holdings, pursuant to approval and authorization duly given by resolutions adopted by the Board of Directors of the Corporation, the General Partner of Holdings, the Sole Corporation Owner and the Sole Holdings Owners, have each caused this Agreement and Plan of Merger to be executed as of the date first written above.

PLANET FITNESS HOLDINGS, L.P.

By: TSG6 Management L.L.C.,

its general partner

|  |  |
| --- | --- |
| By: | /s/ Pierre LeComte |
| Name: | Pierre LeComte |
| Title: | Authorized Signatory |
| PLANET FITNESS, INC. | |
| By: | /s/ Christopher Rondeau |
| Name: | Christopher Rondeau |
| Title: | Chief Executive Officer |

[Signature Page to Agreement and Plan of Merger]

**Exhibit 3.1**

**RESTATED CERTIFICATE OF INCORPORATION**

**OF**

**PLANET FITNESS, INC.**

Planet Fitness, Inc., a Delaware corporation (the “Corporation”), hereby certifies that this Restated Certificate of Incorporation has been duly adopted in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware (the “DGCL”), and that:

A. The name of the Corporation is: Planet Fitness, Inc.

B. The original Certificate of Incorporation of the Corporation was filed with the Secretary of the State of Delaware on March 16, 2015 (the “Original Certificate of Incorporation”).

C. This Restated Certificate of Incorporation amends and restates the Original Certificate of Incorporation of the Corporation.

D. The Certificate of Incorporation upon the filing of this Restated Certificate of Incorporation, shall read in full as follows:

**ARTICLE I — NAME**

The name of the corporation is Planet Fitness, Inc. (the “Corporation”).

**ARTICLE II — REGISTERED OFFICE AND AGENT**

The address of the Corporation’s registered office in the State of Delaware is 1209 Orange Street, in the City of Wilmington, County of New Castle, 19801. The name of the Corporation’s registered agent at such address is The Corporation Trust Company.

**ARTICLE III — PURPOSE**

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (the “DGCL”).

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **ARTICLE IV — CAPITALIZATION** | | | | | |  |  |  |  |
|  | (a) Authorized Shares. The total number of shares of all classes of stock that the Corporation is authorized to issue is [ | | | | | | | | | | | ] shares of stock, | | |
|  |  |  |  |  |  |  | |  |  |  |  | |  |  |
| consisting of (i) [ | | | ] shares of Preferred Stock, par value $0.01 per share (“Preferred Stock”), (ii) [ | | | | | | | | ] shares of Class A Common Stock, par | | | |
|  |  | | | |  |  |  |  |  |  | | |  |  |
| value $0.01 per share (“Class A Common Stock”), and (iii) [ | | | | | | | ] shares of Class B Common Stock, par value $0.01 per share (“Class B Common | | | | | | | |
|  |  | |  | |  |  | |  | | |  |  |  |  |
| Stock” and, together with the Class A Common Stock, the “Common Stock”). | | | | | | | | | | |  |  |  |  |
|  |  |  |  |  |  |  |  | -1- |  |  |  |  |  |  |

1. Common Stock. Subject to the powers, preferences and rights of any Preferred Stock, including any series thereof, having any preference or priority over, or rights superior to, the Common Stock and except as otherwise provided by law and this Article IV, the holders of the Common Stock shall have and possess all powers and voting and other rights pertaining to the stock of the Corporation.
   1. *Voting*.
      1. Each holder of shares of Class A Common Stock, as such, shall be entitled to one vote for each share of Class A Common Stock held of record by such holder on all matters on which stockholders generally are entitled to vote; provided, however, that to the fullest extent permitted by law, holders of shares of Class A Common Stock, as such, shall have no voting power with respect to, and shall not be entitled to vote on, any amendment to this Restated Certificate of Incorporation (including any certificate of designations relating to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if only the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to this Restated Certificate of Incorporation (including any certificate of designations relating to any series of Preferred Stock) or pursuant to the DGCL.
      2. Each holder of shares of Class B Common Stock, as such, shall be entitled to one vote for each share of Class B Common Stock held of record by such holder on all matters on which stockholders are generally entitled to vote; provided, however, that to the fullest extent permitted by law, holders of Class B Common Stock, as such, shall have no voting power with respect to, and shall not be entitled to vote on, any amendment to this Restated Certificate of Incorporation (including any certificate of designations relating to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if only the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to this Restated Certificate of Incorporation (including any certificate of designations relating to any series of Preferred Stock) or pursuant to the DGCL.
      3. Except as otherwise required in this Restated Certificate of Incorporation (including any certificate of designations relating to any series of Preferred Stock) or by applicable law, the holders of Common Stock shall vote together as a single class on all matters (or, if any holders of Preferred Stock are entitled to vote together with the holders of Common Stock, as a single class with such holders of Preferred Stock); provided, that the holders of shares of Class B Common Stock as such shall be entitled to vote separately as a class upon any amendment to this Restated Certificate of Incorporation that would alter or change the powers, preferences or rights of the Class B Common Stock so as to affect them adversely. There shall be no cumulative voting.
   2. *Dividends*. Dividends of cash or property may be declared and paid on the Class A Common Stock from funds lawfully available therefor asand when determined by the Board of Directors and subject to any preferential dividend rights of any then outstanding Preferred Stock. Except as otherwise provided by the DGCL or this Restated Certificate of Incorporation, the holders of record of shares of Class A Common Stock

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shall share ratably in all dividends payable in cash, stock or otherwise and other distributions, whether in respect of liquidation or dissolution (voluntary or involuntary) or otherwise. Holders of shares of Class B Common Stock, as such, shall not be entitled to receive dividends of cash or property.

1. *Liquidation Rights*. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, afterpayment or provision for payment of the debts and other liabilities of the Corporation and of the preferential and other amounts, if any, to which the holders of Preferred Stock shall be entitled, the holders of all outstanding shares of Class A Common Stock shall be entitled to receive the remaining assets of the Corporation available for distribution ratably in proportion to the number of shares held by each such stockholder. Holders of shares of Class B Common Stock, as such, shall not be entitled to receive any assets of the Corporation in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.
2. *Cancellation of shares of Class B Common Stock*. Immediately upon the exchange of a Holdings Unit (together with a share of Class BCommon Stock) with the Corporation pursuant to the terms of the exchange agreement among the Corporation, Pla-Fit and holders of Class B Common Stock and Holdings Units (the “Exchange Agreement”) and the Amended and Restated Limited Liability Company Agreement of Pla-Fit (the “LLC Agreement”), such share of Class B Common Stock shall automatically be canceled with no consideration being paid or issued with respect thereto, pursuant and subject to the terms of the Exchange Agreement and the LLC Agreement. Any such canceled shares of Class B Common Stock shall thereafter no longer be outstanding, and all rights with respect to such shares shall automatically cease and terminate.
3. *Shares Reserved for Issuance*. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of

Class A Common Stock, such number of shares of Class A Common Stock that shall from time to time be sufficient to effect the exchange of all outstanding Holdings Units (other than such Holdings Units owned by the Corporation or any of its wholly owned subsidiaries) along with an equal number of Class B Common Stock for Class A Common Stock; provided, that nothing contained herein shall be construed to preclude the Corporation from satisfying its obligations in respect of the exchange of the Holdings Units (along with Class B Common Stock) by delivery of purchased shares of Class A Common Stock which are held in the treasury of the Corporation. Notwithstanding anything to the contrary contained in this Restated Certificate of Incorporation, and in addition to any other vote required by the DGCL or this Restated Certificate of Incorporation, the affirmative vote of the holders of at least sixty-six and two-thirds percent (66 2/3%) of the voting power of the then outstanding Class B Common Stock, voting together as a class, shall be required to alter, amend or repeal this Article IV(b)(v) or to adopt any provision inconsistent therewith.

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* 1. *No Preemptive Rights*. Holders of Common Stock shall have no preemptive rights to subscribe for any shares of any class of stock of theCorporation whether now or hereafter authorized.
  2. *No Conversion Rights*. Without limiting the rights of holders of Class B Common Stock and Holdings Units as provided in the ExchangeAgreement and the LLC Agreement, the Common Stock shall not be convertible into, or exchangeable for, shares of any other class or classes or of any other series of the same class of the Corporation’s capital stock.

1. Preferred Stock. Shares of Preferred Stock may be issued in one or more series, from time to time, with each such series to consist of such number of shares and to have such voting powers relative to other classes or series of Preferred Stock, if any, or Common Stock, full or limited or no voting powers, and such designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, as shall be stated in the resolution or resolutions providing for the issuance of such series adopted by the Board of Directors, and the Board of Directors is hereby expressly vested with the authority, to the full extent now or hereafter provided by applicable law, to adopt any such resolution or resolutions. Except as otherwise provided in this Restated Certificate of Incorporation, no vote of the holders of the Preferred Stock or Common Stock shall be a prerequisite to the designation or issuance of any shares of any series of the Preferred Stock authorized by and complying with the conditions of this Restated Certificate of Incorporation, the right to have such vote being expressly waived by all present and future holders of the capital stock of the Corporation. Any shares of Preferred Stock that are redeemed, purchased or acquired by the Corporation may be reissued except as otherwise provided by law or this Restated Certificate of Incorporation. Different series of Preferred Stock shall not be construed to constitute different classes of shares for the purposes of voting by classes unless expressly provided in the resolution or resolutions providing for the issue of such series adopted by the Board of Directors.
2. No Class Vote on Changes in Authorized Number of Shares of Stock. Subject to the rights of the holders of any series of Preferred Stock pursuant to the terms of this Restated Certificate of Incorporation, any certificate of designations or any resolution or resolutions providing for the issuance of such series of stock adopted by the Board of Directors, the number of authorized shares of a class of stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, irrespective of the provisions of Section 242(b)(2) of the DGCL.

**ARTICLE V — BOARD OF DIRECTORS**

1. Number of Directors; Vacancies and Newly Created Directorships. The number of directors constituting the Board of Directors shall be not fewer than three (3) and not more than fifteen (15), each of whom shall be a natural person. Subject to the rights of the holders of any series of Preferred Stock to elect directors, the precise number of directors shall be fixed exclusively pursuant to a resolution adopted by the Board of Directors. Vacancies and newly-

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created directorships shall be filled exclusively by vote of a majority of the directors then in office, even if less than a quorum, or by a sole remaining director, except that any vacancy created by the removal of a director by the stockholders for cause shall only be filled, in addition to any other vote otherwise required by law, by vote of a majority of the outstanding shares of Common Stock. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director. A director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office, and a director chosen to fill a position resulting from an increase in the number of directors shall hold office until the next election of the class for which such director shall have been chosen, subject to the election and qualification of his or her successor and to his or her earlier death, resignation or removal.

1. Classified Board of Directors. Subject to the rights of the holders of any series of Preferred Stock to elect directors, the Board of Directors (other than those directors elected by the holders of any series of Preferred Stock) shall be classified into three classes: Class I; Class II; and Class III. Each class shall consist, as nearly equal in number as possible, of one-third of the total number of directors constituting the entire Board of Directors and the allocation of directors among the three classes shall be determined by the Board of Directors. The initial Class I Directors shall serve for a term expiring at the first annual meeting of stockholders of the Corporation following the filing of this Restated Certificate of Incorporation; the initial Class II Directors shall serve for a term expiring at the second annual meeting of stockholders following the filing of this Restated Certificate of Incorporation; and the initial Class III Directors shall serve for a term expiring at the third annual meeting of stockholders following the filing of this Restated Certificate of Incorporation. Each director in each class shall hold office until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal. At each annual meeting of stockholders beginning with the first annual meeting of stockholders following the filing of this Restated Certificate of Incorporation, the successors of the class of directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual meeting of stockholders to be held in the third year following the year of their election, with each director in each such class to hold office until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible and such apportionment shall be determined by the Board of Directors.
2. Removal. Subject to the rights of the holders of any series of Preferred Stock to elect directors, the directors of the Corporation may be removed only for cause by the affirmative vote of the holders of at least seventy-five percent (75%) of the voting power of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, at a meeting of the stockholders called for that purpose; provided, however, that prior to the first date (the “Trigger Date”) on which investment funds affiliated with TSG Consumer Partners LLC and their respective successors, Transferees and Affiliates (collectively, the “TSG Entities”) cease collectively to beneficially own (directly or indirectly) more than fifty percent (50%) of the outstanding shares of Common Stock, the directors of the Corporation may be removed with or without cause by the affirmative vote of the

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holders of a majority of the voting power of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class. “Affiliate” means, with respect to any Person, any other Person that controls, is controlled by, or is under common control with such Person; the term “control,” as used in this definition, means the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and “controlled” and “controlling” have meanings correlative to the foregoing. “Person” means an individual, any general partnership, limited partnership, limited liability company, corporation, trust, business trust, joint stock company, joint venture, unincorporated association, cooperative or association or any other legal entity or organization of whatever nature, and shall include any successor (by merger or otherwise) of such entity. “Transferee” means any Person who (i) becomes a beneficial owner of Common Stock upon having purchased such shares of Common Stock from an investment fund affiliated with a TSG Entity and (ii) is designated in writing by the transferor as a “Transferee” and a copy of such writing is provided to the Corporation at or prior to the time of such purchase; provided, however, that a purchaser of Common Stock in a registered offering or in a transaction effected pursuant to Rule 144 under the Securities Act of 1933, as amended, (or any similar or successor provision thereto) shall not be a “Transferee.” For the purpose of this Restated Certificate of Incorporation “beneficial ownership” shall be determined in accordance with Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

**ARTICLE VI — LIMITATION OF DIRECTOR LIABILITY**

To the fullest extent that the DGCL or any other law of the State of Delaware (as they exist on the date hereof or as they may hereafter be amended) permits the limitation or elimination of the liability of directors, no director of the Corporation shall be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. No amendment to, or modification or repeal of, this Article VI shall adversely affect any right or protection of a director of the Corporation existing hereunder with respect to any state of facts existing or act or omission occurring, or any cause of action, suit or claim that, but for this Article VI, would accrue or arise, prior to such amendment, modification or repeal. If, after this Restated Certificate of Incorporation is filed with the Secretary of State of the State of Delaware, the DGCL or such other law is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the DGCL or such other law, as so amended.

**ARTICLE VII — MEETINGS OF STOCKHOLDERS**

1. No Action by Written Consent. From and after the Trigger Date, any action required or permitted to be taken by the stockholders of the Corporation may be effected only at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

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1. Special Meetings of Stockholders. Subject to any rights of the holders of any series of Preferred Stock, and to the requirements of applicable law, special meetings of stockholders of the Corporation may be called only (i) by or at the direction of the chairman of the Board of Directors or any vice-chairman, (ii) by or at the direction of the Board of Directors pursuant to a written resolution adopted by a majority of the total number of directors which the Corporation would have if there were no vacancies, or (iii) prior to the Trigger Date, by the Secretary of the Corporation at the request of the holders of fifty percent (50%) or more of the outstanding shares of Common Stock. Any business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of meeting.
2. Election of Directors by Written Ballot. Election of directors need not be by written ballot.

**ARTICLE IX — AMENDMENTS TO THE**

**CERTIFICATE OF INCORPORATION AND BYLAWS**

1. Bylaws. In furtherance and not in limitation of the powers conferred by law, the Board of Directors is expressly authorized to make, alter, amend or repeal the bylaws of the Corporation subject to the power of the stockholders of the Corporation entitled to vote with respect thereto to make, alter, amend or repeal the bylaws both before and after the Trigger Date; provided, that with respect to the powers of stockholders entitled to vote with respect thereto to make, alter, amend or repeal the bylaws, from and after the Trigger Date, in addition to any other vote otherwise required by law, the affirmative vote of the holders of at least seventy-five percent (75%) of the voting power of the outstanding shares of capital stock of the Corporation entitled to vote with respect thereto, voting together as a single class, shall be required to make, alter, amend or repeal the bylaws of the Corporation.
2. Amendments to the Certificate of Incorporation. The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Restated Certificate of Incorporation both before and after the Trigger Date, in the manner now or hereafter prescribed by the DGCL, and all rights conferred upon stockholders herein are granted subject to this reservation. Notwithstanding anything to the contrary contained in this Restated Certificate of Incorporation, and notwithstanding that a lesser percentage may be permitted from time to time by applicable law, from and after the Trigger Date, no provision of Article IV, Article V, Article VI, paragraphs (a) and (b) of Article VII, Article VIII, Article IX, Article X and Article XI may be altered, amended or repealed in any respect, nor may any provision or bylaw inconsistent therewith be adopted, unless, in addition to any other vote required by this Restated Certificate of Incorporation or otherwise required by law, such alteration, amendment, repeal or adoption is approved by the affirmative vote of the holders of at least seventy-five percent (75%) of the voting power of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, at a meeting of the stockholders called for that purpose.

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**ARTICLE X – BUSINESS COMBINATIONS**

1. Opt Out of Section 203 of the DGCL. The Corporation shall not be governed by Section 203 of the DGCL.
2. Limitations on Business Combinations. Notwithstanding the foregoing, the Corporation shall not engage in any business combination (as defined below), at any point in time at which any class of the Corporation’s Common Stock is registered under Section 12(b) or Section 12(g) of the Exchange Act, with any interested stockholder (as defined below) for a period of three (3) years following the time that such stockholder became an interested stockholder, unless:
   1. prior to such time, the Board of Directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
   2. upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least eighty-five percent (85%) of the voting stock (as defined below) of the Corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned by (i) persons who are directors of the Corporation and also officers of the Corporation or (ii) employee stock plans of the Corporation in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
   3. at or subsequent to such time, the business combination is approved by the Board of Directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least sixty-six and two-thirds percent (66 2/3%) of the outstanding voting stock of the Corporation which is not owned by the interested stockholder.
3. Definitions. For purposes of this Article X, references to:
   1. “affiliate” means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another person.
   2. “associate,” when used to indicate a relationship with any person, means: (i) any corporation, partnership, unincorporated association or other entity of which such person is a director, officer or partner or is, directly or indirectly, the owner of twenty percent (20%) or more of any class of voting stock; (ii) any trust or other estate in which such person has at least a twenty percent (20%) beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity; and (iii) any relative or spouse of such person, or any relative of such spouse, who has the same residence as such person.

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1. “business combination,” when used in reference to the Corporation and any interested stockholder of the Corporation, means:
   1. any merger or consolidation of the Corporation or any direct or indirect majority-owned subsidiary of the Corporation (a) with the interested stockholder, or (b) with any other corporation, partnership, unincorporated association or other entity if the merger or consolidation is caused by the interested stockholder and as a result of such merger or consolidation paragraph (b) of this Article X is not applicable to the surviving entity;
   2. any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), except proportionately as a stockholder of the Corporation, to or with the interested stockholder, whether as part of a dissolution or otherwise, of assets of the Corporation or of any direct or indirect majority-owned subsidiary of the Corporation which assets have an aggregate market value equal to ten percent (10%) or more of either the aggregate market value of all the assets of the Corporation determined on a consolidated basis or the aggregate market value of all the outstanding stock of the Corporation;
   3. any transaction which results in the issuance or transfer by the Corporation or by any direct or indirect majority-owned subsidiary of the Corporation of any stock of the Corporation or of such subsidiary to the interested stockholder, except: (a) pursuant to the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into stock of the Corporation or any such subsidiary which securities were outstanding prior to the time that the interested stockholder became such; (b) pursuant to a merger under Section 251(g) or Section 253 of the DGCL; (c) pursuant to a dividend or distribution paid or made, or the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into stock of the Corporation or any such subsidiary which security is distributed, pro rata to all holders of a class or series of stock of the Corporation subsequent to the time the interested stockholder became such; (d) pursuant to an exchange offer by the Corporation to purchase stock made on the same terms to all holders of such stock; or (e) any issuance or transfer of stock by the Corporation; provided*,* however, that in no case under clauses (c) through (e) of this subsection (3) shall there be an increase in the interested stockholder’s proportionate share of the stock of any class or series of the Corporation or of the voting stock of the Corporation (except as a result of immaterial changes due to fractional share adjustments);
   4. any transaction involving the Corporation or any direct or indirect majority-owned subsidiary of the Corporation which has the effect, directly or indirectly, of increasing the proportionate share of the stock of any class or series, or securities convertible into the stock of any class or series, of the Corporation or of any such subsidiary which is owned by the interested stockholder, except as a result of immaterial changes due to fractional share adjustments or as a result of any purchase or redemption of any shares of stock not caused, directly or indirectly, by the interested stockholder; or
   5. any receipt by the interested stockholder of the benefit, directly or indirectly (except proportionately as a stockholder of the Corporation), of any loans, advances, guarantees, pledges, or other financial benefits (other than those expressly permitted in subsections

(1) through (4) above) provided by or through the Corporation or any direct or indirect majority-owned subsidiary.

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1. “control,” including the terms “controlling,” “controlled by” and “under common control with,” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting stock, by contract, or otherwise. A person who is the owner of twenty percent (20%) or more of the outstanding voting stock of the Corporation, partnership, unincorporated association or other entity shall be presumed to have control of such entity, in the absence of proof by a preponderance of the evidence to the contrary.

Notwithstanding the foregoing, a presumption of control shall not apply where such person holds voting stock, in good faith and not for the purpose of circumventing this Article X, as an agent, bank, broker, nominee, custodian or trustee for one or more owners who do not individually or as a group have control of such entity.

1. “interested stockholder” means any person (other than the Corporation or any direct or indirect majority-owned subsidiary of the Corporation) that (i) is the owner of fifteen percent (15%) or more of the outstanding voting stock of the Corporation, or (ii) is an affiliate or associate of the Corporation and was the owner of fifteen percent (15%) or more of the outstanding voting stock of the Corporation at any time within the three (3) year period immediately prior to the date on which it is sought to be determined whether such person is an interested stockholder, and the affiliates and associates of such person; provided, however, that the term “interested stockholder” shall not include (a) the TSG Entities, (b) a stockholder that becomes an interested stockholder inadvertently and (i) as soon as practicable divests itself of ownership of sufficient shares so that such stockholder ceases to be an interested stockholder and (ii) would not, at any time within the three-year period immediately prior to a business combination between the Corporation and such stockholder, have been an interested stockholder but for the inadvertent acquisition of ownership or (c) any person whose ownership of shares in excess of the fifteen percent (15%) limitation set forth herein is the result of any action taken solely by the Corporation; provided that such person specified in this clause (c) shall be an interested stockholder if thereafter such person acquires additional shares of voting stock of the Corporation, except as a result of further corporate action not caused, directly or indirectly, by such person. For the purpose of determining whether a person is an interested stockholder, the voting stock of the Corporation deemed to be outstanding shall include stock deemed to be owned by the person through application of the definition of “owner” below but shall not include any other unissued stock of the Corporation which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

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1. “owner,” including the terms “own” and “owned,” when used with respect to any stock, means a person that individually or with or through any of its affiliates or associates:
   1. beneficially owns such stock, directly or indirectly; or
   2. has (a) the right to acquire such stock (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise; provided*,* however, that a person shall not be deemed the owner of stock tendered pursuant to a tender or exchange offer made by such person or any of such person’s affiliates or associates until such tendered stock is accepted for purchase or exchange; or (b) the right to vote such stock pursuant to any agreement, arrangement or understanding; provided*,* however, that a person shall not be deemed the owner of any stock because of such person’s right to vote such stock if the agreement, arrangement or understanding to vote such stock arises solely from a revocable proxy or consent given in response to a proxy or consent solicitation made to ten (10) or more persons; or
   3. has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (except voting pursuant to a revocable proxy or consent as described in item (b) of subsection (2) above), or disposing of such stock with any other person that beneficially owns, or whose affiliates or associates beneficially own, directly or indirectly, such stock.
2. “person” means any individual, corporation, partnership, unincorporated association or other entity.
3. “stock” means, with respect to any corporation, capital stock and, with respect to any other entity, any equity interest.
4. “voting stock” means stock of any class or series entitled to vote generally in the election of directors.

**ARTICLE XI – RENOUNCEMENT OF CORPORATE OPPORTUNITY**

1. Scope. The provisions of this Article XI are set forth to define, to the extent permitted by applicable law, the duties of Exempted Persons (as defined below) to the Corporation with respect to certain classes or categories of business opportunities. “Exempted Persons” means each of the TSG Entities (other than the Corporation and its subsidiaries) and all of their respective partners, principals, directors, officers, members, managers and/or employees, including any of the foregoing who serve as officers or directors of the Corporation.
2. Competition and Allocation of Corporate Opportunities. The Exempted Persons shall not have any fiduciary duty to refrain from engaging directly or indirectly in the same or

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similar business activities or lines of business as the Corporation or any of its subsidiaries. To the fullest extent permitted by applicable law, the Corporation, on behalf of itself and its subsidiaries, renounces any interest or expectancy of the Corporation and its subsidiaries in, or in being offered an opportunity to participate in, business opportunities that are from time to time available to the Exempted Persons, even if the opportunity is one that the Corporation or its subsidiaries might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so, and each such Exempted Person shall have no duty to communicate or offer such business opportunity to the Corporation (and there shall be no restriction on the Exempted Persons using the general knowledge and understanding of the Corporation and the industry in which it operates which it has gained as an Exempted Person in considering and pursuing such opportunities or in making investment, voting, monitoring, governance or other decisions relating to other entities or securities) and, to the fullest extent permitted by applicable law, shall not be liable to the Corporation or any of its subsidiaries or stockholders for breach of any fiduciary or other duty, as a director or officer or otherwise, by reason of the fact that such Exempted Person pursues or acquires such business opportunity, directs such business opportunity to another person or fails to present such business opportunity, or information regarding such business opportunity, to the Corporation or its subsidiaries, or uses such knowledge and understanding in the manner described herein.

1. Certain Matters Deemed Not Corporate Opportunities. In addition to and notwithstanding the foregoing provisions of this Article XI, a corporate opportunity shall not be deemed to belong to the Corporation if it is a business opportunity that the Corporation is not financially able or contractually permitted or legally able to undertake, or that is, from its nature, not in the line of the Corporation’s business or is of no practical advantage to it or that is one in which the Corporation has no interest or reasonable expectancy.
2. Amendment of this Article. No amendment or repeal of this Article XI in accordance with the provisions of paragraph (b) of Article IX shall apply to or have any effect on the liability or alleged liability of any Exempted Person for or with respect to any activities or opportunities of which such Exempted Person becomes aware prior to such amendment or repeal. This Article XI shall not limit any protections or defenses available to, or indemnification or advancement rights of, any director or officer of the Corporation under this Restated Certificate of Incorporation, the Corporation’s bylaws or applicable law.

**ARTICLE XII – EXCLUSIVE JURISDICTION FOR CERTAIN ACTIONS**

1. Exclusive Forum. Unless the Board of Directors or one of its committees otherwise approves, in accordance with Section 141 of the DGCL, this Restated Certificate of Incorporation and the bylaws of the Corporation, to the selection of an alternate forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery of the State of Delaware does not have jurisdiction, the Superior Court of the State of Delaware, or, if the Superior Court of the State of Delaware also does not have jurisdiction, the United States District Court for the District of Delaware) shall, to the fullest extent permitted by applicable law, be the sole and exclusive

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forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation’s stockholders, (iii) any action asserting a claim against the Corporation arising pursuant to any provision of the DGCL or the Corporation’s Restated Certificate of Incorporation or bylaws, (iv) any action to interpret, apply, enforce or determine the validity of this Restated Certificate of Incorporation or the bylaws of the Corporation or (v) any action asserting a claim against the Corporation governed by the internal affairs doctrine (each, a “Covered Proceeding”).

* 1. Personal Jurisdiction. If any action the subject matter of which is a Covered Proceeding is filed in a court other than the Court of Chancery of the State of Delaware, or, where permitted in accordance with paragraph (a) above, the Superior Court of the State of Delaware or the United States District Court for the District of Delaware, (each, a “Foreign Action”) in the name of any person or entity (a “Claiming Party”) without the prior approval of the Board of Directors or one of its committees in the manner described in paragraph (a) above, such Claiming Party shall be deemed to have consented to (i) the personal jurisdiction of the Court of Chancery of the State of Delaware, or, where applicable, the Superior Court of the State of Delaware and the United States District Court for the District of Delaware, in connection with any action brought in any such courts to enforce paragraph (a) above (an “Enforcement Action”) and

1. having service of process made upon such Claiming Party in any such Enforcement Action by service upon such Claiming Party’s counsel in the Foreign Action as agent for such Claiming Party.
   1. Notice and Consent. Any person or entity purchasing or otherwise acquiring any interest in the shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article XII and waived any argument relating to the inconvenience of the forums reference above in connection with any Covered Proceeding.

**ARTICLE XIII – SEVERABILITY**

If any provision or provisions of this Restated Certificate of Incorporation shall be held to be invalid, illegal or unenforceable as applied to any circumstance for any reason whatsoever: (i) the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Restated Certificate of Incorporation (including, without limitation, each portion of any paragraph of this Restated Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and (ii) to the fullest extent possible, the provisions of this Restated Certificate of Incorporation (including, without limitation, each such portion of any paragraph of this Restated Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to permit the Corporation to protect its directors, officers, employees and agents from personal liability in respect of their good faith service to or for the benefit of the Corporation to the fullest extent permitted by law.

*[Remainder of page intentionally left blank]*

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IN WITNESS WHEREOF, the undersigned has caused this Restated Certificate of Incorporation to be executed by the officer below this day of , 2015.

PLANET FITNESS, INC.

By:



Name: Christopher Rondeau

Title: Chief Executive Officer

[Signature Page to Restated Certificate of Incorporation]

**Exhibit 10.4**

PLA-FIT HOLDINGS, LLC

A Delaware Limited Liability Company

SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT

|  |  |
| --- | --- |
| Dated as of [ | ], 2015 |

THE LIMITED LIABILITY COMPANY INTERESTS IN PLA-FIT HOLDINGS, LLC HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, THE SECURITIES LAWS OF ANY STATE OR ANY OTHER APPLICABLE SECURITIES LAWS AND ARE BEING SOLD IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH LAWS. SUCH INTERESTS MUST BE ACQUIRED FOR INVESTMENT ONLY AND MAY NOT BE OFFERED FOR SALE, PLEDGED, HYPOTHECATED, SOLD, ASSIGNED OR TRANSFERRED AT ANY TIME EXCEPT IN COMPLIANCE WITH (I) THE SECURITIES ACT, ANY APPLICABLE SECURITIES LAWS OF ANY STATE AND ANY OTHER APPLICABLE SECURITIES LAWS; (II) THE TERMS AND CONDITIONS OF THIS LIMITED LIABILITY COMPANY AGREEMENT; AND (III) ANY OTHER TERMS AND CONDITIONS AGREED TO IN WRITING BETWEEN THE MANAGING MEMBER AND THE APPLICABLE MEMBER. THE LIMITED LIABILITY COMPANY INTERESTS MAY NOT BE TRANSFERRED OF RECORD EXCEPT IN COMPLIANCE WITH SUCH LAWS, THIS LIMITED LIABILITY COMPANY AGREEMENT, AND ANY OTHER TERMS AND CONDITIONS AGREED TO IN WRITING BY THE MANAGING MEMBER AND THE APPLICABLE

MEMBER. THEREFORE, PURCHASERS AND OTHER TRANSFEREES OF SUCH LIMITED LIABILITY COMPANY INTERESTS WILL BE REQUIRED TO BEAR THE RISK OF THEIR INVESTMENT OR ACQUISITION FOR AN INDEFINITE PERIOD OF TIME.

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**LIMITED LIABILITY COMPANY AGREEMENT**

**OF**

**PLA-FIT HOLDINGS, LLC**

**A Delaware Limited Liability Company**

This SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT of Pla-Fit Holdings, LLC (the “Company”),

dated and effective as of [ ], 2015 (this “Agreement”), is adopted, executed and agreed to, for good and valuable consideration, by and among the Members (as defined herein).

WHEREAS, the Company was formed as a limited liability company pursuant to the Delaware Limited Liability Company Act by the filing of a Certificate of Formation of a limited liability company with the Secretary of State of the State of Delaware on November 5, 2012 (the “Certificate”), and the execution of the limited liability company agreement dated November 5, 2012, as amended and restated on November 8, 2012 and further amended on April 10, 2013 and October 11, 2013 (the “Pre-IPO Agreement”);

WHEREAS, Planet Fitness, Inc., a Delaware corporation (“Planet”), a holding company that holds as its principal assets shares of subsidiaries, each of which in turn holds as its principal asset an equity interest in the Company, has entered into an underwriting agreement (i) to issue and sell to the several Underwriters named therein (the “Underwriters”) shares of its Class A Common Stock and (ii) to make a public offering of such shares of Class A Common Stock (collectively, the “IPO”);

WHEREAS, in connection with the IPO, pursuant to that certain Recapitalization Agreement dated the date hereof (the “Recapitalization Agreement”), following the pricing of the IPO and prior to the registration of Planet’s shares of Class A Common Stock under the Exchange Act, all of the outstanding limited liability company interests in the Company will be converted into Common Units (the “Recapitalization Transactions”);

WHEREAS, at such time, Planet will also issue shares of Class B Common Stock (as defined below) to the Members other than Planet and its Subsidiaries (referred to collectively as “Existing Members”), and each such share of Class B Common Stock, together with a corresponding Unit, may be exchanged for one share of Class A Common Stock or, at the election of Planet, for certain cash amounts, as described herein;

WHEREAS, the Company and the Members set forth on Exhibit A attached hereto now wish to amend and restate the Pre-IPO Agreement to give effect to the Recapitalization Transactions and to reflect the admission of Planet as a Member and as sole Managing Member of the Company; and

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties hereto, each intending to be legally bound, agree that the Pre-IPO Agreement is hereby amended and restated in its entirety as follows:

**ARTICLE I**

**DEFINITIONS**

Section 1.1. Definitions.

Unless the context otherwise requires, the following terms shall have the following meanings for purposes of this Agreement:

“Act” means the Delaware Limited Liability Company Act, 6 Del. C. Sections 18-101 et seq., as it may be amended from time to time, and any successor to the Act.

“Additional Member” means any Person that has been admitted to the Company as a Member pursuant to Section 7.4 by virtue of having received its Company Interest from the Company and not from any other Member or Assignee.

“Affiliate” when used with reference to another Person means any Person (other than the Company), directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with, such other Person. In addition, Affiliates of the Members shall include all their directors, managers, officers and employees in their capacities as such.

“Agreement” has the meaning set forth in the recitals hereto.

“Asset Purchase” means the transactions pursuant to that certain Asset Purchase Agreement, as of March 31, 2014, by and among (i) Pla-Fit Health NJNY, LLC, and (ii) Sellers, Principals and Seller Representatives (each as defined therein).

“Asset Value” of any tangible or intangible property of the Company (including goodwill) means its adjusted basis for federal income tax purposes unless:

1. the property was accepted by the Company as a contribution to capital at a value different than its adjusted basis, in which event the initial Asset Value for such property means the Fair Market Value of such asset, as determined by the Managing Member; or
2. as a consequence of the issuance of additional Units or the redemption of all or part of the Company Interest of a Member, the property of the Company is revalued in accordance with Section 3.4(b) (“Revaluations of Assets and Capital Account Adjustments”).

As of any date, references to the “then prevailing Asset Value” of any property means the Asset Value last determined for such property less the depreciation, amortization and cost recovery deductions taken into account in computing Net Income or Net Loss in fiscal periods subsequent to such prior determination date.

“Assignee” means any Transferee to which a Member or another Assignee has Transferred all or a portion of its interest in the Company in accordance with the terms of this Agreement, but that is not admitted to the Company as a Member.

“Bankruptcy” means, with respect to any Person, (A) if such Person (i) makes an assignment for the benefit of creditors, (ii) files a voluntary petition in bankruptcy, (iii) is adjudged a bankrupt or insolvent, or has entered against it an order for relief, in any bankruptcy or insolvency proceedings,

1. files a petition or answer seeking for itself any reorganization, arrangement, composition, readjustment, liquidation or similar relief under any statute, law or regulation, (v) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against it in any proceeding of this nature, (vi) seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator of the Person or of all or any substantial part of its properties, or (B) if 120 days after the commencement of any proceeding against the Person seeking reorganization, arrangement, composition, readjustment, liquidation or similar relief under any statute, law or regulation, if the proceeding has not been dismissed, or

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if within 90 days after the appointment without such Person’s consent or acquiescence of a trustee, receiver or liquidator of such Person or of all or any substantial part of its properties, the appointment is not vacated or stayed, or within 90 days after the expiration of any such stay, the appointment is not vacated. The foregoing definition of “Bankruptcy” is intended to replace and shall supersede and replace the definition of “Bankruptcy” set forth in Sections 18-101(1) and 18-304 of the Act.

“Business Day” means any day other than a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required to close.

“Capital Account” means the capital account maintained for a Member pursuant to Section 3.4.

“Certificate” has the meaning set forth in the recitals hereto.

“Class A Common Stock” means the Class A common stock, par value $0.01 per share, of Planet.

“Class B Common Stock” means the Class B common stock, par value $0.01 per share, of Planet.

“Code” means the United States Internal Revenue Code of 1986, as amended from time to time.

“Common Units” has the meaning set forth in Section 3.1(a).

“Common Stock” means, collectively, the Class A Common Stock and the Class B Common Stock.

“Company” has the meaning set forth in the recitals hereto.

“Company Interest” means, with respect to each Member, such Member’s economic interest and rights as a Member.

“Company Interest Certificate” has the meaning set forth in Section 3.8(b).

“Control” means, when used with reference to any Person, the power to direct the management or policies of such Person, directly or indirectly, by or through stock or other equity ownership, agency or otherwise, or pursuant to or in connection with an agreement, arrangement or other understanding (written or oral); and the terms “controlling” and “controlled” shall have meanings correlative to the foregoing.

“Equity Securities” means, as applicable, (i) any capital stock, limited liability company or membership interests, partnership interests, or other equity interest, (ii) any securities directly or indirectly convertible into or exchangeable for any capital stock, limited liability company or membership interests, partnership interests, or other equity interest or containing any profit participation features, (iii) any rights or options directly or indirectly to subscribe for or to purchase any capital stock, limited liability company or membership interests, partnership interest, other equity interest or securities containing any profit participation features or to subscribe for or to purchase any securities directly or indirectly convertible into or

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exchangeable for any capital stock, limited liability company or membership interests, partnership interest, other equity interests or securities containing any profit participation features, (iv) any equity appreciation rights, phantom equity rights or other similar rights, or (v) any Equity Securities issued or issuable with respect to the securities referred to in clauses (i) through (iv) above in connection with a combination, recapitalization, merger, consolidation or other reorganization.

“Exchange” means an exchange of a Unit, combined with a share of Class B Common Stock, for a share of Class A Common Stock in accordance with the Exchange Agreement.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Exchange Agreement” means the Exchange Agreement by and among Planet, the Company and certain holders of Units to be entered into in connection with the IPO and the Recapitalization Transactions, as it may be amended from time to time, or any successor agreement.

“Existing Members” has the meaning set forth in the recitals hereto.

“Fair Market Value” means (i) in reference to a particular Common Unit or other Equity Security issued by the Company or, as the case may be, all of the outstanding Common Units or other Equity Securities issued by the Company, the hypothetical amount that would be distributed with respect to such Unit(s) or Equity Security(ies), as determined pursuant to an appraisal, which appraisal shall be subject to the approval of the Managing Member, performed at the expense of the Company by (A) the Company or any of its Subsidiaries or (B) an investment bank, accounting firm or other Person of national standing having particular expertise in the valuation of businesses comparable to that of the Company selected by the Managing Member, and where such appraisal (1) determines the net equity value of the Company, and (2) assumes the distribution to the Members pursuant to Section 4.1 and ARTICLE VII of the proceeds that would hypothetically be received with respect to such Unit(s) or other Equity Security(ies) issued by the Company based on such net equity value, and (ii) in reference to assets or securities other than Common Units or other Equity Securities issued by the Company, the fair market value for such assets or securities as between a willing buyer and a willing seller in an arm’s length transaction occurring on the date of valuation, taking into account all relevant factors determinative of value, as is determined by the Managing Member in its sole discretion.

“FATCA” has the meaning set forth in Section 8.4(f).

“Fiscal Year” means the taxable year of the Company.

“GAAP” means accounting principles generally accepted in the United States of America, consistently applied and maintained throughout the applicable periods.

“Good Faith” shall mean a Person having acted in good faith and in a manner such Person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to a criminal proceeding, having had no reasonable cause to believe such Person’s conduct was unlawful.

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“Governmental Entity” means the United States of America or any other nation, any state or other political subdivision thereof, or any entity exercising executive, legislative, judicial, regulatory or administrative functions of government, including any court, in each case, having jurisdiction over the Company or any of its Subsidiaries or any of the property or other assets of the Company or any of its Subsidiaries.

“HSR Act” has the meaning set forth in Section 7.2(f).

“Indemnified Person” has the meaning set forth in Section 6.4.

“IPO” means the initial public offering and sale of Class A Common Stock of Planet (as contemplated by Planet’s Registration Statement on Form S-1 (File No. 333-[ ])).

“Managing Member” means Planet, and any assignee to which the managing member of the Company Transfers all of its Common Units and other Equity Securities of the Company that is admitted to the Company as the managing member of the Company, in its capacity as the managing member of the Company.

“Member” means each Person listed on the Schedule of Members on the date hereof (including the Managing Member) and each other Person who is hereafter admitted as a Member in accordance with the terms of this Agreement and the Act. The Members shall constitute the “members” (as such term is defined in the Act) of the Company. Any reference in this Agreement to any Member shall include such Member’s Successors in Interest to the extent such Successors in Interest have become Substituted Members in accordance with the provisions of this Agreement. Except as otherwise set forth herein or in the Act, the Members shall constitute a single class or group of members of the Company for all purposes of the Act and this Agreement.

“Net Income” or “Net Loss” means, for any taxable year or relevant part thereof, the Company’s taxable income or loss for federal income tax purposes for such period (including all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code), with the following adjustments:

1. Gain or loss attributable to the disposition of property of the Company with an Asset Value different from the adjusted basis of such property for federal income tax purposes shall be computed with respect to the Asset Value of such property, and any tax gain or loss not included in Net Income or Net Loss shall be taken into account and allocated for federal income tax purposes among the Members pursuant to Section 5.2.
2. In lieu of the depreciation, amortization or other cost recovery deductions taken into account in computing such taxable income or loss, depreciation, amortization or cost recovery deductions allowable with respect to any property the Asset Value of which differs from its adjusted tax basis for federal income tax purposes shall be equal to an amount that bears the same ratio to such beginning Asset Value as the federal income tax depreciation, amortization or other cost recovery deductions for such period bear to such beginning adjusted tax basis; provided, however, that if the adjusted tax basis of the property at the beginning of such period is zero, depreciation shall be determined with respect to such asset using any reasonable method selected by the Managing Member.
3. Any items that are required to be specially allocated pursuant to Section 5.1(b) shall not be taken into account in determining Net Income or

Net Loss.

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“Officer” means each Person designated as an officer of the Company by the Managing Member pursuant to and in accordance with the provisions of Section 6.2.

“Pass-Through Entity” has the meaning set forth in Section 6.5.

“Person” means an individual, a partnership (including a limited partnership), a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, association or other entity or a Governmental Entity.

“Planet” has the meaning set forth in the recitals hereto.

“Planet Group” means Planet and any Subsidiary of Planet (other than, for clarity, the Company).

“Pledge” means pledge, grant a security interest in, create a lien on, assign the right to receive distributions or proceeds from, or otherwise encumber, directly or indirectly, or any act of the foregoing.

“Pre-IPO Agreement” has the meaning set forth in the recitals hereto.

“Pricing” means such date and time as the Board or the pricing committee thereof determines.

“Proceeding” has the meaning set forth in Section 6.4.

“Recapitalization Agreement” means the Recapitalization Agreement, dated the date hereof, by and among Planet Fitness, Inc., Pla-Fit Holdings, LLC and the Unit-holders of Pla-Fit Holdings, LLC, as it may be amended from time to time, or any successor agreement.

“Recapitalization Transactions” has the meaning set forth in the recitals hereto.

“Registration Rights Agreement” means the Registration Rights Agreement by and among Planet and the parties named therein to be executed in connection with the IPO and the Recapitalization Transactions, as it may be amended from time to time, or any successor agreement.

“Regulatory Allocations” has the meaning set forth in Section 5.1(b).

“Securities Act” means the Securities Act of 1933, as amended.

“Schedule of Members” has the meaning set forth in Section 3.1(b).

“Subsidiary” means, with respect to any Person, any corporation, limited liability company, partnership, association or business entity of which

1. if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (ii) if a limited liability company,

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partnership, association or other business entity (other than a corporation), a majority of partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by any Person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a limited liability company, partnership, association or other business entity (other than a corporation) if such Person or Persons shall be allocated a majority of limited liability company, partnership, association or other business entity gains or losses or shall control the management of any such limited liability company, partnership, association or other business entity. For purposes hereof, references to a “Subsidiary” of any Person shall be given effect only at such times that such Person has one or more Subsidiaries and, unless otherwise indicated, the term “Subsidiary” refers to a Subsidiary of the Company.

“Substituted Member” means any Person that has been admitted to the Company as a Member pursuant to Section 7.4 by virtue of such Person receiving all or a portion of a Company Interest from a Member or an Assignee and not from the Company.

“Successor in Interest” means any (i) trustee, custodian, receiver or other Person acting in any Bankruptcy or reorganization proceeding with respect to, (ii) assignee for the benefit of the creditors of, (iii) trustee or receiver, or current or former officer, director or partner, or other fiduciary acting for or with respect to the dissolution, liquidation or termination of, or (iv) other executor, administrator, committee, legal representative or other successor or assign of, any Member, whether by operation of law or otherwise.

“Takeover Law” has the meaning set forth in Section 6.6.

“Tax Distribution” has the meaning set forth in Section 4.4.

“Tax Distribution Date” has the meaning set forth in Section 4.4.

“Tax Matters Member” has the meaning set forth in Section 8.4(d).

“Tax Receivable Agreement” means the Tax Receivable Agreement among the Managing Member, the Company and certain holders of Units party thereto, entered into in connection with the IPO and the Recapitalization Transactions, as it may be amended from time to time, or any successor agreement.

“Trading Day” means a day on which the New York Stock Exchange or such other principal United States securities exchange on which the shares of Class A Common Stock is listed or admitted to trading is open for the transaction of business (unless such trading shall have been suspended for the entire day), or if the shares of Class A Common Stock are not listed or admitted to trading on such an exchange, on the automated quotation system on which the shares of Class A Common Stock are then authorized for quotation.

“Transfer” means sell, assign, convey, contribute, give, or otherwise transfer, whether directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise (including a transfer by way of entering into a financial instrument or contract the value of which was determined in whole or part by reference to the Company (including the amount of Company distributions, the value of Company assets or the results of Company operations)), or any act of the foregoing, but excludes a Pledge or any act of Pledging. For the avoidance of

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doubt, a Transfer of a Unit includes an Exchange of such Unit. The terms “Transferee,” “Transferor,” “Transferred,” “Transferring Member,” “Transferor Member” and other forms of the word “Transfer” shall have the correlative meanings.

“Treasury Regulations” means the regulations, including temporary regulations, promulgated by the United States Treasury Department under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

“Underwriters” has the meaning set forth in the recitals hereto.

“Units” mean the Common Units (vested or unvested) and any other class of membership interests in the Company denominated as “Units” that is established in accordance with this Agreement, entitling the holders thereof to the relative rights, title and interests in the profits, losses, deductions and credits of the Company at any particular time as set forth in this Agreement, and any and all other benefits to which a holder thereof may be entitled as a Member as provided in this Agreement, together with the obligations of such Member to comply with all terms and provisions of this Agreement.

“Unvested Common Units” has the meaning set forth in Section 3.3.

“Voting Securities” mean any securities of Planet which are entitled to vote generally in matters submitted for a vote of Planet’s stockholders or generally in the election of Planet’s Board of Directors.

Section 1.2. Terms Generally. In this Agreement, unless otherwise specified or where the context otherwise requires:

1. the headings of particular provisions of this Agreement are inserted for convenience only and will not be construed as a part of this Agreement or serve as a limitation or expansion on the scope of any term or provision of this Agreement;
2. words importing any gender shall include other genders;
3. words importing the singular only shall include the plural and vice versa;
4. the words “include,” “includes” or “including” shall be deemed to be followed by the words “without limitation”;
5. the words “hereof,” “herein” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement;
6. references to “Articles,” “Exhibits,” “Sections” or “Schedules” shall be to Articles, Exhibits, Sections or Schedules of or to this Agreement;
7. references to any Person include the successors and permitted assigns of such Person;
8. the use of the words “or,” “either” and “any” shall not be exclusive;

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1. wherever a conflict exists between this Agreement and any other agreement among parties hereto, this Agreement shall control but solely to the extent of such conflict;
2. references to “$” or “dollars” means the lawful currency of the United States of America;
3. references to any agreement, contract or schedule, unless otherwise stated, are to such agreement, contract or schedule as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof; and
4. the parties hereto have participated collectively in the negotiation and drafting of this Agreement; accordingly, in the event an ambiguity or question of intent or interpretation arises, it is the intention of the parties that this Agreement shall be construed as if drafted collectively by the parties hereto, and that no presumption or burden of proof shall arise favoring or disfavoring any party hereto by virtue of the authorship of any provisions of this Agreement.

**ARTICLE II**

**GENERAL PROVISIONS**

Section 2.1. Formation. The Company was formed as a Delaware limited liability company on November 5, 2012 pursuant to the Delaware Limited Liability Company Act by the execution and filing of a Certificate of Formation of a limited liability company with the Delaware Secretary of State on November 5, 2012. The Members agree to continue the Company as a limited liability company under the Act, upon the terms and subject to the conditions set forth in this Agreement. The rights, powers, duties, obligations and liabilities of the Members shall be determined pursuant to the Act and this Agreement. To the extent that the rights, powers, duties, obligations and liabilities of any Member are different by reason of any provision of this Agreement than they would be in the absence of such provision, this Agreement shall, to the extent permitted by the Act, control.

Section 2.2. Name. The name of the Company is “Pla-Fit Holdings, LLC,” and all Company business shall be conducted in that name or in such other names that comply with applicable law as the Managing Member may select from time to time. Subject to the Act, the Managing Member may change the name of the Company (and amend this Agreement to reflect such change) at any time and from time to time without the consent of any other Person. Prompt notification of any such change shall be given to all Members.

Section 2.3. Term. The term of the Company commenced on the date the Certificate was filed with the office of the Secretary of State of the State of Delaware and shall continue in existence perpetually until termination in accordance with the provisions of Section 7.2(d) and the Act.

Section 2.4. Purpose; Powers.

1. Managing Powers. The nature of the business or purposes to be conducted or promoted by the Company is to engage in any lawful act or activity for which limited liability companies may be formed under the Act. The Company may engage in any and all activities

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necessary, desirable or incidental to the accomplishment of the foregoing. Notwithstanding anything herein to the contrary, nothing set forth herein shall be construed as authorizing the Company to possess any purpose or power, or to do any act or thing, forbidden by law to a limited liability company formed under the laws of the State of Delaware.

1. Company Action. Subject to the provisions of this Agreement and except as prohibited by the Act, (i) the Company may, with the approval of the Managing Member, enter into and perform any and all documents, agreements and instruments, all without any further act, vote or approval of any Member and (ii) the Managing Member may authorize any Person (including any Member or Officer) to enter into and perform any document on behalf of the Company.

Section 2.5. Existence and Good Standing; Foreign Qualification. The Managing Member may take all action which may be necessary or appropriate (i) for the continuation of the Company’s valid existence as a limited liability company under the laws of the State of Delaware (and of each other jurisdiction in which such existence is necessary to enable the Company to conduct the business in which it is engaged) and (ii) for the maintenance, preservation and operation of the business of the Company in accordance with the provisions of this Agreement and applicable laws and regulations. The Managing Member may file or cause to be filed for recordation in the office of the appropriate authorities of the State of Delaware, and in the proper office or offices in each other jurisdiction in which the Company is formed or qualified, such certificates (including certificates of limited liability companies and fictitious name certificates) and other documents as are required by the applicable statutes, rules or regulations of any such jurisdiction or as are required to reflect the identity of the Members and the amounts of their respective capital contributions. The Managing Member may cause the Company to comply, to the extent procedures are available and those matters are reasonably within the control of the Officers, with all requirements necessary to qualify the Company as a foreign limited liability company in any jurisdiction other than the State of Delaware.

Section 2.6. Registered Office; Registered Agent; Principal Office; Other Offices. The registered office of the Company required by the Act to be maintained in the State of Delaware shall be the office of the initial registered agent named in the Certificate or such other office (which need not be a place of business of the Company) as the Managing Member may designate from time to time in the manner provided by law. The registered agent of the Company in the State of Delaware shall be the initial registered agent named in the Certificate or such other Person or Persons as the Managing Member may designate from time to time in the manner provided by law. The principal office of the Company shall be at such place as the Managing Member may designate from time to time, which need not be in the State of Delaware, and the Company shall maintain records at such place. The Company may have such other offices as the Managing Member may designate from time to time.

Section 2.7. Admission. The Managing Member is hereby admitted as a member of the Company upon its execution of a counterpart signature page to this Agreement and each member of the Company immediately prior to the effectiveness of this Agreement shall continue as a Member hereunder.

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**ARTICLE III**

**CAPITALIZATION**

Section 3.1. Units; Initial Capitalization; Schedules.

1. Limited Liability Company Interests. Interests in the Company shall be represented by Units, or such other Equity Securities in the Company, or such other Company securities, in each case as the Managing Member may establish in its sole discretion in accordance with the terms hereof. As of the date hereof, the Units are comprised of one class of Units (“Common Units”).
2. Schedule of Members. The Company shall maintain a schedule, from time to time amended and supplemented, in the form of Exhibit A hereto setting forth the name and address of each Member, and the number of Units and/or Equity Securities owned by such Member (such schedule, the “Schedule of Members”). The Schedule of Members, as amended and supplemented from time to time, shall be the definitive record of ownership of each Unit or other Equity Security in the Company. All Members acknowledge, and hereby agree, that the Schedule of Members is confidential to the Company and that each Member is only entitled to view the portion of the Schedule of Members representing his, her or its membership interest in the Company. The Company shall be entitled to recognize the exclusive right of a Person registered on its records as the owner of Units or other Equity Securities in the Company for all purposes and shall not be bound to recognize any equitable or other claim to or interest in Units or other Equity Securities in the Company on the part of any other Person, whether or not it shall have express or other notice thereof, except as otherwise provided by the Act.
3. As of the date hereof, each Member owns the number of Common Units set forth opposite the name of such Member in the Schedule of Members set forth in Exhibit A hereto.

Section 3.2. Authorization and Issuance of Additional Units.

* 1. The Managing Member may issue additional Common Units and/or establish and issue other classes of Units, other Equity Securities in the Company or other Company securities from time to time with such rights, obligations, powers, designations, preferences and other terms, which may be different from, including senior to, any then-existing or future classes of Units, other Equity Securities in the Company or other Company securities, as the Managing Member shall determine from time to time, in its sole discretion, without the vote or consent of any other Member or any other Person, including

1. the right of such Units, other Equity Securities in the Company or other Company securities to share in Net Income and Net Loss or items thereof; (ii) the right of such Units, other Equity Securities in the Company or other Company securities to share in Company distributions; (iii) the rights of such Units, other Equity Securities or other Company securities upon dissolution and liquidation of the Company; (iv) whether, and the terms and conditions upon which, the Company may or shall be required to redeem such Units, other Equity Securities in the Company or other Company securities (including sinking fund provisions); (v) whether such Units, other Equity Securities in the Company or other Company securities are issued with the privilege of conversion or exchange and, if so, the terms and conditions of such conversion or exchange; (vi) the terms and conditions upon which such Units, other Equity Securities in the Company or other Company securities will

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be issued, evidenced by certificates or assigned or transferred; (vii) the terms and conditions of the issuance of such Units, other Equity Securities in the Company or other Company securities (including the amount and form of consideration, if any, to be received by the Company in respect thereof, the Managing Member being expressly authorized, in its sole discretion, to cause the Company to issue Units, other Equity Securities in the Company or other Company securities for less than Fair Market Value); and (viii) the right, if any, of the holder of such Units, other Equity Securities in the Company or other Company securities to vote on Company matters, including matters relating to the relative designations, preferences, rights, powers and duties of such Units, other Equity Securities in the Company or other Company securities. The Managing Member, without the vote or consent of any other Member or any other Person, is authorized (i) to issue any Units, other Equity Securities in the Company or other Company securities of any such newly established class or any existing class and (ii) to amend this Agreement to reflect the creation of any such new class, the issuance of Units, other Equity Securities in the Company or other Company securities of such class, and the admission of any Person as a Member which has received Units or other Equity Securities of any such class, in accordance with Sections 3.2, 7.4 and 9.4. Except as expressly provided in this Agreement to the contrary, any reference to “Units” shall include the Common Units and any other classes of Units that may be established in accordance with this Agreement.

* 1. Notwithstanding the foregoing or anything else to the contrary in this Agreement, if at any time Planet issues a share of its Class A Common Stock (including in the IPO) or any other Equity Security of Planet (other than shares of Class B Common Stock), (i) the Company shall issue to Planet (or one or more Subsidiaries of Planet) one Common Unit (if Planet issues a share of Class A Common Stock), or such other Equity Security of the Company (if Planet issues Equity Securities other than Class A Common Stock) corresponding to the Equity Security issued by Planet, and with the rights to dividends and distributions (including distributions upon liquidation) and other economic rights as are determined in Good Faith to correspond to those of such Equity Securities of Planet and (ii) the net proceeds received by Planet with respect to the corresponding share of Class A Common Stock or other Equity Security, if any, shall be concurrently transferred (directly or indirectly through one or more Subsidiaries of Planet) to the Company; provided, however, that if Planet issues any shares of Class A Common Stock (including in the IPO) or other Equity Securities some or all of the net proceeds of which are to be used to fund expenses or other obligations of Planet for which Planet (or one or more Subsidiaries of Planet) would be permitted a cash distribution pursuant to clause

1. of Section 4.3, then, Planet shall not be required to transfer such net proceeds to the Company which are used or will be used to fund such expenses or obligations; provided, further, that if Planet issues any shares of Class A Common Stock in order to acquire for stock or cash from a Member a number of Common Units (together with an equal number of shares of Class B Common Stock) equal to the number of shares of Class A Common Stock so issued, then the Company shall not issue any new Common Units in connection therewith and Planet shall not be required to transfer (directly or indirectly) such net proceeds to the Company (it being understood that such net proceeds shall instead be transferred to such Member as consideration for such purchase). Notwithstanding the foregoing, this Section 3.2(b) and Section 3.2(c) shall not apply to the issuance and distribution to holders of shares of Planet Class A Common Stock of rights to purchase Equity Securities of the Planet under a “poison pill” or similar shareholders’ rights plan (it being understood that upon Exchange of Common Units for Class A Common Stock, such Class A Common Stock will be issued together with any such corresponding right),

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or to the issuance under Planet’s employee benefit plans of any warrants, options, other rights to acquire Equity Securities of Planet or rights or property that may be converted into or settled in Equity Securities of Planet, but shall in each of the foregoing cases apply to the issuance of Equity Securities of Planet in connection with the exercise or settlement of such rights, warrants, options or other rights or property (for cash or other consideration in accordance with their terms or otherwise). Except for transactions pursuant to the Exchange Agreement, (x) the Company may not issue any additional Common Units to any member of the Planet Group unless substantially simultaneously Planet issues or sells an equal number of shares of Planet’s Class A Common Stock to another Person, and (y) the Company may not issue any other Equity Securities of the Company to any member of the Planet Group unless substantially simultaneously Planet issues or sells, to another Person, an equal number of shares of a new class or series of Equity Securities of Planet with the rights to dividends and distributions (including distributions upon liquidation) and other economic rights as are determined in Good Faith to correspond to those of such Equity Securities of the Company.

1. Planet may not redeem, repurchase or otherwise acquire any shares of Class A Common Stock (including upon forfeiture of any unvested shares of Class A Common Stock) unless Planet causes the Company to substantially simultaneously redeem, repurchase or otherwise acquire from a member of the Planet Group an equal number of Common Units for the same price per security, and Planet may not redeem, repurchase or otherwise acquire any other Equity Securities of Planet unless Planet causes the Company to substantially simultaneously redeem, repurchase or otherwise acquire from a member of the Planet Group an equal number of Equity Securities of the Company of a corresponding class or series for the same price per security. The Company may not redeem, repurchase or otherwise acquire any Common Units from a member of the Planet Group unless substantially simultaneously Planet redeems, repurchases or otherwise acquires an equal number of shares of Class A Common Stock for the same price per security from holders thereof, and the Company may not redeem, repurchase or otherwise acquire any other Equity Securities of the Company from a member of the Planet Group unless substantially simultaneously Planet redeems, repurchases or otherwise acquires for the same price per security an equal number of Equity Securities of Planet of a corresponding class or series. Notwithstanding the foregoing, to the extent that any consideration payable to Planet in connection with the redemption or repurchase of any shares of Class A Common Stock or other Equity Securities of Planet consists (in whole or in part) of shares of Class A Common Stock or such other Equity Securities (including in connection with the cashless exercise of an option or warrant), then the redemption or repurchase of the corresponding Common Units or other Equity Securities of the Company shall be effectuated in an equivalent manner.
2. The Company shall not in any manner effect any subdivision (by any stock split, stock dividend, reclassification, recapitalization or otherwise) or combination (by reverse stock split, reclassification, recapitalization or otherwise) of the outstanding Common Units unless accompanied by an identical subdivision or combination, as applicable, of the outstanding Class A Common Stock with corresponding changes made with respect to any other exchangeable or convertible securities. Planet shall not in any manner effect any subdivision (by any stock split, stock dividend, reclassification, recapitalization or otherwise) or combination (by reverse stock split, reclassification, recapitalization or otherwise) of the outstanding Class A Common Stock unless accompanied by an identical subdivision or combination, as applicable, of the outstanding Common Units, with corresponding changes made with respect to any other exchangeable or convertible securities.

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1. Notwithstanding anything to the contrary, it is the intention of the Members that the Planet Group collectively owns an aggregate number of Common Units of the Company that is equal to the aggregate number of outstanding shares of Class A Common Stock of Planet (subject to the second sentence of Section 3.2(b)), and this Section 3.2 shall be interpreted consistent with such intent, and in the event that a member of the Planet Group acquires from other Members any Common Units and such acquisition results in the Planet Group collectively owning an aggregate number of Common Units of the Company that exceeds the aggregate number of outstanding shares of Class A Common Stock of Planet (subject to the second sentence of Section 3.2(b)), the Managing Member may cause a recapitalization or other similar adjustment regarding the Company and the number of shares of Class B Common Stock held by a Member (or a recapitalization or other similar adjustment regarding Planet) such that (x) the Planet Group collectively owns an aggregate number of Common Units of the Company that is equal to the aggregate number of outstanding shares of Class A Common Stock of Planet (subject to the second sentence of Section 3.2(b)) and (y) the Members maintain to the maximum extent possible the economic sharing arrangement among the Members as in place immediately prior to such recapitalization or other adjustment.

Section 3.3. Vesting of Unvested Common Units. Unvested Common Units shall vest according to the following: Notwithstanding anything in this Agreement to the contrary: (i) the Units held by any Member as a result of the conversion of Class M Units (as defined in the Pre-IPO Agreement) pursuant to the Recapitalization Agreement, which as of the date hereof are subject to any vesting, forfeiture or similar provisions pursuant to the Pre-IPO Agreement or in any applicable unit award agreement or other agreement or plan pursuant to which such Unvested Common Units were issued (in each case, “Unvested Common Units”) shall continue to be subject to such vesting, forfeiture or similar provisions; and (ii) no Member may Transfer any Unvested Common Units. A Unit shall cease to be an Unvested Common Unit at such time as such Unit ceases to be subject to such vesting, forfeiture or similar provisions in accordance with its terms. With respect to each share of Class B Common Stock issued to a Member relating to an Unvested Common Unit, such Member agrees that each such share of Class B Common Stock will also be subject to the same vesting restrictions applicable to such corresponding Unvested Common Unit.

Section 3.4. Capital Accounts.

1. Capital Accounts. A separate account (each a “Capital Account”) shall be established and maintained for each Member which:
   1. shall be increased by (i) the amount of cash and the Fair Market Value of any other property contributed (or deemed contributed) by such Member to the Company as a capital contribution (net of liabilities secured by such property or that the Company assumes or takes the property subject to) and (ii) such Member’s share of the Net Income (and other items of income and gain) of the Company; and
   2. shall be reduced by (i) the amount of cash and the Fair Market Value of any other property distributed to such Member (net of liabilities secured by such property or that the Member assumes or takes the property subject to) and (ii) such Member’s share of the Net Loss (and other items of loss and deduction) of the Company.

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The Capital Accounts as of the date hereof, as adjusted for the revaluation that will occur under Section 3.4(b) in connection with the direct or indirect investment in the Company by Planet that is expected to occur as of the date hereof, are set forth on Schedule 3.4. It is the intention of the Members that the Capital Accounts of the Company be maintained in accordance with the provisions of Section 704(b) of the Code and the Treasury Regulations thereunder and that this Agreement be interpreted consistently therewith. Notwithstanding anything expressed or implied to the contrary in this Agreement, in the event the Managing Member shall determine, in its sole and absolute discretion, that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto, are computed in order to effectuate the intended economic sharing arrangement of the Members or comply with the principles of Section 704(b) of the Code and the Treasury Regulations thereunder, the Managing Member may make such modification, notwithstanding any other provision hereof, without the consent of any other Person.

1. Revaluations of Assets and Capital Account Adjustments. Unless otherwise determined by the Managing Member, immediately preceding the issuance of additional Units in exchange for cash, property or services to a new or existing Member and upon the redemption of any portion of an interest in the Company of any Member (or such other times as may be determined by the Managing Member), the then prevailing Asset Values of the Company shall be adjusted to equal their respective gross Fair Market Values and any increase in the net equity value of the Company (Asset Values less liabilities) shall be credited to the Capital Accounts of the Members in the same manner as Net Income is credited under Section 5.1 (or any decrease in the net equity value of the Company shall be debited in the same manner as Net Loss is debited under Section 5.1). The Capital Accounts of the Company shall be revalued immediately prior to the (direct or indirect) investment by Planet in the Company that is expected to occur as of the date hereof.
2. Additional Capital Account Adjustments. Additional Capital Account Adjustments. Any income of the Company that is exempt from federal income tax shall be credited to the Capital Accounts of the Members in the same manner as Net Income is credited under Section 5.1 when such income is realized. Any expenses or expenditures of the Company which may neither be deducted nor capitalized for tax purposes (or are so treated for tax purposes) shall be debited to the Capital Accounts of the Members in the same manner as Net Loss is debited under Section 5.1. If any special adjustments are made to or with respect to Company property pursuant to Code Sections 734(b) or 743(b), Capital Accounts shall be adjusted to the extent required by the Treasury Regulations under Section 704 of the Code. The amount by which the Fair Market Value of any property to be distributed in kind to the Members exceeds or is less than the then-prevailing Asset Value of such property shall, to the extent not otherwise recognized by the Company, be taken into account in determining Net Income and Net Loss and determining the Capital Accounts of the Members as if such property had been sold at its Fair Market Value immediately prior to such distribution.
3. Additional Capital Account Provisions. No Member shall have the right to demand a return of all or any part of such Member’s capital contributions to the Company. Any return of the capital contributions of any Member shall be made solely from the assets of the

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Company and only in accordance with the terms of this Agreement. Except to the extent otherwise expressly provided for in this Agreement, no interest shall be paid to any Member with respect to such Member’s capital contributions or Capital Account. In the event that all or a portion of the Units of a Member are transferred in accordance with this Agreement, the transferee of such Units shall also succeed to all or the relevant portion of the Capital Account of the transferor. Units held by a Member may not be transferred independently of the Company Interest to which the Units relate.

Section 3.5. No Withdrawal. No Person shall be entitled to withdraw any part of such Member’s capital contributions to the Company or Capital Account or to receive any distribution from the Company, except as expressly provided herein.

Section 3.6. Loans From Members. Loans by Members to the Company shall not be considered capital contributions to the Company. If any Member shall loan funds to the Company, then the making of such loans shall not result in any increase in the Capital Account balance of such Member. The amount of any such loans shall be a debt of the Company to such Member and shall be payable or collectible in accordance with the terms and conditions upon which such loans are made.

Section 3.7. No Right of Partition. To the fullest extent permitted by law, no Member shall have the right to seek or obtain partition by court decree or operation of law of any property of the Company or any of its Subsidiaries or the right to own or use particular or individual assets of the Company or any of its Subsidiaries, or, except as expressly contemplated by this Agreement, be entitled to distributions of specific assets of the Company or any of its Subsidiaries.

Section 3.8. Non-Certification of Units; Legend; Units are Securities.

1. Units shall be issued in non-certificated form; provided that the Managing Member may cause the Company to issue certificates to a Member representing the Units held by such Member.
2. If the Managing Member determines that the Company shall issue certificates representing Units to any Member, the following provisions of this Section 3.8 shall apply:
   1. The Company shall issue one or more certificates in the name of such Person in such form as it may approve, subject to Section 3.8(b)
3. (a “Company Interest Certificate”), which shall evidence the ownership of the Units represented thereby. Each such Company Interest Certificate shall be denominated in terms of the number of Units evidenced by such Company Interest Certificate and shall be signed by the Managing Member or an Officer on behalf of the Company.
   1. Each Company Interest Certificate shall bear a legend substantially in the following form:

This certificate evidences a Common Unit representing an interest in Pla-Fit Holdings, LLC and shall constitute a “security” within the meaning of, and shall be governed by, (i) Article 8 of the Uniform Commercial Code (including

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Section 8-102(a)(15) thereof) as in effect from time to time in the State of Delaware, and (ii) the corresponding provisions of the Uniform Commercial Code of any other applicable jurisdiction that now or hereafter substantially includes the 1994 revisions to Article 8 thereof as adopted by the American Law Institute and the National Conference of Commissioners on Uniform State Laws and approved by the American Bar Association on February 14, 1995.

The interests in Pla-Fit Holdings, LLC represented by this certificate are subject to restrictions on transfer set forth in the Limited Liability

Company Agreement of Pla-Fit Holdings, LLC, dated as of [ ], 2015, by and among each of the members from time to time party thereto, as the same may be amended from time to time.

1. Each Unit shall constitute a “security” within the meaning of, and shall be governed by, (i) Article 8 of the Uniform Commercial Code (including Section 8-102(a)(15) thereof) as in effect from time to time in the State of Delaware, and (ii) the corresponding provisions of the Uniform Commercial Code of any other applicable jurisdiction that now or hereafter substantially includes the 1994 revisions to Article 8 thereof as adopted by the American Law Institute and the National Conference of Commissioners on Uniform State Laws and approved by the American Bar Association on February 14, 1995.
2. The Company shall issue a new Company Interest Certificate in place of any Company Interest Certificate previously issued if the holder of the Units represented by such Company Interest Certificate, as reflected on the books and records of the Company:
   1. makes proof by affidavit, in form and substance satisfactory to the Company, that such previously issued Company Interest Certificate has been lost, stolen or destroyed;
   2. requests the issuance of a new Company Interest Certificate before the Company has notice that such previously issued Company Interest Certificate has been acquired by a purchaser for value in Good Faith and without notice of an adverse claim;
   3. if requested by the Company, delivers to the Company such security, in form and substance satisfactory to the Company, as the Managing Member may direct, to indemnify the Company against any claim that may be made on account of the alleged loss, destruction or theft of the previously issued Company Interest Certificate; and
   4. satisfies any other reasonable requirements imposed by the Company.
3. Upon a Member’s Transfer in accordance with the provisions of this Agreement of any or all Units represented by a Company Interest Certificate, the Transferee of such Units shall deliver such Company Interest Certificate, duly endorsed

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for Transfer by the Transferee, to the Company for cancellation, and the Company shall thereupon issue a new Company Interest Certificate to such Transferee for the number of Units being Transferred and, if applicable, cause to be issued to such Transferring Member a new Company Interest Certificate for the number of Units that were represented by the canceled Company Interest Certificate and that are not being Transferred.

Section 3.9. Exchange of Units for Common Stock. Each Unit, combined with a share of Class B Common Stock, may be exchanged for a share of Class A Common Stock in the manner set forth in the Exchange Agreement.

**ARTICLE IV**

**DISTRIBUTIONS**

Section 4.1. Distributions. Except as described in the Exchange Agreement, this Article IV and/or Section 7.2, distributions (other than Tax Distributions) shall be made to the Members as and when determined by the Managing Member, ratably among the Members in accordance with their respective number of Common Units.

Section 4.2. Unvested Common Units. To the extent that any distribution, other than a Tax Distribution, is to be made to a Member in respect of any Unvested Common Unit, such distribution shall be set aside for such Member to be distributed to such Member at the time that such Unit ceases to be an Unvested Common Unit. To the extent that such Unvested Common Unit shall be forfeited by or repurchased from such Member without having ceased to be an Unvested Common Unit, such distribution shall revert to the Company.

Section 4.3. Distributions to Planet. The Managing Member, in its sole discretion, may authorize that (i) cash be distributed to members of the Planet Group (which distribution shall be made without pro rata distributions to the other Members) in exchange for the redemption, repurchase or other acquisition of Common Units (or other Equity Securities) held by such person, where the redemption proceeds are to be used by Planet to acquire its outstanding Class A Common Stock (or other Equity Securities) in accordance with Section 3.2, and (ii) cash be distributed to members of the Planet Group (which distributions shall be made without pro rata distributions to the other Members) as required for members of the Planet Group to pay (A) operating, administrative and other similar costs and expenses incurred by the Managing Member or its Affiliates, and other costs and expenses relating to the investment in or activities of the Company and its Subsidiaries, including payments in respect of indebtedness and preferred stock, to the extent used or to be used to pay expenses or other obligations described in this clause (ii) (in either case only to the extent economically equivalent indebtedness or Equity Securities of the Company were not issued to the Managing Member or the applicable Affiliates), fees and disbursements of all investment bankers, financial advisers, legal counsel, independent certified public accountants, consultants and other Persons retained by the board of directors of any member of the Planet Group, and fees associated with any filings by a member of the Planet Group with any Governmental Entity, (B) any judgments, settlements, penalties, fines or other costs and expenses in respect of any claims against, or any litigation or proceedings involving, any member of the Planet Group, (C) fees and expenses related to any securities offering, investment or acquisition transaction (whether or not successful) authorized by the board of directors of any member of the Planet Group, or to any redemptions or

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acquisitions of Common Units or other Equity Securities and (D) other fees and expenses in connection with the maintenance of the existence of each member of the Planet Group (including any franchise taxes and any costs or expenses associated with being a public company listed on a national securities exchange). For the avoidance of doubt, distributions under this Section 4.3 may not be used to pay or facilitate dividends or distributions on the Class A Common Stock (other than distributions in redemption of Class A Common Stock (or other Equity Securities) in accordance with Section 3.2). Further, and without limiting the foregoing, the Managing Member, in its sole discretion, may authorize that cash be distributed to members of the Planet Group to make any payments to be made under the Tax Receivable Agreement or the Exchange Agreement, including, without limitation, losses, claims damages, liabilities and expenses due by the Planet Group under the Registration Rights Agreement, so long as such distributions are made pro rata in accordance with Common Units.

Section 4.4. Tax Distributions.

1. The Company shall distribute ratably among the Members in accordance with their respective number of Common Units on a quarterly basis by the 10th (or next succeeding Business Day) of each of March, June, September and December of each taxable year, or such other dates as may be appropriate in light of tax payment requirements (each a “Tax Distribution Date”), an aggregate amount (the “Tax Distribution”) in cash equal to the excess, if any, of (A) the Company’s Tax Liability (as defined in clause (b) below) with respect to such taxable year over (B) the amounts previously distributed pursuant to this Section 4.4 with respect to such taxable year; provided that to the extent necessary such tax distribution shall be increased, again ratably among the Members in accordance with their respective number of Common Units, until each Member has received enough cash, at a minimum, to pay the amount of the Company’s Tax Liability actually allocated to such Member (less such amounts previously distributed to such Member pursuant to the preceding clause (B)). Notwithstanding the foregoing, Tax Distributions shall only be made for periods (or portions thereof) beginning on or after the date hereof. For purposes of computing a Tax Distribution under this Section 4.4, salaries, bonuses, and any other payments in the nature of compensation shall not be taken into account, other than as an expense of the Company.
2. For purposes of this Section 4.4, the “Company’s Tax Liability” means, with respect to a taxable year (or portion thereof) beginning as of the first day of such taxable year (or portion thereof) and ending on the last day of the most recent relevant determination date, the product of (x) the cumulative excess of taxable income over taxable losses of the Company, to the extent such losses may offset such income, for such taxable year (or portion thereof), calculated without regard to (A) any gain or loss attributable to or realized in connection with a sale of all or substantially all of the assets of the Company, and (B) for clarity, any tax deductions or basis adjustments of any Member arising under Code Section 743 or (without duplication) deductions arising from the Asset Purchase, and (y) the highest combined marginal federal, state and local tax rate then applicable (including any Medicare Contribution tax on net investment income) to an individual (or, if higher, to a corporation) resident in Irvine, California (taking into account the deductibility of state and local taxes and adjusted to the extent necessary to calculate federal, state and local tax liability separately so as to take into account for purposes of calculating the assumed state and local tax component of the Company’s Tax Liability the calculation under the applicable state and local tax laws of taxable income and taxable losses and the extent to which such losses may offset such income) increased if necessary to apply alternative minimum tax rates and rules in years in which the alternative minimum tax applies (or would apply based on the assumptions stated herein) to the Company, if the Company were an individual or corporation. A final accounting for Tax Distributions shall be made for

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each taxable year after the taxable income or loss of the Company has been determined for such taxable year, and the Company shall promptly thereafter make supplemental Tax Distributions (or future Tax Distributions will be reduced) to reflect any difference between estimates previously used in calculating the Company’s Tax Liability and the relevant actual amounts recognized.

1. Notwithstanding Section 4.4(a) or (d), if on a Tax Distribution Date there are not sufficient funds in the Company (or any of its U.S. Subsidiaries that are disregarded entities for U.S. federal income tax purposes) to distribute the full amount of the relevant Tax Distribution otherwise to be made or any credit agreements or other debt documents to which the Company (or any of its Subsidiaries) is a party do not permit the Company to receive from its Subsidiaries or distribute to each Member the full amount of the Tax Distributions otherwise to be made to each such Member, distributions pursuant to this Section 4.4 shall be made ratably among the Members in accordance with their respective number of Common Units to the extent of the available funds.
2. If, following an audit or examination, there is an adjustment that would affect the calculation of the Company’s taxable income or taxable loss for a given period or portion thereof after the date of this Agreement, or in the event that the Company files an amended tax return which has such effect, then, subject to the availability of cash and any restrictions set forth in any credit agreements or other debt documents to which the Company (or any of its Subsidiaries that are disregarded entities for U.S. federal income tax purposes) is a party, the Company shall promptly recalculate the Company’s Tax Liability for the applicable period and make additional Tax Distributions ratably among the Members in accordance with their respective number of Common Units (increased by an additional amount estimated to be sufficient to cover any interest or penalties that would be imposed on the Company if it were an individual (or, if higher, a corporation) resident in Irvine, California) to give effect to such adjustment or amended tax return.

Section 4.5. Withholding; Indemnification. Each Member shall, to the fullest extent permitted by law, indemnify and hold harmless the Company, the Managing Member and each other Person who is or who is deemed to be the responsible withholding agent for United States federal, state or local or foreign income tax purposes against all claims, liabilities and expenses of whatever nature relating to the Company’s, the Managing Member’s or such other Person’s obligation to withhold and to pay over, or otherwise to pay, any withholding or other taxes payable by the Company, the Managing Member or any of their Affiliates with respect to such Member or as a result of such Member’s ownership of Units, Transfer of Units (including by Exchange) or participation in the Company. Each Member hereby authorizes the Company and the Managing Member to withhold and to pay over, or otherwise to pay, any withholding or other taxes determined by the Managing Member to be payable by the Company, the Managing Member or any of their Affiliates (pursuant to any provision of United States federal, state or local or foreign law) with respect to such Member or as a result of such Member’s ownership of Units, Transfer of Units (including by Exchange) or as a result of such Member’s participation in the Company; if and to the extent that the Company withholds or pays any such withholding or other taxes with respect to a Member, such Member shall be deemed for all purposes of this Agreement to have received a distribution from the Company as of the time such withholding or other tax is paid (or, if earlier, required to be paid) with respect to such Member’s Company

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Interest, and, to the extent such taxes exceed the amount that would otherwise be distributable to such Member, as a demand loan payable by the Member to the Company with interest at a 10% rate, compounded annually. The Managing Member may, in its discretion, either demand payment of the principal and accrued interest on such demand loan at any time, and enforce payment thereof by legal process, or may withhold from one or more distributions to a Member amounts sufficient to satisfy such Member’s obligations under any such demand loan. In the event that the Company receives a refund of taxes previously withheld, the economic benefit of such refund shall be apportioned among the Members in a manner reasonably determined by the Managing Member to offset the prior operation of this Section 4.5 in respect of such withheld taxes.

Section 4.6. Limitation. Notwithstanding any other provision of this Agreement, the Company, and the Managing Member on behalf of the Company, shall not be required to make a distribution if such distribution to any Member or Assignee would violate the Act or other applicable law.

**ARTICLE V**

**ALLOCATIONS**

Section 5.1. Allocations for Capital Account Purposes.

1. Allocations of Net Income and Net Losses. Except as otherwise provided in this Agreement, Net Income and Net Losses (and, to the extent necessary, and if determined appropriate by the Managing Member in its sole discretion individual items of income, gain or loss or deduction of the Company) shall be allocated in a manner such that the Capital Account of each Member after adjustment by the Member’s share of “minimum gain” and “partner minimum gain” (as such terms are used in Treasury Regulation Section 1.704-2) not otherwise required to be taken into account in such period is, as nearly as possible, equal (proportionately) to the distributions that would be made pursuant to Section 7.2(c) if the Company were dissolved, its affairs wound up and its assets sold for cash equal to their Asset Values, all Company liabilities were satisfied (limited with respect to each non-recourse liability to the Asset Values of the assets securing such liability) and the net assets of the Company were distributed to the Members pursuant to this Agreement.
2. Regulatory Allocations. Although the Members do not anticipate that events will arise that will require application of this Section 5.1, provisions are included in this Agreement governing the allocation of income, gain, loss, deduction and credit (and items thereof) as may be necessary to provide that the Company’s allocation provisions contain a so-called “qualified income offset” and comply with all provisions relating to the allocation of so-called “non-recourse deductions” and “partner non-recourse deductions” and the chargeback thereof as set forth in the Treasury Regulations under

Section 704(b) of the Code (such regulatory allocations, “Regulatory Allocations”); provided, however, that the Members intend that all Regulatory Allocations that may be required shall be offset by other Regulatory Allocations or special allocations of items so that the share of the Net Income and Net Loss of the Company of each Member will be the same as it would have been had the events requiring the Regulatory Allocations not occurred. For this purpose the Managing Member, based on the advice of the Company’s auditors or tax counsel, is hereby authorized to make such special curative allocations as may be appropriate.

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1. Deficit Capital Accounts. No Member shall be required to pay to the Company, to any other Member or to any third party any deficit balance which may exist from time to time in the Member’s Capital Account.

The allocations made pursuant to this Section 5.1 are intended to comply with the provisions of Section 704(b) of the Code and the Treasury Regulations thereunder and, in particular, to reflect the Members’ economic interests in the Company, as set forth herein, and the Managing Member shall interpret this Section 5.1 in a manner consistent with such intention and shall make such adjustments to these allocations as the Managing Member determines to be necessary or appropriate.

Section 5.2. Allocations for Tax Purposes.

1. Tax Allocations. Except as set forth below or as otherwise required by the Code or other applicable law, the income, gains, losses and deductions of the Company shall be allocated for federal, state and local income tax purposes among the Members in accordance with the allocation of such income, gains, losses and deductions among the Members for purposes of computing their Capital Accounts.
2. Contributed Assets. In accordance with Section 704(c) of the Code, income, gain, loss and deduction with respect to any property contributed (or deemed contributed for income tax purposes) to the Company with an adjusted basis for federal income tax purposes different from the initial Asset Value at which such property was accepted by the Company shall, solely for tax purposes, be allocated among the Members so as to take into account such difference in the manner required by Section 704(c) of the Code and the applicable Treasury Regulations. All tax allocations required by this Section 5.2 shall be made using the so called “traditional method” described in Regulation 1.704-3(b).
3. Revalued Assets. If the Asset Value of any asset of the Company is adjusted pursuant to Section 3.4(b), subsequent allocations of income, gain, loss and deduction with respect to such asset shall, solely for tax purposes, be allocated among the Members so as to take into account such adjustment in the same manner as under Section 704(c) of the Code and the applicable Treasury Regulations.
4. *Reserved*.
5. Section 754 Election. The Members intend that an election under Section 754 of the Code be in effect for the Company (and any Subsidiary of the Company that is treated as a partnership for U.S. federal income tax purposes) for the taxable year that includes the date hereof. The Company shall cause (1) such elections to be in effect for subsequent taxable years of each of the Company and any Subsidiary described in the preceding sentence for so long as such entity is treated as a partnership for U.S. federal income tax purposes (and intends to make additional elections under Section 754 of the Code in the event there is a termination (within the meaning of Section 708 of the Code) of any such entity and such entity is treated as a partnership for U.S. federal income tax purposes following such termination) and (2) any new Subsidiary of the Company that is treated as a partnership for U.S. federal income tax purposes to have in effect an election under Section 754 of the Code for so long as such entity is treated as a partnership for U.S. federal income tax purposes (and intends to make additional elections under

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Section 754 of the Code in the event there is a termination (within the meaning of Section 708 of the Code) of any such entity and such entity is treated as a partnership for U.S. federal income tax purposes following such termination).

1. Section 706 Determination. For purposes of determining the items of Company income, gain, loss, deduction, or credit allocable to any Member with respect to any period, such items shall be determined on a daily, monthly, or other basis, as determined by the Managing Member using any permissible method under Code Section 706 and the Treasury Regulations promulgated thereunder.

Allocations pursuant to this Section 5.2 are solely for the purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Member’s Capital Account or share of Net Income, Net Loss, distributions or other Company items pursuant to any provision of this Agreement.

Section 5.3. Members’ Tax Reporting. The Members acknowledge and are aware of the income tax consequences of the allocations made pursuant to this ARTICLE V and, except as may otherwise be required by applicable law or regulatory requirements, hereby agree to be bound by the provisions of this ARTICLE V in reporting their shares of Company income, gain, loss, deduction and credit for federal, state and local income tax purposes.

**ARTICLE VI**

**MANAGEMENT**

Section 6.1. Managing Member; Delegation of Authority and Duties.

1. Authority of Managing Member. The business, property and affairs of the Company shall be managed under the sole, absolute and exclusive direction of the Managing Member, which may from time to time delegate authority to Officers or to others to act on behalf of the Company. Without limiting the foregoing provisions of this Section 6.1(a), the Managing Member shall have the sole power to manage or cause the management of the Company, including the power and authority to effectuate the sale, lease, transfer, exchange or other disposition of any, all or substantially all of the assets of the Company (including the exercise or grant of any conversion, option, privilege or subscription right or any other right available in connection with any assets at any time held by the Company) or the merger, consolidation, reorganization or other combination of the Company with or into another entity.
2. Members. No Member who is not also a Managing Member, in his or her or its capacity as such, shall participate in or have any control over the business of the Company. Except as expressly provided herein, the Units, other Equity Securities in the Company, or the fact of a Member’s admission as a member of the Company do not confer any rights upon the Members to participate in the management of the affairs of the Company. Except as expressly provided herein, no Member who is not also a Managing Member shall have any right to vote on any matter involving the Company, including with respect to any merger, consolidation, combination or conversion of the Company, or any other matter that a Member might otherwise have the ability to vote or consent with respect to under the Act, at law, in equity or otherwise. The conduct, control and management of the Company shall be vested exclusively in the Managing Member. In all matters relating to or arising out of the conduct of the operation of

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the Company, the decision of the Managing Member shall be the decision of the Company. Except as required by law, or expressly provided in

Section 6.1(c) or by separate agreement with the Company, no Member who is not also a Managing Member (and acting in such capacity) shall take any part in the management or control of the operation or business of the Company in its capacity as a Member, nor shall any Member who is not also a Managing Member (and acting in such capacity) have any right, authority or power to act for or on behalf of or bind the Company in his or her or its capacity as a Member in any respect or assume any obligation or responsibility of the Company or of any other Member.

1. Delegation by Managing Member. The Company may employ one or more Members from time to time, and such Members, in their capacity as employees or agents of the Company (and not, for clarity, in their capacity as Members of the Company), may take part in the control and management of the business of the Company to the extent such authority and power to act for or on behalf of the Company has been delegated to them by the Managing Member. To the fullest extent permitted by law, the Managing Member shall have the power and authority to delegate to one or more other Persons the Managing Member’s rights and powers to manage and control the business and affairs of the Company, including to delegate to agents and employees of a Member or the Company (including Officers), and to delegate by a management agreement or another agreement with, or otherwise to, other Persons. The Managing Member may authorize any Person (including any Member or Officer) to enter into and perform any document on behalf of the Company.

Section 6.2. Officers.

1. Designation and Appointment. The Managing Member may, from time to time, employ and retain Persons as may be necessary or appropriate for the conduct of the Company’s business, including employees, agents and other Persons (any of whom may be a Member) who may be designated as Officers of the Company, with such titles as and to the extent authorized by the Managing Member. Any number of offices may be held by the same Person. In its discretion, the Managing Member may choose not to fill any office for any period as it may deem advisable. Officers need not be residents of the State of Delaware or Members. Any Officers so designated shall have such authority and perform such duties as the Managing Member may from time to time delegate to them. The Managing Member may assign titles to particular Officers. Each Officer shall hold office until his successor shall be duly designated and shall qualify or until his death or until he shall resign or shall have been removed in the manner hereinafter provided. The salaries or other compensation, if any, of the Officers of the Company shall be fixed from time to time by the Managing Member. Designation of an Officer shall not of itself create any employment or, except as provided in Section 6.4, contractual rights.
2. Resignation and Removal. Any Officer may resign as such at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or if no time is specified, at the time of its receipt by the Managing Member. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation. All employees, agents and Officers shall be subject to the supervision and direction of the Managing Member and may be removed, with or without cause, from such office by the Managing Member and the authority, duties or responsibilities of any employee, agent or Officer of the Company may be suspended by or altered the Managing Member from time to time, in each case in the sole discretion of the Managing Member.
3. Duties of Officers. The Officers, in the performance of their duties as such, shall owe to the Company duties of loyalty and due care of the type owed by officers of a Delaware corporation pursuant to the laws of the state of Delaware.

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Section 6.3. Liability of Members.

1. No Personal Liability. Except as otherwise required by applicable law and as expressly set forth in this Agreement, no Member shall have any personal liability whatsoever in such Person’s capacity as a Member, whether to the Company, to any of the other Members, to the creditors of the Company or to any other third party, for the debts, liabilities, commitments or any other obligations of the Company or for any losses of the Company. Except as otherwise required by the Act, each Member shall be liable only to make payments to the Company as provided for expressly herein.
2. Return of Distributions. In accordance with the Act and the laws of the State of Delaware, a Member may, under certain circumstances, be required to return amounts previously distributed to such Member. It is the intent of the Members that no distribution to any Member pursuant to ARTICLE IV shall be deemed a return of money or other property paid or distributed in violation of the Act. The payment of any such money or distribution of any such property to a Member shall be deemed to be a compromise within the meaning of Section 18-502(b) of the Act, and, to the fullest extent permitted by law, any Member receiving any such money or property shall not be required to return any such money or property to the Company or any other Person. However, if any court of competent jurisdiction holds that, notwithstanding the provisions of this Agreement, any Member is obligated to make any such payment, such obligation shall be the obligation of such Member and not of any other Member.
3. No Duties. Notwithstanding any other provision of this Agreement or any duty otherwise existing at law, in equity or otherwise, the parties hereby agree that the Members (including the Managing Member), shall, to the maximum extent permitted by law, including Section 18-1101(c) of the Act, owe no duties (including fiduciary duties) to the Company, the other Members or any other Person who is a party to or otherwise bound by this Agreement; provided, however, that nothing contained in this Section 6.3(c) shall eliminate the implied contractual covenant of good faith and fair dealing. To the extent that, at law or in equity, any Member (including the Managing Member) has duties (including fiduciary duties) and liabilities relating thereto to the Company, to another Member or to another Person who is a party to or otherwise bound by this Agreement, the Members (including the Managing Member) acting under this Agreement will not be liable to the Company, to any such other Member or to any such other Person who is a party to or otherwise bound by this Agreement, for their good faith reliance on the provisions of this Agreement. The provisions of this Agreement, to the extent that they restrict or eliminate the duties and liabilities relating thereto of any Member (including the Managing Member) otherwise existing at law, in equity or otherwise, are agreed by the parties hereto to replace to that extent such other duties and liabilities of the Members (including the Managing Member) relating thereto. The Managing Member may consult with legal counsel, accountants and financial or other advisors and any act or omission suffered or taken by the Managing Member on behalf of the Company or in furtherance of the interests of the Company

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in good faith in reliance upon and in accordance with the advice of such counsel, accountants or financial or other advisors will be full justification for any such act or omission, and the Managing Member will be fully protected in so acting or omitting to act so long as such counsel or accountants or financial or other advisors were selected with reasonable care. Notwithstanding any other provision of this Agreement or otherwise applicable provision of law or equity, whenever in this Agreement the Managing Member is permitted or required to make a decision (i) in its “sole discretion” or “discretion” or under a grant of similar authority or latitude, the Managing Member shall be entitled to consider only such interests and factors as it desires, including its own interests, and shall, to the fullest extent permitted by applicable law, have no duty or obligation to give any consideration to any interest of or factors affecting the Company or the other Members, or (ii) in its “good faith” or under another expressed standard, the Managing Member shall act under such express standard and shall not be subject to any other or different standards.

Section 6.4. Indemnification by the Company. Subject to the limitations and conditions provided in this Section 6.4, each Person who was or is made a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or arbitrative (each, a “Proceeding”), or any appeal in such a Proceeding or any inquiry or investigation that could lead to such a Proceeding, by reason of the fact that he, she or it, or a Person of which he, she or it is the legal representative, is or was a Member or an Officer or a Tax Matters Member (each, an “Indemnified Person”), in each case, shall be indemnified by the Company to the fullest extent permitted by applicable law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Company to provide broader indemnification rights than such law permitted the Company to provide prior to such amendment) against all judgments, penalties (including excise and similar taxes and punitive damages), fines, settlements and reasonable expenses (including reasonable attorneys’ fees and expenses) actually incurred by such Indemnified Person in connection with such Proceeding, appeal, inquiry or investigation, if such Indemnified Person acted in Good Faith. Reasonable expenses incurred by an Indemnified Person who was, is or is threatened to be made a named defendant or respondent in a Proceeding shall be paid by the Company in advance of the final disposition of the Proceeding upon receipt of an undertaking by or on behalf of such Person to repay such amount if it shall ultimately be determined that he, she or it is not entitled to be indemnified by the Company. Indemnification under this Section 6.4 shall continue as to a Person who has ceased to serve in the capacity which initially entitled such Person to indemnity hereunder. The rights granted pursuant to this Section 6.4 shall be deemed contract rights, and no amendment, modification or repeal of this Section 6.4 shall have the effect of limiting or denying any such rights with respect to actions taken or Proceedings, appeals, inquiries or investigations arising prior to any amendment, modification or repeal. It is expressly acknowledged that the indemnification provided in this Section 6.4 could involve indemnification for negligence or under theories of strict liability. Notwithstanding the foregoing, no Indemnified Person shall be entitled to any indemnity or advancement of expenses in connection with any Proceeding brought (i) by such Indemnified Person against the Company (other than to enforce the rights of such Indemnified Person pursuant to this Section 6.4), any Member or any Officer, or (ii) by or in the right of the Company, without the prior written consent of the Managing Member.

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Section 6.5. Investment Representations of Members. Each Member hereby represents, warrants and acknowledges to the Company that:

1. such Member has such knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of an investment in the Company and is making an informed investment decision with respect thereto;
2. such Member is acquiring interests in the Company for investment only and not with a view to, or for resale in connection with, any distribution to the public or public offering thereof;
3. the execution, delivery and performance of this Agreement have been duly authorized by such Member or all necessary corporate or other entity action on the part of such Member;
4. the Common Units and shares of Class B Common Stock being delivered pursuant to an Exchange are free and clear of all liens, encumbrances, rights of first refusal, and the like;
5. such Member has executed and provided the Company properly completed copies of IRS Form W-8 or W-9, as applicable, which are valid as of the date hereof, and will promptly provide any additional information or documentation requested by the Managing Member relating to tax matters (including any information reasonably requested in connection with ensuring compliance under FATCA); if any such information or documentation previously provided becomes incorrect or obsolete, such Member will promptly notify the Managing Member and provide applicable updated information and documentation;
6. such Member is not a disregarded entity for U.S. federal income tax purposes and is acquiring its Company Interest for its own account and is the sole beneficial owner thereof for U.S. federal income tax purposes; provided, however, that if at any time on or following the date hereof, such Member is treated as disregarded as an entity separate from its owner for U.S. federal income tax purposes (a “DRE”), then (i) none of such Member, such Member’s owner for U.S. federal income tax purposes (“Tax Owner”), or any other entity that is treated as a DRE of Tax Owner and that owns a direct or indirect interest in such Member (a “DRE Affiliate”) will create or issue, or participate in the creation or issuance of, any “interest” in the Company within the meaning of Treasury Regulation Section 1.7704-1(a)(2) and (ii) if as a result of (A) a Transfer, directly or indirectly, of all or any part of the ownership interests in such Member or any DRE Affiliate, (B) the issuance of any security or other instrument by such Member or any DRE Affiliate, or (C) such Member or any DRE Affiliate otherwise ceasing to be a DRE of Tax Owner (any such event described in clause (A), (B), or (C), a “Tax Transfer”), any part of the interests in the Company would be treated as being transferred within the meaning of Treasury Regulation Section 1.7704-1(a)(3), then such Tax Transfer shall not be undertaken without the prior written consent of the Managing Member (which such consent may be withheld in its sole discretion);
7. either (1) such Member is not, for U.S. federal income tax purposes, a partnership, trust, estate or “S Corporation” as defined in the Code (in each case a “Pass-Through Entity”) or (2) such Member is, for U.S. federal income tax purposes, a Pass-Through Entity, and

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within the meaning of Treasury Regulations Section 1.7704-1 (A) it is not a principal purpose of the use of the tiered arrangement involving such Member to permit the Company to satisfy the 100-partner limitation described in Treasury Regulations Section 1.7704-1(h)(1)(ii) or (B) at no time during the term of the Company will substantially all of the value of a beneficial owner’s interest in such Member (directly or indirectly) be attributable to such Member’s ownership of its Company Interest, and such Member has not transferred and will not transfer its Company Interest on or through (x) an established securities market or (y) a secondary market or the substantial equivalent thereof, all within the meaning of Code Section 7704(b); and

1. such Member’s taxable year-end is December 31 (or, in the case of a member of the Planet Group, such Member has a 52-53 week taxable year ending on the last Tuesday of each calendar year) or has been otherwise indicated to the Managing Member in writing.

Section 6.6. Representations and Warranties of Planet. Planet represents and warrants that:

1. it is a corporation duly incorporated and is existing in good standing under the laws of the State of Delaware;
2. it has all requisite corporate power and authority to enter into and perform this Agreement and to consummate the transactions contemplated hereby and to issue the Common Stock in accordance with the terms hereof;
3. the execution and delivery of this Agreement by Planet and the consummation by it of the transactions contemplated hereby (including the issuance of the Common Stock) have been duly authorized by all necessary action on the part of Planet, including but not limited to all actions necessary to ensure that the acquisition of shares Common Stock pursuant to the transactions contemplated hereby, to the fullest extent of Planet’s Board of Directors’ power and authority and to the extent permitted by law, shall not be subject to any “moratorium,” “control share acquisition,” “business combination,” “fair price” or other form of anti-takeover laws and regulations of any jurisdiction that may purport to be applicable to this Agreement or the transactions contemplated hereby (collectively, “Takeover Laws”); and
4. this Agreement constitutes a legal, valid and binding obligation of Planet enforceable against Planet in accordance with its terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors’ rights generally.

**ARTICLE VII**

**WITHDRAWAL; DISSOLUTION; TRANSFER OF MEMBERSHIP INTERESTS;**

**ADMISSION OF NEW MEMBERS**

Section 7.1. Member Withdrawal. No Member shall have the power or right to withdraw or otherwise resign or be expelled from the Company prior to the dissolution and winding up of the Company except pursuant to a Transfer permitted under this Agreement.

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Section 7.2. Dissolution.

1. Events. The Company shall be dissolved and its affairs shall be wound up on the first to occur of (i) the determination of the Managing Member, (ii) the entry of a decree of judicial dissolution of the Company under Section 18-802 of the Act or (iii) the termination of the legal existence of the last remaining Member or the occurrence of any other event which terminates the continued membership of the last remaining Member in the Company unless the Company is continued without dissolution in a manner permitted by the Act.
2. Actions Upon Dissolution. When the Company is dissolved, the business and property of the Company shall be wound up and liquidated by the Managing Member or, in the event of the unavailability of the Managing Member or if the Managing Member shall so determine, such Member or other liquidating trustee as shall be named by the Managing Member.
3. Priority. A reasonable time shall be allowed for the orderly winding up of the business and affairs of the Company and the liquidation of its assets pursuant to this Section 7.2 to minimize any losses otherwise attendant upon such winding up. Upon dissolution of the Company, the assets of the Company shall be applied in the following manner and order of priority: (i) to creditors, including Members who are creditors, to the extent otherwise permitted by law, in satisfaction of liabilities of the Company (including all contingent, conditional or unmatured claims), whether by payment or the making of reasonable provision for payment thereof; and (ii) the balance shall be distributed in accordance with Article 4 hereof.
4. Cancellation of Certificate. The Company shall terminate when (i) all of the assets of the Company, after payment of or due provision for all debts liabilities and obligations of the Company, shall have been distributed to the Members in the manner provided for in this Agreement and (ii) the Certificate shall have been canceled in the manner required by the Act.
5. Return of Capital. The liquidators of the Company shall not be personally liable for the return of capital contributions to the Company or any portion thereof to the Members (it being understood that any such return shall be made solely from Company assets).
6. Hart Scott Rodino. Notwithstanding any other provision in this Agreement, in the event the Hart Scott Rodino Antitrust Improvements Act of 1976, as amended (the “HSR Act”), is applicable to any Member by reason of the fact that any assets of the Company will be distributed to such Member in connection with the dissolution of the Company, the distribution of any assets of the Company shall not be consummated until such time as the applicable waiting periods (and extensions thereof) under the HSR Act have expired or otherwise been terminated with respect to each such Member.

Section 7.3. Transfer by Members.

1. Generally. Except as otherwise provided in Section 7.3(b), no Person may, directly or indirectly, Transfer all or any portion of his Units or any interest in the Company without the prior written consent of the Managing Member, which consent may be given or withheld in the Managing Member’s sole discretion. Notwithstanding anything to the contrary in this Section 7.3, (i) each of the Members may exchange all or a portion of the Units owned by such Member in accordance with the Exchange Agreement or (ii) if the Managing Member and the exchanging Member shall mutually agree, Transfer such Units, together with a corresponding number of shares of Class B Stock, to the Managing Member for other consideration at any time.

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1. Permitted Transferees. Subject to Section 7.3(c), any Person shall have the right to transfer, at any time, all or any portion of the Units or interests in the Company held by such Person to such Person’s Permitted Transferee so long as the Company is able to satisfy the 100-partner limitation under Regulations Section 1.7704-1(h)(1)(ii) after such transfer, as determined by the Managing Member in its sole discretion exercised in good faith. “Permitted Transferee” for these purposes shall be:
   1. in the case of a Member that is an individual, (x) a transferee for bona fide estate planning purposes, (y) any trust, partnership, limited liability company or other entity for the direct or indirect benefit of the Member and/or one or more members of his/her immediate family or
2. any immediate family member or other dependent of such Member;
   1. in the case of a Member that is a trust, (x) any individual that is a settlor or direct or indirect beneficiary of such trust and/or one or more members of the immediate family and/or other dependents of any such individual or (y) any trust, partnership or other entity for the direct or indirect benefit of any individual that is a settlor or direct or indirect beneficiary of such trust and/or one or more members of the immediate family and/or other dependents of any such individual;
   2. in the case of a Member that is a partnership for U.S. federal income tax purposes, (x) its limited partners, members or stockholders in a pro rata distribution or (y) any investment fund or other entity managed by the same entity that manages the Member (for so long as the transferee and transferor continue to be managed by the same entity); or
   3. any transferee with the prior written consent of the Board of Directors of the Managing Member (in each case, in its sole discretion).
   4. For purposes of this Agreement, “immediate family” shall mean any relationship by blood, current or former marriage or adoption, not more remote than first cousin.
3. Conditions to Transfer. In addition to the other requirements set forth in Section 7.3(a), unless waived by the Managing Member, no Transfer of all or any portion of Units or any interest in the Company shall be made unless the following conditions are met:
   1. The Transfer will not violate registration requirements under any federal or state securities laws;
   2. The Transfer is not made to any Person who lacks the legal right, power or capacity to own such Unit or other interest in the Company;
   3. The Transfer will not cause the Company to be treated as a “publicly traded partnership” within the meaning of Section 7704 of the Code and the regulations promulgated thereunder;

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1. The Transfer will not cause any portion of the assets of the Company to become “plan assets” of any “benefit plan investor” within the meaning of regulations issued by the U.S. Department of Labor at Section 2510.3-101 of Part 2510 of Chapter XXV, Title 29 of the Code of Federal Regulations as modified by Section 3(42) of the Employee Retirement Income Security Act of 1974, as amended from time to time;
2. The Transfer will not result in the Company being subject to the Investment Company Act of 1940, as amended;
3. The Transfer is not made prior to the expiration of the lock-ups imposed by the Underwriters, except as described in the Exchange Agreement or in the case of Transfers by Planet to one or more of its Subsidiaries;
4. The transferor also Transfers to the same transferee a number of shares of Class B Stock equal to the number of Units transferred to such Person; and
5. The transferee shall have executed and delivered to the Managing Member such legal and/or tax opinions and written instruments (including copies of any instruments of Transfer and such Assignee’s consent to be bound by this Agreement as an Assignee) that are in a form satisfactory to the Managing Member, as determined in the Managing Member’s sole discretion.

For the avoidance of doubt, the restrictions on Transfer contained in this Section 7.3 shall not apply to the Transfer of any capital stock of the Managing Member; provided that no shares of Class B Common Stock may be transferred unless a corresponding number of Units are Transferred therewith in accordance with this Agreement.

In addition, notwithstanding any contrary provision in this Agreement, to the extent the Managing Member shall determine that there is a material risk the Company (and interests in the Company) do not or will not meet the requirements of Treasury Regulation Section 1.7704-1(h), the Managing Member may impose such restrictions on the Transfer of Units or other interests in the Company as the Managing Member may determine to be necessary or advisable to avoid any material risk that the Company could be treated as a publicly traded partnership under Section 7704 of the Code.

Any Transfer in violation of this Section 7.3 shall be null and void ab initio and of no effect. For purposes of this Section 7.3 only, the term “Transfer” includes any Pledge. For the avoidance of doubt and notwithstanding anything to the contrary, any “disguised sale” described in Section 8.4(g) hereof shall be permitted hereunder.

1. Effect of Transfer in Violation of Agreement. Each Member hereby acknowledges the reasonableness of the prohibition contained in this Section 7.3 in view of the purposes of the Company and the relationship of the Members. Any purported Transfer in violation of this Agreement shall be null and void and ineffective to transfer any Units or other interests in the Company and shall not be binding upon or be recognized by the Company, and any such purported transferee shall not be treated as or deemed to be a Member for any purpose. In the event that any Member shall at any time transfer Units in violation of any of the provisions of this Agreement, in addition to any other rights and remedies that the Company may be entitled to, at law or in equity, the Company shall have the right to obtain and be entitled to, an order restraining or enjoining such Transfer, it being expressly acknowledged and agreed that damages at law would be an inadequate remedy for a Transfer in violation of this Agreement.

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1. Indirect Transfers. The parties each acknowledge and agree that each Member shall not, for so long as it holds Units, without the prior written consent of the Managing Member, directly or indirectly (x) issue new equity of itself or equity-like rights, options, warrants or other rights to acquire equity or equity-like rights or any economic rights (including debt) of itself to any Person except to its initial owners or its Permitted Transferees or Permitted Transferees of its initial owners or (y) permit any Transfer of the membership and/or economic interests in itself and/or equity interests or economic rights (including debt) of itself other than to its Permitted Transferees or as permitted by Section 7.3.

Section 7.4. Admission or Substitution of New Members.

* 1. Admission. Without the consent of any other Person, the Managing Member shall have the right to admit as a Substituted Member or an Additional Member, any Person who acquires an interest in the Company, or any part thereof, from a Member or from the Company. Concurrently with the admission of a Substituted Member or an Additional Member after the date hereof, the Managing Member shall forthwith (i) amend the Schedule of Members to reflect the name and address of such Substituted Member or Additional Member and to eliminate or modify, as applicable, the name and address of the Transferring Member with regard to the Transferred Units and (ii) cause any necessary papers to be filed and recorded and notice to be given wherever and to the extent required showing the substitution of a Transferee as a Substituted Member in place of the Transferring Member, or the admission of an Additional Member, in each case, at the expense, including payment of any professional and filing fees incurred, of such Transferor. In addition, the Transferring Member hereby indemnifies the Managing Member and the Company against any losses, claims, damages or liabilities to which the Managing Member, the Company, or any of their Affiliates may become subject arising out of or based upon any false representation or warranty made by, or breach or failure to comply with any covenant or agreement of, such Transferring Member or such Substituted Member in connection with such Transfer.
  2. Conditions and Limitations. The admission of any Person as a Substituted Member or an Additional Member shall be conditioned upon

1. such Person’s written acceptance and adoption of all the terms and provisions of this Agreement, either by (A) execution and delivery of a counterpart signature page to this Agreement countersigned by the Managing Member on behalf of the Company or (B) any other writing evidencing the intent of such Person to become a Substituted Member or an Additional Member and such writing is accepted by the Managing Member on behalf of the Company.
   1. Effect of Transfer to Substituted Member. Following the Transfer of any Unit or other interest in the Company that is permitted under Sections 7.3, the Transferee of such Unit or other interest in the Company shall be treated as having made all of the capital contributions in respect of, as having been allocated all the items of income and loss allocated in respect of, and received all of the distributions received in respect of, such Unit or other interest in the Company, shall succeed to the Capital Account balance associated with such Unit or other interest in the Company, shall receive allocations and distributions under ARTICLE IV, ARTICLE V and Section 7.2 in respect of such Unit or other interest in the Company and otherwise shall become a Substituted Member entitled to all the rights of a Member with respect to such Unit or other interest in the Company.

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Section 7.5. Additional Requirements. Notwithstanding any contrary provision in this Agreement, for the avoidance of doubt, the Managing Member may impose such vesting requirements, forfeiture provisions, Transfer restrictions, minimum retained ownership requirements or other similar provisions with respect to any interests in the Company that are outstanding as of the date of this Agreement or are created hereafter, with the written consent of the holder of such interests in the Company. Such requirements, provisions and restrictions need not be uniform among holders of interests in the Company and may be waived or released by the Managing Member in its sole discretion with respect to all or a portion of the interests in the Company owned by any one or more Members or Assignees at any time and from time to time, and such actions or omissions by the Managing Member shall not constitute the breach of this Agreement or of any duty hereunder or otherwise existing at law, in equity or otherwise.

Section 7.6. Bankruptcy. Notwithstanding any other provision of this Agreement, the Bankruptcy of a Member shall not cause such Member to cease to be a partner of the Company and upon the occurrence of such an event, the Company shall continue without dissolution.

**ARTICLE VIII**

**BOOKS AND RECORDS; FINANCIAL STATEMENTS AND OTHER INFORMATION;**

**TAX MATTERS**

Section 8.1. Books and Records. The Company shall keep at its principal executive office (i) correct and complete books and records of account (which, in the case of financial records, shall be kept in accordance with GAAP), (ii) minutes of the proceedings of meetings of the Members, (iii) a current list of the directors and officers of the Company and its Subsidiaries and their respective residence addresses, and (iv) a record containing the names and addresses of all Members, the total number of Units held by each Member, and the dates when they respectively became the owners of record thereof. Any of the foregoing books, minutes or records may be in written form or in any other form capable of being converted into written form within a reasonable time. Except as expressly set forth in this Agreement, notwithstanding the rights set forth in Section 18-305 of the Act, no Member shall have the right to obtain information from the Company.

Section 8.2. Information.

1. All determinations, valuations and other matters of judgment required to be made for ordinary course accounting purposes under this Agreement shall be made by the Managing Member and shall be conclusive and binding on all Members, their Successors in Interest and any other Person who is a party to or otherwise bound by this Agreement, and to the fullest extent permitted by law or as otherwise provided in this Agreement, no such Person shall have the right to an accounting or an appraisal of the assets of the Company or any successor thereto.

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Section 8.3. Fiscal Year. The Company’s fiscal year shall be the calendar year, except as determined by the Managing Member in its sole discretion or required under Section 706 of the Code.

Section 8.4. Certain Tax Matters.

* 1. Preparation of Returns. The Managing Member shall use commercially reasonable efforts to cause to be prepared all federal, state and local tax returns of the Company for each year for which such returns are required to be filed and shall use commercially reasonable efforts to cause such returns to be timely filed. The Managing Member shall determine the appropriate treatment of each item of income, gain, loss, deduction and credit of the Company and the accounting methods and conventions under the tax laws of the United States of America, the several states and other relevant jurisdictions as to the treatment of any such item or any other method or procedure related to the preparation of such tax returns. Except as specifically provided otherwise in this Agreement, the Managing Member may cause the Company to make or refrain from making any and all elections permitted by such tax laws. The Managing Member shall use reasonable best efforts to cause the Company to provide to each Member a Schedule K-1 with respect to the Company (and such other information with respect to the Company necessary for such Member to prepare its U.S. federal income, state and local tax returns) for each taxable year within one-hundred (100) days after the close of such taxable year. Additionally, the Managing Member shall cause the Company to provide to each Member, to the extent commercially reasonable and available to the Company without undue cost, any information reasonably required by the Member to prepare, or in connection with an audit of, such Member’s income tax returns.
  2. Consistent Treatment. Each Member agrees that it shall not, except as otherwise required by applicable law or regulatory requirement

1. treat, on its tax returns, any item of income, gain, loss, deduction or credit relating to its interest in the Company in a manner inconsistent with the treatment of such item by the Company as reflected on the Form K-1 or other information statement furnished by the Company to such Member for use in preparing its tax returns or (ii) file any claim for refund relating to any such item based on, or which would result in, such inconsistent treatment. Each Member that determines it is required by applicable law or regulatory requirement to take any of the actions described in clause (i) or (ii) of the preceding sentence shall provide thirty (30) day’s advance written notice to the Managing Member.
   1. Tax Reporting on Unvested Common Units. The Company shall treat a Member holding an Unvested Common Unit as the owner of such Unit, and the Company shall file its IRS Form 1065, and the Company shall issue appropriate Schedule K-1s, if any, to such Member, allocating to such Member its distributive share of all items of income, gain, loss, deduction and credit associated with such Unvested Common Unit as if it were fully vested. Each Member agrees to take into account such distributive share in computing its U.S. federal income tax liability for the entire period during which it holds any Unvested Common Unit. The Company and each Member agree not to claim a deduction (as wages, compensation or otherwise) for U.S. federal, state and local income tax purposes the fair market value of any Unvested Common Unit issued to a Member, whether at the time of grant of the Unit or at the time the Unit becomes a vested Unit.

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1. Duties of the Tax Matters Member. The Company and each Member hereby designate the Managing Member (or such other Person as the Managing Member may designate) as the “tax matters partner” for purposes of Code Section 6231(a)(7) and any analogous provisions of state law and in such capacity is referred to as the “Tax Matters Member”. The Tax Matters Member, on behalf of the Company and its Members, shall (subject to the terms of the Recapitalization Agreement, the Exchange Agreement, and the Tax Receivable Agreement) be permitted to make any filing, election, settlement or determination under the Code, the Treasury Regulations, or any other law or regulation permitted by law. Any actions of the Tax Matters Member shall be final and binding upon the Company and all Members. All expenses incurred by the Tax Matters Member in connection therewith (including attorneys’, accountants’ and other experts’ fees and disbursements) shall be expenses of, and payable by, the Company. No Member shall have the right, without the consent of the Tax Matters Member (but subject to the terms of the Recapitalization Agreement, the Exchange Agreement, and the Tax Receivable Agreement), to (1) participate in the audit of any Company tax return, (2) file any amended return or claim for refund in connection with any item of income, gain, loss, deduction or credit (other than items which are not partnership items within the meaning of Code Section 6231(a)(4) or which cease to be partnership items under Code Section 6231(b)) reflected on any tax return of the Company, (3) participate in any administrative or judicial proceedings conducted by the Company or the Tax Matters Member arising out of or in connection with any such audit, amended return, claim for refund or denial of such claim, or (4) appeal, challenge or otherwise protest any adverse findings in any such audit conducted by the Company or the Tax Matters Member or with respect to any such amended return or claim for refund filed by the Company or the Tax Matters Member or in any such administrative or judicial proceedings conducted by the Company or the Tax Matters Member.
2. Certain Filings. Upon the Transfer of an interest in the Company (within the meaning of the Code), a sale of Company assets or a liquidation of the Company, the Members shall provide the Managing Member with information and shall make tax filings as reasonably requested by the Managing Member and required under applicable law.
3. FATCA. Notwithstanding anything in this Agreement to the contrary, the Managing Member may take such actions as it determines necessary or appropriate (including causing a Member to withdraw from the Company under such terms and conditions established by the Managing Member) to comply with FATCA. “FATCA” means (i) Sections 1471 through 1474 of the Code or any successor provision that is substantively the equivalent thereof (and, in each case, any Treasury Regulations promulgated thereunder or official interpretations thereof), (ii) any similar legislation, regulations or guidance enacted in any jurisdiction that seeks to implement similar tax reporting and/or withholding tax regimes, and (iii) any treaty, agreement with any governmental authority or intergovernmental agreement related to the foregoing. Each Member shall indemnify and hold harmless the Managing Member and the Company for any costs and expenses arising out of its failure to provide information, documentation, waivers or certifications requested by the Managing Member to satisfy any requirement imposed under FATCA.

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**ARTICLE IX**

**MISCELLANEOUS**

Section 9.1. Schedules. The Managing Member may from time to time execute and deliver to the Members schedules which set forth information contained in the books and records of the Company and any other matters deemed appropriate by the Managing Member. Such schedules shall be for information purposes only and shall not be deemed to be part of this Agreement for any purpose whatsoever.

Section 9.2. Governing Law. THIS AGREEMENT IS GOVERNED BY AND SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF DELAWARE, EXCLUDING ANY CONFLICT OF LAWS RULE OR PRINCIPLE THAT MIGHT REFER THE GOVERNANCE OR THE CONSTRUCTION OF THIS AGREEMENT TO THE LAW OF ANOTHER JURISDICTION.

Section 9.3. Consent to Jurisdiction. Each party to this Agreement, by its execution hereof, (a) hereby irrevocably submits to the exclusive jurisdiction of the Delaware Court of Chancery, for the purpose of any action, claim, cause of action or suit (in contract, tort or otherwise), inquiry, proceeding or investigation arising out of or based upon this Agreement or relating to the subject matter hereof, (b) hereby waives to the extent not prohibited by applicable law, and agrees not to assert, and agrees not to allow any of its Subsidiaries to assert, by way of motion, as a defense or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of the above-named court, that its property is exempt or immune from attachment or execution, that any such proceeding brought in the above-named court is improper, or that this Agreement or the subject matter hereof or thereof may not be enforced in or by such court and (c) hereby agrees not to commence or maintain an action, claim, cause of action or suit (in contract, tort or otherwise), inquiry, proceeding or investigation arising out of or based upon this Agreement or relating to the subject matter hereof or thereof other than before the above-named court nor to make any motion or take any other action seeking or intending to cause the transfer or removal of any such action, claim, cause of action or suit (in contract, tort or otherwise), inquiry, proceeding or investigation to any court other than the above-named court whether on the grounds of inconvenient forum or otherwise. Notwithstanding the foregoing, to the extent that any party hereto is or becomes a party in any litigation in connection with which it may assert indemnification rights set forth in this agreement, the court in which such litigation is being heard shall be deemed to be included in clause (a) above. Notwithstanding the foregoing, any party to this Agreement may commence and maintain an action to enforce judgment of the above-named court in any court of competent jurisdiction. Each party hereto hereby consents to service of process in any such proceeding in any manner permitted by Delaware law, and agrees that service of process by registered or certified mail, return receipt requested, at its address specified pursuant to Section 9.6 hereof is reasonably calculated to give actual notice.

Section 9.4. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective Successors in Interest; provided that no Person claiming by, through or under a Member (whether as such Member’s Successor in Interest or otherwise), as distinct from such Member itself, shall have any rights as, or in respect to, a Member (including the right to approve or vote on any matter or to notice thereof).

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Section 9.5. Amendments and Waivers. This Agreement may be amended, supplemented, waived or modified by the written consent of the Managing Member in its sole discretion without the approval of any other Member or other Person; provided that except as otherwise provided herein (including in Section 3.2(a)), no amendment may materially and adversely affect the rights of a holder of Units, as such, other than on a pro rata basis with other holders of Units of the same class without the consent of such holder (or, if there is more than one such holder that is so affected, without the consent of a majority of such affected holders in accordance with their holdings of Units), provided further, however, that notwithstanding the foregoing, the Managing Member may, without the written consent of any other Member or any other Person, amend, supplement, waive or modify any provision of this Agreement and execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection therewith, to reflect: (1) any amendment, supplement, waiver or modification that the Managing Member determines to be necessary or appropriate in connection with the creation, authorization or issuance of any class of Units or other Equity Securities in the Company or other Company securities in accordance with this Agreement; (2) the admission, substitution, withdrawal or removal of Members in accordance with this Agreement; (3) a change in the name of the Company, the location of the principal place of business of the Company, the registered agent of the Company or the registered office of the Company; (4) any amendment, supplement, waiver or modification that the Managing Member determines in its sole discretion to be necessary or appropriate to address changes in Treasury Regulations, legislation or interpretation; or (5) a change in the Fiscal Year of the Company and any other changes that the Managing Member determines to be necessary or appropriate as a result of a change in the Fiscal Year of the Company, including a change in the dates on which distributions are to be made by the Company; provided further, that the books and records of the Company shall be deemed amended from time to time to reflect the admission of a new Member, the withdrawal or resignation of a Member, the adjustment of the Units or other interests in the Company resulting from any issuance, Transfer or other disposition of Units or other interests in the Company, in each case that is made in accordance with the provisions hereof. If an amendment has been approved in accordance with this agreement, such amendment shall be adopted and effective with respect to all Members. Upon obtaining such approvals as may be required by this Agreement, and without further action or execution on the part of any other Member or other Person, any amendment to this Agreement may be implemented and reflected in a writing executed solely by the Managing Member and the other Members shall be deemed a party to and bound by such amendment.

Notwithstanding the foregoing, in addition to any other consent that may be required, any amendment of this Agreement that requires a holder of Common Units on the date hereof to make a capital contribution to the Company (including as a condition to maintaining any rights necessary to permit such holders to exercise their rights under the Exchange Agreement) shall require the consent of such holder of Common Units.

No failure or delay by any party in exercising any right, power or privilege hereunder (other than a failure or delay beyond a period of time specified herein) shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

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Section 9.6. Notices. Whenever notice is required or permitted by this Agreement to be given, such notice shall be in writing and shall be given to any Member at such Member’s address or facsimile number shown in the Company’s books and records, or, if given to the Company, at the following address:

Pla-Fit Holdings, LLC

26 Fox Run Road

Newington, NH 03801

Attention: Richard L. Moore

Email: richard.moore@ropesgray.com

Facsimile: (603) 957-4626

with a copy (which shall not constitute notice to the Company) to:

Ropes & Gray LLP

Prudential Tower

800 Boylston Street

Boston, MA 02199

Attention: David A. Fine

Email: david.fine@ropesgray.com

Facsimile: (617) 235-0030

Each proper notice shall be effective upon any of the following: (a) personal delivery to the recipient, (b) when sent by facsimile to the recipient (with confirmation of receipt), (c) one Business Day after being sent to the recipient by reputable overnight courier service (charges prepaid) or (d) three Business Days after being deposited in the mail (first class or airmail postage prepaid).

Section 9.7. Counterparts. This Agreement may be executed simultaneously in two or more separate counterparts, any one of which need not contain the signatures of more than one party, but each of which shall be an original and all of which together shall constitute one and the same agreement binding on all the parties hereto.

Section 9.8. Power of Attorney. Each Member hereby irrevocably appoints the Managing Member as such Member’s true and lawful representative and attorney in fact, each acting alone, in such Member’s name, place and stead, (a) to make, execute, sign and file all instruments, documents and certificates which, from time to time, may be required to set forth any amendment to this Agreement or which may be required by this Agreement or by the laws of the United States of America, the State of Delaware or any other state in which the Company shall determine to do business, or any political subdivision or agency thereof and (b) to execute, implement and continue the valid and subsisting existence of the Company or to qualify and continue the Company as a foreign limited liability company in all jurisdictions in which the Company may conduct business. Such power of attorney is coupled with an interest and shall survive and continue in full force and effect notwithstanding the subsequent withdrawal from the Company of any Member for any reason and shall survive and shall not be affected by the disability, incapacity, bankruptcy or dissolution of such Member. No power of attorney granted in this Agreement shall revoke any previously granted power of attorney.

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Section 9.9. Entire Agreement. Immediately prior to the IPO, the Managing Member shall enter into the Tax Receivable Agreement. This Agreement, the Tax Receivable Agreement, the Exchange Agreement and the other documents and agreements referred to herein or entered into concurrently herewith embody the entire agreement and understanding of the parties hereto in respect of the subject matter contained herein; provided that such other agreements and documents shall not be deemed to be a part of, a modification of or an amendment to this Agreement. There are no restrictions, promises, representations, warranties, covenants or undertakings, other than those expressly set forth or referred to herein.

Section 9.10. Remedies. Each Member shall have all rights and remedies set forth in this Agreement and all rights and remedies that such Person has been granted at any time under any other agreement or contract and all of the rights that such Person has under any applicable law. Any Person having any rights under any provision of this Agreement or any other agreements contemplated hereby shall be entitled to enforce such rights specifically (without posting a bond or other security) to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights granted by applicable law.

Section 9.11. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

Section 9.12. Creditors. None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditors of the Company or any of its Affiliates, and no creditor who makes a loan to the Company or any of its Affiliates may have or acquire (except pursuant to the terms of a separate agreement executed by the Company in favor of such creditor) at any time as a result of making the loan any direct or indirect interest in Company profits, losses, distributions, capital or property other than as a secured creditor.

Section 9.13. Waiver. No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or any other covenant, duty, agreement or condition.

Section 9.14. Further Action. The parties agree to execute and deliver all documents, provide all information and take or refrain from taking such actions as may be necessary or appropriate to achieve the purposes of this Agreement.

Section 9.15. Delivery by Facsimile or Email. This Agreement, the agreements referred to herein, and each other agreement or instrument entered into in connection herewith or therewith or contemplated hereby or thereby, and any amendments hereto or thereto, to the extent signed and delivered by means of a facsimile machine or email with scan or facsimile attachment, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any party hereto or to any such agreement or

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instrument, each other party hereto or thereto shall re execute original forms thereof and deliver them to all other parties. No party hereto or to any such agreement or instrument shall raise the use of a facsimile machine or email to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine or email as a defense to the formation or enforceability of a contract, and each such party forever waives any such defense.

*[Signature Pages Follow]*

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IN WITNESS WHEREOF, the parties have executed this Limited Liability Company Agreement as of the date first set forth above.

MANAGING MEMBER

PLANET FITNESS, INC.

By:



Name: Christopher Rondeau

Title: Chief Executive Officer

[Signature Page to Pla-Fit Holdings, LLC Limited Liability Company Agreement]

MEMBERS:

TSG PF INVESTMENT L.L.C.

By:

Name:



Title:

TSG PF INVESTMENT II L.L.C.

By:

Name:



Title:

THE CHRISTOPHER J. RONDEAU IRREVOCABLE GST

TRUST OF 2012

By:

Name:



Title:

THE CHRISTOPHER J. RONDEAU REVOCABLE TRUST

OF 2006

By:

Name:



Title:

THE MARC GRONDAHL REVOCABLE TRUST OF 2006

By:

Name:



Title:

Name: Craig Benson



Name: Stephen Spinelli, Jr.



Name: Richard Moore



Name: Anna Arico



[Signature Page to Pla-Fit Holdings, LLC Limited Liability Company Agreement]

Name: Dorvin Lively



Name: Brian Belmont



Name: Bonnie Monahan



Name: Corey Benish



Name: Candace Couture



Name: Jamie Medeiros



Name: Dawn Sullivan



Name: Jessica Correa



[Signature Page to Pla-Fit Holdings, LLC Limited Liability Company Agreement]

Member

Planet Fitness, Inc.

TSG PF Investment L.L.C.

TSG PF Investment II L.L.C.

The Christopher J, Rondeau Irrevocable GST Trust of 2012 The Christopher J. Rondeau Revocable Trust of 2006 The Marc Grondahl Revocable Trust of 2006 Craig Benson

Stephen Spinelli, Jr.

Richard Moore

Anna Arico

Dorvin Lively

Brian Belmont

Bonnie Monahan

Corey Benish

Candace Couture

Jaime Medeiros

Dawn Sullivan

Jessica Correa

Exhibit A



SCHEDULE OF MEMBERS

Common Units Unvested Common Units Percentage Interest



**Exhibit 10.5**

**TAX RECEIVABLE AGREEMENT**

**among**

**PLANET FITNESS, INC. and its WHOLLY-OWNED SUBSIDIARIES,**

**PLA-FIT HOLDINGS, LLC**

**and**

**EACH MEMBER OF**

**PLA-FIT HOLDINGS, LLC LISTED ON ANNEX A**

|  |  |
| --- | --- |
| Dated as of | , 2015 |



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This TAX RECEIVABLE AGREEMENT (“Agreement”), dated as of , 2015 and effective upon the consummation of the Recapitalization Transactions (as defined in the Recapitalization Agreement (as defined herein)) and prior to the IPO Closing, is hereby entered into by and among Planet Fitness, Inc., a Delaware corporation (“Corporate Taxpayer”), the wholly-owned Subsidiaries of Corporate Taxpayer, Pla-Fit Holdings, LLC, a Delaware limited liability company (“Pla-Fit LLC”), each LLC Unit Holder (as defined below), and each of the successors and assigns thereto.

**RECITALS**

WHEREAS, in connection with the initial public offering of Class A Common Stock (as defined below) of Corporate Taxpayer (the “IPO”), Pla-Fit LLC will, pursuant to the Recapitalization Agreement, enter into a series of transactions to recapitalize its capital structures (the “Recapitalization”);

WHEREAS, the limited liability company interests in Pla-Fit LLC are and will be classified as limited liability company units (“LLC Units”);

WHEREAS, the Corporate Taxpayer is the managing member of Pla-Fit LLC, and holds indirectly, and will following the IPO also hold directly, LLC

Units;

WHEREAS, each holder of LLC Units (other than, for clarity, Corporate Taxpayer and its wholly-owned Subsidiaries) listed on Annex A (each an “LLC Unit Holder”) may exchange its LLC Units (or, in the case of a “disguised sale” described under Section 707 of the Code (as defined below), be deemed to exchange other interests in the Pla-Fit LLC) for (A) Class A common stock (the “Class A Common Stock”) of Corporate Taxpayer (or, at the option of Corporate Taxpayer, for cash), in accordance with and subject to the provisions of the Exchange Agreement (as defined below) and (B) the amounts payable pursuant to and subject to the terms of this Agreement in respect of such exchange or deemed exchange;

WHEREAS, Pla-Fit LLC is expected to have in effect an election under Section 754 of the Internal Revenue Code of 1986, as amended (the “Code”), for the current taxable year and future taxable years in which Corporate Taxpayer may directly or indirectly acquire interests in Pla-Fit LLC in exchange for Class A Common Stock (or, at the option of Corporate Taxpayer, for cash);

WHEREAS, the income, gain, loss, deduction and other Tax (as defined below) items of Corporate Taxpayer and its wholly-owned Subsidiaries may be affected by (i) the Basis Adjustments (as defined below) and (ii) the Imputed Interest (as defined below);

WHEREAS, the parties to this Agreement desire to make certain arrangements with respect to the effect of the Basis Adjustments and the Imputed Interest on the liability for Taxes of Corporate Taxpayer;

NOW, THEREFORE, in consideration of the foregoing and the respective covenants and agreements set forth herein, and intending to be legally bound hereby, the parties hereto agree as follows:

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ARTICLE I.

DEFINITIONS

1.1. Definitions. As used in this Agreement, the terms set forth in this ARTICLE I shall have the following meanings.

“Advisory Firm” means any accounting firm or any law firm that, in either case, is nationally recognized as being expert in tax matters.

“Affiliate” means, with respect to any specified Person, (a) any other Person that directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such specified Person, (b) a Member of the Immediate Family of such specified Person, and (c) any investment fund advised or managed by, or under common control or management with, such specified Person.

“Agreed Rate” means LIBOR.

“Agreement” has the meaning set forth in the Preamble of this Agreement.

“Amended Schedule” has the meaning set forth in Section 2.2(b) of this Agreement.

“Asset Purchase” means the transactions pursuant to that certain Asset Purchase Agreement, as of March 31, 2014, by and among (i) Pla-Fit Health NJNY, LLC, and (ii) Sellers, Principals and Seller Representatives (each as defined therein).

“Basis Adjustment” means in respect of an LLC Unit Holder the adjustment to the tax basis of a Reference Asset under Sections 732, 755 and 1012 of the Code (in situations where, following an Exchange and/or a merger or liquidation of Corporate Taxpayer’s wholly-owned Subsidiaries, Pla-Fit LLC becomes an entity that is disregarded as separate from its owner for U.S. federal income tax purposes) or under Sections 743(b) and 755 of the Code (in situations where, following an Exchange, and/or a merger or liquidation of Corporate Taxpayer’s wholly-owned Subsidiaries, Pla-Fit LLC is not an entity that is disregarded as separate from its owner for U.S. federal income tax purposes) and the Treasury Regulations promulgated thereunder and, in each case, comparable sections of state and local tax laws, as a result of (i) an Exchange by such LLC Unit Holder and (ii) the payments made to such LLC Unit Holder pursuant to this Agreement. For the avoidance of doubt, the amount of any Basis Adjustment resulting from an Exchange shall be determined without regard to any Pre-Exchange Transfers (and as if any such Pre-Exchange Transfers had not occurred). As required by Section 2.1(a), Pla-Fit LLC will ensure that an election under Section 754 of the Code is in effect at all times (until Pla-Fit LLC becomes an entity that is disregarded as separate from its owner for U.S. federal income tax purposes).

“Board” means the Board of Directors of Corporate Taxpayer.

“Business Day” means any day excluding Saturday, Sunday and any day that is a legal holiday under the laws of the State of New York or is a day on which banking institutions located in New York are closed.

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A “Change in Control” shall be deemed to have occurred upon:

1. the sale, lease or transfer, in one or a series of related transactions, of all or substantially all of Corporate Taxpayer’s assets (determined on a consolidated basis) to any person or group (as such term is used in Section 13(d)(3) of the Exchange Act) other than to any Subsidiary of Corporate Taxpayer; provided, that, for clarity and notwithstanding anything to the contrary, neither the approval of nor consummation of a transaction treated for U.S. federal income tax purposes as a liquidation into Corporate Taxpayer of its wholly-owned Subsidiaries or merger of such entities into one another or Corporate Taxpayer will constitute a “Change in Control”;
2. the merger or consolidation of Corporate Taxpayer with any other person, other than a merger or consolidation which would result in the Voting Securities of Corporate Taxpayer outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least 50.1% of the total voting power represented by the Voting Securities of Corporate Taxpayer or such surviving entity outstanding immediately after such merger or consolidation;
3. the liquidation or dissolution of Corporate Taxpayer; or
4. the acquisition, directly or indirectly, by any person or group (as such term is used in Section 13(d)(3) of the Exchange Act) (other than (a) a trustee or other fiduciary holding securities under an employee benefit plan of Corporate Taxpayer; (b) a corporation or other entity owned, directly or indirectly, by the stockholders of Corporate Taxpayer in substantially the same proportions as their ownership of stock of Corporate Taxpayer; (c) Affiliates of TSG Consumer Partners, LLC of beneficial ownership (as defined in Rule 13d-3 under the Exchange Act) of more than 50.1% of the aggregate voting power of the Voting Securities of Corporate Taxpayer.

“Class A Common Stock” has the meaning set forth in the Recitals of this Agreement.

“Code” has the meaning set forth in the Recitals of this Agreement.

“Control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of Voting Securities, by contract or otherwise.

“Corporate Taxpayer” has the meaning set forth in the Preamble of this Agreement.

“Corporate Taxpayer Return” means the federal and/or state and/or local Tax Return, as applicable, of Corporate Taxpayer or any wholly-owned Subsidiary of Corporate Taxpayer (or any Tax Return filed for a consolidated, affiliated, combined or unitary group of which Corporate Taxpayer or any wholly-owned Subsidiary of Corporate Taxpayer is a member) filed with respect to Taxes of any taxable year.

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“Cumulative Net Realized Tax Benefit” means for a taxable year in respect of an LLC Unit Holder the cumulative amount of Realized Tax Benefits in respect of such LLC Unit Holder for all taxable years or portions thereof of (i) Corporate Taxpayer, (ii) its wholly-owned Subsidiaries, and (iii) without duplication, Pla-Fit LLC and its Subsidiaries, up to and including such taxable year, net of the cumulative amount of Realized Tax Detriments in respect of such LLC Unit Holder for the same period. The Realized Tax Benefit and Realized Tax Detriment in respect of such LLC Unit Holder for each taxable year or portion thereof shall be determined based on the most recent Tax Benefit Schedule or Amended Schedule, if any, in existence at the time of such determination. If a Cumulative Net Realized Tax Benefit in respect of such LLC Unit Holder is being calculated with respect to a portion of a taxable year, then calculations of the Cumulative Net Realized Tax Benefit in respect of such LLC Unit Holder (including determinations relating to Basis Adjustments and Imputed Interest to the extent applicable) shall be made as if there were an interim closing of the books of the relevant entity and its Subsidiaries and the taxable year had closed on the relevant date. Notwithstanding anything to the contrary, Cumulative Net Realized Tax Benefit shall be determined without regard to New Hampshire Rev. Stat. § 77-A:4(XIV) (and any successor provision), which requires a tax to be paid upon an LLC unit being transferred with respect to the applicable tax basis “step up,” and without regard to any subsequent deductions of such stepped up tax basis taken under a related New Hampshire Rev. Stat., as such New Hampshire tax items are addressed in the Exchange Agreement.

“Default Rate” means LIBOR plus 500 basis points.

“Determination” shall have the meaning ascribed to such term in Section 1313(a) of the Code or similar provision of state and local tax law, as applicable, or any other event (including the execution of IRS Form 870-AD) that finally and conclusively establishes the amount of any liability for Tax.

“Early Termination Date” means the date of an Early Termination Notice for purposes of determining the Early Termination Payment.

“Early Termination Effective Date” has the meaning set forth in Section 4.2 of this Agreement.

“Early Termination Notice” has the meaning set forth in Section 4.2 of this Agreement.

“Early Termination Payment” has the meaning set forth in Section 4.3(b) of this Agreement.

“Early Termination Rate” means LIBOR plus 100 basis points.

“Early Termination Schedule” has the meaning set forth in Section 4.2 of this Agreement.

“Exchange” means an acquisition or purchase, as determined for U.S. federal income tax purposes, of LLC Units (or, in the case of a “disguised sale” described under Section 707 of the Code, of other interests in the Pla-Fit LLC) by Corporate Taxpayer or any of its wholly-owned Subsidiaries from a person (other than Corporate Taxpayer or any of its wholly-owned Subsidiaries) who is party to this Agreement (including a permitted assignee under Section 7.5 who is a party by reason of a joinder), including by way of an exchange of Corporate Taxpayer

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shares for Pla-Fit LLC Units (or, at the election of Corporate Taxpayer, for cash), in each case occurring on or after the date of this Agreement. For the avoidance of doubt, an Exchange includes (i) any disguised sale of an interest in Pla-Fit LLC under Section 707 of the Code that occurs by reason of the distribution of proceeds from Pla-Fit LLC on or near the date hereof and the contribution of cash by Corporate Taxpayer and its wholly-owned Subsidiaries on or near the date hereof; and (ii) any disguised sale occurring in connection with the exchange right described in the LLC Agreement or the Exchange Agreement. Any reference in this Agreement to LLC Units “Exchanged” is intended to denote LLC Units that are the subject of an Exchange.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Exchange Agreement” means the Exchange Agreement made by and among Planet Fitness, Inc., Pla-Fit Holdings, LLC, and certain holders of units and stock dated on or about the date hereof, as such agreement may be amended, restated, supplemented and/or otherwise modified from time to time.

“Expert” has the meaning set forth in Section 7.8 of this Agreement.

“Founder Investors” means Christopher Rondeau, Marc Grondahl and their respective Affiliates.

“Hypothetical Tax Liability” means in respect of an LLC Unit Holder, with respect to any taxable year or portion thereof, the liability for Taxes for such taxable year or portion thereof of (i) Corporate Taxpayer, (ii) its wholly-owned Subsidiaries and (iii) without duplication, Pla-Fit LLC, but only with respect to Corporate Taxpayer and its wholly-owned Subsidiaries’ pro rata shares of the Tax liability of Pla-Fit LLC and its Subsidiaries for such taxable year or portion thereof, in each case using the same methods, elections, conventions and similar practices used on the relevant Corporate Taxpayer Return but

1. using the Non-Stepped Up Tax Basis in respect of such LLC Unit Holder, (ii) excluding any deduction attributable to Imputed Interest in respect of such LLC Unit Holder for the taxable year, and (iii) excluding any deduction allocable in respect of such LLC Unit Holder for the taxable year arising from the Asset Purchase. For the avoidance of doubt, the Hypothetical Tax Liability shall be determined without taking into account the carryover or carryback of any Tax item (or portions thereof) that is attributable to the Basis Adjustment, Imputed Interest, or such deduction arising from the Asset Purchase with respect to such LLC Unit Holder, as applicable. If a Hypothetical Tax Liability is being calculated with respect to a portion of a taxable year, then calculations of the Hypothetical Tax Liability (including determinations relating to Basis Adjustments and Imputed Interest to the extent applicable) shall be made as if there were an interim closing of the books of the relevant entity and its Subsidiaries and the taxable year had closed on the relevant date. Notwithstanding anything to the contrary, Hypothetical Tax Liability shall be determined without regard to New Hampshire Rev. Stat. § 77-A:4(XIV) (and any successor provision), which requires a tax to be paid upon an LLC unit being transferred with respect to the applicable tax basis “step up,” and without regard to any subsequent deductions of such stepped up tax basis taken under a related New Hampshire Rev. Stat., as such New Hampshire tax items are addressed in the Exchange Agreement.

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“Imputed Interest” means in respect of an LLC Unit Holder any interest imputed under Section 1272, 1274 or 483 or other provision of the Code and any similar provision of state and local tax law with respect to Corporate Taxpayer’s payment obligations in respect of such LLC Unit Holder under this Agreement.

“Initial Debt Documents” has the meaning set forth in Section 4.1(b) of this Agreement.

“Interest Amount” has the meaning set forth in Section 3.1(b) of this Agreement.

“IPO” has the meaning set forth in the Recitals of this Agreement.

“IPO Closing” means the closing of the sale of the shares of Class A Common Stock in the IPO (without giving effect to any exercise of the underwriters’ over-allotment option).

“LIBOR” means during any period, an interest rate per annum equal to the one-year LIBOR reported, on the date two days prior to the first day of such period, on the Reuters Screen page “LIBOR01” (or if such screen shall cease to be publicly available, as reported by any other publicly available source of such market rate) for London interbank offered rates for U.S. dollar deposits for such period.

“LLC Agreement” means the Amended and Restated Limited Liability Company Agreement of Pla-Fit LLC, dated on or about the date hereof, as such agreement may be amended, restated, supplemented and/or otherwise modified from time to time.

“LLC Unit Holder” has the meaning set forth in the Recitals of this Agreement.

“LLC Units” has the meaning set forth in the Recitals of this Agreement.

“Market Value” shall mean the closing price per share of the Class A Common Stock on the applicable determination date on the national securities exchange or interdealer quotation system on which such Class A Common Stock is then traded or listed, as reported by the *Wall Street Journal* (or other mutually acceptable electronic or print publication); provided, that if the closing price is not reported by the *Wall Street Journal* (or such other mutually acceptable electronic or print publication) for the applicable determination date, then the “Market Value” shall mean the closing price of the Class A Common Stock on the Business Day immediately preceding such determination date on the national securities exchange or interdealer quotation system on which such Class A Common Stock is then traded or listed, as reported by the *Wall Street Journal* (or such other mutually acceptable electronic or print publication); provided, further, that if the Class A Common Stock is not then listed on a national securities exchange or interdealer quotation system, “Market Value” shall mean the fair market value of the Class A Common Stock on the applicable determination date, as determined by the Board in good faith.

“Member of the Immediate Family” means, with respect to any Person who is an individual, (a) each parent, spouse (but not including a former spouse or a spouse from whom such Person is legally separated) or child (including those adopted) of such individual and (b) each trust naming only one or more of the Persons listed in sub-clause (a) as beneficiaries.

“Net Tax Benefit” has the meaning set forth in Section 3.1(b) of this Agreement.

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“Non-Stepped Up Tax Basis” means in respect of an LLC Unit Holder, with respect to any Reference Asset at any time, the Tax basis that such asset would have had at such time if no Basis Adjustments had been made in respect of such LLC Unit Holder.

“Objection Notice” has the meaning set forth in Section 2.2(a) of this Agreement.

“Payment Date” means any date on which a payment is required to be made pursuant to this Agreement.

“Person” means any individual, corporation, firm, partnership, joint venture, limited liability company, estate, trust, business association, organization, governmental entity or other entity.

“Pre-Exchange Transfer” means, with respect to an LLC Unit (or, in the case of a “disguised sale” described under Section 707 of the Code, other interests in the Pla-Fit LLC), any transfer (including upon the death of an LLC Unit Holder) (i) that occurs prior to an Exchange of such LLC Unit or LLC Units (or such other interests in Pla-Fit LLC) and (ii) to which Section 743(b) of the Code applies.

“Realized Tax Benefit” means, in respect of an LLC Unit Holder for a taxable year (or portion thereof), the excess, if any, of the Hypothetical Tax Liability in respect of such LLC Unit Holder for such taxable year (or portion thereof) over the actual liability for Taxes for such taxable year (or portion thereof) of (i) Corporate Taxpayer, (ii) its wholly-owned Subsidiaries, and (iii) without duplication, Pla-Fit LLC and its Subsidiaries, but only with respect to Corporate Taxpayer and its wholly-owned Subsidiaries’ pro rata shares of the Tax liability of Pla-Fit LLC and its Subsidiaries for such taxable year (or portion thereof). If all or a portion of the actual liability for such Taxes for the taxable year arises as a result of an audit by a Taxing Authority of any taxable year, such liability shall not be included in determining the Realized Tax Benefit in respect of such LLC Unit Holder unless and until there has been a Determination. If an “actual liability” for Taxes is being calculated with respect to a portion of a taxable year, then calculations of such actual liability (including determinations relating to Basis Adjustments and Imputed Interest to the extent applicable) shall be made as if there were an interim closing of the books of the relevant entity and its Subsidiaries and the taxable year had closed on the relevant date.

“Realized Tax Detriment” means, in respect of an LLC Unit Holder for a taxable year (or portion thereof), the excess, if any, of the actual liability for Taxes for such taxable year (or portion thereof) of (i) Corporate Taxpayer, (ii) its wholly-owned Subsidiaries, and (iii) without duplication, Pla-Fit LLC and its Subsidiaries, but only with respect to Corporate Taxpayer and its wholly-owned Subsidiaries’ pro rata shares of the Tax liability of Pla-Fit LLC and its Subsidiaries for such taxable year (or portion thereof) over the Hypothetical Tax Liability in respect of such LLC Unit Holder for such taxable year (or portion thereof). If all or a portion of the actual liability for such Taxes for the taxable year arises as a result of an audit by a Taxing Authority of any taxable year, such liability shall not be included in determining the Realized Tax Detriment in respect of such LLC Unit Holder unless and until there has been a Determination. If an “actual liability” for Taxes is being calculated with respect to a portion of a taxable year, then calculations of such actual liability (including determinations relating Basis Adjustments and Imputed Interest to the extent applicable) shall be made as if there were an interim closing of the books of the relevant entity and its Subsidiaries and the taxable year had closed on the relevant date.

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“Recapitalization” has the meaning set forth in the Recitals of this Agreement.

“Recapitalization Agreement” means that certain Recapitalization Agreement dated as of [•] by the parties hereto and certain other parties.

“Reconciliation Dispute” has the meaning set forth in Section 7.8 of this Agreement.

“Reconciliation Procedures” has the meaning set forth in Section 2.2(a) of this Agreement.

“Reference Asset” means (a) with respect to any Exchange, an asset that is held by Pla-Fit LLC or by any of its direct or indirect subsidiaries treated as a partnership or disregarded entity for purposes of the applicable Tax, at the time of such Exchange and (b) any asset that is “substituted basis property” under Section 7701(a)(42) of the Code with respect to a Reference Asset.

“Schedule” means any of the following: (i) a Tax Benefit Schedule, or (ii) the Early Termination Schedule, and, in each case, any amendments thereto.

“Senior Obligations” has the meaning set forth in Section 5.1 of this Agreement.

“Subsidiary” means, with respect to any Person, as of any date of determination, any other Person as to which such Person, owns, directly or indirectly, or otherwise controls more than 50% of the voting power or other similar interests or the sole general partner interest or managing member or similar interest of such Person.

“Tax Benefit Payment” has the meaning set forth in Section 3.1(b) of this Agreement.

“Tax Benefit Schedule” has the meaning set forth in Section 2.1(a) of this Agreement.

“Tax Return” means any return, declaration, election, report or similar statement filed or required to be filed with a Taxing Authority with respect to Taxes (including any attached schedules), including any information return, claim for refund, declaration of estimated Tax, and amendments of any of the foregoing.

“Taxes” means any and all U.S. federal, state and local taxes, assessments or similar charges that are based on or measured with respect to net income or profits, and any interest related to such Tax.

“Taxing Authority” shall mean any domestic, federal, national, state, county or municipal or other local government, any subdivision, agency, commission or authority thereof, or any quasi-governmental body exercising any taxing authority or any other authority exercising Tax regulatory authority.

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“Treasury Regulations” means the final, temporary and (to the extent they can be relied upon) proposed regulations under the Code promulgated from time to time (including corresponding provisions and succeeding provisions) as in effect for the relevant taxable period.

“TSG Representative” means TSG6 Management L.L.C. or its designated successor, provided that, subject to Section 7.5(a), when Affiliates of TSG Consumer Partners, LLC no longer have any rights to Tax Benefit Payments under this Agreement a successor shall be designated by the Founder Investors if the Founder Investors then collectively hold five percent (5%) or more of the present value of all Early Termination Payments under this Agreement (measured by present value of payments due under this Agreement, using the present value calculation and assumptions described under Section 4.3(b) above assuming for such purpose the Early Termination Date is the date Affiliates of TSG Consumer Partners, LLC no longer have any rights to Tax Benefit Payments under this Agreement).

“Valuation Assumptions” shall mean, as of an Early Termination Date, the assumptions that (1) in each taxable year ending on or after such Early Termination Date, Corporate Taxpayer and its wholly-owned Subsidiaries will have taxable income sufficient to fully use the deductions within Net Tax Benefit (including arising from the Basis Adjustments and the Imputed Interest and deductions arising from the Asset Purchase) during such taxable year (including, for the avoidance of doubt, Basis Adjustments and Imputed Interest that would result from post-Early Termination Date Tax Benefit Payments that would be paid in accordance with the Valuation Assumptions) in which such deductions would become available, (2) the U.S. federal income tax rates and state and local income tax rates that will be in effect for each such taxable year will be those specified for each such taxable year by the Code and other law as in effect on the Early Termination Date (but taking into account for the applicable taxable years adjustments to the tax rates that have been enacted as of the Early Termination Date with a delayed effective date), (3) any loss carryovers generated by any Basis Adjustment, Imputed Interest, or deductions arising from the Asset Purchase and available as of the Early Termination Date will be used by Corporate Taxpayer on a pro rata basis from the Early Termination Date through the scheduled expiration date of such loss carryovers, (4) any non-amortizable assets (other than stock of the Corporate Taxpayer’s wholly-owned Subsidiaries with which the Corporate Taxpayer files a consolidated return) will be disposed of in a taxable sale on the fifteenth anniversary of the applicable Basis Adjustment for an amount sufficient to fully use the Basis Adjustments with respect to such assets and any short-term investments will be disposed of 12 months following the Early Termination Date; provided that, in the event of a Change in Control which includes a taxable sale of any relevant asset, such non-amortizable assets shall be deemed disposed of at the time of the Change in Control (if earlier than such fifteenth anniversary), (5) if, on the Early Termination Date, an LLC Unit Holder has LLC Units that have not been Exchanged, then each such LLC Unit shall be deemed to be Exchanged for the Market Value of the Class A Common Stock on the Early Termination Date, and such LLC Unit Holder shall be deemed to receive the amount of cash such LLC Unit Holder would have been entitled to pursuant to this Agreement had such LLC Units actually been Exchanged on the Early Termination Date, determined using the Valuation Assumptions and (6) any payment obligations pursuant to this Agreement will be satisfied on the date that any Tax Return to which such payment obligation relates is required to be filed excluding any extensions.

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“Voting Securities” shall mean any securities of Corporate Taxpayer which are entitled to vote generally in matters submitted for a vote of Corporate Taxpayer’s stockholders or generally in the election of the Board.

1.2. Terms Generally. In this Agreement, unless otherwise specified or where the context otherwise requires:

1. the headings of particular provisions of this Agreement are inserted for convenience only and will not be construed as a part of this Agreement or serve as a limitation or expansion on the scope of any term or provision of this Agreement;
2. words importing any gender shall include other genders;
3. words importing the singular only shall include the plural and vice versa;
4. the words “include,” “includes” or “including” shall be deemed to be followed by the words “without limitation”;
5. the words “hereof,” “herein” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement;
6. references to “Articles,” “Exhibits,” “Sections” or “Schedules” shall be to Articles, Exhibits, Sections or Schedules of or to this Agreement;
7. references to any Person include the successors and permitted assigns of such Person;
8. the use of the words “or,” “either” and “any” shall not be exclusive;
9. wherever a conflict exists between this Agreement and any other agreement among parties hereto, this Agreement shall control but solely to the extent of such conflict;
10. references to “$” or “dollars” means the lawful currency of the United States of America;
11. references to any agreement, contract or schedule, unless otherwise stated, are to such agreement, contract or schedule as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof; and
12. the parties hereto have participated collectively in the negotiation and drafting of this Agreement; accordingly, in the event an ambiguity or question of intent or interpretation arises, it is the intention of the parties that this Agreement shall be construed as if drafted collectively by the parties hereto, and that no presumption or burden of proof shall arise favoring or disfavoring any party hereto by virtue of the authorship of any provisions of this Agreement.

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ARTICLE II.

DETERMINATION OF CERTAIN REALIZED TAX BENEFIT

2.1. Tax Benefit Schedule.

1. Tax Benefit Schedule. Within ninety (90) calendar days after the due date (taking into account valid extensions) of the U.S. federal income Tax Return of Corporate Taxpayer (or its wholly-owned Subsidiaries, as applicable) for any taxable year in which there is a Realized Tax Benefit or Realized Tax Detriment, Corporate Taxpayer shall provide to the TSG Representative and each LLC Unit Holder who has previously effected an Exchange a schedule showing in reasonable detail the calculation of the Realized Tax Benefit or Realized Tax Detriment in respect of such LLC Unit Holder for such taxable year and any Tax Benefit Payment in respect of such LLC Unit Holder (a “Tax Benefit Schedule”). The Tax Benefit Schedules provided by Corporate Taxpayer will become final as provided in Section 2.2(a) and may be amended as provided in Section 2.2(b). Notwithstanding anything to the contrary, Pla-Fit LLC will ensure that an election under Section 754 of the Code is in effect at all times (until Pla-Fit LLC becomes an entity that is disregarded as separate from its owner for U.S. federal income tax purposes).
2. Applicable Principles. Subject to Section 3.3(a), the Realized Tax Benefit or Realized Tax Detriment in respect of each LLC Unit Holder for each taxable year is intended to measure the decrease or increase in the actual liability for Taxes of Corporate Taxpayer and its wholly-owned Subsidiaries (and Pla-Fit LLC and its Subsidiaries, as applicable and without duplication) for such taxable year (or portion thereof) attributable to the Basis Adjustments, the Imputed Interest, and deductions arising from the Asset Purchase, determined using a “with and without” methodology. For the avoidance of doubt, the actual liability for Taxes of Corporate Taxpayer and its wholly-owned Subsidiaries (and Pla-Fit LLC and its Subsidiaries, as applicable and without duplication) will take into account any deduction of Imputed Interest. Carryovers or carrybacks of any Tax item attributable to the Basis Adjustments, Imputed Interest, and deductions arising from the Asset Purchase shall be considered to be subject to the rules of the Code and the Treasury Regulations or the appropriate provisions of U.S. state and local income and franchise tax law, as applicable, governing the use, limitation and expiration of carryovers or carrybacks of the relevant type. The parties agree that (i) all Tax Benefit Payments to an LLC Unit Holder attributable to the Basis Adjustments in respect of a taxable Exchange (other than amounts accounted for as interest under the Code) will be treated as subsequent upward purchase price adjustments that have the effect of creating additional Basis Adjustments in respect of such LLC Unit Holder to Reference Assets for the Corporate Taxpayer or its wholly-owned Subsidiaries, as applicable, in the year of payment, and (ii) as a result, such additional Basis Adjustments in respect of such LLC Unit Holder will be incorporated into the current year calculation and into future year calculations, as appropriate.

2.2. Procedure, Amendments.

1. Procedure. Every time Corporate Taxpayer delivers to the TSG Representative an applicable Schedule under this Agreement, including any Amended Schedule delivered pursuant to Section 2.2(b), including any Early Termination Schedule or amended Early Termination Schedule, Corporate Taxpayer shall also (i) allow the TSG Representative

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reasonable access, at the Corporate Taxpayer’s sole cost, to the appropriate representatives, as determined by Corporate Taxpayer, at Corporate Taxpayer and the Advisory Firm that prepared the relevant Corporate Taxpayer Returns in connection with a review of such Schedule and (ii) provide a copy of the applicable Schedule upon request to the Founder Investors if the Founder Investors then collectively hold five percent (5%) or more of the present value of all Early Termination Payments under this Agreement (measured by present value of payments due under this Agreement, using the present value calculation and assumptions described under Section 4.3(b) above assuming for such purpose the Early Termination Date is the date the applicable Schedule is delivered). Without limiting the application of the preceding sentence, the Corporate Taxpayer shall, upon request, deliver to the TSG Representative the relevant Corporate Taxpayer Returns as well as any other work papers but shall be entitled to redact any information that it reasonably believes is unnecessary for purposes of the calculations contemplated by this Agreement. An applicable Schedule or amendment thereto shall, subject to the final sentence of this Section 2.2(a), become final and binding on each LLC Unit Holder (other than with respect to the TSG Representative and its Affiliates) immediately; except that the Schedule or amendment shall become final and binding with respect to the TSG Representative and its Affiliates thirty (30) calendar days from the first date on which the Corporate Taxpayer sent the TSG Representative the applicable Schedule or amendment thereto unless (a) the TSG Representative within thirty (30) calendar days after the date Corporate Taxpayer sent such Schedule or amendment thereto provides Corporate Taxpayer with written notice of a material objection to such Schedule made in good faith and setting forth in reasonable detail the TSG Representative’s material objection along with a letter from an Advisory Firm supporting such objection, if such objection relates to the application of Tax law (an “Objection Notice”) or (b) the TSG Representative provides a written waiver of the right of the TSG Representative to provide any Objection Notice with respect to such Schedule or amendment thereto within the period described in clause (i), in which case such Schedule or amendment thereto becomes binding on the date the waiver is received by Corporate Taxpayer. If the parties are unable to resolve the issues raised in such Objection Notice within thirty (30) calendar days after receipt by Corporate Taxpayer of the Objection Notice, the parties shall employ the reconciliation procedures described in Section 7.8 of this Agreement (the “Reconciliation Procedures”). If a Schedule relating to the calculation of payments payable to the TSG Representative or any of its Affiliates hereunder is amended to reflect a revised calculation methodology that, if utilized in the calculation of amounts payable to one or more other LLC Unit Holders, would change the amounts payable to such other Persons hereunder, the Corporate Taxpayer shall utilize such revised methodology with respect to all LLC Unit Holders and make additional payments (or reduce future payments), as applicable.

1. Amended Schedule. The applicable Schedule for any taxable year may be amended from time to time by Corporate Taxpayer (i) in connection with a Determination affecting such Schedule, (ii) to correct inaccuracies in the Schedule identified after the date the Schedule was provided to the LLC Unit Holder, (iii) to comply with an Expert’s determination under the Reconciliation Procedures applicable to this Agreement, (iv) to reflect a change in the Realized Tax Benefit or Realized Tax Detriment in respect of an LLC Unit Holder for such taxable year attributable to a carryback or carryforward of a loss or other tax item to such taxable year, (v) to reflect a change in the Realized Tax Benefit or Realized Tax Detriment in respect of an LLC Unit Holder for such taxable year attributable to an amended Tax Return filed for such taxable year, or (vi) to take into account payments made pursuant to this Agreement (any such Schedule, an “Amended Schedule”).

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2.3. Consistency with Tax Returns. Notwithstanding anything to the contrary herein, all calculations and determinations hereunder, including Basis Adjustments, the Schedules, and the determination of the Realized Tax Benefit or Realized Tax Detriment, shall be made in accordance with any elections, methodologies or positions taken on the relevant Corporate Taxpayer Returns.

ARTICLE III.

TAX BENEFIT PAYMENTS

3.1. Payments.

1. Payments. Subject to Section 3.3, within five (5) Business Days after all the Tax Benefit Schedules with respect to the taxable year delivered to LLC Unit Holders entitled to receive a Tax Benefit Schedule pursuant to this Agreement become final in accordance with Article II of this Agreement, Corporate Taxpayer shall pay or cause to be paid to each applicable LLC Unit Holder for such taxable year such LLC Unit Holder’s Tax Benefit Payment (if any) determined pursuant to Section 3.1(b). Each such payment shall be made, at the sole discretion of Corporate Taxpayer, by wire or Automated Clearing House transfer of immediately available funds to the bank account previously designated by the applicable LLC Unit Holder to Corporate Taxpayer or as otherwise agreed by Corporate Taxpayer and the applicable LLC Unit Holder.
2. A “Tax Benefit Payment” in respect of an LLC Unit Holder for a taxable year means an aggregate amount, not less than zero, which Corporate Taxpayer is required to pay or cause to be paid pursuant to Section 3.1 of this Agreement, equal to the sum of the Net Tax Benefit and the Interest Amount in respect of such LLC Unit Holder. For the avoidance of doubt, for Tax purposes, the Interest Amount shall not be treated as interest but instead shall be treated as additional consideration for the acquisition of LLC Units in Exchanges, unless otherwise required by law, as reasonably determined by Corporate Taxpayer. The “Net Tax Benefit” in respect of such LLC Unit Holder for a taxable year shall be an amount equal to the excess, if any, of 85% of the Cumulative Net Realized Tax Benefit in respect of such LLC Unit Holder as of the end of such taxable year (or portion thereof) over the total amount of payments previously made under this Section 3.1 in respect of such LLC Unit Holder (excluding payments of Interest Amounts); provided, for the avoidance of doubt, that an LLC Unit Holder shall not be required to return any portion of any previously made Tax Benefit Payment except in the case of manifest error. The “Interest Amount” in respect of such LLC Unit Holder for a taxable year (or portion thereof) shall equal the interest on the Net Tax Benefit in respect of such LLC Unit Holder with respect to such taxable year (or portion thereof) calculated at the Agreed Rate compounded annually from the due date (without extensions) for filing the U.S. federal income Tax Return of Corporate Taxpayer for such taxable year until the Payment Date. The Net Tax Benefit and the Interest Amount shall be determined separately with respect to each separate Exchange on an individual basis by reference to the resulting Basis Adjustment to the Corporate Taxpayer.

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3.2. Duplicative Payments. It is intended that the provisions of this Agreement will not result in a duplicative payment of any amount (including interest) required under this Agreement. It is also intended that the provisions of this Agreement, subject to ARTICLE IV and Section 7.12, will result in 85% of the Cumulative Net Realized Tax Benefit (but calculated taking into account all Exchanges by all LLC Unit Holders as of any time) as of any determination date being paid to the LLC Unit Holders pursuant to this Agreement. The provisions of this Agreement shall be construed in the appropriate manner to ensure such intentions are realized.

3.3. Pro Rata Payments; Coordination of Benefits.

1. Notwithstanding anything in Section 3.1 to the contrary, to the extent that the aggregate tax benefit of the Corporate Taxpayer’s, and/or its wholly-owned Subsidiaries’, as applicable, deductions within Net Tax Benefit (including the Basis Adjustments and Imputed Interest under this Agreement) is limited in a particular taxable year because the Corporate Taxpayer and/or its wholly-owned Subsidiaries, as applicable, does or do not have sufficient taxable income or other limitations to utilize the tax benefits within Net Tax Benefit (including the Basis Adjustments or Imputed Interest), the Net Tax Benefit shall be allocated among all parties eligible for payments hereunder in proportion to the respective amounts of Net Tax Benefit that would have been allocated to each such party if the Corporate Taxpayer and, as applicable, its wholly-owned Subsidiaries, had sufficient taxable income so that there were no such limitation (or such other limitations did not apply).
2. After taking into account Section 3.3(a), if for any reason the Corporate Taxpayer does not fully satisfy its payment obligations to make or cause to be made all Tax Benefit Payments due under this Agreement in respect of a particular taxable year, then the Corporate Taxpayer and the parties agree that no Tax Benefit Payment shall be made in respect of any taxable year until all Tax Benefit Payments in respect of prior taxable years have been made in full. If for any reason the Tax Benefit Payments are to be partially but not fully satisfied with respect to a taxable year, such Tax Benefit Payments shall be made in the same proportion as the Tax Benefit Payments that would have been paid to each LLC Unit Holders if the Corporate Taxpayer were to satisfy its obligation in full.

ARTICLE IV.

TERMINATION

4.1. Early Termination, Change in Control and Breach of Agreement.

1. Corporate Taxpayer may, with the consent of a majority of the disinterested members of the Board, terminate this Agreement with respect to all amounts payable to all of the LLC Unit Holders (including, for the avoidance of doubt, any transferee pursuant to Section 7.5(a)) at any time by paying or causing to be paid to such Persons an Early Termination Payment; provided, however, that this Agreement shall only terminate with respect to any such Person upon the payment of such Early Termination Payment to such Person, and provided, further, that Corporate Taxpayer may withdraw any notice to execute its termination rights under this Section 4.1(a) prior to the time at which any Early Termination Payment has been paid. Upon payment of an Early Termination Payment to an LLC Unit Holder, neither the LLC Unit Holder nor Corporate Taxpayer shall have any further payment obligations under this Agreement, other than for any Tax Benefit Payment (1) agreed to by Corporate Taxpayer and the

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LLC Unit Holder as due and payable but unpaid as of the Early Termination Date, (2) that is the subject of an Objection Notice, which will be payable in accordance with resolution of the issues identified in such Objection Notice pursuant to this Agreement, and (3) due for the taxable year ending with or including the Early Termination Date (except to the extent that the amounts described in clauses (1), (2) and (3) are included in the calculation of the Early Termination Payment). If an Exchange occurs with respect to LLC Units (or other interests in the company pursuant to a “disguised sale” transaction for U.S. federal income tax purposes) with respect to which Corporate Taxpayer has previously paid or cause to be paid to the applicable LLC Unit Holder an Early Termination Payment, Corporate Taxpayer shall have no obligations under this Agreement with respect to such Exchange.

* 1. In the event that there occurs a Change in Control or Corporate Taxpayer materially breaches any of its material obligations under this Agreement, whether as a result of failure to make any payment when due, failure to honor any other material obligation required hereunder or by operation of law as a result of the rejection of this Agreement in a case commenced under the Bankruptcy Code or otherwise, then all obligations hereunder shall be accelerated, and such obligations shall be calculated as if an Early Termination Notice had been delivered on the date of such Change in Control or breach, as applicable, to each LLC Unit Holder and shall include (1) each Early Termination Payment calculated as if an Early Termination Notice had been delivered on the date of such Change in Control or breach (and Corporate Taxpayer shall provide each LLC Unit Holder with an Early Termination Schedule, which shall become final in accordance with the procedures set forth in Section 4.2), (2) any Tax Benefit Payment agreed to by Corporate Taxpayer and any LLC Unit Holder as due and payable but unpaid as of the date of such Change in Control or breach, as applicable, (3) any Tax Benefit Payment that is the subject of an Objection Notice, which will be payable in accordance with resolution of the issues identified in such Objection Notice pursuant to this Agreement, and

1. any Tax Benefit Payment due for the taxable year ending with or including the date of such Change in Control or breach, as applicable (except to the extent that the amounts described in clauses (2), (3) and (4) are included in the calculation of the amount described in clause (1)). Notwithstanding the foregoing, in the event that Corporate Taxpayer materially breaches this Agreement, each LLC Unit Holder shall be entitled to elect to receive the amounts set forth in clauses (1), (2), (3) and (4) above or to seek specific performance of the terms hereof. The parties agree that it will not be considered to be a material breach of a material obligation under this Agreement to make a payment due pursuant to this Agreement within three (3) months of the date such payment is due. Notwithstanding anything in this Agreement to the contrary, it shall not be a breach of this Agreement if Corporate Taxpayer fails to make or cause to be made any Tax Benefit Payment (or portion thereof) when due to the extent that the Board determines in good faith that Corporate Taxpayer has insufficient funds (taking into account funds of its wholly-owned Subsidiaries that are permitted to be distributed to Corporate Taxpayer pursuant to the terms of any applicable credit agreements or other documents evidencing indebtedness (each as reasonably interpreted by the Board), including any available funds under any revolving credit facility of Pla-Fit LLC or its wholly-owned Subsidiaries, but not taking into account funds of Subsidiaries that are not permitted to be distributed pursuant to the terms of such agreements or documents and not taking into account funds reasonably reserved for reasonably expected liabilities or expenses) to make such payment; provided that the interest provisions of Section 5.2

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shall apply to such late payment (unless the Board determines in good faith that (x) Corporate Taxpayer does not have sufficient cash to make such payment as a result of limitations imposed by credit agreements or any other documents evidencing indebtedness to which Pla-Fit LLC is a party, guarantor or otherwise an obligor as of the date of this Agreement (or within the one-year anniversary of the date of this Agreement) (the “Initial Debt Documents”) or any other document evidencing indebtedness to which Pla-Fit LLC becomes a party, guarantor or otherwise an obligor thereafter to the extent the terms of such other documents are not materially more restrictive in respect of Corporate Taxpayer’s ability to receive from its direct or indirect Subsidiaries funds sufficient to make such payments compared to the terms of the Initial Debt Documents (as determined by the Board in good faith), provided, however, that the Corporate Taxpayer uses good faith efforts to remove such limitations to the extent required to make such interest payments *unless* such efforts could have an adverse effect on the Corporate Taxpayer, Pla-Fit LLC or their Subsidiaries, or (y) such payments could (I) be set aside as fraudulent transfers or conveyances or similar actions under fraudulent transfer laws or (II) could cause Corporate Taxpayer and/or its wholly-owned Subsidiaries to be undercapitalized, in which case Section 5.2 shall apply, but the Default Rate shall be replaced by the Agreed Rate).

4.2. Early Termination Notice. If Corporate Taxpayer chooses to exercise its right of early termination under Section 4.1 above, Corporate Taxpayer shall deliver to the TSG Representative and each LLC Unit Holder notice of such intention to exercise such right (“Early Termination Notice”) and a schedule (the “Early Termination Schedule”) specifying Corporate Taxpayer’s intention to exercise such right and showing in reasonable detail the calculation of the Early Termination Payment for such LLC Unit Holder. The Early Termination Schedule provided to an LLC Unit Holder shall become final and binding on each LLC Unit Holder (other than with respect to the TSG Representative and its Affiliates) immediately; except that the Early Termination Schedule will become final and binding with respect to the TSG Representative and its Affiliates thirty (30) calendar days from the first date on which the Corporate Taxpayer sent the TSG Representative such Early Termination Schedule unless (a) the TSG Representative within thirty (30) calendar days after the date the Corporate Taxpayer sent such Schedule or amendment thereto provides Corporate Taxpayer with an Objection Notice with respect to such Early Termination Schedule or (b) the applicable LLC Unit Holder provides a written waiver of the right of the TSG Representative to provide any Objection Notice with respect to such Schedule or amendment thereto within the period described in clause (a), in which case such Schedule or amendment thereto becomes binding on the date the waiver is received by Corporate Taxpayer. If Corporate Taxpayer and the TSG Representative, for any reason, are unable to resolve the issues raised in such Objection Notice within thirty (30) calendar days after receipt by Corporate Taxpayer of the Objection Notice, Corporate Taxpayer and the TSG Representative shall employ the Reconciliation Procedures. The date on which every Early Termination Schedule under this Agreement becomes final with respect to all LLC Unit Holders in accordance with this Section 4.2 shall be the “Early Termination Effective Date”. If the Early Termination Schedule relating to the calculation of payments payable to the TSG Representative or any of its Affiliates hereunder is amended to reflect a revised calculation methodology that, if utilized in the calculation of amounts payable to one or more other LLC Unit Holders, would change the amounts payable to such other Persons hereunder, the Corporate Taxpayer shall utilize such revised methodology with respect to all LLC Unit Holders and make additional payments (or reduce payments, if any), as applicable.

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4.3. Payment upon Early Termination.

1. Within five (5) Business Days after the Early Termination Effective Date, Corporate Taxpayer shall pay or cause to be paid to each LLC Unit Holder an amount equal to its Early Termination Payment. Such payment shall be made, at the sole discretion of Corporate Taxpayer, by wire or Automated Clearing House transfer of immediately available funds to a bank account or accounts designated by the LLC Unit Holder or as otherwise agreed by Corporate Taxpayer and the LLC Unit Holder.
2. An “Early Termination Payment” in respect of an LLC Unit Holder shall equal the net present value, discounted at the Early Termination Rate as of the Early Termination Date, of all Tax Benefit Payments that would be required to be paid by Corporate Taxpayer to the applicable LLC Unit Holder under Section 3.1(a) of this Agreement beginning from the Early Termination Date and assuming that the Valuation Assumptions are applied.

ARTICLE V.

SUBORDINATION AND LATE PAYMENTS

5.1. Subordination. Notwithstanding any other provision of this Agreement to the contrary, any Tax Benefit Payment (or portion thereof) or Early Termination Payment required to be made to an LLC Unit Holder under this Agreement shall rank subordinate and junior in right of payment to any principal, interest (including interest which accrues after the commencement of any case or proceeding in bankruptcy, or the reorganization of the Corporate Taxpayer or any Subsidiary thereof), fees, premiums, charges, expenses, attorneys’ fees or other obligations in respect of indebtedness for borrowed money of Corporate Taxpayer (and its wholly-owned Subsidiaries, if applicable) (“Senior Obligations”) and shall rank *pari passu* with all current or future unsecured obligations of Corporate Taxpayer (and its wholly-owned Subsidiaries, as applicable) that are not Senior Obligations.

5.2. Late Payments by Corporate Taxpayer. The amount of all or any portion of any Tax Benefit Payment or Early Termination Payment not made to an LLC Unit Holder when due under the terms of this Agreement shall be payable together with any interest thereon, computed at the Default Rate (or the Agreed Rate, to the extent expressly contemplated by this Agreement) and commencing from the date on which such Tax Benefit Payment (or portion thereof) or Early Termination Payment was due and payable.

ARTICLE VI.

NO DISPUTES; CONSISTENCY; COOPERATION

6.1. Participation in Corporate Taxpayer’s and Pla-Fit LLC’s Tax Matters. Except as otherwise provided herein or in the Recapitalization Agreement, Exchange Agreement or LLC Agreement, Corporate Taxpayer shall have full responsibility for, and sole discretion over, all Tax matters concerning Corporate Taxpayer (and its wholly-owned Subsidiaries), Pla-Fit LLC and their respective Subsidiaries, including the preparation, filing or amending of any Tax Return and defending, contesting or settling any issue pertaining to Taxes. Notwithstanding the foregoing, the Corporate Taxpayer shall notify the TSG Representative of, and keep the TSG Representative reasonably informed with respect to, the portion of any audit of the Corporate

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Taxpayer and Pla-Fit LLC by a Taxing Authority the outcome of which is reasonably expected to affect the rights and obligations of the TSG Representative and its Affiliates under this Agreement, and shall provide to the TSG Representative reasonable opportunity to provide information and other input to the Corporate Taxpayer, Pla-Fit LLC and their respective advisors concerning the conduct of any such portion of such audit; provided, however, that the Corporate Taxpayer and Pla-Fit LLC shall not take any action that is inconsistent with any provision of the LLC Agreement or the Exchange Agreement.

6.2. Consistency. Corporate Taxpayer and each LLC Unit Holder agree to report and cause to be reported for all purposes, including federal, state and local Tax purposes, all Tax-related items (including the Basis Adjustments and each Tax Benefit Payment and any Imputed Interest) in a manner consistent with that specified by Corporate Taxpayer in any Schedule provided by or on behalf of Corporate Taxpayer under this Agreement unless otherwise required by law based on written advice of an Advisory Firm. Each LLC Unit Holder that does intend to report inconsistently with Corporate Taxpayer in any Schedule provided by or on behalf of Corporate Taxpayer under this Agreement shall provide thirty (30) days advance written notice to the Corporate Taxpayer.

6.3. Cooperation. Each LLC Unit Holder shall (a) furnish to Corporate Taxpayer in a timely manner such information, documents and other materials as Corporate Taxpayer may reasonably request for purposes of making any determination or computation necessary or appropriate under this Agreement, preparing any Tax Return, complying with any Tax law, or contesting or defending any audit, examination or controversy with any Taxing Authority or other governmental authority, (b) make itself available to Corporate Taxpayer and its representatives to provide explanations of documents and materials and such other information as Corporate Taxpayer or its representatives may reasonably request in connection with any of the matters described in clause (a) above, and (c) reasonably cooperate in connection with any such matter, and Corporate Taxpayer shall reimburse the LLC Unit Holder for any reasonable third-party costs and expenses incurred pursuant to this Section 6.3.

ARTICLE VII.

MISCELLANEOUS

7.1. Notices. All notices, requests, consents and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by courier service, by fax, by electronic mail (delivery receipt requested) or by certified or registered mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be as specified in a notice given in accordance with this Section 7.1). All notices hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice:

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If to Corporate Taxpayer or Pla-Fit LLC, to:

Planet Fitness, Inc.

26 Fox Run Road

Newington, NH 03801

Fax: (603) 957-4626

Email: richard.moore@pfhq.com

Attn: Richard L. Moore

with a copy (which shall not constitute notice) to:

Ropes & Gray LLP

Prudential Tower, 800 Boylston Street

Boston, MA 02199-3600

Fax: (617) 951-7050

Email: david.fine@ropesgray.com

Attn: David A. Fine

If to the TSG Representative or its Affiliates:

c/o TSG Consumer Partners LLC

600 Montgomery Street

Suite 2900

San Francisco, CA 94111

Fax: (415) 217-2350

Email: johara@tsgconsumer.com

Attn: Jamie O’Hara

with a copy (which shall not constitute notice) to:

Ropes & Gray LLP

Prudential Tower, 800 Boylston Street

Boston, MA 02199-3600

Fax: (617) 951-7050

Email: paul.vanhouten@ropesgray.com

Attn: Paul F. Van Houten

If to any LLC Unit Holder, to the address and other contact information set forth in the records of Corporate Taxpayer from time to time.

Any party may change its address, fax number or e-mail by giving the other party written notice of its new address or fax number in the manner set forth above.

7.2. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument. A facsimile signature page (or signature page in similar electronic form) hereto shall be treated by the parties for all purposes as equivalent to a manually signed signature page.

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7.3. Entire Agreement; Third Party Beneficiaries. This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof. This Agreement shall be binding upon and inure solely to the benefit of each party hereto and their respective successors and permitted assigns, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

7.4. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

7.5. Successors; Assignment; Amendments; Waivers.

1. An LLC Unit Holder shall be permitted to transfer any of its rights only upon execution and delivery by the transferee of a joinder to this Agreement, in form and substance substantially similar to Exhibit A to this Agreement, in which the transferee agrees to become an “LLC Unit Holder” for all purposes of this Agreement, except as otherwise provided in such joinder. If the TSG Representative and/or one of its Affiliates assigns its rights under this Agreement, such transferee shall also have the rights provided to the TSG Representative.
2. No provision of this Agreement may be amended unless such amendment is approved in writing by Corporate Taxpayer and each LLC Unit Holder party to the Agreement that, together with its Affiliates, would be entitled to ten percent (10%) or more of the present value of all Early Termination Payments under this Agreement (measured by present value of payments due under this Agreement, using the present value calculation and assumptions described under Section 4.3(b) above assuming for such purpose the Early Termination Date is the date the amendment is proposed to the LLC Unit Holders) and the TSG Representative to the extent such amendment would affect the rights of the TSG Representative. No provision of this Agreement may be waived unless such waiver is in writing and signed by the party against whom the waiver is to be effective.
3. All of the terms and provisions of this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the parties hereto and their respective successors, permitted assigns, heirs, executors, administrators and legal representatives. Corporate Taxpayer shall require and cause any direct or indirect successor (whether by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of Corporate Taxpayer, by written agreement, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that Corporate Taxpayer would be required to perform if no such succession had taken place (except to the extent expressly provided by this Agreement and provided that, for the avoidance of doubt, if a Change in Control has occurred and an Early Termination Payment is required to be made then the Corporate Taxpayer’s payment obligations shall be determined taking into account the provisions of ARTICLE IV).

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7.6. Titles and Subtitles. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

7.7. Governing Law; Jurisdiction; Waiver of Jury Trial. This Agreement shall be governed by the laws of the state of Delaware. To the fullest extent permitted by law, no suit, action or proceeding with respect to this Agreement may be brought in any court or before any similar authority other than in the Delaware Chancery Court, and the parties hereto hereby submit to the exclusive jurisdiction of such courts for the purpose of such suit, proceeding or judgment. To the fullest extent permitted by law, each party hereto irrevocably waives any right it may have had to bring such an action in any other court, domestic or foreign, or before any similar domestic or foreign authority. Each of the parties hereto hereby irrevocably and unconditionally waives trial by jury in any legal action or proceeding in relation to this Agreement and for any counterclaim herein.

7.8. Reconciliation. In the event that Corporate Taxpayer and the TSG Representative are unable to resolve a disagreement with respect to the matters governed by ARTICLE II or ARTICLE IV within the relevant period designated in this Agreement (“Reconciliation Dispute”), the Reconciliation Dispute shall be submitted for determination to a nationally recognized expert (the “Expert”) in the particular area of disagreement mutually acceptable to such parties. The Expert shall be a partner or principal in a nationally recognized accounting or law firm, and (unless Corporate Taxpayer and the TSG Representative agree otherwise), the Expert shall not, and the firm that employs the Expert shall not, have any material relationship with Corporate Taxpayer or the TSG Representative or its Affiliates or other actual or potential conflict of interest. If the applicable parties are unable to agree on an Expert within fifteen (15) calendar days of the end of the thirty (30) calendar-day period set forth in Section 2.1 or Section 4.2, the Expert shall be appointed by the International Chamber of Commerce Centre for Expertise. The Expert shall resolve any matter relating to the Early Termination Schedule or an amendment thereto within thirty (30) calendar days and shall resolve any matter relating to a Tax Benefit Schedule or an amendment thereto within fifteen (15) calendar days or, in each case, as soon thereafter as is reasonably practicable, in each case after the matter has been submitted to the Expert for resolution. If the matter is not resolved before any payment that is the subject of a disagreement would be due (in the absence of such disagreement), the undisputed amount shall be paid on the date prescribed by this Agreement, subject to adjustment upon resolution. For the avoidance of doubt, this Section 7.8 shall not restrict the ability of Corporate Taxpayer or its Affiliates to determine when or whether to file or amend any Tax Return. The costs and expenses relating to the engagement of such Expert or amending any Tax Return shall be borne equally by Corporate Taxpayer and the LLC Units Holders (on a pro rata basis based on relative proportion of all Early Termination Payments under this Agreement, measured by present value of payments due under this Agreement, using the present value calculation and assumptions described under Section 4.3(b) above assuming for such purpose the Early Termination Date is the date the Reconciliation Dispute is resolved) (in the event the TSG Representative and/or its Affiliates are participating in the Reconciliation Dispute), as applicable, participating in the Reconciliation Dispute. Corporate Taxpayer may withhold payments under this Agreement to collect amounts due under the preceding sentence. Any dispute as to whether a dispute is a Reconciliation Dispute within the meaning of this Section 7.8 shall be decided by the Expert. The Expert shall finally determine any Reconciliation Dispute and the determinations of the Expert pursuant to this Section 7.8 shall be binding on Corporate Taxpayer and the TSG Representative and/or its Affiliates, as applicable, participating in the Reconciliation Dispute and may be entered and enforced in any court having jurisdiction.

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7.9. Withholding. Corporate Taxpayer shall be entitled to deduct and withhold or cause to be deducted and withheld from any payment payable pursuant to this Agreement to a present or former LLC Unit Holder such amounts as Corporate Taxpayer determines in good faith it is required to deduct and withhold with respect to the making of such payment under the Code or any provision of state, local or foreign tax law. To the extent that amounts are so withheld and paid over to the appropriate Taxing Authority by Corporate Taxpayer, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to such LLC Unit Holder.

7.10. Admission of Corporate Taxpayer into a Consolidated Group; Transfers of Corporate Assets.

1. If Corporate Taxpayer and its wholly-owned Subsidiaries are or become members of a combined, consolidated, affiliated or unitary group that files a consolidated, combined or unitary income tax return pursuant to Sections 1501 *et seq.* of the Code or any corresponding provisions of state or local law, then: (i) the provisions of this Agreement shall be applied with respect to the relevant group as a whole; and (ii) Tax Benefit Payments, Net Tax Benefit, Cumulative Net Realized Tax Benefit, Realized Tax Benefit, Realized Tax Detriment, Early Termination Payments and other applicable items hereunder shall be computed with reference to the consolidated (or combined or unitary, where applicable) taxable income, gain, loss, deduction and attributes of the relevant group as a whole.
2. If any entity that is or may be obligated to make a Tax Benefit Payment or Early Termination Payment hereunder, or any entity any portion of the income of which is included in the income of the Corporate Taxpayer’s consolidated, combined, affiliated or unitary group, directly or indirectly transfers (as determined for U.S. federal income tax purposes) one or more assets to a Person classified as a corporation for U.S. income tax purposes with which such entity does not file a consolidated income tax return pursuant to Section 1501 *et seq.* of the Code (or, for purposes of calculations relating to state or local taxes, a consolidated, combined or unitary income tax return under applicable state or local law), such entity, for purposes of calculating the amount of any Tax Benefit Payment or Early Termination Payment (*e*.*g.*, calculating the gross income of the entity and, if applicable, determining the Realized Tax Benefit of such entity) due hereunder, shall be treated as having disposed of such asset in a fully taxable transaction on the date of such transfer. The consideration deemed to be received by such entity shall be equal to the fair market value of the transferred asset, increased by the amount of debt that would increase the transferor’s “amount realized” for U.S. federal income tax purposes in connection with such transfer, in the case of a contribution of an encumbered asset (including an interest in an entity classified for U.S. federal income tax purposes as a partnership which has debt outstanding). For the avoidance of doubt, a transaction treated for U.S. federal income tax purposes as a liquidation into Corporate Taxpayer of one or more of its wholly-owned Subsidiaries or merger of one or more of such entities into one another or Corporate Taxpayer will not cause any such Persons to be treated as having disposed of any of its assets for purposes of this Section 7.10(b). In the event there occurs a transaction described in the preceding sentence, the Tax Benefit Payments and any other amounts due under this Agreement shall be calculated without regard to such transaction.

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7.11. Confidentiality. Each LLC Unit Holder and each of its assignees acknowledge and agree that the information of Corporate Taxpayer is confidential and, except in the course of performing any duties as necessary for Corporate Taxpayer and its Affiliates, as required by law or legal process or to enforce the terms of this Agreement, such person shall keep and retain in the strictest confidence and not disclose to any Person any confidential matters acquired pursuant to this Agreement of Corporate Taxpayer and its Affiliates and successors, learned by the LLC Unit Holder heretofore or hereafter. This Section 7.11 shall not apply to (i) any information that has been made publicly available by Corporate Taxpayer or any of its Affiliates, becomes public knowledge (except as a result of an act of the LLC Unit Holder in violation of this Agreement) or is generally known to the business community and (ii) the disclosure of information to the extent necessary for the LLC Unit Holder to prepare and file its Tax Returns, to respond to any inquiries regarding the same from any Taxing Authority or to prosecute or defend any action, proceeding or audit by any Taxing Authority with respect to such Tax Returns. Notwithstanding anything to the contrary herein or in any other agreement, the LLC Unit Holders and each of their assignees (and each employee, representative or other agent of the LLC Unit Holders or their assignees, as applicable) may disclose to any and all Persons, without limitation of any kind, the tax treatment and tax structure and any related tax strategies of or relating to Corporate Taxpayer and its Affiliates, the LLC Unit Holder or assignee, and any of their transactions or agreements, and all materials of any kind (including opinions or other tax analyses) that are provided to the LLC Unit Holder or assignee relating to such tax treatment and tax structure and any related tax strategies.

If the LLC Unit Holder or an assignee commits a breach, or threatens to commit a breach, of any of the provisions of this Section 7.11, Corporate Taxpayer and its Affiliates shall have the right and remedy to have the provisions of this Section 7.11 specifically enforced by injunctive relief or otherwise by any court of competent jurisdiction without the need to post any bond or other security, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury to Corporate Taxpayer or its Affiliates and the accounts and funds managed by Corporate Taxpayer and that money damages alone shall not provide an adequate remedy to such Persons. Such rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available at law or in equity.

7.12. Change in Law. Notwithstanding anything herein to the contrary, if, in connection with an actual or proposed change in law, an LLC Unit Holder reasonably believes that the existence of this Agreement could cause income (other than income arising from receipt of a payment under this Agreement) recognized by such LLC Unit Holder (or direct or indirect equity holders in such LLC Unit Holder) upon the IPO, Recapitalization or any Exchange to be treated as ordinary income rather than capital gain (or otherwise taxed at ordinary income rates) for U.S. federal income tax purposes or could have other material adverse tax consequences to the LLC Unit Holder or any direct or indirect owner of the LLC Unit Holder, then at the election of the LLC Unit Holder and to the extent specified by the LLC Unit Holder, this Agreement shall cease to have further effect with respect to such LLC Unit Holder and shall for clarity not apply to an Exchange by such LLC Unit Holder occurring after a date specified by the LLC Unit Holder.

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7.13. Independent Nature of LLC Unit Holders’ Rights and Obligations. The rights and obligations of each LLC Unit Holder hereunder are independent of the rights and obligations of any other LLC Unit Holder hereunder. No LLC Unit Holder shall be responsible in any way for the performance of the obligations of any other LLC Unit Holder hereunder, nor shall any LLC Unit Holder have the right to enforce the rights or obligations of any other LLC Unit Holder hereunder. The obligations of each LLC Unit Holder hereunder are solely for the benefit of, and shall be enforceable solely by, Corporate Taxpayer. The decision of each LLC Unit Holder to enter into this Agreement has been made by such LLC Unit Holder independently of any other LLC Unit Holder. Nothing contained herein or in any other agreement or document delivered at any closing (other than the LLC Agreement and any joinder thereto), and no action taken by any LLC Unit Holder pursuant hereto or thereto, shall be deemed to constitute the LLC Unit Holders as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the LLC Unit Holders are in any way acting in concert or as a group with respect to such rights or obligations or the transactions contemplated hereby, and Corporate Taxpayer acknowledges that the LLC Unit Holders are not acting in concert or as a group and will not assert any such claim with respect to such rights or obligations or the transactions contemplated hereby.

7.14. LLC Agreement/Exchange Agreement. This Agreement shall be treated as part of the LLC Agreement and Exchange Agreement as described in Section 761(c) of the Code and Sections 1.704-1(b)(2)(ii)(h) and 1.761-1(c) of the Treasury Regulations.

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IN WITNESS WHEREOF, the undersigned have duly executed this Agreement as of the date first written above.

Planet Fitness, Inc.

By:

Name:



Title:

Pla-Fit Holdings, LLC

By:

Name:



Title:

[Signature Page to Tax Receivable Agreement]

THE CHRISTOPHER J. RONDEAU IRREVOCABLE GST

TRUST OF 2012

By:

Name:



Title:

THE CHRISTOPHER J. RONDEAU REVOCABLE TRUST

OF 2006

By:

Name:



Title:

THE MARC GRONDAHL REVOCABLE TRUST OF 2006

By:

Name:



Title:

Name: Craig Benson



Name: Stephen Spinelli, Jr.



Name: Richard Moore



Name: Anna Arico



[Signature Page to Tax Receivable Agreement]

Name: Dorvin Lively



Name: Brian Belmont



Name: Bonnie Monahan



Name: Corey Benish



[Signature Page to Tax Receivable Agreement]

TSG PF INVESTMENT L.L.C.

By:

Name:



Title:

TSG PF INVESTMENT II L.L.C.

By:

Name:



Title:

[Signature Page to Tax Receivable Agreement]

**Exhibit A**

**Joinder**

This JOINDER (this “Joinder”) to the Tax Receivable Agreement (as defined below), dated as of [ ], by and among Planet Fitness, Inc., a Delaware corporation (“Corporate Taxpayer”), and [ ] (“Permitted Transferee”).

WHEREAS, on [ ], the Permitted Transferee acquired (the “Acquisition”) from [ ] (“Transferor”) the right to receive any and all payments that may become due and payable to Transferor under the Tax Receivable Agreement (as defined below) with respect to LLC Units that have been Exchanged or may in the future be Exchanged in Pla-Fit Holdings, LLC (the “Applicable Interests”); and

WHEREAS, Transferor, in connection with the Acquisition, has required Permitted Transferee to execute and deliver this Joinder pursuant to

Section 7.5 of the Tax Receivable Agreement (Exchanges), dated as of , 2015, between Corporate Taxpayer and each LLC Unit Holder (as defined therein) (the “Tax Receivable Agreement”);

NOW, THEREFORE, in consideration of the foregoing and the respective covenants and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, Permitted Transferee hereby agrees as follows:

Section 1.1. Definitions. To the extent capitalized words used in this Joinder are not defined in this Joinder, such words shall have the respective meanings set forth in the Tax Receivable Agreement.

Section 1.2. Joinder. Permitted Transferee hereby acknowledges and agrees to become an “LLC Unit Holder” (as defined in the Tax Receivable Agreement) for all purposes of the Tax Receivable Agreement with respect to the Applicable Interests.

Section 1.3. Notice. Any notice, request, consent, claim, demand, approval, waiver or other communication hereunder to Permitted Transferee shall be delivered or sent to Permitted Transferee at the address set forth on the signature page hereto in accordance with Section 7.1 of the Tax Receivable Agreement.

Section 1.4. Governing Law. This Agreement and the rights and obligations of the parties hereunder shall be governed by, and construed, interpreted and enforced in accordance with, the laws of the State of Delaware (without regard to any choice of law rules thereunder).

IN WITNESS WHEREOF, this Joinder has been duly executed and delivered by Permitted Transferee as of the date first above written.

**Annex A**

**List of LLC Unit Holders**

1. TSG PF Investment L.L.C.
2. TSG PF Investment II L.L.C.
3. The Christopher J. Rondeau Irrevocable GST Trust of 2012
4. The Christopher J. Rondeau Revocable Trust of 2006
5. The Marc Grondahl Revocable Trust of 2006
6. Craig Benson
7. Stephen Spinelli, Jr.
8. Richard Moore
9. Anna Arico
10. Dorvin Lively
11. Brian Belmont
12. Bonnie Monahan
13. Corey Benish

**Exhibit 10.6**

**TAX RECEIVABLE AGREEMENT**

**among**

**PLANET FITNESS, INC. and its WHOLLY-OWNED SUBSIDIARIES,**

**PLA-FIT HOLDINGS, LLC**

**and**

**EACH STOCKHOLDER OF**

**PLANET FITNESS, INC. LISTED ON ANNEX A**

|  |  |
| --- | --- |
| Dated as of | , 2015 |



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| --- | --- | --- |
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This TAX RECEIVABLE AGREEMENT (“Agreement”), dated as of , 2015 and effective upon the consummation of the Recapitalization Transactions (as defined in the Recapitalization Agreement (as defined herein)) and prior to the IPO Closing, is hereby entered into by and among Planet Fitness, Inc., a Delaware corporation (“Corporate Taxpayer”), the wholly-owned Subsidiaries of Corporate Taxpayer, Pla-Fit Holdings, LLC, a Delaware limited liability company (“Pla-Fit LLC”) each stockholder of the Corporate Taxpayer listed on Annex A (“Indirect LLC Unit Holder”), and each of the successors and assigns thereto.

**RECITALS**

WHEREAS, each Indirect LLC Unit Holder indirectly holds member interests (the “Units”) in Pla-Fit Holdings, LLC, a Delaware limited liability company (“Pla-Fit”), which is classified as a partnership for United States federal income tax purposes;

WHEREAS, the Corporate Taxpayer is the managing member of Pla-Fit, and holds and will hold, directly and/or indirectly, Units;

WHEREAS, each Indirect LLC Unit Holder was the direct owner of a party to that certain Membership Interest Purchase Agreement, dated as of October 23, 2012, by and among TSG PF Investment L.L.C., Planet Fitness Holdings, LLC and the other parties named therein and an indirect owner of a party to that certain Unit Purchase Agreement, dated as of October 11, 2013, by and among Pla-Fit Holdings, LLC and the other parties named therein;

NOW, THEREFORE, in consideration of the foregoing and the respective covenants and agreements set forth herein, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I.

DEFINITIONS

1.1. Definitions. As used in this Agreement, the terms set forth in this ARTICLE I shall have the following meanings.

“Advisory Firm” means any accounting firm or any law firm that, in either case, is nationally recognized as being expert in tax matters.

“Affiliate” means, with respect to any specified Person, (a) any other Person that directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such specified Person, (b) a Member of the Immediate Family of such specified Person, and (c) any investment fund advised or managed by, or under common control or management with, such specified Person.

“Agreed Rate” means LIBOR.

“Agreement” has the meaning set forth in the Preamble of this Agreement.

“Amended Schedule” has the meaning set forth in Section 2.2(b) of this Agreement.

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“Asset Purchase” means the transactions pursuant to that certain Asset Purchase Agreement, as of March 31, 2014, by and among (i) Pla-Fit Health NJNY, LLC, and (ii) Sellers, Principals and Seller Representatives (each as defined therein).

“Basis Adjustment” means in respect of an Indirect LLC Unit Holder the adjustment to the tax basis of a Reference Asset under Sections 732, 755 and 1012 of the Code (in situations where, following an Exchange and/or a merger or liquidation of Corporate Taxpayer’s wholly-owned Subsidiaries, Pla-Fit LLC becomes an entity that is disregarded as separate from its owner for U.S. federal income tax purposes) or under Sections 743(b) and 755 of the Code (in situations where, following an Exchange, and/or a merger or liquidation of Corporate Taxpayer’s wholly-owned Subsidiaries, Pla-Fit LLC is not an entity that is disregarded as separate from its owner for U.S. federal income tax purposes) and the Treasury Regulations promulgated thereunder and, in each case, comparable sections of state and local tax laws, as a result of an Exchange by such Indirect LLC Unit Holder.

“Board” means the Board of Directors of Corporate Taxpayer.

“Business Day” means any day excluding Saturday, Sunday and any day that is a legal holiday under the laws of the State of New York or is a day on which banking institutions located in New York are closed.

A “Change in Control” shall be deemed to have occurred upon:

1. the sale, lease or transfer, in one or a series of related transactions, of all or substantially all of Corporate Taxpayer’s assets (determined on a consolidated basis) to any person or group (as such term is used in Section 13(d)(3) of the Exchange Act) other than to any Subsidiary of Corporate Taxpayer; provided, that, for clarity and notwithstanding anything to the contrary, neither the approval of nor consummation of a transaction treated for U.S. federal income tax purposes as a liquidation into Corporate Taxpayer of its wholly-owned Subsidiaries or merger of such entities into one another or Corporate Taxpayer will constitute a “Change in Control”;
2. the merger or consolidation of Corporate Taxpayer with any other person, other than a merger or consolidation which would result in the Voting Securities of Corporate Taxpayer outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least 50.1% of the total voting power represented by the Voting Securities of Corporate Taxpayer or such surviving entity outstanding immediately after such merger or consolidation;
3. the liquidation or dissolution of Corporate Taxpayer; or
4. the acquisition, directly or indirectly, by any person or group (as such term is used in Section 13(d)(3) of the Exchange Act) (other than (a) a trustee or other fiduciary holding securities under an employee benefit plan of Corporate Taxpayer; (b) a corporation or other entity owned, directly or indirectly, by the stockholders of Corporate Taxpayer in substantially the same proportions as their

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ownership of stock of Corporate Taxpayer; (c) Affiliates of TSG Consumer Partners, LLC of beneficial ownership (as defined in Rule 13d-3 under the Exchange Act) of more than 50.1% of the aggregate voting power of the Voting Securities of Corporate Taxpayer.

“Class A Common Stock” has the meaning set forth in the Recitals of this Agreement.

“Code” has the meaning set forth in the Recitals of this Agreement.

“Control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of Voting Securities, by contract or otherwise.

“Corporate Taxpayer” has the meaning set forth in the Preamble of this Agreement and includes any predecessor entities.

“Corporate Taxpayer Return” means the federal and/or state and/or local Tax Return, as applicable, of Corporate Taxpayer or any wholly-owned Subsidiary of Corporate Taxpayer (or any Tax Return filed for a consolidated, affiliated, combined or unitary group of which Corporate Taxpayer or any wholly-owned Subsidiary of Corporate Taxpayer is a member) filed with respect to Taxes of any taxable year.

“Cumulative Net Realized Tax Benefit” means for a taxable year in respect of an Indirect LLC Unit Holder the cumulative amount of Realized Tax Benefits in respect of such Indirect LLC Unit Holder for all taxable years or portions thereof of (i) Corporate Taxpayer, (ii) its wholly-owned Subsidiaries, and (iii) without duplication, Pla-Fit LLC and its Subsidiaries, up to and including such taxable year, net of the cumulative amount of Realized Tax Detriments in respect of such Indirect LLC Unit Holder for the same period. The Realized Tax Benefit and Realized Tax Detriment in respect of such Indirect LLC Unit Holder for each taxable year or portion thereof shall be determined based on the most recent Tax Benefit Schedule or Amended Schedule, if any, in existence at the time of such determination. If a Cumulative Net Realized Tax Benefit in respect of such Indirect LLC Unit Holder is being calculated with respect to a portion of a taxable year, then calculations of the Cumulative Net Realized Tax Benefit in respect of such Indirect LLC Unit Holder (including determinations relating to Basis Adjustments and Imputed Interest to the extent applicable) shall be made as if there were an interim closing of the books of the relevant entity and its Subsidiaries and the taxable year had closed on the relevant date. Notwithstanding anything to the contrary, Cumulative Net Realized Tax Benefit shall be determined without regard to New Hampshire Rev. Stat. § 77-A:4(XIV) (and any successor provision), which requires a tax to be paid upon an LLC unit being transferred with respect to the applicable tax basis “step up,” and without regard to any subsequent deductions of such stepped up tax basis taken under a related New Hampshire Rev. Stat., as such New Hampshire tax items are addressed in the Exchange Agreement made by and among Planet Fitness, Inc., Pla-Fit Holdings, LLC, and certain holders of units and stock dated on or about the date hereof, as such agreement may be amended, restated, supplemented and/or otherwise modified from time to time (the “Exchange Agreement”).

“Default Rate” means LIBOR plus 500 basis points.

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“Determination” shall have the meaning ascribed to such term in Section 1313(a) of the Code or similar provision of state and local tax law, as applicable, or any other event (including the execution of IRS Form 870-AD) that finally and conclusively establishes the amount of any liability for Tax.

“Early Termination Date” means the date of an Early Termination Notice for purposes of determining the Early Termination Payment.

“Early Termination Effective Date” has the meaning set forth in Section 4.2 of this Agreement.

“Early Termination Notice” has the meaning set forth in Section 4.2 of this Agreement.

“Early Termination Payment” has the meaning set forth in Section 4.3(b) of this Agreement.

“Early Termination Rate” means LIBOR plus 100 basis points.

“Early Termination Schedule” has the meaning set forth in Section 4.2 of this Agreement.

“Exchange” means a purchase of LLC Units by Corporate Taxpayer or any of its wholly-owned Subsidiaries from a person (other than Corporate Taxpayer or any of its wholly-owned Subsidiaries) who is party to that certain Membership Interest Purchase Agreement, dated as of October 23, 2012, by and among TSG PF Investment L.L.C., Planet Fitness Holdings, LLC and the other parties named therein or that certain Unit Purchase Agreement, dated as of October 11, 2013 by and among Pla-Fit Holdings, LLC and the other parties named therein, to the extent such units are retained by the Indirect LLC Unit Holder, as applicable. Any reference in this Agreement to LLC Units “Exchanged” is intended to denote LLC Units that are the subject of an Exchange.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Expert” has the meaning set forth in Section 7.8 of this Agreement.

“Hypothetical Tax Liability” means in respect of an Indirect LLC Unit Holder, with respect to any taxable year or portion thereof, the liability for Taxes for such taxable year or portion thereof of (i) Corporate Taxpayer, (ii) its wholly-owned Subsidiaries and (iii) without duplication, Pla-Fit LLC, but only with respect to Corporate Taxpayer and its wholly-owned Subsidiaries’ pro rata shares of the Tax liability of Pla-Fit LLC and its Subsidiaries for such taxable year or portion thereof, in each case using the same methods, elections, conventions and similar practices used on the relevant Corporate Taxpayer Return but

1. using the Non-Stepped Up Tax Basis in respect of such Indirect LLC Unit Holder, (ii) excluding any deduction attributable to Imputed Interest in respect of such Indirect LLC Unit Holder for the taxable year, and (iii) excluding any deduction allocable in respect of such Indirect LLC Unit Holder for the taxable year arising from the Asset Purchase. For the avoidance of doubt, the Hypothetical Tax Liability shall be determined without taking into account the carryover or carryback of any Tax item (or portions thereof) that is attributable to the Basis Adjustment, Imputed Interest, or such

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deduction arising from the Asset Purchase with respect to such Indirect LLC Unit Holder, as applicable. If a Hypothetical Tax Liability is being calculated with respect to a portion of a taxable year, then calculations of the Hypothetical Tax Liability (including determinations relating to Basis Adjustments and Imputed Interest to the extent applicable) shall be made as if there were an interim closing of the books of the relevant entity and its Subsidiaries and the taxable year had closed on the relevant date. Notwithstanding anything to the contrary, Hypothetical Tax Liability shall be determined without regard to New Hampshire Rev. Stat. § 77-A:4(XIV) (and any successor provision), which requires a tax to be paid upon an LLC unit being transferred with respect to the applicable tax basis “step up,” and without regard to any subsequent deductions of such stepped up tax basis taken under a related New Hampshire Rev. Stat., as such New Hampshire tax items are addressed in the Exchange Agreement.

“Imputed Interest” means in respect of an Indirect LLC Unit Holder any interest imputed under Section 1272, 1274 or 483 or other provision of the Code and any similar provision of state and local tax law with respect to Corporate Taxpayer’s payment obligations in respect of such Indirect LLC Unit Holder under this Agreement.

“Indirect LLC Unit Holder” has the meaning set forth in the Recitals of this Agreement.

“Initial Debt Documents” has the meaning set forth in Section 4.1(b) of this Agreement.

“Interest Amount” has the meaning set forth in Section 3.1(b) of this Agreement.

“IPO” has the meaning set forth in the Recitals of this Agreement.

“IPO Closing” means the closing of the sale of the shares of Class A Common Stock in the IPO (without giving effect to any exercise of the underwriters’ over-allotment option).

“LIBOR” means during any period, an interest rate per annum equal to the one-year LIBOR reported, on the date two days prior to the first day of such period, on the Reuters Screen page “LIBOR01” (or if such screen shall cease to be publicly available, as reported by any other publicly available source of such market rate) for London interbank offered rates for U.S. dollar deposits for such period.

“LLC Agreement” means the Amended and Restated Limited Liability Company Agreement of Pla-Fit LLC, dated on or about the date hereof, as such agreement may be amended, restated, supplemented and/or otherwise modified from time to time.

“LLC Units” has the meaning set forth in the Recitals of this Agreement.

“Market Value” shall mean the closing price per share of the Class A Common Stock on the applicable determination date on the national securities exchange or interdealer quotation system on which such Class A Common Stock is then traded or listed, as reported by the *Wall Street Journal* (or other mutually acceptable electronic or print publication); provided, that if the closing price is not reported by the *Wall Street Journal* (or such other mutually acceptable electronic or print publication) for the applicable determination date, then the “Market Value” shall mean the closing price of the Class A Common Stock on the Business Day immediately preceding such determination date on the national securities exchange or interdealer quotation

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system on which such Class A Common Stock is then traded or listed, as reported by the *Wall Street Journal* (or such other mutually acceptable electronic or print publication) provided further, that if the Class A Common Stock is not then listed on a national securities exchange or interdealer quotation system, “Market Value” shall mean the fair market value of the Class A Common Stock on the applicable determination date, as determined by the Board in good faith.

“Member of the Immediate Family” means, with respect to any Person who is an individual, (a) each parent, spouse (but not including a former spouse or a spouse from whom such Person is legally separated) or child (including those adopted) of such individual and (b) each trust naming only one or more of the Persons listed in sub-clause (a) as beneficiaries.

“Net Tax Benefit” has the meaning set forth in Section 3.1(b) of this Agreement.

“Non-Stepped Up Tax Basis” means in respect of an Indirect LLC Unit Holder, with respect to any Reference Asset at any time, the Tax basis that such asset would have had at such time if no Basis Adjustments had been made in respect of such Indirect LLC Unit Holder.

“Objection Notice” has the meaning set forth in Section 2.2(a) of this Agreement.

“Payment Date” means any date on which a payment is required to be made pursuant to this Agreement.

“Person” means any individual, corporation, firm, partnership, joint venture, limited liability company, estate, trust, business association, organization, governmental entity or other entity.

“Realized Tax Benefit” means, in respect of an Indirect LLC Unit Holder for a taxable year (or portion thereof), the excess, if any, of the Hypothetical Tax Liability (in respect of such Indirect LLC Unit Holder) for such taxable year (or portion thereof) over the actual liability for Taxes (in respect of such Indirect LLC Unit Holder) for such taxable year (or portion thereof) of (i) Corporate Taxpayer, (ii) its wholly-owned Subsidiaries, and (iii) without duplication, Pla-Fit LLC and its Subsidiaries, but only with respect to Corporate Taxpayer and its wholly-owned Subsidiaries’ pro rata shares of the Tax liability of Pla-Fit LLC and its Subsidiaries for such taxable year (or portion thereof). If all or a portion of the actual liability for such Taxes for the taxable year arises as a result of an audit by a Taxing Authority of any taxable year, such liability shall not be included in determining the Realized Tax Benefit in respect of such Indirect LLC Unit Holder unless and until there has been a Determination. If an “actual liability” for Taxes is being calculated with respect to a portion of a taxable year, then calculations of such actual liability (including determinations relating to Basis Adjustments and Imputed Interest to the extent applicable) shall be made as if there were an interim closing of the books of the relevant entity and its Subsidiaries and the taxable year had closed on the relevant date.

“Realized Tax Detriment” means, in respect of an Indirect LLC Unit Holder for a taxable year (or portion thereof), the excess, if any, of the actual liability for Taxes (in respect of such Indirect LLC Unit Holder) for such taxable year (or portion thereof) of (i) Corporate Taxpayer, (ii) its wholly-owned Subsidiaries, and (iii) without duplication, Pla-Fit LLC and its Subsidiaries, but only with respect to Corporate Taxpayer and its wholly-owned Subsidiaries’ pro rata shares of the Tax liability of Pla-Fit LLC and its Subsidiaries for such taxable year (or portion thereof)

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over the Hypothetical Tax Liability (in respect of such Indirect LLC Unit Holder) for such taxable year (or portion thereof). If all or a portion of the actual liability for such Taxes for the taxable year arises as a result of an audit by a Taxing Authority of any taxable year, such liability shall not be included in determining the Realized Tax Detriment in respect of such Indirect LLC Unit Holder unless and until there has been a Determination. If an “actual liability” for Taxes is being calculated with respect to a portion of a taxable year, then calculations of such actual liability (including determinations relating Basis Adjustments and Imputed Interest to the extent applicable) shall be made as if there were an interim closing of the books of the relevant entity and its Subsidiaries and the taxable year had closed on the relevant date.

“Recapitalization” has the meaning set forth in the Recitals of this Agreement.

“Recapitalization Agreement” means that certain Recapitalization Agreement dated as of [•] by the parties hereto and certain other parties.

“Reconciliation Dispute” has the meaning set forth in Section 7.8 of this Agreement.

“Reconciliation Procedures” has the meaning set forth in Section 2.2(a) of this Agreement.

“Reference Asset” means with respect to any Exchange, an asset that was held by Pla-Fit LLC or by any of its direct or indirect subsidiaries treated as a partnership or disregarded entity for purposes of the applicable Tax, at the time of such Exchange

“Schedule” means any of the following: (i) a Tax Benefit Schedule, or (ii) the Early Termination Schedule, and, in each case, any amendments thereto.

“Senior Obligations” has the meaning set forth in Section 5.1 of this Agreement.

“Subsidiary” means, with respect to any Person, as of any date of determination, any other Person as to which such Person, owns, directly or indirectly, or otherwise controls more than 50% of the voting power or other similar interests or the sole general partner interest or managing member or similar interest of such Person.

“Tax Benefit Payment” has the meaning set forth in Section 3.1(b) of this Agreement.

“Tax Benefit Schedule” has the meaning set forth in Section 2.1(a) of this Agreement.

“Tax Return” means any return, declaration, election, report or similar statement filed or required to be filed with a Taxing Authority with respect to Taxes (including any attached schedules), including any information return, claim for refund, declaration of estimated Tax, and amendments of any of the foregoing.

“Taxes” means any and all U.S. federal, state and local taxes, assessments or similar charges that are based on or measured with respect to net income or profits, and any interest related to such Tax.

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“Taxing Authority” shall mean any domestic, federal, national, state, county or municipal or other local government, any subdivision, agency, commission or authority thereof, or any quasi-governmental body exercising any taxing authority or any other authority exercising Tax regulatory authority.

“Treasury Regulations” means the final, temporary and (to the extent they can be relied upon) proposed regulations under the Code promulgated from time to time (including corresponding provisions and succeeding provisions) as in effect for the relevant taxable period.

“TSG Representative” means TSG6 Management L.L.C. or its designated successor.

“Valuation Assumptions” shall mean, as of an Early Termination Date, the assumptions that (1) in each taxable year ending on or after such Early Termination Date, Corporate Taxpayer and its wholly-owned Subsidiaries will have taxable income sufficient to fully use the deductions within Net Tax Benefit (including arising from the Basis Adjustments and the Imputed Interest and deductions arising from the Asset Purchase) during such taxable year (including, for the avoidance of doubt, Basis Adjustments and Imputed Interest that would result from post-Early Termination Date Tax Benefit Payments that would be paid in accordance with the Valuation Assumptions) in which such deductions would become available, (2) the U.S. federal income tax rates and state and local income tax rates that will be in effect for each such taxable year will be those specified for each such taxable year by the Code and other law as in effect on the Early Termination Date (but taking into account for the applicable taxable years adjustments to the tax rates that have been enacted as of the Early Termination Date with a delayed effective date), (3) any loss carryovers generated by any Basis Adjustment, Imputed Interest, or deductions arising from the Asset Purchase and available as of the Early Termination Date will be used by Corporate Taxpayer on a pro rata basis from the Early Termination Date through the scheduled expiration date of such loss carryovers, (4) any non-amortizable assets (other than stock of the Corporate Taxpayer’s wholly-owned Subsidiaries with which the Corporate Taxpayer files a consolidated return) will be disposed of in a taxable sale on the fifteenth anniversary of the applicable Basis Adjustment for an amount sufficient to fully use the Basis Adjustments with respect to such assets and any short-term investments (including cash equivalents) will be disposed of 12 months following the Early Termination Date; provided that, in the event of a Change in Control which includes a taxable sale of any relevant asset, such non-amortizable assets shall be deemed disposed of at the time of the Change in Control (if earlier than such fifteenth anniversary), (5) any payment obligations pursuant to this Agreement will be satisfied on the date that any Tax Return to which such payment obligation relates is required to be filed excluding any extensions.

“Voting Securities” shall mean any securities of Corporate Taxpayer which are entitled to vote generally in matters submitted for a vote of Corporate Taxpayer’s stockholders or generally in the election of the Board.

1.2. Terms Generally. In this Agreement, unless otherwise specified or where the context otherwise requires:

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1. the headings of particular provisions of this Agreement are inserted for convenience only and will not be construed as a part of this Agreement or serve as a limitation or expansion on the scope of any term or provision of this Agreement;
2. words importing any gender shall include other genders;
3. words importing the singular only shall include the plural and vice versa;
4. the words “include,” “includes” or “including” shall be deemed to be followed by the words “without limitation”;
5. the words “hereof,” “herein” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement;
6. references to “Articles,” “Exhibits,” “Sections” or “Schedules” shall be to Articles, Exhibits, Sections or Schedules of or to this Agreement;
7. references to any Person include the successors and permitted assigns of such Person;
8. the use of the words “or,” “either” and “any” shall not be exclusive;
9. wherever a conflict exists between this Agreement and any other agreement among parties hereto, this Agreement shall control but solely to the extent of such conflict;
10. references to “$” or “dollars” means the lawful currency of the United States of America;
11. references to any agreement, contract or schedule, unless otherwise stated, are to such agreement, contract or schedule as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof; and
12. the parties hereto have participated collectively in the negotiation and drafting of this Agreement; accordingly, in the event an ambiguity or question of intent or interpretation arises, it is the intention of the parties that this Agreement shall be construed as if drafted collectively by the parties hereto, and that no presumption or burden of proof shall arise favoring or disfavoring any party hereto by virtue of the authorship of any provisions of this Agreement.

ARTICLE II.

DETERMINATION OF CERTAIN REALIZED TAX BENEFIT

2.1. Tax Benefit Schedule.

1. Tax Benefit Schedule. Within ninety (90) calendar days after the due date (taking into account valid extensions) of the U.S. federal income Tax Return of Corporate

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Taxpayer (or its wholly-owned Subsidiaries, as applicable) for any taxable year in which there is a Realized Tax Benefit or Realized Tax Detriment, Corporate Taxpayer shall provide to the TSG Representative a schedule showing in reasonable detail the information to perform the calculations required by this Agreement (including deductions allocable to the Indirect LLC Unit Holder for the taxable year arising from the Asset Purchase) and calculation of the Realized Tax Benefit or Realized Tax Detriment in respect of such Indirect LLC Unit Holder for such taxable year and any Tax Benefit Payment in respect of such Indirect LLC Unit Holder (a “Tax Benefit Schedule”). The Tax Benefit Schedules provided by Corporate Taxpayer will become final as provided in Section 2.2(a) and may be amended as provided in Section 2.2(b).

1. Applicable Principles. Subject to Section 3.3(a), the Realized Tax Benefit or Realized Tax Detriment in respect of each Indirect LLC Unit Holder for each taxable year is intended to measure the decrease or increase in the actual liability for Taxes of Corporate Taxpayer and its wholly-owned Subsidiaries (and Pla-Fit LLC and its Subsidiaries, as applicable and without duplication) for such taxable year (or portion thereof) attributable to the Basis Adjustments, the Imputed Interest, and deductions arising from the Asset Purchase, determined using a “with and without” methodology. For the avoidance of doubt, the actual liability for Taxes of Corporate Taxpayer and its wholly-owned Subsidiaries (and Pla-Fit LLC and its Subsidiaries, as applicable and without duplication) will take into account any deduction of Imputed Interest. Carryovers or carrybacks of any Tax item attributable to the Basis Adjustments, Imputed Interest, and deductions arising from the Asset Purchase shall be considered to be subject to the rules of the Code and the Treasury Regulations or the appropriate provisions of U.S. state and local income and franchise tax law, as applicable, governing the use, limitation and expiration of carryovers or carrybacks of the relevant type.

2.2. Procedure, Amendments.

* 1. Procedure. Every time Corporate Taxpayer delivers to the TSG Representative an applicable Schedule under this Agreement, including any Amended Schedule delivered pursuant to Section 2.2(b), including any Early Termination Schedule or amended Early Termination Schedule, Corporate Taxpayer shall also allow the TSG Representative reasonable access, at the Corporate Taxpayer’s sole cost, to the appropriate representatives, as determined by Corporate Taxpayer, at Corporate Taxpayer and the Advisory Firm that prepared the relevant Corporate Taxpayer Returns in connection with a review of such Schedule. Without limiting the application of the preceding sentence, the Corporate Taxpayer shall, upon request, deliver to the TSG Representative the relevant Corporate Taxpayer Returns as well as any other work papers but shall be entitled to redact any information that it reasonably believes is unnecessary for purposes of the calculations contemplated by this Agreement. An applicable Schedule or amendment thereto shall, subject to the final sentence of this Section 2.2(a), become final and binding on each Indirect LLC Unit Holder (other than with respect to the TSG Representative and its Affiliates) immediately; except that the Schedule or amendment shall become final and binding with respect to the TSG Representative and its Affiliates thirty

1. calendar days from the first date on which the Corporate Taxpayer sent the TSG Representative the applicable Schedule or amendment thereto unless
2. the TSG Representative within thirty (30) calendar days after the date Corporate Taxpayer sent such Schedule or amendment thereto provides Corporate Taxpayer with written notice of a material objection to such Schedule made in good faith and setting forth in reasonable detail the TSG Representative’s material objection

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along with a letter from an Advisory Firm supporting such objection, if such objection relates to the application of Tax law (an “Objection Notice”) or (b) the

TSG Representative provides a written waiver of the right of the TSG Representative to provide any Objection Notice with respect to such Schedule or

amendment thereto within the period described in clause (i), in which case such Schedule or amendment thereto becomes binding on the date the waiver is

received by Corporate Taxpayer. If the parties are unable to resolve the issues raised in such Objection Notice within thirty (30) calendar days after receipt by

Corporate Taxpayer of the Objection Notice, the parties shall employ the reconciliation procedures described in Section 7.8 of this Agreement (the

“Reconciliation Procedures”). If a Schedule relating to the calculation of payments payable to the TSG Representative or any of its Affiliates hereunder is

amended to reflect a revised calculation methodology that, if utilized in the calculation of amounts payable to one or more other Indirect LLC Unit Holders,

would change the amounts payable to such other Persons hereunder, the Corporate Taxpayer shall utilize such revised methodology with respect to all Indirect

LLC Unit Holders and make additional payments (or reduce future payments), as applicable.

1. Amended Schedule. The applicable Schedule for any taxable year may be amended from time to time by Corporate Taxpayer (i) in connection with a Determination affecting such Schedule, (ii) to correct inaccuracies in the Schedule identified after the date the Schedule was provided to the Indirect LLC Unit Holder, (iii) to comply with an Expert’s determination under the Reconciliation Procedures applicable to this Agreement, (iv) to reflect a change in the Realized Tax Benefit or Realized Tax Detriment in respect of an Indirect LLC Unit Holder for such taxable year attributable to a carryback or carryforward of a loss or other tax item to such taxable year, (v) to reflect a change in the Realized Tax Benefit or Realized Tax Detriment in respect of an Indirect LLC Unit Holder for such taxable year attributable to an amended Tax Return filed for such taxable year, or (vi) to take into account payments made pursuant to this Agreement (any such Schedule, an “Amended Schedule”).

2.3. Consistency with Tax Returns. Notwithstanding anything to the contrary herein, all calculations and determinations hereunder, including Basis Adjustments, the Schedules, and the determination of the Realized Tax Benefit or Realized Tax Detriment, shall be made in accordance with any elections, methodologies or positions taken on the relevant Corporate Taxpayer Returns.

ARTICLE III.

TAX BENEFIT PAYMENTS

3.1. Payments.

1. Payments. Subject to Section 3.3, within five (5) Business Days after all the Tax Benefit Schedules with respect to the taxable year delivered to Indirect LLC Unit Holders entitled to receive a Tax Benefit Schedule pursuant to this Agreement become final in accordance with Article II of this Agreement, Corporate Taxpayer shall pay or cause to be paid to each applicable Indirect LLC Unit Holder for such taxable year such Indirect LLC Unit Holder’s Tax Benefit Payment (if any) determined pursuant to Section 3.1(b). Each such payment shall be made, at the sole discretion of Corporate Taxpayer, by wire or Automated Clearing House transfer of immediately available funds to the bank account previously designated by the applicable Indirect LLC Unit Holder to Corporate Taxpayer or as otherwise agreed by Corporate Taxpayer and the applicable Indirect LLC Unit Holder.

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1. A “Tax Benefit Payment” in respect of an Indirect LLC Unit Holder for a taxable year means an aggregate amount, not less than zero, which Corporate Taxpayer is required to pay or cause to be paid pursuant to Section 3.1 of this Agreement, equal to the sum of the Net Tax Benefit and the Interest Amount in respect of such Indirect LLC Unit Holder. The “Net Tax Benefit” in respect of such Indirect LLC Unit Holder for a taxable year shall be an amount equal to the excess, if any, of 85% of the Cumulative Net Realized Tax Benefit in respect of such Indirect LLC Unit Holder as of the end of such taxable year (or portion thereof) over the total amount of payments previously made under this Section 3.1 in respect of such Indirect LLC Unit Holder (excluding payments of Interest Amounts); provided, for the avoidance of doubt, that an Indirect LLC Unit Holder shall not be required to return any portion of any previously made Tax Benefit Payment except in the case of manifest error. The “Interest Amount” in respect of such Indirect LLC Unit Holder for a taxable year (or portion thereof) shall equal the interest on the Net Tax Benefit in respect of such Indirect LLC Unit Holder with respect to such taxable year (or portion thereof) calculated at the Agreed Rate compounded annually from the due date (without extensions) for filing the U.S. federal income Tax Return of Corporate Taxpayer for such taxable year until the Payment Date and shall be treated as additional consideration, unless otherwise required by law as reasonably determined by Corporate Taxpayer. The Net Tax Benefit and the Interest Amount shall be determined separately with respect to each separate Exchange by an Indirect LLC Unit Holder.

3.2. Duplicative Payments. It is intended that the provisions of this Agreement will not result in a duplicative payment of any amount (including interest) required under this Agreement. It is also intended that the provisions of this Agreement, subject to ARTICLE IV and Section 7.12, will result in 85% of the Cumulative Net Realized Tax Benefit (but calculated taking into account all Exchanges by all Indirect LLC Unit Holders as of any time) as of any determination date being paid to the Indirect LLC Unit Holders pursuant to this Agreement. The provisions of this Agreement shall be construed in the appropriate manner to ensure such intentions are realized.

3.3. Pro Rata Payments; Coordination of Benefits.

1. Notwithstanding anything in Section 3.1 to the contrary, to the extent that the aggregate tax benefit of the Corporate Taxpayer’s, and/or its wholly-owned Subsidiaries’, as applicable, deductions within Net Tax Benefit (including the Basis Adjustments and Imputed Interest under this Agreement) is limited in a particular taxable year because the Corporate Taxpayer and/or its wholly-owned Subsidiaries, as applicable, does or do not have sufficient taxable income or other limitations to utilize the tax benefits within Net Tax Benefit (including the Basis Adjustments or Imputed Interest), the Net Tax Benefit shall be allocated among all parties eligible for payments hereunder in proportion to the respective amounts of Net Tax Benefit that would have been allocated to each such party if the Corporate Taxpayer and, as applicable, its wholly-owned Subsidiaries, had sufficient taxable income so that there were no such limitation (or such other limitations did not apply).

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1. After taking into account Section 3.3(a), if for any reason the Corporate Taxpayer does not fully satisfy its payment obligations to make or cause to be made all Tax Benefit Payments due under this Agreement in respect of a particular taxable year, then the Corporate Taxpayer and the parties agree that no Tax Benefit Payment shall be made in respect of any taxable year until all Tax Benefit Payments in respect of prior taxable years have been made in full. If for any reason the Tax Benefit Payments are to be partially but not fully satisfied with respect to a taxable year, such Tax Benefit Payments shall be made in the same proportion as the Tax Benefit Payments that would have been paid to each Indirect LLC Unit Holders if the Corporate Taxpayer were to satisfy its obligation in full.

ARTICLE IV.

TERMINATION

4.1. Early Termination, Change in Control and Breach of Agreement.

1. Corporate Taxpayer may, with the consent of a majority of the disinterested members of the Board, terminate this Agreement with respect to all amounts payable to all of the Indirect LLC Unit Holders (including, for the avoidance of doubt, any transferee pursuant to Section 7.5(a)) at any time by paying or causing to be paid to such Persons an Early Termination Payment; provided, however, that this Agreement shall only terminate with respect to any such Person upon the payment of such Early Termination Payment to such Person, and provided, further, that Corporate Taxpayer may withdraw any notice to execute its termination rights under this Section 4.1(a) prior to the time at which any Early Termination Payment has been paid. Upon payment of an Early Termination Payment to an Indirect LLC Unit Holder, neither the Indirect LLC Unit Holder nor Corporate Taxpayer shall have any further payment obligations under this Agreement, other than for any Tax Benefit Payment (1) agreed to by Corporate Taxpayer and the Indirect LLC Unit Holder as due and payable but unpaid as of the Early Termination Date, (2) that is the subject of an Objection Notice, which will be payable in accordance with resolution of the issues identified in such Objection Notice pursuant to this Agreement, and (3) due for the taxable year ending with or including the Early Termination Date (except to the extent that the amounts described in clauses (1), (2) and (3) are included in the calculation of the Early Termination Payment).
2. In the event that there occurs a Change in Control or Corporate Taxpayer materially breaches any of its material obligations under this Agreement, whether as a result of failure to make any payment when due, failure to honor any other material obligation required hereunder or by operation of law as a result of the rejection of this Agreement in a case commenced under the Bankruptcy Code or otherwise, then all obligations hereunder shall be accelerated, and such obligations shall be calculated as if an Early Termination Notice had been delivered on the date of such Change in Control or breach, as applicable, to each Indirect LLC Unit Holder and shall include (1) each Early Termination Payment calculated as if an Early Termination Notice had been delivered on the date of such Change in Control or breach (and Corporate Taxpayer shall provide each Indirect LLC Unit Holder with an Early Termination Schedule, which shall become final in accordance with the procedures set forth in Section 4.2), (2) any Tax Benefit Payment agreed to by Corporate Taxpayer and any Indirect LLC Unit Holder as due and payable but unpaid as of the date of such Change in Control or breach, as applicable, (3) any Tax Benefit Payment that is the subject of an Objection Notice, which will be

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payable in accordance with resolution of the issues identified in such Objection Notice pursuant to this Agreement, and (4) any Tax Benefit Payment due for the taxable year ending with or including the date of such Change in Control or breach, as applicable (except to the extent that the amounts described in clauses (2), (3) and (4) are included in the calculation of the amount described in clause (1)). Notwithstanding the foregoing, in the event that Corporate Taxpayer materially breaches this Agreement, each Indirect LLC Unit Holder shall be entitled to elect to receive the amounts set forth in clauses (1), (2),

1. and (4) above or to seek specific performance of the terms hereof. The parties agree that it will not be considered to be a material breach of a material obligation under this Agreement to make a payment due pursuant to this Agreement within three (3) months of the date such payment is due. Notwithstanding anything in this Agreement to the contrary, it shall not be a breach of this Agreement if Corporate Taxpayer fails to make or cause to be made any Tax Benefit Payment (or portion thereof) when due to the extent that the Board determines in good faith that Corporate Taxpayer has insufficient funds (taking into account funds of its wholly-owned Subsidiaries that are permitted to be distributed to Corporate Taxpayer pursuant to the terms of any applicable credit agreements or other documents evidencing indebtedness (each as reasonably interpreted by the Board), including any available funds under any revolving credit facility of Pla-Fit LLC or its wholly-owned Subsidiaries, but not taking into account funds of Subsidiaries that are not permitted to be distributed pursuant to the terms of such agreements or documents and not taking into account funds reasonably reserved for reasonably expected liabilities or expenses) to make such payment; provided that the interest provisions of Section 5.2 shall apply to such late payment (unless the Board determines in good faith that

(x) Corporate Taxpayer does not have sufficient cash to make such payment as a result of limitations imposed by credit agreements or any other documents evidencing indebtedness to which Pla-Fit LLC or any of its subsidiaries is a party, guarantor or otherwise an obligor as of the date of this Agreement (or within the one-year anniversary of the date of this Agreement) (the “Initial Debt Documents”) or any other document evidencing indebtedness to which Pla-Fit LLC or any of its subsidiaries becomes a party, guarantor or otherwise an obligor thereafter to the extent the terms of such other documents are not materially more restrictive in respect of Corporate Taxpayer’s ability to receive from its direct or indirect Subsidiaries funds sufficient to make such payments compared to the terms of the Initial Debt Documents (as determined by the Board in good faith), provided, however, that the Corporate Taxpayer uses good faith efforts to remove such limitations to the extent required to make such interest payments *unless* such efforts could have an adverse effect on the Corporate Taxpayer, Pla-Fit LLC or their Subsidiaries, or (y) such payments could (I) be set aside as fraudulent transfers or conveyances or similar actions under fraudulent transfer laws or (II) could cause Corporate Taxpayer and/or its wholly-owned Subsidiaries to be undercapitalized, in which case Section 5.2 shall apply, but the Default Rate shall be replaced by the Agreed Rate).

4.2. Early Termination Notice. If Corporate Taxpayer chooses to exercise its right of early termination under Section 4.1 above, Corporate Taxpayer shall deliver to the TSG Representative and each Indirect LLC Unit Holder notice of such intention to exercise such right (“Early Termination Notice”) and a schedule (the “Early Termination Schedule”) specifying Corporate Taxpayer’s intention to exercise such right and showing in reasonable detail the calculation of the Early Termination Payment for such Indirect LLC Unit Holder. The Early Termination Schedule provided to an Indirect LLC Unit Holder shall become final and binding on each Indirect LLC Unit Holder (other than with respect to the TSG Representative and its Affiliates) immediately; except that the Early Termination Schedule will become final and

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binding with respect to the TSG Representative and its Affiliates thirty (30) calendar days from the first date on which the Corporate Taxpayer sent the TSG Representative such Early Termination Schedule unless (a) the TSG Representative within thirty (30) calendar days after the date the Corporate Taxpayer sent such Schedule or amendment thereto provides Corporate Taxpayer with an Objection Notice with respect to such Early Termination Schedule or (b) the applicable Indirect LLC Unit Holder provides a written waiver of the right of the TSG Representative to provide any Objection Notice with respect to such Schedule or amendment thereto within the period described in clause (a), in which case such Schedule or amendment thereto becomes binding on the date the waiver is received by Corporate Taxpayer. If Corporate Taxpayer and the TSG Representative, for any reason, are unable to resolve the issues raised in such Objection Notice within thirty (30) calendar days after receipt by Corporate Taxpayer of the Objection Notice, Corporate Taxpayer and the TSG Representative shall employ the Reconciliation Procedures. The date on which every Early Termination Schedule under this Agreement becomes final with respect to all LLC Unit Holders in accordance with this Section 4.2 shall be the “Early Termination Effective Date”. If the Early Termination Schedule relating to the calculation of payments payable to the TSG Representative or any of its Affiliates hereunder is amended to reflect a revised calculation methodology that, if utilized in the calculation of amounts payable to one or more other Indirect LLC Unit Holders, would change the amounts payable to such other Persons hereunder, the Corporate Taxpayer shall utilize such revised methodology with respect to all Indirect LLC Unit Holders and make additional payments (or reduce payments, if any), as applicable.

4.3. Payment upon Early Termination.

1. Within five (5) Business Days after the Early Termination Effective Date, Corporate Taxpayer shall pay or cause to be paid to each Indirect LLC Unit Holder an amount equal to its Early Termination Payment. Such payment shall be made, at the sole discretion of Corporate Taxpayer, by wire or Automated Clearing House transfer of immediately available funds to a bank account or accounts designated by the Indirect LLC Unit Holder or as otherwise agreed by Corporate Taxpayer and the Indirect LLC Unit Holder.
2. An “Early Termination Payment” in respect of an Indirect LLC Unit Holder shall equal the net present value, discounted at the Early Termination Rate as of the Early Termination Date, of all Tax Benefit Payments that would be required to be paid by Corporate Taxpayer to the applicable Indirect LLC Unit Holder under Section 3.1(a) of this Agreement beginning from the Early Termination Date and assuming that the Valuation Assumptions are applied.

ARTICLE V.

SUBORDINATION AND LATE PAYMENTS

5.1. Subordination. Notwithstanding any other provision of this Agreement to the contrary, any Tax Benefit Payment (or portion thereof) or Early Termination Payment required to be made to an Indirect LLC Unit Holder under this Agreement shall rank subordinate and junior in right of payment to any principal, interest (including interest which accrues after the commencement of any case or proceeding in bankruptcy, or the reorganization of the Corporate Taxpayer or any Subsidiary thereof), fees, premiums, charges, expenses, attorneys’ fees or other

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obligations in respect of indebtedness for borrowed money of Corporate Taxpayer (and its wholly-owned Subsidiaries, if applicable) (“Senior Obligations”) and shall rank *pari passu* with all current or future unsecured obligations of Corporate Taxpayer (and its wholly-owned Subsidiaries, as applicable) that are not Senior Obligations.

5.2. Late Payments by Corporate Taxpayer. The amount of all or any portion of any Tax Benefit Payment or Early Termination Payment not made to an Indirect LLC Unit Holder when due under the terms of this Agreement shall be payable together with any interest thereon, computed at the Default Rate (or the Agreed Rate, to the extent expressly contemplated by this Agreement) and commencing from the date on which such Tax Benefit Payment (or portion thereof) or Early Termination Payment was due and payable.

ARTICLE VI.

NO DISPUTES; CONSISTENCY; COOPERATION

6.1. Participation in Corporate Taxpayer’s and Pla-Fit LLC’s Tax Matters. Except as otherwise provided herein or in the Recapitalization Agreement or LLC Agreement, Corporate Taxpayer shall have full responsibility for, and sole discretion over, all Tax matters concerning Corporate Taxpayer (and its wholly-owned Subsidiaries), Pla-Fit LLC and their respective Subsidiaries, including the preparation, filing or amending of any Tax Return and defending, contesting or settling any issue pertaining to Taxes. Notwithstanding the foregoing, the Corporate Taxpayer shall notify the TSG Representative of, and keep the TSG Representative reasonably informed with respect to, the portion of any audit of the Corporate Taxpayer and Pla-Fit LLC by a Taxing Authority the outcome of which is reasonably expected to affect the rights and obligations of the TSG Representative and its Affiliates under this Agreement, and shall provide to the TSG Representative reasonable opportunity to provide information and other input to the Corporate Taxpayer, Pla-Fit LLC and their respective advisors concerning the conduct of any such portion of such audit; provided, however, that the Corporate Taxpayer and Pla-Fit LLC shall not take any action that is inconsistent with any provision of the LLC Agreement.

6.2. Consistency. Corporate Taxpayer and each Indirect LLC Unit Holder agree to report and cause to be reported for all purposes, including federal, state and local Tax purposes, all Tax-related items (including the Basis Adjustments and each Tax Benefit Payment and any Imputed Interest) in a manner consistent with that specified by Corporate Taxpayer in any Schedule provided by or on behalf of Corporate Taxpayer under this Agreement unless otherwise required by law based on written advice of an Advisory Firm. Each Indirect LLC Unit Holder that does intend to report inconsistently with Corporate Taxpayer in any Schedule provided by or on behalf of Corporate Taxpayer under this Agreement shall provide thirty (30) days advance written notice to the Corporate Taxpayer.

6.3. Cooperation. Each Indirect LLC Unit Holder shall (a) furnish to Corporate Taxpayer in a timely manner such information, documents and other materials as Corporate Taxpayer may reasonably request for purposes of making any determination or computation necessary or appropriate under this Agreement, preparing any Tax Return, complying with any Tax law, or contesting or defending any audit, examination or controversy with any Taxing Authority or other governmental authority, (b) make itself available to Corporate Taxpayer and its representatives to provide explanations of documents and materials and such other

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information as Corporate Taxpayer or its representatives may reasonably request in connection with any of the matters described in clause (a) above, and

1. reasonably cooperate in connection with any such matter, and Corporate Taxpayer shall reimburse the Indirect LLC Unit Holder for any reasonable third-party costs and expenses incurred pursuant to this Section 6.3.

ARTICLE VII.

MISCELLANEOUS

7.1. Notices. All notices, requests, consents and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by courier service, by fax, by electronic mail (delivery receipt requested) or by certified or registered mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be as specified in a notice given in accordance with this Section 7.1). All notices hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice:

If to Corporate Taxpayer or Pla-Fit LLC, to:

Planet Fitness, Inc.

26 Fox Run Road

Newington, NH 03801

Fax: (603) 957-4626

Email: richard.moore@pfhq.com

Attn: Richard L. Moore

with a copy (which shall not constitute notice) to:

Ropes & Gray LLP

Prudential Tower, 800 Boylston Street

Boston, MA 02199-3600

Fax: (617) 951-7050

Email: david.fine@ropesgray.com

Attn: David A. Fine

If to the TSG Representative or its Affiliates:

c/o TSG Consumer Partners LLC

600 Montgomery Street

Suite 2900

San Francisco, CA 94111

Fax: (415) 217-2350

Email: johara@tsgconsumer.com

Attn: Jamie O’Hara

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with a copy (which shall not constitute notice) to:

Ropes & Gray LLP

Prudential Tower, 800 Boylston Street

Boston, MA 02199-3600

Fax: (617) 951-7050

Email: paul.vanhouten@ropesgray.com

Attn: Paul F. Van Houten

If to any Indirect LLC Unit Holder, to the address and other contact information set forth in the records of Corporate Taxpayer from time to time.

Any party may change its address, fax number or e-mail by giving the other party written notice of its new address or fax number in the manner set forth above.

7.2. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument. A facsimile signature page (or signature page in similar electronic form) hereto shall be treated by the parties for all purposes as equivalent to a manually signed signature page.

7.3. Entire Agreement; Third Party Beneficiaries. This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof. This Agreement shall be binding upon and inure solely to the benefit of each party hereto and their respective successors and permitted assigns, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

7.4. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

7.5. Successors; Assignment; Amendments; Waivers.

1. An Indirect LLC Unit Holder shall be permitted to transfer any of its rights only upon execution and delivery by the transferee of a joinder to this Agreement, in form and substance substantially similar to Exhibit A to this Agreement, in which the transferee agrees to become an “Indirect LLC Unit Holder” for all purposes of this Agreement, except as otherwise provided in such joinder. If the TSG Representative and or one of its Affiliates assigns its rights under this Agreement, such transferee shall also have the rights provided to the TSG Representative.
2. No provision of this Agreement may be amended unless such amendment is approved in writing by Corporate Taxpayer and the TSG Representative. No provision of this Agreement may be waived unless such waiver is in writing and signed by the party against whom the waiver is to be effective.

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1. All of the terms and provisions of this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the parties hereto and their respective successors, permitted assigns, heirs, executors, administrators and legal representatives. Corporate Taxpayer shall require and cause any direct or indirect successor (whether by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of Corporate Taxpayer, by written agreement, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that Corporate Taxpayer would be required to perform if no such succession had taken place (except to the extent expressly provided by this Agreement and provided that, for the avoidance of doubt, if a Change in Control has occurred and an Early Termination Payment is required to be made then the Corporate Taxpayer’s payment obligations shall be determined taking into account the provisions of ARTICLE IV).

7.6. Titles and Subtitles. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

7.7. Governing Law; Jurisdiction; Waiver of Jury Trial. This Agreement shall be governed by the laws of the state of Delaware. To the fullest extent permitted by law, no suit, action or proceeding with respect to this Agreement may be brought in any court or before any similar authority other than in the Delaware Chancery Court, and the parties hereto hereby submit to the exclusive jurisdiction of such courts for the purpose of such suit, proceeding or judgment. To the fullest extent permitted by law, each party hereto irrevocably waives any right it may have had to bring such an action in any other court, domestic or foreign, or before any similar domestic or foreign authority. Each of the parties hereto hereby irrevocably and unconditionally waives trial by jury in any legal action or proceeding in relation to this Agreement and for any counterclaim herein.

7.8. Reconciliation. In the event that Corporate Taxpayer and the TSG Representative are unable to resolve a disagreement with respect to the matters governed by ARTICLE II or ARTICLE IV within the relevant period designated in this Agreement (“Reconciliation Dispute”), the Reconciliation Dispute shall be submitted for determination to a nationally recognized expert (the “Expert”) in the particular area of disagreement mutually acceptable to such parties. The Expert shall be a partner or principal in a nationally recognized accounting or law firm, and (unless Corporate Taxpayer and the TSG Representative agree otherwise), the Expert shall not, and the firm that employs the Expert shall not, have any material relationship with Corporate Taxpayer or the TSG Representative or its Affiliates or other actual or potential conflict of interest. If the applicable parties are unable to agree on an Expert within fifteen (15) calendar days of the end of the thirty (30) calendar-day period set forth in Section 2.1 or Section 4.2, the Expert shall be appointed by the International Chamber of Commerce Centre for Expertise. The Expert shall resolve any matter relating to the Early Termination Schedule or an amendment thereto within thirty (30) calendar days and shall resolve any matter relating to a Tax Benefit Schedule or an amendment thereto within fifteen (15) calendar days or, in each case, as soon thereafter as is reasonably practicable, in each case after the matter has been submitted to the Expert for resolution. If the matter is not resolved before any payment that is the subject of a

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disagreement would be due (in the absence of such disagreement), the undisputed amount shall be paid on the date prescribed by this Agreement, subject to adjustment upon resolution. For the avoidance of doubt, this Section 7.8 shall not restrict the ability of Corporate Taxpayer or its Affiliates to determine when or whether to file or amend any Tax Return. The costs and expenses relating to the engagement of such Expert or amending any Tax Return shall be borne equally by Corporate Taxpayer and the LLC Unit Holders (on a pro rata basis based on relative proportion of all Early Termination Payments under this Agreement, measured by present value of payments due under this Agreement, using the present value calculation and assumptions described under Section 4.3(b) above assuming for such purpose the Early Termination Date is the date the Reconciliation Dispute is resolved) (in the event the TSG Representative and/or its Affiliates are participating in the Reconciliation Dispute), as applicable, participating in the Reconciliation Dispute. Corporate Taxpayer may withhold payments under this Agreement to collect amounts due under the preceding sentence. Any dispute as to whether a dispute is a Reconciliation Dispute within the meaning of this Section 7.8 shall be decided by the Expert. The Expert shall finally determine any Reconciliation Dispute and the determinations of the Expert pursuant to this Section 7.8 shall be binding on Corporate Taxpayer and the TSG Representative and/or its Affiliates, as applicable, participating in the Reconciliation Dispute and may be entered and enforced in any court having jurisdiction.

7.9. Withholding. Corporate Taxpayer shall be entitled to deduct and withhold or cause to be deducted and withheld from any payment payable pursuant to this Agreement to a present or former Indirect LLC Unit Holder such amounts as Corporate Taxpayer determines in good faith it is required to deduct and withhold with respect to the making of such payment under the Code or any provision of state, local or foreign tax law. To the extent that amounts are so withheld and paid over to the appropriate Taxing Authority by Corporate Taxpayer, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to such Indirect LLC Unit Holder.

7.10. Admission of Corporate Taxpayer into a Consolidated Group; Transfers of Corporate Assets.

1. If Corporate Taxpayer and its wholly-owned Subsidiaries are or become members of a combined, consolidated, affiliated or unitary group that files a consolidated, combined or unitary income tax return pursuant to Sections 1501 *et seq.* of the Code or any corresponding provisions of state or local law, then: (i) the provisions of this Agreement shall be applied with respect to the relevant group as a whole; and (ii) Tax Benefit Payments, Net Tax Benefit, Cumulative Net Realized Tax Benefit, Realized Tax Benefit, Realized Tax Detriment, Early Termination Payments and other applicable items hereunder shall be computed with reference to the consolidated (or combined or unitary, where applicable) taxable income, gain, loss, deduction and attributes of the relevant group as a whole.
2. If any entity that is or may be obligated to make a Tax Benefit Payment or Early Termination Payment hereunder, or any entity any portion of the income of which is included in the income of the Corporate Taxpayer’s consolidated, combined, affiliated or unitary group, directly or indirectly transfers (as determined for U.S. federal income tax purposes) one or more assets to a Person classified as a corporation for U.S. income tax purposes with which such entity does not file a consolidated income tax return pursuant to Section 1501 *et seq.* of the Code

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(or, for purposes of calculations relating to state or local taxes, a consolidated, combined or unitary income tax return under applicable state or local law), such entity, for purposes of calculating the amount of any Tax Benefit Payment or Early Termination Payment (*e.g.*, calculating the gross income of the entity and, if applicable, determining the Realized Tax Benefit of such entity) due hereunder, shall be treated as having disposed of such asset in a fully taxable transaction on the date of such transfer. The consideration deemed to be received by such entity shall be equal to the fair market value of the transferred asset, increased by the amount of debt that would increase the transferor’s “amount realized” for U.S. federal income tax purposes in connection with such transfer, in the case of a contribution of an encumbered asset (including an interest in an entity classified for U.S. federal income tax purposes as a partnership which has debt outstanding). For the avoidance of doubt, a transaction treated for U.S. federal income tax purposes as a liquidation into Corporate Taxpayer of one or more of its wholly-owned Subsidiaries or merger of one or more of such entities into one another or Corporate Taxpayer will not cause any such Persons to be treated as having disposed of any of its assets for purposes of this Section 7.10(b). In the event there occurs a transaction described in the preceding sentence, the Tax Benefit Payments and any other amounts due under this Agreement shall be calculated without regard to such transaction.

7.11. Confidentiality. Each Indirect LLC Unit Holder and each of its assignees acknowledge and agree that the information of Corporate Taxpayer is confidential and, except in the course of performing any duties as necessary for Corporate Taxpayer and its Affiliates, as required by law or legal process or to enforce the terms of this Agreement, such person shall keep and retain in the strictest confidence and not disclose to any Person any confidential matters acquired pursuant to this Agreement of Corporate Taxpayer and its Affiliates and successors, learned by the Indirect LLC Unit Holder heretofore or hereafter. This Section 7.11 shall not apply to (i) any information that has been made publicly available by Corporate Taxpayer or any of its Affiliates, becomes public knowledge (except as a result of an act of the Indirect LLC Unit Holder in violation of this Agreement) or is generally known to the business community and

1. the disclosure of information to the extent necessary for the Indirect LLC Unit Holder to prepare and file its Tax Returns, to respond to any inquiries regarding the same from any Taxing Authority or to prosecute or defend any action, proceeding or audit by any Taxing Authority with respect to such Tax Returns. Notwithstanding anything to the contrary herein or in any other agreement, the Indirect LLC Unit Holders and each of their assignees (and each employee, representative or other agent of the Indirect LLC Unit Holders or their assignees, as applicable) may disclose to any and all Persons, without limitation of any kind, the tax treatment and tax structure and any related tax strategies of or relating to Corporate Taxpayer and its Affiliates, the Indirect LLC Unit Holder or assignee, and any of their transactions or agreements, and all materials of any kind (including opinions or other tax analyses) that are provided to the Indirect LLC Unit Holder or assignee relating to such tax treatment and tax structure and any related tax strategies.

If the Indirect LLC Unit Holder or an assignee commits a breach, or threatens to commit a breach, of any of the provisions of this Section 7.11, Corporate Taxpayer and its Affiliates shall have the right and remedy to have the provisions of this Section 7.11 specifically enforced by injunctive relief or otherwise by any court of competent jurisdiction without the need to post any bond or other security, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury to Corporate Taxpayer or its Affiliates and the accounts and funds managed by Corporate Taxpayer and that money damages alone shall not provide an adequate remedy to such Persons. Such rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available at law or in equity.

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7.12. Change in Law. Notwithstanding anything herein to the contrary, if, in connection with an actual or proposed change in law, an Indirect LLC Unit Holder reasonably believes that the existence of this Agreement could cause income (other than income arising from receipt of a payment under this Agreement) recognized by such Indirect LLC Unit Holder (or direct or indirect equity holders in such Indirect LLC Unit Holder) upon the IPO or Recapitalization to be treated as ordinary income rather than capital gain (or otherwise taxed at ordinary income rates) for U.S. federal income tax purposes or could have other material adverse tax consequences to the Indirect LLC Unit Holder or any direct or indirect owner of the Indirect LLC Unit Holder, then at the election of the Indirect LLC Unit Holder and to the extent specified by the Indirect LLC Unit Holder, this Agreement shall cease to have further effect with respect to such Indirect LLC Unit Holder.

7.13. Independent Nature of Indirect LLC Unit Holders’ Rights and Obligations. The rights and obligations of each Indirect LLC Unit Holder hereunder are independent of the rights and obligations of any other Indirect LLC Unit Holder hereunder. No Indirect LLC Unit Holder shall be responsible in any way for the performance of the obligations of any other Indirect LLC Unit Holder hereunder, nor shall any Indirect LLC Unit Holder have the right to enforce the rights or obligations of any other Indirect LLC Unit Holder hereunder. The obligations of each Indirect LLC Unit Holder hereunder are solely for the benefit of, and shall be enforceable solely by, Corporate Taxpayer. The decision of each Indirect LLC Unit Holder to enter into this Agreement has been made by such Indirect LLC Unit Holder independently of any other Indirect LLC Unit Holder. Nothing contained herein or in any other agreement or document delivered at any closing (other than the LLC Agreement and any joinder thereto), and no action taken by any Indirect LLC Unit Holder pursuant hereto or thereto, shall be deemed to constitute the Indirect LLC Unit Holders as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Indirect LLC Unit Holders are in any way acting in concert or as a group with respect to such rights or obligations or the transactions contemplated hereby, and Corporate Taxpayer acknowledges that the Indirect LLC Unit Holders are not acting in concert or as a group and will not assert any such claim with respect to such rights or obligations or the transactions contemplated hereby.

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IN WITNESS WHEREOF, the undersigned have duly executed this Agreement as of the date first written above.

Planet Fitness, Inc.

By:

Name:



Title:

Pla-Fit Holdings, LLC

By:

Name:



Title:

[Signature Page to Tax Receivable Agreement]

TSG AIV II-A L.P.

By:

Name:



Title:

TSG PF CO-INVESTORS A L.P.

By:

Name:



Title:

[Signature Page to Tax Receivable Agreement]

**Exhibit A**

**Joinder**

This JOINDER (this “Joinder”) to the Tax Receivable Agreement (as defined below), dated as of [ ], by and among Planet Fitness, Inc., a Delaware corporation (“Corporate Taxpayer”), and [ ] (“Permitted Transferee”).

WHEREAS, on [ ], the Permitted Transferee acquired (the “Acquisition”) from [ ] (“Transferor”) the right to receive any and all payments that may become due and payable to Transferor under the Tax Receivable Agreement (as defined below) with respect to LLC Units that have been Exchanged in Pla-Fit Holdings, LLC (the “Applicable Interests”); and

WHEREAS, Transferor, in connection with the Acquisition, has required Permitted Transferee to execute and deliver this Joinder pursuant to

Section 7.5 of the Tax Receivable Agreement, dated as of , 2015, between Corporate Taxpayer and each Indirect LLC Unit Holder (as defined therein) (the “Tax Receivable Agreement”);

NOW, THEREFORE, in consideration of the foregoing and the respective covenants and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, Permitted Transferee hereby agrees as follows:

Section 1.1. Definitions. To the extent capitalized words used in this Joinder are not defined in this Joinder, such words shall have the respective meanings set forth in the Tax Receivable Agreement.

Section 1.2. Joinder. Permitted Transferee hereby acknowledges and agrees to become an “Indirect LLC Unit Holder” (as defined in the Tax Receivable Agreement) for all purposes of the Tax Receivable Agreement with respect to the Applicable Interests.

Section 1.3. Notice. Any notice, request, consent, claim, demand, approval, waiver or other communication hereunder to Permitted Transferee shall be delivered or sent to Permitted Transferee at the address set forth on the signature page hereto in accordance with Section 7.1 of the Tax Receivable Agreement.

Section 1.4. Governing Law. This Agreement and the rights and obligations of the parties hereunder shall be governed by, and construed, interpreted and enforced in accordance with, the laws of the State of Delaware (without regard to any choice of law rules thereunder).

IN WITNESS WHEREOF, this Joinder has been duly executed and delivered by Permitted Transferee as of the date first above written.

**Annex A**

**List of Indirect LLC Unit Holders**

1. TSG AIV II-A L.P.
2. TSG PF Co-Investors A L.P.

**Exhibit 10.7**



**REGISTRATION RIGHTS AGREEMENT**

**BY AND AMONG**

**PLANET FITNESS, INC.**

**AND**

**CERTAIN STOCKHOLDERS**

|  |  |
| --- | --- |
| DATED AS OF [ | ], 2015 |
|  |  |
|  |  |



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This REGISTRATION RIGHTS AGREEMENT (as it may be amended from time to time in accordance with the terms hereof, the “Agreement”), dated

as of [ ], 2015, is made by and among:

i. Planet Fitness, Inc., a Delaware corporation (the “Company”);

1. each Person executing this Agreement and listed as an “Investor” on the signature pages hereto (collectively, together with their Permitted Transferees that become party hereto, the “Investors”); and
2. each Person executing this Agreement and listed as a “Manager” on the signature pages hereto (collectively, together with their Permitted Transferees that become party hereto, the “Managers”).

**RECITALS**

WHEREAS, pursuant to a Recapitalization Agreement, dated the date hereof, by and among the Company, Pla-Fit Holdings, LLC, the Investors and the Managers (the “Recapitalization Agreement”), the Company has effected a series of recapitalization transactions;

WHEREAS, after giving effect to the recapitalization transactions, (a) certain of the Investors and the Managers own limited liability company interests in Pla-Fit Holdings, LLC (“Holdings Units”) together with shares of the Company’s Class B common stock, par value $0.0001 per share (the “Class B Common Stock”), which, subject to certain restrictions, are exchangeable from time to time at the option of the holder thereof for shares of the Company’s Class A common stock, par value $0.0001 per share (the “Class A Common Stock” and, together with the Class B Common Stock, the “Common Stock”) pursuant to an Exchange Agreement dated the date hereof (the “Exchange Agreement”) and (b) certain of the Investors own shares of Class A Common Stock;

WHEREAS, on the date hereof, the Company has priced an initial public offering of shares of its Class A Common Stock (the “IPO”); and

WHEREAS, pursuant to the Recapitalization Agreement, the parties believe that it is in the best interests of the Company and the other parties hereto to set forth their agreements regarding registration rights following the IPO;

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, covenants and agreements of the parties hereto, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

**ARTICLE I**

**EFFECTIVENESS**

Section 1.1. Effectiveness. This Agreement shall become effective upon the closing of the IPO.

**ARTICLE II**

**DEFINITIONS**

Section 2.1. Definitions. As used in this Agreement, the following terms shall have the following meanings:

“Adverse Disclosure” means public disclosure of material non-public information that, in the good faith judgment of the board of directors of the Company: (i) would be required to be made in any Registration Statement filed with the SEC by the Company so that such Registration Statement, from and after its effective date, does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; (ii) would not be required to be made at such time but for the filing, effectiveness or continued use of such Registration Statement; and (iii) the Company has a bona fide business purpose for not disclosing publicly.

“Affiliate” means, with respect to any specified Person, (a) any Person that directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person, (b) a Member of the Immediate Family of such Person, and (c) any investment fund advised or managed by, or under common control or management with, such specified Person; provided that the Company and each of its subsidiaries shall be deemed not to be Affiliates of any Investor. As used in this definition, the term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

“Agreement” shall have the meaning set forth in the preamble.

“Business Day” means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by law to be closed in the City of New York.

“Class A Common Stock” shall have the meaning set forth in the Recitals.

“Class B Common Stock” shall have the meaning set forth in the Recitals.

“Common Stock” shall have the meaning set forth in the Recitals.

“Demand Notice” shall have the meaning set forth in Section 3.2.3.

“Demand Registration” shall have the meaning set forth in Section 3.2.1(a).

“Demand Registration Request” shall have the meaning set forth in Section 3.2.1(a).

“Demand Registration Statement” shall have the meaning set forth in Section 3.2.1(c).

“Demand Suspension” shall have the meaning set forth in Section 3.2.6.

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“Exchange” means the exchange of shares of Class B Common Stock together with Holdings Units for shares of Class A Common Stock pursuant to the Exchange Agreement.

“Exchange Agreement” shall have the meaning set forth in the Recitals.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and any successor thereto, and any rules and regulations promulgated thereunder, all as the same shall be in effect from time to time.

“Exchange Registration” shall have the meaning set forth in Section 3.1.1.

“Exchange Registration Statement” shall have the meaning set forth in Section 3.1.1.

“FINRA” means the Financial Industry Regulatory Authority.

“Holders” means Investors and Managers who then hold Registrable Securities under this Agreement.

“Investor” shall have the meaning set forth in the preamble.

“IPO” shall have the meaning set forth in the Recitals.

“Issuer Free Writing Prospectus” means an issuer free writing prospectus, as defined in Rule 433 under the Securities Act, relating to an offer of the Registrable Securities.

“Loss” shall have the meaning set forth in Section 3.10.1.

“Manager” shall have the meaning set forth in the preamble.

“Member of the Immediate Family” means, with respect to any Person who is an individual, (a) each parent, spouse (but not including a former spouse or a spouse from whom such Person is legally separated) or child (including those adopted) of such individual and (b) each trust naming only one or more of the Persons listed in sub-clause (a) as beneficiaries.

“Holdings Units” shall have the meaning set forth in the Recitals.

“Original Investor Majority” means the holders of a majority of outstanding Class O Common Units of Pla-Fit Holdings, LLC immediately prior to the Recapitalization Transactions.

“Participation Conditions” shall have the meaning set forth in Section 3.3.5(b).

“Permitted Transferee” means (i) any Affiliate of a Holder and (ii) such other Persons designated by the Holders of a majority of the Registrable Securities under this Agreement.

“Person” means any individual, partnership, corporation, company, association, trust, joint venture, limited liability company, unincorporated organization, entity or division, or any government, governmental department or agency or political subdivision thereof.

“Piggyback Notice” shall have the meaning set forth in Section 3.4.1.

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“Piggyback Registration” shall have the meaning set forth in Section 3.4.1.

“Potential Takedown Participant” shall have the meaning set forth in Section 3.3.5(b).

“Pro Rata Portion” means, with respect to each Holder requesting that its shares be registered or sold in an Underwritten Public Offering, a number of such shares equal to the aggregate number of Registrable Securities requested to be registered or sold in such Public Offering (excluding any shares to be registered or sold for the account of the Company) multiplied by a fraction, the numerator of which is the aggregate number of Registrable Securities then held by such Holder, and the denominator of which is the aggregate number of Registrable Securities then held by all Holders requesting that their Registrable Securities be registered or sold.

“Prospectus” means (i) the prospectus included in any Registration Statement, all amendments and supplements to such prospectus, including post-effective amendments and supplements, and all other material incorporated by reference in such prospectus, and (ii) any Issuer Free Writing Prospectus.

“Public Offering” means the offer and sale of Registrable Securities for cash pursuant to an effective Registration Statement under the Securities Act (other than a Registration Statement on Form S-4 or Form S-8 or any successor form).

“Registrable Securities” means (i) all shares of Class A Common Stock that are not then subject to forfeiture to the Company, (ii) all shares of Class A Common Stock issued or issuable upon exercise, conversion or exchange of any option, warrant or convertible security (including shares of Class A Common Stock issuable upon Exchange) not then subject to vesting or forfeiture to the Company and (iii) all shares of Class A Common Stock directly or indirectly issued or then issuable with respect to the securities referred to in clauses (i) or (ii) above by way of unit or stock dividend or unit or stock split, or in connection with a combination of units or shares, recapitalization, merger, consolidation or other reorganization. As to any particular Registrable Securities, such securities shall cease to be Registrable Securities when (w) a Registration Statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of in accordance with such Registration Statement, (x) such securities shall have been Transferred pursuant to Rule 144, (y) such holder is able to immediately sell such securities (including all shares of Class A Common Stock issuable upon Exchange) under Rule 144 without any restrictions on transfer (including without application of paragraphs (c), (d), (e), (f) and (h) of Rule

144), as determined in the reasonable opinion of the holder (it being understood that a written opinion of the Company’s outside legal counsel to the effect that such securities may be so sold removed shall be conclusive evidence this clause has been satisfied), or (z) such securities shall have ceased to be outstanding. Notwithstanding the foregoing, the Managers shall be deemed not to hold any Registrable Securities at any time the Exchange Registration Statement is effective if such Manager is able to immediately sell shares of Class A Common Stock issuable upon Exchange under Rule 144 without any restrictions on transfer (including without application of paragraphs (c), (d), (e), (f) and (h) of Rule 144), as determined in the reasonable opinion of the holder (it being understood that a written opinion of the Company’s outside legal counsel to the effect that such securities may be so sold removed shall be conclusive evidence this clause has been satisfied).

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“Recapitalization Agreement” shall have the meaning set forth in the Recitals.

“Recapitalization Transactions” means the recapitalization transactions pursuant to the Recapitalization Agreement, including the reclassification of Holdings Units.

“Registration” means registration under the Securities Act of the offer and sale of shares of Class A Common Stock under a Registration Statement.

The terms “register”, “registered” and “registering” shall have correlative meanings.

“Registration Expenses” shall have the meaning set forth in Section 3.9.

“Registration Statement” means any registration statement of the Company filed with, or to be filed with, the SEC under the Securities Act, including the related Prospectus, amendments and supplements to such registration statement, including pre- and post-effective amendments, and all exhibits and all material incorporated by reference in such registration statement other than a registration statement (and related Prospectus) filed on Form S-4 or Form S-8 or any successor form thereto.

“Representatives” means, with respect to any Person, any of such Person’s officers, directors, employees, agents, attorneys, accountants, actuaries, consultants, equity financing partners or financial advisors or other Person associated with, or acting on behalf of, such Person.

“Requisite Investors” means (i) any of the Investors; or (ii) the Original Investor Majority (each, a “Requisite Investor”); provided, that the Original Investor Majority shall cease to be a Requisite Investor after initiating a total of two Underwritten Public Offerings pursuant to Section 3.2 and 3.3.

“Rule 144” means Rule 144 under the Securities Act (or any successor rule).

“SEC” means the Securities and Exchange Commission or any successor agency having jurisdiction under the Securities Act.

“Securities Act” means the Securities Act of 1933, as amended, and any successor thereto, and any rules and regulations promulgated thereunder, all as the same shall be in effect from time to time.

“Selling Stockholder Information” shall have the meaning set forth in Section 3.10.1.

“Shelf Period” shall have the meaning set forth in Section 3.3.3.

“Shelf Registration” shall have the meaning set forth in Section 3.3.1(a).

“Shelf Registration Notice” shall have the meaning set forth in Section 3.3.2.

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“Shelf Registration Request” shall have the meaning set forth in Section 3.3.1(a).

“Shelf Registration Statement” shall have the meaning set forth in Section 3.3.1(a).

“Shelf Suspension” shall have the meaning set forth in Section 3.3.4.

“Shelf Takedown Notice” shall have the meaning set forth in Section 3.3.5(b).

“Shelf Takedown Request” shall have the meaning set forth in Section 3.3.5(a).

“Transfer” means, with respect to any Registrable Security, any interest therein, or any other securities or equity interests relating thereto, a direct or indirect transfer, sale, exchange, assignment, pledge, hypothecation or other encumbrance or other disposition thereof, including the grant of an option or other right, whether directly or indirectly, whether voluntarily, involuntarily, by operation of law, pursuant to judicial process or otherwise. “Transferred” shall have a correlative meaning.

“Underwritten Public Offering” means an underwritten Public Offering, including any bought deal or block sale to a financial institution conducted as an underwritten Public Offering.

“Underwritten Shelf Takedown” means an Underwritten Public Offering pursuant to an effective Shelf Registration Statement.

“WKSI” means any Securities Act registrant that is a well-known seasoned issuer as defined in Rule 405 under the Securities Act at the most recent eligibility determination date specified in paragraph (2) of that definition.

Section 2.2. Other Interpretive Provisions. (a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined

terms.

1. The words “hereof”, “herein”, “hereunder” and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement; and any subsection and section references are to this Agreement unless otherwise specified.
2. The term “including” is not limiting and means “including without limitation.”
3. The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.
4. Whenever the context requires, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms.
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**ARTICLE III**

**REGISTRATION RIGHTS**

The Company will perform and comply, and cause each of its subsidiaries to perform and comply, with such of the following provisions as are applicable to it. Each Holder will perform and comply with such of the following provisions as are applicable to such Holder.

Section 3.1. Exchange Registration.

Section 3.1.1. Mandatory Exchange Registration. At such time as the Company first becomes eligible to file a Registration Statement on Form S-3, the Company shall as promptly as reasonably practicable file with the SEC and use commercially reasonable efforts to cause to be declared effective under the Securities Act a Registration Statement (“Exchange Registration Statement”) for the Exchange of all of the shares of Class B Common Stock together with all of the Holdings Units held by the Managers for shares of Class A Common Stock. Such Registration pursuant to this Section 3.1, including as amended, renewed or replaced as provided herein, shall hereinafter be referred to as an “Exchange Registration.” If for any reason such Exchange Registration is prohibited under applicable law, as determined by the Company in its discretion, the Company shall instead file and use commercially reasonable efforts to cause to be promptly declared effective under the Securities Act a Registration Statement for the resale of the shares of Class A Common Stock issuable upon Exchange of all of the shares of Class B Common Stock together with all of the Holdings Units held by the Managers.

Section 3.1.2. Continued Effectiveness; Renewal and Replacement. The Company shall use commercially reasonable efforts to keep the Exchange Registration Statement continuously effective under the Securities Act until the date as of which no Manager holds Class B Common Stock or Holdings Units. In addition, the Company shall use commercially reasonable efforts to promptly amend, renew or replace, as necessary, any Exchange Registration Statement that shall have expired or otherwise been deemed unusable and shall use commercially reasonable efforts to keep such amended, renewed or replaced Exchange Registration Statement continuously effective under the Securities Act until the date as of which no Manager holds Class B Common Stock or Holdings Units.

Section 3.1.3. Suspension of Registration. If the continued use of the Exchange Registration Statement at any time would require the Company to make an Adverse Disclosure or if the Company is not then eligible to file an Exchange Registration Statement on Form S-3, the Company may, upon giving prompt written notice of such action to the Managers, suspend use of the Exchange Registration Statement.

Section 3.2. Demand Registration.

Section 3.2.1. Request for Demand Registration.

1. Following the consummation of the IPO, each Requisite Investor shall have the right to make a written request from time to time (a “Demand
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Registration Request”) to the Company for Registration of all or part of the Registrable Securities held by such Holder. Any such Registration pursuant to a Demand Registration Request shall hereinafter be referred to as a “Demand Registration.”

1. Each Demand Registration Request shall specify (x) the aggregate amount of Registrable Securities to be registered, and (y) the intended method or methods of disposition thereof.
2. Upon receipt of a Demand Registration Request, the Company shall as promptly as practicable file a Registration Statement (a “Demand Registration Statement”) relating to such Demand Registration, and use its reasonable best efforts to cause such Demand Registration Statement to be promptly declared effective under the Securities Act.

Section 3.2.2. Limitation on Demand Registrations. The Company shall not be obligated to take any action to effect any Demand Registration if

1. a Demand Registration or Piggyback Registration was declared effective or an Underwritten Shelf Takedown was consummated within the preceding ninety (90) days, (y) the value of the Registrable Securities proposed to be sold by the initiating Holders is not at least the lesser of twenty-five million dollars ($25 million) and all of such Holder’s Registrable Securities or (z) in the case of the Original Investor Majority, the Registrable Securities proposed to be sold do not represent at least thirty percent (30%) of the Class O Common Units of Pla-Fit Holdings, LLC outstanding immediately prior to the Recapitalization Transactions.

Section 3.2.3. Demand Notice. Promptly upon receipt of a Demand Registration Request pursuant to Section 3.2.1 (but in no event more than two

1. Business Days thereafter), the Company shall deliver a written notice (a “Demand Notice”) of any such Demand Registration Request to all other Holders and the Demand Notice shall offer each such Holder the opportunity to include in the Demand Registration that number of Registrable Securities as each such Holder may request in writing. Subject to Section 3.2.7, Company shall include in the Demand Registration all such Registrable Securities with respect to which the Company has received written requests for inclusion therein within three (3) Business Days after the date that the Demand Notice was delivered.

Section 3.2.4. Demand Withdrawal. Each Requisite Investor that has requested the inclusion of Registrable Securities in a Demand Registration pursuant to Section 3.2.3 may withdraw all or any portion of its Registrable Securities included in a Demand Registration from such Demand Registration at any time prior to the effectiveness of the applicable Demand Registration Statement. Upon receipt of a notice to such effect with respect to all of the Registrable Securities included in such Demand Registration by such Requisite Investors, the Company shall cease all efforts to secure effectiveness of the applicable Demand Registration Statement. Any such withdrawn Demand Registration Statement shall count as a Demand Registration with respect to any participating Requisite Investor unless such Requisite Investor reimburses the Company its pro rata portion (based on shares requested to be included in such Registration) of the Registration Expenses incurred prior to the withdrawal.

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Section 3.2.5. Effective Registration. The Company shall use reasonable best efforts to cause the Demand Registration Statement to become effective and remain effective for not less than one hundred eighty (180) days (or such shorter period as will terminate when all Registrable Securities covered by such Demand Registration Statement have been sold or withdrawn), or, if such Demand Registration Statement relates to an Underwritten Public Offering, such longer period as in the opinion of counsel for the underwriter or underwriters a Prospectus is required by law to be delivered in connection with sales of Registrable Securities by an underwriter or dealer.

Section 3.2.6. Delay in Filing; Suspension of Registration. If the filing, initial effectiveness or continued use of a Demand Registration Statement at any time would require the Company to make an Adverse Disclosure, the Company may, upon giving prompt written notice of such action to the Holders, delay the filing or initial effectiveness of, or suspend use of, the Demand Registration Statement (a “Demand Suspension”); provided, however, that the Company shall not be permitted to exercise a Demand Suspension (i) more than twice during any twelve (12)-month period, (ii) for a period exceeding sixty (60) days on any one occasion or (iii) for an aggregate of more than ninety (90) days in any twelve (12)-month period. In the case of a Demand Suspension, the Holders agree to suspend use of the applicable Prospectus in connection with any sale or purchase, or offer to sell or purchase, Registrable Securities, upon receipt of the notice referred to above. The Company shall immediately notify the Holders in writing upon the termination of any Demand Suspension, amend or supplement the Prospectus, if necessary, so it does not contain any untrue statement or omission and furnish to the Holders such numbers of copies of the Prospectus as so amended or supplemented as the Holders may reasonably request. The Company shall, if necessary, supplement or amend the Demand Registration Statement, if required by the registration form used by the Company for the Demand Registration or by the instructions applicable to such registration form or by the Securities Act or the rules or regulations promulgated thereunder or as may reasonably be requested by the Holders of a majority of Registrable Securities that are included in such Demand Registration Statement.

Section 3.2.7. Priority of Securities Registered Pursuant to Demand Registrations. If the managing underwriter or underwriters of a proposed Underwritten Public Offering of the Registrable Securities included in a Demand Registration, advise the Company in writing that, in its or their opinion, the number of securities requested to be included in such Demand Registration exceeds the number that can be sold in such offering without being likely to have an adverse effect on the price, timing or distribution of the securities offered or the market for the securities offered, then the securities to be included in such Registration shall be in the case of any Demand Registration (x) first, allocated to each Holder that has requested to participate in such Demand Registration an amount equal to the lesser of (i) the number of such Registrable Securities requested to be registered or sold by such Holder, and (ii) a number of such shares equal to such Holder’s Pro Rata Portion, and (y) second, and only if all the securities referred to in clause (x) have been included, the number of other securities that, in the opinion of such managing underwriter or underwriters can be sold without having such adverse effect.

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Section 3.2.8. Resale Rights. In the event that an Investor requests to participate in a Registration pursuant to this Section 3.2 in connection with a distribution of Registrable Securities to its partners or members, the Registration shall provide for resale by such partners or members, if requested by such Investor.

Section 3.3. Shelf Registration.

Section 3.3.1. Request for Shelf Registration.

1. At such time as the Company is eligible to file a Registration Statement on Form S-3, upon the written request of any Requisite Investor from time to time (a “Shelf Registration Request”), the Company shall promptly file with the SEC a shelf Registration Statement pursuant to Rule 415 under the Securities Act (“Shelf Registration Statement”) relating to the offer and sale of Registrable Securities by any Holders thereof from time to time in accordance with the methods of distribution elected by such Holders and the Company shall use its reasonable best efforts to cause such Shelf Registration Statement to promptly become effective under the Securities Act. Any such Registration pursuant to a Shelf Registration Request shall hereinafter be referred to as a “Shelf Registration.”
2. If on the date of the Shelf Registration Request the Company is a WKSI, then the Shelf Registration Request may request Registration of an unspecified amount of Registrable Securities to be sold by unspecified Holders. If on the date of the Shelf Registration Request the Company is not a WKSI, then the Shelf Registration Request shall specify the aggregate amount of Registrable Securities to be registered. The Company shall provide to the Holders the information necessary to determine the Company’s status as a WKSI upon request.

Section 3.3.2. Shelf Registration Notice. Promptly upon receipt of a Shelf Registration Request (but in no event more than two (2) Business Days thereafter (or such shorter period as may be reasonably requested in connection with an underwritten “block trade”), the Company shall deliver a written notice (a “Shelf Registration Notice”) of any such request to all other Holders, which notice shall specify, if applicable, the amount of Registrable Securities to be registered, and the Shelf Registration Notice shall offer each such Holder the opportunity to include in the Shelf Registration that number of Registrable Securities as each such Holder may request in writing. The Company shall include in such Shelf Registration all such Registrable Securities with respect to which the Company has received written requests for inclusion therein within three (3) Business Days (or such shorter period as may be reasonably requested in connection with an underwritten “block trade”) after the date that the Shelf Registration Notice has been delivered.

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Section 3.3.3. Continued Effectiveness. The Company shall use its reasonable best efforts to keep such Shelf Registration Statement continuously effective under the Securities Act in order to permit the Prospectus forming part of the Shelf Registration Statement to be usable by Holders until the earlier of: (i) the date as of which all Registrable Securities have been sold pursuant to the Shelf Registration Statement or another Registration Statement filed under the Securities Act (but in no event prior to the applicable period referred to in Section 4(a)(3) of the Securities Act and Rule 174 thereunder); and (ii) the date as of which no Holder holds Registrable Securities (such period of effectiveness, the “Shelf Period”). Subject to Section 3.3.4, the Company shall be deemed not to have used its reasonable best efforts to keep the Shelf Registration Statement effective during the Shelf Period if the Company voluntarily takes any action or omits to take any action that would result in Holders of the Registrable Securities covered thereby not being able to offer and sell any Registrable Securities pursuant to such Shelf Registration Statement during the Shelf Period, unless such action or omission is required by applicable law.

Section 3.3.4. Suspension of Registration. If the continued use of such Shelf Registration Statement at any time would require the Company to make an Adverse Disclosure, the Company may, upon giving prompt written notice of such action to the Holders, suspend use of the Shelf Registration Statement (a “Shelf Suspension”); provided, however, that the Company shall not be permitted to exercise a Shelf Suspension more than (i) more than twice during any twelve (12)-month period, (ii) for a period exceeding sixty (60) days on any one occasion or (iii) for an aggregate of more than ninety

1. days in any twelve (12)-month period. In the case of a Shelf Suspension, the Holders agree to suspend use of the applicable Prospectus in connection with any sale or purchase of, or offer to sell or purchase, Registrable Securities, upon receipt of the notice referred to above. The Company shall immediately notify the Holders in writing upon the termination of any Shelf Suspension, amend or supplement the Prospectus, if necessary, so it does not contain any untrue statement or omission and furnish to the Holders such numbers of copies of the Prospectus as so amended or supplemented as the Holders may reasonably request. The Company shall, if necessary, supplement or amend the Shelf Registration Statement, if required by the registration form used by the Company for the Shelf Registration Statement or by the instructions applicable to such registration form or by the Securities Act or the rules or regulations promulgated thereunder or as may reasonably be requested by the Holders of a majority of Registrable Securities that are included in such Shelf Registration Statement.

Section 3.3.5. Shelf Takedown.

1. At any time the Company has an effective Shelf Registration Statement with respect to Registrable Securities, by notice to the Company specifying the intended method or methods of disposition thereof, any Requisite Investor may make a written request (a “Shelf Takedown Request”) to the Company to effect a Public Offering, including an Underwritten Shelf Takedown, of all or a portion of such Holder’s Registrable Securities that are registered on such Shelf Registration Statement, and as soon as practicable the Company shall amend or
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supplement the Shelf Registration Statement as necessary for such purpose. No Holder, other than a Requisite Investor, may effect a Public Offering pursuant to this Section 3.3, except pursuant to Section 3.3.5(b) as a Potential Takedown Participant.

1. Promptly upon receipt of a Shelf Takedown Request (but in no event more than two (2) Business Days thereafter (or such shorter period as may be reasonably requested in connection with an underwritten “block trade”) for any Underwritten Shelf Takedown, the Company shall deliver a notice (a “Shelf Takedown Notice”) to each other Holder with Registrable Securities covered by the applicable Registration Statement, or to all other Holders if such Registration Statement is undesignated (each a “Potential Takedown Participant”). The Shelf Takedown Notice shall offer each such Potential Takedown Participant the opportunity to include in any Underwritten Shelf Takedown such number of Registrable Securities as each such Potential Takedown Participant may request in writing. The Company shall include in the Underwritten Shelf Takedown all such Registrable Securities with respect to which the Company has received written requests for inclusion therein within three (3) Business Days (or such shorter period as may be reasonably requested in connection with an underwritten “block trade”) after the date that the Shelf Takedown Notice has been delivered. Any Potential Takedown Participant’s request to participate in an Underwritten Shelf Takedown shall be binding on the Potential Takedown Participant; provided that each such Potential Takedown Participant that elects to participate may condition its participation on the Underwritten Shelf Takedown being completed within ten (10) Business Days of its acceptance at a price per share (after giving effect to any underwriters’ discounts or commissions) to such Potential Takedown Participant of not less than ninety percent (90%) (or such lesser percentage specified by such Potential Takedown Participant) of the closing price for the shares on their principal trading market on the Business Day immediately prior to such Potential Takedown Participant’s election to participate (the “Participation Conditions”). Notwithstanding the delivery of any Shelf Takedown Notice, but subject to the Participation Conditions (to the extent applicable), all determinations as to whether to complete any Underwritten Shelf Takedown and as to the timing, manner, price and other terms of any Underwritten Shelf Takedown contemplated by this Section 3.3.5 shall be determined by the initiating Requisite Investors.
2. The Company shall not be obligated to take any action to effect any Underwritten Shelf Takedown if (x) a Demand Registration or Piggyback Registration was declared effective or an Underwritten Shelf Takedown was consummated within the preceding ninety
   1. days, (y) the value of the Registrable Securities proposed to be sold by the initiating Holders is not at least the lesser of twenty-five million dollars ($25 million) and all of such Holder’s Registrable Securities or (z) in the case of the Original
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Investor Majority, the Registrable Securities proposed to be sold do not represent at least thirty percent (30%) of the Class O Common Units of Pla-Fit Holdings, LLC outstanding immediately prior to the Recapitalization Transactions.

Section 3.3.6. Priority of Securities Sold Pursuant to Shelf Takedowns. If the managing underwriter or underwriters of a proposed Underwritten Shelf Takedown pursuant to Section 3.3.5 advise the Company in writing that, in its or their opinion, the number of securities requested to be included in the proposed Underwritten Shelf Takedown exceeds the number that can be sold in such Underwritten Shelf Takedown without being likely to have an adverse effect on the price, timing or distribution of the securities offered or the market for the securities offered, the number of Registrable Securities to be included in such offering shall be (x) first, allocated to each Holder that has requested to participate in such Underwritten Shelf Takedown an amount equal to the lesser of (i) the number of such Registrable Securities requested to be registered or sold by such Holder, and (ii) a number of such shares equal to such Holder’s Pro Rata Portion, and (y) second, and only if all the securities referred to in clause (x) have been included, the number of other securities that, in the opinion of such managing underwriter or underwriters can be sold without having such adverse effect.

Section 3.3.7. Resale Rights. In the event that an Investor elects to request a Registration pursuant to this Section 3.3 in connection with a distribution of Registrable Securities to its partners or members, the Registration shall provide for resale by such partners or members, if requested by such Investor.

Section 3.4. Piggyback Registration.

Section 3.4.1. Participation. If the Company at any time proposes to file a Registration Statement under the Securities Act or to conduct a Public Offering with respect to any offering of its equity securities for its own account or for the account of any other Persons (other than (i) a Registration under Sections 3.1, 3.2 or 3.3, (ii) a Registration on Form S-4 or Form S-8 or any successor form to such forms or (iii) a Registration of securities solely relating to an offering and sale to employees or directors of the Company or its subsidiaries pursuant to any employee stock plan, employee stock purchase plan, dividend reinvestment program or other employee benefit plan arrangement), then, as soon as practicable (but in no event less than ten

1. Business Days prior to the proposed date of filing of such Registration Statement or, in the case of a Public Offering under a Shelf Registration Statement, the anticipated pricing or trade date), the Company shall give written notice (a “Piggyback Notice”) of such proposed filing or Public Offering to all Holders, and such Piggyback Notice shall offer the Holders the opportunity to register under such Registration Statement, or to sell in such Public Offering, such number of Registrable Securities as each such Holder may request in writing (a “Piggyback Registration”). Subject to Section 3.4.2, the Company shall include in such Registration Statement or in such Public Offering as applicable, all such Registrable Securities that are requested to be included therein within five (5) Business Days after the receipt by such Holder of any such notice; provided, however, that if at any time after giving written notice of its intention to register or sell any securities and
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prior to the effective date of the Registration Statement filed in connection with such Registration, or the pricing or trade date of a Public Offering under a Shelf Registration Statement, the Company determines for any reason not to register or sell or to delay Registration or the sale of such securities, the Company shall give written notice of such determination to each Holder and, thereupon, (i) in the case of a determination not to register or sell, shall be relieved of its obligation to register or sell any Registrable Securities in connection with such Registration or Public Offering (but not from its obligation to pay the Registration Expenses in connection therewith), without prejudice, however, to the rights of any Holders entitled to request that such Registration or sale be effected as a Demand Registration under Section 3.2 or an Underwritten Shelf Takedown under Section 3.3, as the case may be, and (ii) in the case of a determination to delay Registration or sale, in the absence of a request for a Demand Registration or an Underwritten Shelf Takedown, as the case may be, shall also be permitted to delay registering or selling any Registrable Securities. Any Holder shall have the right to withdraw all or part of its request for inclusion of its Registrable Securities in a Piggyback Registration by giving written notice to the Company of its request to withdraw.

Section 3.4.2. Priority of Piggyback Registration. If the managing underwriter or underwriters of any proposed offering of Registrable Securities included in a Piggyback Registration informs the Company and the participating Holders in writing that, in its or their opinion, the number of securities that such Holders and any other Persons intend to include in such offering exceeds the number that can be sold in such offering without being likely to have a significant adverse effect on the price, timing or distribution of the securities offered or the market for the securities offered, then the securities to be included in such Registration shall be (i) first, one hundred percent (100%) of the securities that the Company proposes to sell, and (ii) second, and only if all the securities referred to in clause (i) have been included, the number of Registrable Securities that, in the opinion of such managing underwriter or underwriters, can be sold without having such adverse effect, with such number to be allocated among the Holders that have requested to participate in such Registration based on an amount equal to the lesser of (i) the number of such Registrable Securities requested to be sold by such Holder, and (ii) a number of such shares equal to such Holder’s Pro Rata Portion and (iii) third, and only if all of the Registrable Securities referred to in clause (ii) have been included in such Registration, any other securities eligible for inclusion in such Registration.

Section 3.4.3. No Effect on Other Registrations. No Registration of Registrable Securities effected pursuant to a request under this Section 3.4 shall be deemed to have been effected pursuant to Sections 3.2 and 3.3 or shall relieve the Company of its obligations under Sections 3.2 and 3.3.

Section 3.5. Lock-Up Agreements. In connection with each Registration or sale of Registrable Securities pursuant to Section 3.2, 3.3 or 3.4 conducted as an Underwritten Public Offering, each Holder agrees, if requested, to become bound by and to execute and deliver a lock-up agreement with the underwriter(s) of such Public Offering restricting such Holder’s right to (a) Transfer, directly or indirectly, any equity securities of the Company held by such Holder or (b) enter into any swap or other arrangement that transfers to another any of the economic

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consequences of ownership of such securities during the period commencing on the date of the final Prospectus relating to such Public Offering and ending on the date specified by the underwriters (such period not to exceed ninety (90) days plus such additional period as may be requested by the Company or an underwriter due to regulatory restrictions on the publication or other distribution of research reports and analyst recommendations and opinions, if applicable). The terms of such lock-up agreements shall be negotiated among the Requisite Investors, the Company and the underwriters and shall include customary carve-outs from the restrictions on Transfer set forth therein.

Section 3.6. Registration Procedures.

Section 3.6.1. Requirements. In connection with the Company’s obligations under Sections 3.1, 3.2, 3.3 and 3.4, the Company shall use its reasonable best efforts to effect such Registration and to permit the sale of such Registrable Securities in accordance with the intended method or methods of distribution thereof as expeditiously as reasonably practicable, and in connection therewith the Company shall:

1. as promptly as practicable, prepare the required Registration Statement, including all exhibits and financial statements required under the Securities Act to be filed therewith and Prospectus, and, before filing a Registration Statement or Prospectus or any amendments or supplements thereto, (x) furnish to the underwriters, if any, and to the Holders of the Registrable Securities covered by such Registration Statement, copies of all documents prepared to be filed, which documents shall be subject to the review of such underwriters and such Holders and their respective counsel, (y) make such changes in such documents concerning the Holders prior to the filing thereof as such Holders, or their counsel, may reasonably request and (z) except in the case of a Registration under Section 3.4, not file any Registration Statement or Prospectus or amendments or supplements thereto to which the participating Holders, in such capacity, or the underwriters, if any, shall reasonably object;
2. prepare and file with the SEC such amendments and post-effective amendments to such Registration Statement and supplements to the Prospectus as may be (x) reasonably requested by any participating Holder with Registrable Securities covered by such Registration Statement, (y) reasonably requested by any participating Holder (to the extent such request relates to information relating to such Holder), or (z) necessary to keep such Registration Statement effective for the period of time required by this Agreement, and comply with provisions of the applicable securities laws with respect to the sale or other disposition of all securities covered by such Registration Statement during such period in accordance with the intended method or methods of disposition by the sellers thereof set forth in such Registration Statement;
3. notify the participating Holders and the managing underwriter or underwriters, if any, and (if requested) confirm such notice in writing and
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provide copies of the relevant documents, as soon as reasonably practicable after notice thereof is received by the Company (a) when the applicable Registration Statement or any amendment thereto has been filed or becomes effective, and when the applicable Prospectus or any amendment or supplement thereto has been filed, (b) of any written comments by the SEC, or any request by the SEC or other federal or state governmental authority for amendments or supplements to such Registration Statement or such Prospectus, or for additional information (whether before or after the effective date of the Registration Statement) or any other correspondence with the SEC relating to, or which may affect, the Registration, (c) of the issuance by the SEC of any stop order suspending the effectiveness of such Registration Statement or any order by the SEC or any other regulatory authority preventing or suspending the use of any preliminary or final Prospectus or the initiation or threatening of any proceedings for such purposes, (d) if, at any time, the representations and warranties of the Company in any applicable underwriting agreement cease to be true and correct in all material respects and (e) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Securities for offering or sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;

1. promptly notify each selling Holder and the managing underwriter or underwriters, if any, when the Company becomes aware of the happening of any event as a result of which the applicable Registration Statement or the Prospectus included in such Registration Statement (as then in effect) contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein (in the case of such Prospectus or any preliminary Prospectus, in light of the circumstances under which they were made) not misleading, when any Issuer Free Writing Prospectus includes information that may conflict with the information contained in the Registration Statement, or, if for any other reason it shall be necessary during such time period to amend or supplement such Registration Statement or Prospectus in order to comply with the Securities Act and, as promptly as reasonably practicable thereafter, prepare and file with the SEC, and furnish without charge to the selling Holders and the managing underwriter or underwriters, if any, an amendment or supplement to such Registration Statement or Prospectus, which shall correct such misstatement or omission or effect such compliance;
2. to the extent the Company is eligible under the relevant provisions of Rule 430B under the Securities Act, if the Company files any Shelf Registration Statement, the Company shall include in such Shelf Registration Statement such disclosures as may be required by Rule 430B under the Securities Act (referring to the unnamed selling security holders in a generic manner by identifying the initial offering of the securities to the
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Holders) in order to ensure that the Holders may be added to such Shelf Registration Statement at a later time through the filing of a Prospectus supplement rather than a post-effective amendment;

1. to prevent, or obtain the withdrawal of, any stop order or other order or notice preventing or suspending the use of any preliminary or final Prospectus;
2. promptly incorporate in a Prospectus supplement, Issuer Free Writing Prospectus or post-effective amendment such information as the managing underwriter or underwriters and the participating Requisite Investors agree should be included therein relating to the plan of distribution with respect to such Registrable Securities; and make all required filings of such Prospectus supplement, Issuer Free Writing Prospectus or post-effective amendment as soon as reasonably practicable after being notified of the matters to be incorporated in such Prospectus supplement, Issuer Free Writing Prospectus or post-effective amendment;
3. furnish to each selling Holder and each underwriter, if any, without charge, as many conformed copies as such Holder or underwriter may reasonably request of the applicable Registration Statement and any amendment or post-effective amendment or supplement thereto, including financial statements and schedules, all documents incorporated therein by reference and all exhibits (including those incorporated by reference);
4. deliver to each selling Holder and each underwriter, if any, without charge, as many copies of the applicable Prospectus (including each preliminary Prospectus) and any amendment or supplement thereto and such other documents as such Holder or underwriter may reasonably request in order to facilitate the disposition of the Registrable Securities by such Holder or underwriter (it being understood that the Company shall consent to the use of such Prospectus or any amendment or supplement thereto by each of the selling Holders and the underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by such Prospectus or any amendment or supplement thereto);
5. on or prior to the date on which the applicable Registration Statement becomes effective, use its reasonable best efforts to register or qualify, and cooperate with the selling Holders, the managing underwriter or underwriters, if any, and their respective counsel, in connection with the Registration or qualification of such Registrable Securities for offer and sale under the securities or “Blue Sky” laws of each state and other jurisdiction as any such selling Holder or managing underwriter or underwriters, if any, or their respective counsel reasonably request in writing and do any and all other acts or things reasonably necessary or advisable to keep such Registration or qualification in effect for such period as required by Section 3.2 or Section 3.3, as applicable, provided
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that the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified or to take any action which would subject it to taxation or general service of process in any such jurisdiction where it is not then so subject;

1. cooperate with the selling Holders and the managing underwriter or underwriters, if any, to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any restrictive legends; and enable such Registrable Securities to be in such denominations and registered in such names as the managing underwriters may request prior to any sale of Registrable Securities to the underwriters;
2. to cause the Registrable Securities covered by the applicable Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof or the underwriter or underwriters, if any, to consummate the disposition of such Registrable Securities;
3. make such representations and warranties to the Holders being registered, and the underwriters or agents, if any, in form, substance and scope as are customarily made by issuers in public offerings similar to the offering then being undertaken;
4. enter into such customary agreements (including underwriting and indemnification agreements) and take all such other actions as the participating Requisite Investors or the managing underwriter or underwriters, if any, reasonably request in order to expedite or facilitate the Registration and disposition of such Registrable Securities;
5. obtain for delivery to the Holders being registered and to the underwriter or underwriters, if any, an opinion or opinions from counsel for the Company dated the most recent effective date of the Registration Statement or, in the event of an Underwritten Public Offering, the date of the closing under the underwriting agreement, in customary form, scope and substance, which opinions shall be reasonably satisfactory to such Holders or underwriters, as the case may be, and their respective counsel;
6. in the case of an Underwritten Public Offering, obtain for delivery to the Company and the managing underwriter or underwriters, with copies to the Holders included in such Registration or sale, a comfort letter from the Company’s independent certified public accountants or independent auditors (and, if necessary, any other independent certified public accountants or independent auditors of any subsidiary of the Company or any business acquired by the Company for which financial statements and financial data are, or are required to be, included in the Registration Statement) in customary form and covering such matters of the type
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customarily covered by comfort letters as the managing underwriter or underwriters reasonably request, dated the date of execution of the underwriting agreement and brought down to the closing under the underwriting agreement;

1. cooperate with each seller of Registrable Securities and each underwriter, if any, participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with FINRA;
2. to comply with all applicable securities laws and, if a Registration Statement was filed, make available to its security holders, as soon as reasonably practicable, an earnings statement satisfying the provisions of Section 11(a) of the Securities Act and the rules and regulations promulgated thereunder;
3. provide and cause to be maintained a transfer agent and registrar for all Registrable Securities covered by the applicable Registration Statement;
4. to cause all Registrable Securities covered by the applicable Registration Statement to be listed on each securities exchange on which any of the Company’s equity securities are then listed or quoted and on each inter-dealer quotation system on which any of the Company’s equity securities are then quoted.
5. make available upon reasonable notice at reasonable times and for reasonable periods for inspection by a representative appointed by the participating Requisite Investors, by any underwriter participating in any disposition to be effected pursuant to such Registration Statement and by any attorney, accountant or other agent retained by such Holders or any such underwriter, all pertinent financial and other records and pertinent corporate documents and properties of the Company, and cause all of the Company’s officers, directors and employees and the independent public accountants who have certified its financial statements to make themselves available to discuss the business of the Company and to supply all information reasonably requested by any such Person in connection with such Registration Statement;
6. in the case of an Underwritten Public Offering, cause the senior executive officers of the Company to participate in the customary “road show” presentations that may be reasonably requested by the managing underwriter or underwriters in any such offering and otherwise to facilitate, cooperate with, and participate in each proposed offering contemplated herein and customary selling efforts related thereto;
7. take no direct or indirect action prohibited by Regulation M under the Exchange Act;
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1. take all reasonable action to ensure that any Issuer Free Writing Prospectus utilized in connection with any Registration complies in all material respects with the Securities Act, is filed in accordance with the Securities Act to the extent required thereby, is retained in accordance with the Securities Act to the extent required thereby and, when taken together with the related Prospectus, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and
2. take all such other commercially reasonable actions as are necessary or advisable in order to expedite or facilitate the disposition of such Registrable Securities in accordance with the terms of this Agreement.

Section 3.6.2. Company Information Requests. The Company may require each seller of Registrable Securities as to which any Registration or sale is being effected to furnish to the Company such information regarding the distribution of such securities and such other information relating to such Holder and its ownership of Registrable Securities as the Company may from time to time reasonably request in writing and the Company may exclude from such Registration or sale the Registrable Securities of any such Holder who unreasonably fails to furnish such information within a reasonable time after receiving such request. Each Holder agrees to furnish such information to the Company and to cooperate with the Company as reasonably necessary to enable the Company to comply with the provisions of this Agreement.

Section 3.6.3. Discontinuing Registration. Each Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3.6.1(d), such Holder will discontinue disposition of Registrable Securities pursuant to such Registration Statement until such Holder’s receipt of the copies of the supplemented or amended Prospectus contemplated by Section 3.6.1(d), or until such Holder is advised in writing by the Company that the use of the Prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated by reference in the Prospectus, or any amendments or supplements thereto, and if so directed by the Company, such Holder shall deliver to the Company (at the Company’s expense) all copies, other than permanent file copies then in such Holder’s possession, of the Prospectus covering such Registrable Securities current at the time of receipt of such notice. In the event the Company shall give any such notice, the period during which the applicable Registration Statement is required to be maintained effective shall be extended by the number of days during the period from and including the date of the giving of such notice to and including the date when each seller of Registrable Securities covered by such Registration Statement either receives the copies of the supplemented or amended Prospectus contemplated by Section 3.6.1(d) or is advised in writing by the Company that the use of the Prospectus may be resumed.

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Section 3.7. Underwritten Offerings.

Section 3.7.1. Shelf and Demand Registrations. If requested by the underwriters for any Underwritten Public Offering, pursuant to a Registration or sale under Sections 3.2 or 3.3, the Company shall enter into an underwriting agreement with such underwriters, such agreement to be reasonably satisfactory in substance and form to each of the Company, the participating Requisite Investors and the underwriters, and to contain such representations and warranties by the Company and such other terms as are generally prevailing in agreements of that type, including indemnities no less favorable to the recipient thereof than those provided in Section 3.10. The Holders of the Registrable Securities proposed to be distributed by such underwriters shall cooperate with the Company in the negotiation of the underwriting agreement and shall give consideration to the reasonable suggestions of the Company regarding the form thereof, and such Holders shall complete and execute all questionnaires, powers of attorney and other documents reasonably requested by the underwriters and required under the terms of such underwriting arrangements. Any such Holder shall not be required to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements regarding such Holder, such Holder’s title to the Registrable Securities, such Holder’s intended method of distribution and any other representations to be made by the Holder as are generally prevailing in agreements of that type, and the aggregate amount of the liability of such Holder under such agreement shall not exceed such Holder’s proceeds from the sale of its Registrable Securities in the offering, net of underwriting discounts and commissions but before expenses.

Section 3.7.2. Piggyback Registrations. If the Company proposes to register or sell any of its securities under the Securities Act as contemplated by Section 3.4 and such securities are to be distributed through one or more underwriters, the Company shall, if requested by any Holder pursuant to Section 3.4 and, subject to the provisions of Section 3.4.2, use its reasonable best efforts to arrange for such underwriters to include on the same terms and conditions that apply to the other sellers in such Registration or sale all the Registrable Securities to be offered and sold by such Holder among the securities of the Company to be distributed by such underwriters in such Registration or sale. The Holders of Registrable Securities to be distributed by such underwriters shall be parties to the underwriting agreement between the Company and such underwriters and shall complete and execute all questionnaires, powers of attorney and other documents reasonably requested by the underwriters and required under the terms of such underwriting arrangements. Any such Holder shall not be required to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements regarding such Holder, such Holder’s title to the Registrable Securities, such Holder’s intended method of distribution and any other representations to be made by the Holder as are generally prevailing in agreements of that type, and the aggregate amount of the liability of such Holder shall not exceed such Holder’s proceeds from the sale of its Registrable Securities in the offering, net of underwriting discounts and commissions but before expenses.

Section 3.7.3. Selection of Underwriters; Selection of Counsel. In the case of an Underwritten Public Offering under Sections 3.2 or 3.3, the managing underwriter or underwriters to administer the offering shall be determined by the Investors, or, if not

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participating, by any other Requisite Investor; provided that such underwriter or underwriters shall be reasonably acceptable to the Company. In the case of an Underwritten Public Offering under Section 3.4, the managing underwriter or underwriters to administer the offering shall be determined by the Company; provided that such underwriter or underwriters shall be reasonably acceptable to the Holders of a majority of the Registrable Securities being sold. In the case of an Underwritten Public Offering under Sections 3.2, 3.3 or 3.4, legal counsel for Investor shall be selected by the Investor and legal counsel for the other Holders shall be selected by participating Holders holding a majority of the Registrable Securities proposed to be included in the Public Offering.

Section 3.8. No Inconsistent Agreements; Additional Rights. Neither the Company nor any of its subsidiaries shall hereafter enter into, and neither the Company nor any of its subsidiaries is currently a party to, any agreement with respect to its securities that is inconsistent with the rights granted to the Holders by this Agreement. Neither the Company nor any of its subsidiaries shall enter into any agreement granting registration or similar rights to any Person, and the Company hereby represents and warrants that, as of the date hereof, no registration or similar rights have been granted to any other Person other than pursuant to this Agreement.

Section 3.9. Registration Expenses. All expenses incident to the Company’s performance of or compliance with this Agreement shall be paid by the Company, including (i) all registration and filing fees, and any other fees and expenses associated with filings required to be made with the SEC or FINRA,

1. all fees and expenses in connection with compliance with any securities or “Blue Sky” laws (including reasonable fees and disbursements of counsel for the underwriters in connection with blue sky qualifications of the Registrable Securities), (iii) all printing, duplicating, word processing, messenger, telephone, facsimile and delivery expenses (including expenses of printing certificates for the Registrable Securities in a form eligible for deposit with The Depository Trust Company and of printing Prospectuses), (iv) all fees and disbursements of counsel for the Company and of all independent certified public accountants or independent auditors of the Company and any subsidiaries of the Company (including the expenses of any special audit and comfort letters required by or incident to such performance), (v) Securities Act liability insurance or similar insurance if the Company so desires or the underwriters so require in accordance with then-customary underwriting practice, (vi) all fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange or quotation of the Registrable Securities on any inter-dealer quotation system, (vii) all reasonable fees and disbursements of legal counsel for the Investors and one counsel for other Holders (in the case of such other Holders, up to a maximum of fifty thousand dollars ($50,000) per Public Offering), (vii) all fees and expenses of any special experts or other Persons retained by the Company in connection with any Registration or sale, (ix) all of the Company’s internal expenses (including all salaries and expenses of its officers and employees performing legal or accounting duties) and (x) all expenses related to the “road show” for any Underwritten Public Offering (including the reasonable out-of-pocket expenses of the Holders and underwriters, if so requested. All such expenses are referred to herein as “Registration Expenses”. The Company shall not be required to pay any fees and disbursements to underwriters not customarily paid by the issuers of securities in an offering similar to the applicable offering, including underwriting discounts and commissions and transfer taxes, if any, attributable to the sale of Registrable Securities.
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Section 3.10. Indemnification.

Section 3.10.1. Indemnification by the Company. The Company shall indemnify and hold harmless, to the full extent permitted by law, each Holder, each shareholder, member, limited or general partner of such Holder, each shareholder, member, limited or general partner of each such shareholder, member, limited or general partner, each of their respective Affiliates, officers, directors, shareholders, employees, advisors, and agents and each Person who controls (within the meaning of the Securities Act or the Exchange Act) such Persons and each of their respective Representatives from and against any and all losses, penalties, judgments, suits, costs, claims, damages, liabilities and expenses, joint or several (including reasonable costs of investigation and legal expenses) (each, a “Loss” and collectively “Losses”) arising out of or based upon (i) any untrue or alleged untrue statement of a material fact contained in any Registration Statement under which such Registrable Securities are registered or sold under the Securities Act (including any final, preliminary or summary Prospectus contained therein or any amendment thereof or supplement thereto or any documents incorporated by reference therein) or any other disclosure document produced by or on behalf of the Company or any of its subsidiaries including any report and other document filed under the Exchange Act, (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a Prospectus or preliminary Prospectus, in light of the circumstances under which they were made) not misleading or (iii) any violation or alleged violation by the Company or any of its subsidiaries of any federal, state, foreign or common law rule or regulation applicable to the Company or any of its subsidiaries and relating to action or inaction in connection with any such registration, disclosure document or other document or report; provided, that no selling Holder shall be entitled to indemnification pursuant to this Section 3.10.1 in respect of any untrue statement or omission contained in any information relating to such selling Holder furnished in writing by such selling Holder to the Company specifically for inclusion in a Registration Statement and used by the Company in conformity therewith (such information, “Selling Stockholder Information”). This indemnity shall be in addition to any liability the Company may otherwise have. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Holder or any indemnified party and shall survive the Transfer of such securities by such Holder and regardless of any indemnity agreed to in the underwriting agreement that is less favorable to the Holders. The Company shall also indemnify underwriters, selling brokers, dealer managers and similar securities industry professionals participating in the distribution, their officers and directors and each Person who controls such Persons (within the meaning of the Securities Act and the Exchange Act) to the same extent as provided above (with appropriate modification) with respect to the indemnification of the indemnified parties.

Section 3.10.2. Indemnification by the Selling Holders. Each selling Holder agrees (severally and not jointly) to indemnify and hold harmless, to the fullest extent permitted by law, the Company, its directors and officers and each Person who controls the Company (within the meaning of the Securities Act or the Exchange Act) from and against any Losses resulting from (i) any untrue statement of a material fact in any Registration Statement under which such Registrable Securities were registered or sold

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under the Securities Act (including any final, preliminary or summary Prospectus contained therein or any amendment thereof or supplement thereto or any documents incorporated by reference therein) or (ii) any omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a Prospectus or preliminary Prospectus, in light of the circumstances under which they were made) not misleading, in each case to the extent, but only to the extent, that such untrue statement or omission is contained in such selling Holder’s Selling Stockholder Information. In no event shall the liability of any selling Holder hereunder be greater in amount than the dollar amount of the proceeds from the sale of its Registrable Securities in the offering giving rise to such indemnification obligation, net of underwriting discounts and commissions but before expenses, less any amounts paid by such Holder pursuant to Section 3.10.4 and any amounts paid by such Holder as a result of liabilities incurred under the underwriting agreement, if any, related to such sale.

Section 3.10.3. Conduct of Indemnification Proceedings. Any Person entitled to indemnification hereunder shall (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification (provided that any delay or failure to so notify the indemnifying party shall relieve the indemnifying party of its obligations hereunder only to the extent, if at all, that it is actually and materially prejudiced by reason of such delay or failure) and (ii) permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party; provided, however, that any Person entitled to indemnification hereunder shall have the right to select and employ separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of such Person unless (i) the indemnifying party has agreed in writing to pay such fees or expenses, (ii) the indemnifying party shall have failed to assume the defense of such claim within a reasonable time after receipt of notice of such claim from the Person entitled to indemnification hereunder and employ counsel reasonably satisfactory to such Person, (iii) the indemnified party has reasonably concluded (based upon advice of its counsel) that there may be legal defenses available to it or other indemnified parties that are different from or in addition to those available to the indemnifying party, or (iv) in the reasonable judgment of any such Person (based upon advice of its counsel) a conflict of interest may exist between such Person and the indemnifying party with respect to such claims (in which case, if the Person notifies the indemnifying party in writing that such Person elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such claim on behalf of such Person). If the indemnifying party assumes the defense, the indemnifying party shall not have the right to settle such action without the consent of the indemnified party. No indemnifying party shall consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of an unconditional release from all liability in respect to such claim or litigation without the prior written consent of such indemnified party. If such defense is not assumed by the indemnifying party, the indemnifying party will not be subject to any liability for any settlement made without its prior written consent, but such consent may not be unreasonably withheld. It is understood that the indemnifying party or parties shall not, except as specifically set forth in this Section 3.10.3, in connection with any proceeding or related proceedings in the same jurisdiction, be liable

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for the reasonable fees, disbursements or other charges of more than one separate firm admitted to practice in such jurisdiction at any one time unless

1. the employment of more than one counsel has been authorized in writing by the indemnifying party or parties, (y) an indemnified party has reasonably concluded (based on the advice of counsel) that there may be legal defenses available to it that are different from or in addition to those available to the other indemnified parties or (z) a conflict or potential conflict exists or may exist (based upon advice of counsel to an indemnified party) between such indemnified party and the other indemnified parties, in each of which cases the indemnifying party shall be obligated to pay the reasonable fees and expenses of such additional counsel or counsels.

Section 3.10.4. Contribution. If for any reason the indemnification provided for in Section 3.10.1 and Section 3.10.2 is unavailable to an indemnified party or insufficient in respect of any Losses referred to therein (other than as a result of exceptions or limitations on indemnification contained in Section 3.10.1 and Section 3.10.2), then the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such Loss in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and the indemnified party or parties on the other hand in connection with the acts, statements or omissions that resulted in such Losses, as well as any other relevant equitable considerations. In connection with any Registration Statement filed with the SEC by the Company, the relative fault of the indemnifying party on the one hand and the indemnified party on the other hand shall be determined by reference to, among other things, whether any untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties’ relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just or equitable if contribution pursuant to this Section 3.10.4 were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in this Section 3.10.4. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. The amount paid or payable by an indemnified party as a result of the Losses referred to in Sections 3.10.1 and 3.10.2 shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 3.10.4, in connection with any Registration Statement filed by the Company, a selling Holder shall not be required to contribute any amount in excess of the dollar amount of the proceeds from the sale of its Registrable Securities in the offering giving rise to such contribution obligation, net of underwriting discounts and commissions but before expenses, less any amounts paid by such Holder pursuant to Section 3.10.2 and any amounts paid by such Holder as a result of liabilities incurred under the underwriting agreement, if any, related to such sale. If indemnification is available under this Section 3.10, the indemnifying parties shall indemnify each indemnified party to the full extent provided in Sections 3.10.1 and 3.10.2 hereof without regard to the provisions of this Section 3.10.4. The remedies provided for in this Section 3.10 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

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Section 3.11. Rules 144 and 144A and Regulation S. The Company shall file the reports required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the SEC thereunder (or, if the Company is not required to file such reports, it will, upon the request of any Holder, make publicly available such necessary information for so long as necessary to permit sales that would otherwise be permitted by this Agreement pursuant to Rule 144, Rule 144A or Regulation S under the Securities Act, as such rules may be amended from time to time or any similar rule or regulation hereafter adopted by the SEC), and it will take such further action as any Holder may reasonably request, all to the extent required from time to time to enable such Holder to sell Registrable Securities without Registration under the Securities Act in transactions that would otherwise be permitted by this Agreement and within the limitation of the exemptions provided by (i) Rule 144, Rule 144A or Regulation S under the Securities Act, as such rules may be amended from time to time, or (ii) any similar rule or regulation hereafter adopted by the SEC. Upon the request of any Holder, the Company will deliver to such Holder a written statement as to whether it has complied with such requirements and, if not, the specifics thereof.

Section 3.12. Existing Registration Statements. Notwithstanding anything herein to the contrary and subject to applicable law and regulation, the Company may satisfy any obligation hereunder to file a Registration Statement or to have a Registration Statement become effective by a specified date by designating, by notice to the Holders, a Registration Statement that previously has been filed with the SEC or become effective, as the case may be, as the relevant Registration Statement for purposes of satisfying such obligation, and all references to any such obligation shall be construed accordingly; provided that such previously filed Registration Statement may be, and is, amended or, subject to applicable securities laws, supplemented to add the number of Registrable Securities, and, to the extent necessary, to identify as selling stockholders those Holders demanding the filing of a Registration Statement pursuant to the terms of this Agreement. To the extent this Agreement refers to the filing or effectiveness of other Registration Statements, by or at a specified time and the Company has, in lieu of then filing such Registration Statements or having such Registration Statements become effective, designated a previously filed or effective Registration Statement as the relevant Registration Statement for such purposes, in accordance with the preceding sentence, such references shall be construed to refer to such designated Registration Statement, as amended or supplemented in the manner contemplated by the immediately preceding sentence.

**ARTICLE IV**

**MISCELLANEOUS**

Section 4.1. Authority: Effect. Each party hereto represents and warrants to and agrees with each other party that the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized on behalf of such party and do not violate any agreement or other instrument applicable to such party or by which its assets are bound. This Agreement does not, and shall not be construed to, give rise to the creation of a partnership among any of the parties hereto, or to constitute any of such parties members of a joint venture or other association. The Company and its subsidiaries shall be jointly and severally liable for all obligations of each such party pursuant to this Agreement.

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Section 4.2. Notices. Any notices, requests, demands and other communications required or permitted in this Agreement shall be effective if in writing and (i) delivered personally, (ii) sent by facsimile or e-mail, or (iii) sent by overnight courier, in each case, addressed as follows:

If to the Company to:

Planet Fitness, Inc.

26 Fox Run Road

Newington, NH 03801

Fax: (603) 957-4626

Email: richard.moore@pfhq.com

Attn: Richard L. Moore

with a copy to:

Ropes & Gray LLP

Prudential Tower, 800 Boylston Street

Boston, MA 02199-3600

Fax: (617) 951-7050

Email: david.fine@ropesgray.com

Attn: David A. Fine

If to an Investor to:

c/o TSG Consumer Partners LLC

600 Montgomery Street

Suite 2900

San Francisco, CA 94111

Fax: (415) 217-2350

Email: johara@tsgconsumer.com

Attn: Jamie O’Hara

with a copy to:

Ropes & Gray LLP

Prudential Tower, 800 Boylston Street

Boston, MA 02199-3600

Fax: (617) 951-7050

Email: paul.vanhouten@ropesgray.com

Attn: Paul F. Van Houten

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If to any Manager, to:

c/o Planet Fitness, Inc.

26 Fox Run Road

Fax: (603) 957-4626

Email: richard.moore@pfhq.com

Attn: Richard L. Moore

Notice to the holder of record of any Registrable Securities shall be deemed to be notice to the holder of such securities for all purposes hereof.

Unless otherwise specified herein, such notices or other communications shall be deemed effective (i) on the date received, if personally delivered,

1. on the date received if delivered by facsimile or e-mail on a Business Day, or if not delivered on a Business Day, on the first Business Day thereafter and
2. two (2) Business Days after being sent by overnight courier. Each of the parties hereto shall be entitled to specify a different address by giving notice as aforesaid to each of the other parties hereto.

Section 4.3. Termination and Effect of Termination. This Agreement shall terminate upon the date on which no Holder holds any Registrable Securities, except for the provisions of Sections 3.10 and 3.11, which shall survive any such termination. No termination under this Agreement shall relieve any Person of liability for breach or Registration Expenses incurred prior to termination. In the event this Agreement is terminated, each Person entitled to indemnification rights pursuant to Section 3.10 hereof shall retain such indemnification rights with respect to any matter that (i) may be an indemnified liability thereunder and (ii) occurred prior to such termination.

Section 4.4. Permitted Transferees. The rights of a Holder hereunder may be assigned (but only with all related obligations as set forth below) in connection with a Transfer of Registrable Securities to a Permitted Transferee of that Holder. Without prejudice to any other or similar conditions imposed hereunder with respect to any such Transfer, no assignment permitted under the terms of this Section 4.4 will be effective unless the Permitted Transferee to which the assignment is being made, if not a Holder, has delivered to the Company a written acknowledgment and agreement in form and substance reasonably satisfactory to the Company that the Permitted Transferee will be bound by, and will be a party to, this Agreement. A Permitted Transferee to whom rights are transferred pursuant to this Section 4.4 may not again transfer those rights to any other Permitted Transferee, other than as provided in this Section 4.4.

Section 4.5. Remedies. The parties to this Agreement shall have all remedies available at law, in equity or otherwise in the event of any breach or violation of this Agreement or any default hereunder. The parties acknowledge and agree that in the event of any breach of this Agreement, in addition to any other remedies that may be available, each of the parties hereto shall be entitled to specific performance of the obligations of the other parties hereto and, in addition, to such other equitable remedies (including preliminary or temporary relief) as may be appropriate in the circumstances. No delay of or omission in the exercise of any right, power or remedy accruing to any party as a result of any breach or default by any other party under this Agreement shall impair any such right, power or remedy, nor shall it be construed as a waiver of or acquiescence in any such breach or default, or of any similar breach or default occurring later; nor shall any such delay, omission nor waiver of any single breach or default be deemed a waiver of any other breach or default occurring before or after that waiver.

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Section 4.6. Amendments. This Agreement may not be orally amended, modified, extended or terminated, nor shall any oral waiver of any of its terms be effective. This Agreement may be amended, modified, extended or terminated, and the provisions hereof may be waived, only by an agreement in writing signed by the Company and the Holders of a majority of the Registrable Securities under this Agreement, which must include the Investor for as long as such Investor holds Registrable Securities; provided, however, that any amendment, modification, extension or termination that disproportionately and adversely affects any Holder shall require the prior written consent of such Holder; provided, further, that the consent of a Manager may be provided on behalf of such Manager by the chief executive officer of the Company. Each such amendment, modification, extension or termination shall be binding upon each party hereto. In addition, each party hereto may waive any right hereunder by an instrument in writing signed by such party.

Section 4.7. Governing Law. This Agreement and all claims arising out of or based upon this Agreement or relating to the subject matter hereof shall be governed by and construed in accordance with the domestic substantive laws of the State of New York without giving effect to any choice or conflict of laws provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction.

Section 4.8. Consent to Jurisdiction. Each party to this Agreement, by its execution hereof, (i) hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the State of New York for the purpose of any action, claim, cause of action or suit (in contract, tort or otherwise), inquiry, proceeding or investigation arising out of or based upon this Agreement or relating to the subject matter hereof, (ii) hereby waives to the extent not prohibited by applicable law, and agrees not to assert, and agrees not to allow any of its subsidiaries to assert, by way of motion, as a defense or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that any such proceeding brought in one of the above-named courts is improper, or that this Agreement or the subject matter hereof or thereof may not be enforced in or by such court and (iii) hereby agrees not to commence or maintain any action, claim, cause of action or suit (in contract, tort or otherwise), inquiry, proceeding or investigation arising out of or based upon this Agreement or relating to the subject matter hereof or thereof other than before one of the above-named courts nor to make any motion or take any other action seeking or intending to cause the transfer or removal of any such action, claim, cause of action or suit (in contract, tort or otherwise), inquiry, proceeding or investigation to any court other than one of the above-named courts whether on the grounds of inconvenient forum or otherwise. Notwithstanding the foregoing, to the extent that any party hereto is or becomes a party in any litigation in connection with which it may assert indemnification rights set forth in this Agreement, the court in which such litigation is being heard shall be deemed to be included in clause (i) above. Notwithstanding the foregoing, any party to this Agreement may commence and maintain an action to enforce a judgment of any of the above-named courts in any court of competent jurisdiction. Each party hereto hereby consents to service of process in any such proceeding in any manner permitted by New York law, and agrees that service of process by registered or certified mail, return receipt requested, at its address specified pursuant to Section 4.2 hereof is reasonably calculated to give actual notice.

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Section 4.9. WAIVER OF JURY TRIAL. TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW WHICH CANNOT BE WAIVED, EACH PARTY HERETO HEREBY WAIVES AND COVENANTS THAT IT WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE) ANY RIGHT TO TRIAL BY JURY IN ANY FORUM IN RESPECT OF ANY ISSUE OR ACTION, CLAIM, CAUSE OF ACTION OR SUIT (IN CONTRACT, TORT OR OTHERWISE), INQUIRY, PROCEEDING OR INVESTIGATION ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE SUBJECT MATTER HEREOF OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE TRANSACTIONS CONTEMPLATED HEREBY, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING. EACH PARTY HERETO ACKNOWLEDGES THAT IT HAS BEEN INFORMED BY THE OTHER PARTIES HERETO THAT THIS SECTION 4.9 CONSTITUTES A MATERIAL INDUCEMENT UPON WHICH THEY ARE RELYING AND WILL RELY IN ENTERING INTO THIS AGREEMENT. ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 4.9 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF EACH SUCH PARTY TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

Section 4.10. Merger; Binding Effect, Etc. This Agreement (along with the Exchange Agreement) constitutes the entire agreement of the parties with respect to its subject matter, supersedes all prior or contemporaneous oral or written agreements or discussions with respect to such subject matter, and shall be binding upon and inure to the benefit of the parties hereto and thereto and their respective heirs, representatives, successors and permitted assigns. Except as otherwise expressly provided herein, no Holder or other party hereto may assign any of its respective rights or delegate any of its respective obligations under this Agreement without the prior written consent of the other parties hereto, and any attempted assignment or delegation in violation of the foregoing shall be null and void.

Section 4.11. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one instrument.

Section 4.12. Severability. In the event that any provision hereof would, under applicable law, be invalid or unenforceable in any respect, such provision shall be construed by modifying or limiting it so as to be valid and enforceable to the maximum extent compatible with, and possible under, applicable law. The provisions hereof are severable, and in the event any provision hereof should be held invalid or unenforceable in any respect, it shall not invalidate, render unenforceable or otherwise affect any other provision hereof.

Section 4.13. No Recourse. Notwithstanding anything that may be expressed or implied in this Agreement, the Company and each Holder covenant, agree and acknowledge that no recourse under this Agreement or any documents or instruments delivered in connection with this Agreement shall be had against any current or future director, officer, employee, general or limited partner or member of any Holder or of any Affiliate or assignee thereof, as such, whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any statute, regulation or other applicable law, it being expressly agreed and acknowledged that

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no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any current or future officer, agent or employee of any Holder or any current or future member of any Holder or any current or future director, officer, employee, partner or member of any Holder or of any Affiliate or assignee thereof, as such, for any obligation of any Holder under this Agreement or any documents or instruments delivered in connection with this Agreement for any claim based on, in respect of or by reason of such obligations or their creation.

***[****Signature pages follow****]***

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**IN WITNESS WHEREOF**, each of the undersigned has duly executed this Agreement as of the date first above written.

**Company:** PLANET FITNESS, INC.

By:



Name:

Title:

[*Signature Page to Registration Rights Agreement*]

**Investors:**

TSG PF INVESTMENT LLC

By:



Name:

Title:

TSG PF INVESTMENT II LLC

By:



Name:

Title:

TSG PF CO-INVESTORS A L.P.

By:



Name:

Title:

TSG AIV II-A L.P.



Name:

Title:

[*Signature Page to Registration Rights Agreement*]

**Managers**:

THE CHRISTOPHER J. RONDEAU IRREVOCABLE GST

TRUST OF 2012

By:



Name:

Title:

THE CHRISTOPHER J. RONDEAU REVOCABLE TRUST

OF 2006

By:



Name:

Title:

THE MARC GRONDAHL REVOCABLE TRUST OF 2006

By:



Name:

Title:



Name: Craig Benson



Name: Stephen Spinelli, Jr.



Name: Richard Moore



Name: Anna Arico

[*Signature Page to Registration Rights Agreement*]

Name: Dorvin Lively



Name: Brian Belmont



Name: Bonnie Monahan



Name: Corey Benish



Name: Candace Couture



Name: Jamie Medeiros



Name: Dawn Sullivan



Name: Jessica Correa

[*Signature Page to Registration Rights Agreement*]

**Exhibit 10.8**



**STOCKHOLDERS AGREEMENT**

**of**

**PLANET FITNESS, INC.**

**dated as of [** **], 2015**



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Exhibits

Exhibit A — Form of Director Indemnification Agreement

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THIS STOCKHOLDERS AGREEMENT (this “Agreement”) is entered as of [ ], 2015, among Planet Fitness, Inc., a Delaware corporation (the “Company”), TSG PF Investment LLC, TSG PF Investment II LLC, TSG PF Co-Investors A L.P. and TSG AIV II-A L.P. (each, together with its respective Affiliates, a “TSG Investor” and collectively, the “TSG Investors”).

RECITALS

WHEREAS, pursuant to the Recapitalization Agreement, dated the date hereof, among the Company, the TSG Investors, Pla-Fit Holdings, LLC and certain unit-holders thereof, in connection with the Company’s initial public offering of its shares of Class A Common Stock (the “IPO”), the Company and the TSG Investors desire to set forth their agreement regarding certain governance matters.

NOW, THEREFORE, in consideration of the foregoing recitals and of the mutual promises hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company and the TSG Investors hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1. Effective Date. This Agreement shall become effective upon the closing of the IPO.

SECTION 1.2. Certain Defined Terms. As used herein, the following terms shall have the following meanings:

“Affiliate” means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with, such Person; provided that the Company and its subsidiaries shall not be deemed to be Affiliates of the TSG Investors.

“Board” means the Board of Directors of the Company.

“Business Day” means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by law to be closed in the City of New York.

“Common Stock” means collectively the Class A common stock, par value $0.0001 per share, and Class B common stock, par value $0.0001 per share, of the Company and any securities issued in respect thereof, or in substitution therefor, in connection with any stock split, dividend or combination, or any reclassification, recapitalization, merger, consolidation, exchange or other similar reorganization.

“Company” has the meaning assigned to such term in the preamble.

“Company Charter” means the certificate of incorporation of the Company in effect on the date hereof, as may be amended from time to time.

“Director” means any member of the Board.

“Director Indemnification Agreement” means an indemnification agreement in the form attached as Exhibit A.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and any successor thereto, and any rules and regulations promulgated thereunder, all as the same shall be in effect from time to time.

“Group” has the meaning assigned to such term in Section 13(d)(3) of the Exchange Act.

“IPO” has the meaning set forth in the Recitals.

“Necessary Action” means, with respect to a specified result, all actions necessary to cause such result, including (i) voting or providing a written consent or proxy with respect to the Common Stock, (ii) causing the adoption of stockholders’ resolutions and amendments to the organizational documents of the Company, (iii) executing agreements and instruments, and (iv) making, or causing to be made, with governmental, administrative or regulatory authorities, all filings, registrations or similar actions that are required to achieve such result.

“Person” means any individual, corporation, limited liability company, limited or general partnership, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivisions thereof or any Group comprised of two or more of the foregoing.

“TSG Designee” has the meaning assigned to such term in Section 2.1(a).

“TSG Investors” has the meaning set forth in the preamble.

SECTION 1.3. Other Interpretive Provisions.

1. The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.
2. The words “hereof,” “herein,” “hereunder” and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement; and any subsection and section references are to this Agreement unless otherwise specified.
3. The term “including” is not limiting and means “including without limitation.”
4. The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.
5. Whenever the context requires, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms.

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ARTICLE II

CORPORATE GOVERNANCE

SECTION 2.1. The Board.

* 1. TSG Designees.

1. For so long as the TSG Investors collectively hold a number of shares of Common Stock representing at least the percentage set forth below of shares of Common Stock held by them immediately prior to the closing of the IPO, the Company shall take all Necessary Action to include in the slate of nominees recommended by the Board for election as Directors at each annual or special meeting of shareholders at which Directors are to be elected that number of individuals designated by the TSG Investors (each, a “TSG Designee”) such that, if each such TSG Designee is elected, will result in the number of TSG Designees then serving on the Board as shown below across from such percentage.

|  |  |  |
| --- | --- | --- |
| Percent |  | Number of Directors |
| 50% or greater | | 4 |
| Less than 50% but greater than or equal to 25% | | 3 |
| Less than 25% but greater than or equal to 10% | | 2 |
| Less than 10% but greater than or equal to 5% | | 1 |

1. In addition, for so long as the TSG Investors hold at least fifty percent (50%) of the shares of Common Stock held by them immediately prior to the closing of the IPO, upon receiving a written request from the TSG Investors, the Company will take all Necessary Action to cause the Board as soon as practicable to: (a) increase the size of the Board to permit the inclusion on the Board of a number of additional directors specified by the TSG Investors such that TSG Designees comprise a majority of the Board; and (b) appoint such directors to fill the vacancies created thereby as are specified by the TSG Investors. Thereafter, for so long as the TSG Investors hold at least fifty percent (50%) of the shares of Common Stock held by them immediately prior to the closing of the IPO, in addition to any directors designated in accordance with Section 2.1(a)(i), the Company shall take all Necessary Action to include in the slate of nominees recommended by the Board for election as directors at each applicable annual or special meeting of shareholders at which directors are to be elected that number of individuals designated by the TSG Investors that, if elected, will result in the TSG Investors having the number of additional TSG Designees serving on the Board that is nominated in accordance with this Section 2.1(a)(ii).
2. Upon any decrease in the number of Directors that the TSG Investors are entitled to designate for election to the Board, the TSG Investors shall take all Necessary Action to cause the appropriate number of TSG Designees to offer to tender a resignation. If such resignation is then accepted by the Board, the Company and the TSG Investors shall take all Necessary Action to cause the authorized size of the Board of Directors to be reduced accordingly.

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1. Vacancies. The TSG Investors shall have the exclusive right to designate for election to the Board Directors to fill vacancies created by reason of death, removal or resignation of its designees to the Board, and the Company shall take all Necessary Action to cause any such vacancies to be filled by replacement Directors designated by the TSG Investors as promptly as reasonably practicable.
2. Additional Directors. For so long as the TSG Investors have the right to designate at least one (1) TSG Designee, the Company will take all Necessary Action to ensure that the number of Directors serving on the Board shall not exceed nine (9); provided, that the number of Directors may be increased by the Company if necessary to satisfy the requirements of applicable law and stock exchange regulation.
3. Committees. Subject to applicable laws and stock exchange regulations, the Company shall take all Necessary Action to have a TSG Designee then serving on the Board appointed to serve on each committee of the Board other than the audit committee for so long as the TSG Investors have the right to at least one (1) TSG Designee. The TSG Investors shall have the right to appoint a representative as an observer to any committee of the Board to which the TSG Investors (i) do not elect to have a representative appointed or (ii) are prohibited by applicable laws or stock exchange regulations from having a representative appointed, in each case for so long as the TSG Investors have the right pursuant to this Article II to designate at least one (1) TSG Designee.
4. Reimbursement of Expenses. In accordance with Company policy, and on terms no less favorable than as afforded to any other Director, the Company shall reimburse each TSG Designee for all reasonable and documented out-of-pocket expenses incurred in connection with his or her participation in the meetings of the Board or any committee of the Board, including reasonable travel, lodging and meal expenses.

SECTION 2.2. D&O Insurance; Director Indemnification. On or prior to the date of this Agreement, the Company shall obtain customary director and officer indemnity insurance on commercially reasonable terms. On or prior to the date of this Agreement, the Company shall execute and deliver to each Director serving on the Board as of the date hereof a Director Indemnification Agreement. From and after the date hereof, concurrently with or prior to any TSG Designee joining the Board, the Company shall execute and deliver to each such TSG Designee a Director Indemnification Agreement.

SECTION 2.3. Corporate Opportunity Waiver; Sharing of Information.

1. The Company agrees to take all Necessary Action to ensure that no amendment to the provisions of the Company Charter pertaining to the renouncement of corporate opportunity is effected without the consent of the TSG Investors for so long as the TSG Investors have the right pursuant to this Article II to designate at least one (1) TSG Designee.
2. Any TSG Designee may share any information received in his or her capacity as a Board member with the TSG Investors. Each TSG Investor agrees that it will keep confidential and will not disclose, divulge or use for any purpose, other than to monitor and

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make voting and investment decisions with respect to its investment in the Company and its subsidiaries, any confidential information obtained from the Company, unless such confidential information (a) is known or becomes known to the public in general (other than as a result of a breach of this Section 2.3(b) by such TSG Investor or its Affiliates), (b) is or has been independently developed or conceived by such TSG Investor without use of the Company’s confidential information or (c) is or has been made known or disclosed to such TSG Investor by a third party (other than an Affiliate of such TSG Investor) without a breach of any obligation of confidentiality such third party may have to the Company that is known to such TSG Investor; provided, however, that a TSG Investor may disclose confidential information (x) to its attorneys, accountants, consultants, and other professionals to the extent necessary to obtain their services in connection with monitoring and making voting and investment decisions with respect to its investment in the Company,

1. to any Affiliate, partner, member or related investment fund of such TSG Investor and their respective directors, employees and consultants, in each case in the ordinary course of business, or (z) as may otherwise be required by law or legal, judicial or regulatory process, provided that such TSG Investor takes reasonable steps to minimize the extent of any required disclosure described in this clause (z); and provided, further, however, that the acts and omissions of any Person to whom such TSG Investor may disclose confidential information pursuant to clauses (x) and (y) of the preceding proviso will be attributable to such TSG Investor for purposes of determining such TSG Investor’s compliance with this Section 2.3(b). Each party hereto acknowledges that the TSG Investors or any of their Affiliates and related investment funds may review the business plans and related proprietary information of many enterprises, including enterprises which may have products or services which compete directly or indirectly with those of the Company and its subsidiaries, and may trade in the securities of such enterprises. Nothing in this Section 2.3(b) will preclude or in any way restrict the TSG Investors or their Affiliates or related investment funds from investing or participating in any particular enterprise, or trading in the securities thereof, whether or not such enterprise has products or services that compete with those of the Company and its subsidiaries.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Each of the parties to this Agreement hereby represents and warrants to each other party to this Agreement that as of the date such party executes this Agreement:

SECTION 3.1. Existence; Authority; Enforceability. Such party has the power and authority to enter into this Agreement and to carry out its obligations hereunder. Such party is duly organized and validly existing under the laws of its jurisdiction of organization, and the execution of this Agreement, and the consummation of the transactions contemplated herein, have been authorized by all necessary action on the part of its board of directors (or equivalent) and shareholders (or other holders of equity interests), if required, and no other act or proceeding on its part is necessary to authorize the execution of this Agreement or the consummation of any of the transactions contemplated hereby. This Agreement has been duly executed by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

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SECTION 3.2. Absence of Conflicts. The execution and delivery by such party of this Agreement and the performance of its obligations hereunder does not and will not (a) conflict with, or result in the breach of any provision of the constitutive documents of such party, (b) result in any violation, breach, conflict, default or an event of default (or an event which with notice, lapse of time, or both, would constitute a default or an event of default), or give rise to any right of acceleration or termination or any additional payment obligation, under the terms of any contract, agreement or permit to which such party is a party or by which such party’s assets or operations are bound or affected, or (c) violate any law applicable to such party.

SECTION 3.3. Consents. Other than as expressly required herein or any consents which have already been obtained, no consent, waiver, approval, authorization, exemption, registration, license or declaration is required to be made or obtained by such party in connection with (a) the execution, delivery or performance of this Agreement or (b) the consummation of any of the transactions contemplated herein.

ARTICLE IV

MISCELLANEOUS

SECTION 4.1. Cooperation If requested by the TSG Investors, the Company shall cooperate with (and not impede) the TSG Investors in connection with any proposed transfer of shares Common Stock (or equity securities exercisable or convertible into, or exchangeable for, common stock) to another Person in a private sale transaction (including a transaction that does not require registration under the Securities Act of 1933, as amended), including ,without limitation, by providing information and access to management to potential transferees for due diligence or other relevant purposes.

SECTION 4.2. Termination. If not otherwise stipulated, this Agreement shall terminate automatically (without any action by any party hereto) at such time that the TSG Investors have no rights pursuant to Article II hereof to designate any TSG Designees. Nothing herein shall relieve any party from any liability for the breach of any of the agreements set forth in this Agreement.

SECTION 4.3. Amendments and Waivers. Except as otherwise provided herein, no modification, amendment or waiver of any provision of this Agreement shall be effective without the approval of the Company and the TSG Investors. The failure of any party to enforce any of the provisions of this Agreement shall in no way be construed as a waiver of such provisions and shall not affect the right of such party thereafter to enforce each and every provision of this Agreement in accordance with its terms.

SECTION 4.4. Assignment; Benefit.

1. The rights and obligations hereunder shall not be assignable without the prior written consent of the other parties hereto. Any attempted assignment of rights or obligations in violation of this Section 4.4 shall be null and void.
2. This Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the parties hereto, and their respective successors and permitted assigns, and there shall be no third-party beneficiaries to this Agreement other than the TSG Designees under Section 2.2.

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SECTION 4.5. Notices. All notices and other communications required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified; (b) when sent by e-mail or confirmed facsimile if sent during normal business hours of the recipient, and, if not, then on the next Business Day; (c) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (d) one Business Day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to such party’s address as set forth below or at such other address as the party shall have furnished to each other party in writing in accordance with this provision:

If to the Company, to:

Planet Fitness, Inc.

26 Fox Run Road

Newington, NH 03801

Fax: (603) 957-4626

Email: richard.moore@pfhq.com

Attn: Richard L. Moore

with a copy to:

Ropes & Gray LLP

Prudential Tower, 800 Boylston Street

Boston, MA 02199-3600

Fax: (617) 951-7050

Email: david.fine@ropesgray.com

Attn: David A. Fine

If to a TSG Investor:

c/o TSG Consumer Partners LLC

600 Montgomery Street

Suite 2900

San Francisco, CA 94111

Fax: (415) 217-2350

Email: johara@tsgconsumer.com

Attn: Jamie O’Hara

with a copy to:

Ropes & Gray LLP

Prudential Tower, 800 Boylston Street

Boston, MA 02199-3600

Fax: (617) 951-7050

Email: paul.vanhouten@ropesgray.com

Attn: Paul F. Van Houten

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SECTION 4.6. Further Assurances. At any time or from time to time after the date hereof, the parties agree to cooperate with each other, and at the request of any other party, to execute and deliver any further instruments or documents and to take all such further action as the other party may reasonably request in order to evidence or effectuate the consummation of the transactions contemplated hereby and to otherwise carry out the intent of the parties hereunder.

SECTION 4.7. Entire Agreement. Except as otherwise expressly set forth herein, this Agreement sets forth the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or among the parties, written or oral, that may have related to the subject matter hereof in any way.

SECTION 4.8. Delays or Omissions. It is agreed that no delay or omission to exercise any right, power or remedy accruing to any party, upon any breach, default or noncompliance by another party under this Agreement, shall impair any such right, power or remedy, nor shall it be construed to be a waiver of any such breach, default or noncompliance, or any acquiescence therein, or of or in any similar breach, default or noncompliance thereafter occurring. It is further agreed that any waiver, permit, consent or approval of any kind or character on the part of any party hereto of any breach, default or noncompliance under this Agreement or any waiver on such party’s part of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, by law, or otherwise afforded to any party, shall be cumulative and not alternative.

SECTION 4.9. Governing Law; Jurisdiction; Waiver of Jury Trial. THIS AGREEMENT SHALL BE GOVERNED IN ALL RESPECTS BY THE LAWS OF THE STATE OF DELAWARE REGARDLESS OF THE LAW THAT MIGHT BE APPLIED UNDER PRINCIPLES OF CONFLICT OF LAWS TO THE EXTENT SUCH PRINCIPLES WOULD REQUIRE OR PERMIT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION. NO SUIT, ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT IN ANY COURT OR BEFORE ANY SIMILAR AUTHORITY OTHER THAN IN A COURT OF COMPETENT JURISDICTION IN THE STATE OF DELAWARE, AND THE PARTIES HERETO HEREBY SUBMIT TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS FOR THE PURPOSE OF SUCH SUIT, PROCEEDING OR JUDGMENT. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE HAD TO BRING SUCH AN ACTION IN ANY OTHER COURT, DOMESTIC OR FOREIGN, OR BEFORE ANY SIMILAR DOMESTIC OR FOREIGN AUTHORITY. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING IN RELATION TO THIS AGREEMENT AND FOR ANY COUNTERCLAIM THEREIN.

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SECTION 4.10. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

SECTION 4.11. Enforcement. Each party hereto acknowledges that money damages would not be an adequate remedy in the event that any of the covenants or agreements in this Agreement are not performed in accordance with its terms, and it is therefore agreed that in addition to and without limiting any other remedy or right it may have, the non-breaching party will have the right to an injunction, temporary restraining order or other equitable relief in any court of competent jurisdiction enjoining any such breach and enforcing specifically the terms and provisions hereof.

SECTION 4.12. No Recourse. Notwithstanding anything that may be expressed or implied in this Agreement, the Company and the TSG Investors covenant, agree and acknowledge that no recourse under this Agreement or any documents or instruments delivered in connection with this Agreement shall be had against any current or future director, officer, employee, general or limited partner or member of any TSG Investor or of any Affiliate or assignee thereof, whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any statute, regulation or other applicable law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any current or future officer, agent or employee of any TSG Investor or any current or future member of any TSG Investor or any current or future director, officer, employee, partner or member of any TSG Investor or of any Affiliate or assignee thereof, as such for any obligation of any TSG Investor under this Agreement or any documents or instruments delivered in connection with this Agreement for any claim based on, in respect of or by reason of such obligations or their creation.

SECTION 4.13. Counterparts. This Agreement may be executed in any number of separate counterparts each of which when so executed shall be deemed to be an original and all of which together shall constitute one and the same agreement. Counterpart signature pages to this Agreement may be delivered by facsimile or electronic delivery (*i.e*., by email of a PDF signature page) and each such counterpart signature page will constitute an original for all purposes.

*[Signature pages follow]*

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IN WITNESS WHEREOF, the parties hereto have executed this Stockholders Agreement as of the date first set forth above.

**PLANET FITNESS, INC.**

By:



Name:

Title:

SIGNATURE PAGE TO STOCKHOLDERS AGREEMENT

**TSG PF INVESTMENT LLC**

By:



Name:

Title:

**TSG PF INVESTMENT II LLC**

By:



Name:

Title:

**TSG PF CO-INVESTORS A L.P.**

By:



Name:

Title:

**TSG AIV II-A L.P.**



Name:

Title:

SIGNATURE PAGE TO STOCKHOLDERS AGREEMENT

Exhibit A

Form of Director Indemnification Agreement

(Attached)

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**INDEMNIFICATION AGREEMENT**

This Indemnification Agreement (this “Agreement”) is made and entered into as of [*DATE*] by and among Planet Fitness, Inc., a Delaware corporation (the “Company”), and [*NAME OF DIRECTOR*] (“Indemnitee”).

WHEREAS, in light of the litigation costs and risks to directors resulting from their service to companies, and the desire of the Company to attract and retain qualified individuals to serve as directors, it is reasonable, prudent and necessary for the Company to indemnify and advance expenses on behalf of the Company’s directors and to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern regarding such risks;

WHEREAS, the Company has requested that Indemnitee serve or continue to serve as a director of the Company and may have requested or may in the future request that Indemnitee serve one or more Planet Fitness Entities (as hereinafter defined) as a director or an officer or in other capacities;

WHEREAS, one of the conditions that Indemnitee requires in order to serve as a director of the Company is that Indemnitee be so indemnified; and

WHEREAS, Indemnitee may have certain rights to indemnification, advancement of expenses and/or insurance provided by one or more of the Designating Stockholders (as hereinafter defined) (or their affiliates) and/or any insurer providing insurance coverage under any policy purchased or maintained by such Designating Stockholders (or their affiliates), which Indemnitee, the Company and the Designating Stockholders (or their affiliates) intend to be secondary to the primary obligation of the Company to indemnify Indemnitee as provided herein, with the Company’s acknowledgement of and agreement to the foregoing being a material condition to Indemnitee’s willingness to serve as a director the Company.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Services by Indemnitee. Indemnitee agrees to serve as a director of the Company. Indemnitee may at any time and for any reason resign from such position (subject to any contractual obligation the Indemnitee may have under any other agreement).

Indemnification – General. On the terms and subject to the conditions of this Agreement, the Company shall, to the fullest extent permitted by law, indemnify Indemnitee with respect to, and hold Indemnitee harmless from and against, all losses, damages, liabilities, judgments, fines, penalties, costs, amounts paid in settlement, Expenses (as hereinafter defined) and other amounts that Indemnitee reasonably incurs and that result from, arise in connection with or are by reason of Indemnitee’s Corporate Status (as hereinafter defined) and shall advance Expenses to Indemnitee. The obligations of the Company shall continue after such time as Indemnitee ceases to serve as a director of the Company or in any other Corporate Status and include, without limitation, claims for monetary damages against Indemnitee in respect of any actual or alleged liability or other loss of Indemnitee, to the fullest extent permitted under applicable law (including, if applicable, Section 145 of the Delaware General Corporation Law) as in existence on the date hereof and as amended from time to time.

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Proceedings Other Than Proceedings by or in the Right of the Company. If in connection with or by reason of Indemnitee’s Corporate Status, Indemnitee was, is, or is threatened to be made, a party to or a participant in any Proceeding (as hereinafter defined) other than a Proceeding by or in the right of the Company to procure a judgment in its favor, the Company shall, to the fullest extent permitted by law, indemnify Indemnitee with respect to, and hold Indemnitee harmless from and against, all Expenses, losses, damages, liabilities, judgments, penalties, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such liabilities, judgments, penalties, fines and amounts paid in settlement) reasonably incurred by Indemnitee or on behalf of Indemnitee in connection with such Proceeding or any claim, issue or matter therein.

Proceedings by or in the Right of the Company. If in connection with or by reason of Indemnitee’s Corporate Status, Indemnitee was, is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in the Company’s favor, the Company shall, to the fullest extent permitted by law, indemnify Indemnitee with respect to, and hold Indemnitee harmless from and against, all Expenses reasonably incurred by Indemnitee or on behalf of Indemnitee in connection with such Proceeding or any claim, issue or matter therein.

Mandatory Indemnification in Case of Successful Defense. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of Indemnitee’s Corporate Status, a party to (or a participant in) and is successful, on the merits or otherwise, in defense of any Proceeding or any claim, issue or matter therein (including, without limitation, any Proceeding brought by or in the right of the Company), the Company shall, to the fullest extent permitted by law, indemnify Indemnitee with respect to, and hold Indemnitee harmless from and against, all Expenses reasonably incurred by Indemnitee or on behalf of Indemnitee in connection therewith. If Indemnitee is not wholly successful in defense of such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall, to the fullest extent permitted by law, indemnify Indemnitee against all Expenses reasonably incurred by Indemnitee or on behalf of Indemnitee in connection with each successfully resolved claim, issue or matter. For purposes of this Section 5 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, on substantive or procedural grounds, or settlement of any such claim prior to a final judgment by a court of competent jurisdiction with respect to such Proceeding, shall be deemed to be a successful result as to such claim, issue or matter; provided, however, that any settlement of any claim, issue or matter in such a Proceeding shall not be deemed to be a successful result as to such claim, issue or matter if such settlement is effected by Indemnitee without the Company’s prior written consent, which consent shall not be unreasonably withheld, delayed or conditioned.

Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement or otherwise to indemnification by the Company for some or a portion of the Expenses, liabilities, judgments, penalties, fines and amounts paid in settlement (including all interest,

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assessments and other charges paid or payable in connection with or in respect of such liabilities, judgments, penalties, fines and amounts paid in settlement) incurred by Indemnitee or on behalf of Indemnitee in connection with a Proceeding or any claim, issue or matter therein, in whole or in part, the Company shall, to the fullest extent permitted by law, indemnify Indemnitee to the fullest extent to which Indemnitee is entitled to such indemnification.

Indemnification for Additional Expenses Incurred to Secure Recovery or as Witness.

The Company shall, to the fullest extent permitted by law, indemnify Indemnitee with respect to, and hold Indemnitee harmless from and against, any and all Expenses and, if requested by Indemnitee, shall advance on an as-incurred basis (as provided in Section 8 of this Agreement) such Expenses to Indemnitee, which are incurred by Indemnitee in connection with any action or proceeding or part thereof brought by Indemnitee for (i) indemnification or advance payment of Expenses by the Company under this Agreement, any other agreement, the Certificate of Incorporation or By-laws of the Company as now or hereafter in effect, or pursuant to indemnification agreements in effect as of the date hereof; or (ii) recovery under any director and officer liability insurance policies maintained by any Planet Fitness Entity.

To the extent that Indemnitee is, by reason of Indemnitee’s Corporate Status, a witness (or is forced or asked to respond to discovery requests) in any Proceeding to which Indemnitee is not a party, the Company shall, to the fullest extent permitted by law, indemnify Indemnitee with respect to, and hold Indemnitee harmless from and against, and the Company will advance on an as-incurred basis (as provided in Section 8 of this Agreement), all Expenses reasonably incurred by Indemnitee or on behalf of Indemnitee in connection therewith.

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Advancement of Expenses. The Company shall, to the fullest extent permitted by law, pay on a current and as-incurred basis all Expenses incurred by Indemnitee in connection with any Proceeding in any way connected with, resulting from or relating to Indemnitee’s Corporate Status. Such Expenses shall be paid in advance of the final disposition of such Proceeding, without regard to whether Indemnitee will ultimately be entitled to be indemnified for such Expenses and without regard to whether an Adverse Determination (as hereinafter defined) has been or may be made. Upon submission of a request for advancement of Expenses pursuant to Section 9(c) of this Agreement, Indemnitee shall be entitled to advancement of Expenses as provided in this Section 8, and such advancement of Expenses shall continue until such time (if any) as there is a final non-appealable judicial determination that Indemnitee is not entitled to indemnification. Indemnitee shall repay such amounts advanced if and to the extent that it shall ultimately be determined in a decision by a court of competent jurisdiction from which no appeal can be taken that Indemnitee is not entitled to be indemnified by the Company for such Expenses. Such repayment obligation shall be unsecured and shall not bear interest. The Company shall not impose on Indemnitee additional conditions to advancement or require from Indemnitee additional undertakings regarding repayment. Indemnitee shall, in all events, be entitled to advancement of Expenses, without regard to Indemnitee’s ultimate entitlement to indemnification, until the final determination of the Proceeding.

Indemnification Procedures.

Notice of Proceeding. Indemnitee agrees to notify the Company promptly upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses hereunder. Any failure by Indemnitee to notify the Company will not relieve the Company of its advancement or indemnification obligations under this Agreement unless, and only to the extent that, the Company can establish that such omission to notify resulted in actual and material prejudice to it, which prejudice cannot be reversed or otherwise eliminated without any material negative effect on the Company, and the omission to notify the Company will, in any event, not relieve the Company from any liability which it may have to indemnify Indemnitee otherwise than under this Agreement. If, at the time of receipt of any such notice, the Company has a director and officer liability insurance policy in effect, the Company will promptly notify the relevant insurer in accordance with the procedures and requirements of such policy.

Defense; Settlement. Indemnitee shall have the sole right and obligation to control the defense or conduct of any claim or Proceeding with respect to Indemnitee. The Company shall not, without the prior written consent of Indemnitee, which may be provided or withheld in Indemnitee’s sole discretion, effect any settlement of any Proceeding against Indemnitee or which, in the reasonable opinion of independent counsel, could have been brought against Indemnitee or which potentially or actually imposes any cost, liability, exposure or burden on Indemnitee unless (i) such settlement solely involves the payment of money or performance of any obligation by persons other than Indemnitee and includes an unconditional, full release of Indemnitee by all relevant parties from all liability on any matters that are the subject of such Proceeding and an acknowledgment that Indemnitee denies all wrongdoing in connection with such matters and (ii) the Company has fully indemnified the Indemnitee with

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respect to, and held Indemnitee harmless from and against, all Expenses and other amounts incurred by Indemnitee or on behalf of Indemnitee in connection with such Proceeding. The Company shall not be obligated to indemnify Indemnitee against amounts paid in settlement of a Proceeding against Indemnitee if such settlement is effected by Indemnitee without the Company’s prior written consent, which consent shall not be unreasonably withheld, delayed or conditioned, unless such settlement solely involves the payment of money or performance of any obligation by persons other than the Company and includes an unconditional release of the Company by any party to such Proceeding other than the Indemnitee from all liability on any matters that are the subject of such Proceeding and an acknowledgment that the Company denies all wrongdoing in connection with such matters.

Request for Advancement; Request for Indemnification.

To obtain advancement of Expenses under this Agreement, Indemnitee shall submit to the Company a written request therefor, together with such invoices or other supporting information as may be reasonably requested by the Company and reasonably available to Indemnitee, and, only to the extent required by applicable law which cannot be waived, an unsecured written undertaking to repay amounts advanced. The Company shall make advance payment of Expenses to Indemnitee no later than ten (10) business days after receipt of the written request for advancement (and each subsequent request for advancement) by Indemnitee. If, at the time of receipt of any such written request for advancement of Expenses, the Company has a director and officer insurance policy in effect, the Company will promptly notify the relevant insurer in accordance with the procedures and requirements of such policy. The Company shall thereafter keep such insurer informed of the status of the Proceeding or other claim (with assistance from the Indemnitee as reasonably required) and take such other actions, as appropriate to secure coverage of Indemnitee for such claim.

To obtain indemnification under this Agreement, at any time before or after submission of a request for advancement pursuant to Section 9(c)(i) of this Agreement, Indemnitee may submit a written request for indemnification hereunder. The time at which Indemnitee submits a written request for indemnification shall be determined by the Indemnitee in the Indemnitee’s sole discretion. Once Indemnitee submits such a written request for indemnification (and only at such time that Indemnitee submits such a written request for indemnification), a Determination (as hereinafter defined) shall thereafter be made, as provided in and only to the extent required by Section 9(d) of this Agreement. In no event shall a Determination be made, or required to be made, as a condition to or otherwise in connection with any advancement of Expenses pursuant to Section 8 and Section 9(c)(i) of this Agreement. If, at the time of receipt of any such request for indemnification, the Company has a director and officer insurance policy in effect, the Company will promptly notify the relevant insurer and take such other actions as necessary or appropriate to secure coverage of Indemnitee for such claim in accordance with the procedures and requirements of such policies.

Determination. The Company agrees that Indemnitee shall be indemnified to the fullest extent permitted by law and that no Determination shall be required in connection with such indemnification unless specifically required by applicable law which cannot be waived. In no event shall a Determination be required in connection with indemnification for Expenses

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pursuant to Section 7 of this Agreement or incurred in connection with any Proceeding or portion thereof with respect to which Indemnitee has been successful on the merits or otherwise. Any decision that a Determination is required by law in connection with any other indemnification of Indemnitee, and any such Determination, shall be made within twenty (20) days after receipt of Indemnitee’s written request for indemnification pursuant to Section 9(c)(ii) and such Determination shall be made either (i) by the Disinterested Directors (as hereinafter defined), even though less than a quorum, so long as Indemnitee does not request that such Determination be made by Independent Counsel (as hereinafter defined), or (ii) if so requested by Indemnitee, in Indemnitee’s sole discretion, by Independent Counsel in a written opinion to the Company and Indemnitee. If a Determination is made that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) business days after such Determination. Indemnitee shall reasonably cooperate with the person, persons or entity making such determination with respect to Indemnitee’s entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such Determination. Any Expenses incurred by Indemnitee in so cooperating with the Disinterested Directors or Independent Counsel, as the case may be, making such determination shall be advanced and borne by the Company (irrespective of the Determination as to Indemnitee’s entitlement to indemnification). If the person, persons or entity empowered or selected under this Section 9(d) to determine whether Indemnitee is entitled to indemnification shall not have made a determination within twenty (20) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall, to the fullest extent not prohibited by law, be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee’s statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such twenty (20) day period may be extended for a reasonable time, not to exceed an additional twenty (20) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto; and provided, further, that the foregoing provisions of this Section 9(d) shall not apply if the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 9(e).

Independent Counsel. In the event Indemnitee requests that the Determination be made by Independent Counsel pursuant to Section 9(d) of this Agreement, the Independent Counsel shall be selected as provided in this Section 9(e). The Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board of Directors, in which event the Board of Directors shall make such selection on behalf of the Company, subject to the remaining provisions of this Section 9(e)), and Indemnitee or the Company, as the case may be, shall give written notice to the other, advising the Company or Indemnitee of the identity of the Independent Counsel so selected. The Company or Indemnitee, as the case may be, may, within five (5) days after such written notice of selection shall have been received, deliver to Indemnitee or the Company, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of “Independent Counsel”

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as defined in Section 15 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If a written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court of competent jurisdiction has determined that such objection is without merit. If, within ten (10) days after submission by Indemnitee of a written request for indemnification pursuant to Section 9(c)(ii) of this Agreement and after a request for the appointment of Independent Counsel has been made, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition a court of competent jurisdiction for resolution of any objection which shall have been made by the Company or Indemnitee to the other’s selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 9(d) of this Agreement. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 9(f) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing). Any expenses incurred by or in connection with the appointment of Independent Counsel shall be borne by the Company (irrespective of the Determination of Indemnitee’s entitlement to indemnification) and not by Indemnitee.

Consequences of Determination; Remedies of Indemnitee. The Company shall be bound by and shall have no right to challenge a Favorable Determination. If an Adverse Determination is made, or if for any other reason the Company does not make timely indemnification payments or advances of Expenses, Indemnitee shall have the right to commence a Proceeding before a court of competent jurisdiction to challenge such Adverse Determination and/or to require the Company to make such payments or advances (and the Company shall have the right to defend its position in such Proceeding and to appeal any adverse judgment in such Proceeding). Indemnitee shall be entitled to be indemnified for all Expenses incurred in connection with such a Proceeding and to have such Expenses advanced by the Company in accordance with Section 8 of this Agreement. If Indemnitee fails to challenge an Adverse Determination within twenty (20) business days, or if Indemnitee challenges an Adverse Determination and such Adverse Determination has been upheld by a final judgment of a court of competent jurisdiction from which no appeal can be taken, then, to the extent and only to the extent required by such Adverse Determination or final judgment, the Company shall not be obligated to indemnify Indemnitee under this Agreement.

Presumptions; Burden and Standard of Proof. The parties intend and agree that, to the extent permitted by law, in connection with any

Determination with respect to Indemnitee’s entitlement to indemnification hereunder by any person, including a court:

it will be presumed that Indemnitee is entitled to indemnification under this Agreement (notwithstanding any Adverse Determination), and the Company or any other person or entity challenging such right will have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption;

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the termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that Indemnitee’s conduct was unlawful;

Indemnitee will be deemed to have acted in good faith if Indemnitee’s action is based on the records or books of account of the Company, including financial statements, or on information supplied to Indemnitee by the officers, employees, or committees of the board of directors of the Company, or on the advice of legal counsel or other advisors (including financial advisors and accountants) for the Company or on information or records given in reports made to the Company by an independent certified public accountant or by an appraiser or other expert or advisor selected by the Company; and

the knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Company or relevant enterprises will not be imputed to Indemnitee in a manner that limits or otherwise adversely affects Indemnitee’s rights hereunder.

The provisions of this Section 9(g) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

Remedies of Indemnitee.

In the event that (i) a determination is made pursuant to Section 9(d) of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 8 and Section 9(c)(i) of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 9(d) of this Agreement within twenty (20) days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Section 5, 6 or 7 f this Agreement within ten (10) business days after receipt by the Company of a written request therefor, (v) payment of indemnification pursuant to Section 3 or 4 of this Agreement is not made within ten

1. business days after a determination has been made that Indemnitee is entitled to indemnification or (vi) in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or Proceeding designed to deny, or to recover from, the Indemnitee the benefits provided or intended to be provided to the Indemnitee hereunder, Indemnitee shall be entitled to an adjudication by a court of his entitlement to such indemnification or advancement of Expenses. Alternatively, Indemnitee, at his option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association (or JAMS in New York, if requested by the Indemnitee). The Company shall not oppose Indemnitee’s right to seek any such adjudication or award in arbitration.
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In the event that a determination shall have been made pursuant to Section 9(d) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 10 shall be conducted in all respects as a de novo trial, or arbitration, on the merits, in which (i) Indemnitee shall not be prejudiced by reason of that adverse determination, and (ii) the Company shall bear the burden of establishing that Indemnitee is not entitled to indemnification.

If a determination shall have been made pursuant to Section 9(d) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 10, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee’s statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

The Company shall, to the fullest extent not prohibited by law, be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 10 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

Insurance; Subrogation; Other Rights of Recovery, etc.

The Company shall use its reasonable best efforts to purchase and maintain a policy or policies of insurance with reputable insurance companies with A.M. Best ratings of “A” or better, providing Indemnitee with coverage for any liability asserted against, and incurred by, Indemnitee or on Indemnitee’s behalf by reason of Indemnitee’s Corporate Status, or arising out of Indemnitee’s status as such, whether or not the Company would have the power to indemnify Indemnitee against such liability. Such insurance policies shall have coverage terms and policy limits at least as favorable to Indemnitee as the insurance coverage provided to any other director of the Company. The Company shall continue to provide such insurance coverage to Indemnitee for a period of at least seven (7) years after Indemnitee ceases to serve as a director or in any other Corporate Status.

In the event of any payment by the Company under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee against any other Planet Fitness Entity, and Indemnitee hereby agrees, as a condition to obtaining any advancement or indemnification from the Company, to assign the Company all of Indemnitee’s rights to obtain from such other Planet Fitness Entity such amounts to the extent that they have been paid by the Company to or for the benefit of Indemnitee as advancement or indemnification under this Agreement and are adequate to indemnify Indemnitee with respect to the costs, Expenses or other items to the full extent that Indemnitee is entitled to indemnification or other payment hereunder; and Indemnitee will (upon request by the Company) execute all papers required and use reasonable best efforts to take all action reasonably necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit or enforce such rights.

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The Company hereby unconditionally and irrevocably waives, relinquishes and releases, and covenants and agrees not to exercise (and to cause each of the other Planet Fitness Entities not to exercise), any rights that the Company may now have or hereafter acquire against any Designating Stockholder (or former Designating Stockholder), insurer of such Designating Stockholder (or former Designating Stockholder) or Indemnitee that arise from or relate to the existence, payment, performance or enforcement of the Company’s obligations under this Agreement or under any other indemnification agreement (whether pursuant to contract, by-laws or charter) with any person or entity, including, without limitation, any right of subrogation (whether pursuant to contract or common law), reimbursement, exoneration, contribution or indemnification, or to be held harmless, and any right to participate in any claim or remedy of Indemnitee against any Designating Stockholder (or former Designating Stockholder) or Indemnitee, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from any Designating Stockholder (or former Designating Stockholder), insurer of such Designating Stockholder (or former Designating Stockholder) or Indemnitee, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right.

The Company shall not be liable to pay or advance to Indemnitee any amounts otherwise indemnifiable under this Agreement or under any other indemnification agreement if, and to the extent that, Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise; provided, however, that (i) the Company hereby agrees that it is the indemnitor of first resort under this Agreement and under any other indemnification agreement (i.e., its obligations to Indemnitee under this Agreement or any other agreement or undertaking to provide advancement and/or indemnification to Indemnitee are primary and any obligation of any Designating Stockholder (or any affiliate thereof other than a Planet Fitness Entity) and/or any obligation of any insurer providing insurance coverage under any policy purchased or maintained by such Designating Stockholders (or by any affiliate thereof, other than a Planet Fitness Entity) to provide advancement or indemnification for the same Expenses, liabilities, judgments, penalties, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, liabilities, judgments, penalties, fines and amounts paid in settlement) incurred by Indemnitee are secondary), (ii) the Company shall be required to advance the full amount of expenses incurred by any such Indemnitee and shall be liable for the full amount of all liability and loss suffered by such Indemnitee (including, but not limited to, Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by such Indemnitee in connection with such Proceeding), without regard to any rights any such Indemnitee may have against any Designating Stockholder or against any insurance carrier providing insurance coverage to Indemnitee under any insurance policy issued to a Designating Stockholder, and (iii) if any Designating Stockholder (or any affiliate thereof other than a Planet Fitness Entity) pays or causes to be paid, for any reason, any amounts otherwise indemnifiable hereunder or under any other indemnification agreement (whether pursuant to contract, by-laws or charter) with Indemnitee, then (x) such Designating Stockholder (or such affiliate, as the case may be) shall be fully subrogated to all rights of Indemnitee with respect to such payment and (y) the Company shall fully indemnify, reimburse and hold harmless such Designating Stockholder (or such other affiliate) for all such payments actually made by such Designating Stockholder (or such other affiliate).

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The Company’s obligation to indemnify or advance Expenses hereunder to Indemnitee in respect of or relating to Indemnitee’s service at the request of the Company as a director, officer, employee, fiduciary, trustee, representative, partner or agent of any other Planet Fitness Entity shall be reduced by any amount Indemnitee has actually received as payment of indemnification or advancement of Expenses from such other Planet Fitness Entity, except to the extent that such indemnification payments and advance payment of Expenses when taken together with any such amount actually received from other Planet Fitness Entities or under director and officer insurance policies maintained by one or more Planet Fitness Entities are inadequate to fully pay all costs, Expenses or other items to the full extent that Indemnitee is otherwise entitled to indemnification or other payment hereunder.

Except as provided in Sections 11(c), 11(d) and 11(e) of this Agreement, the rights to indemnification and advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time, whenever conferred or arising, be entitled under applicable law, under the Planet Fitness Entities’ Certificates of Incorporation or By-Laws, or under any other agreement, vote of stockholders or resolution of directors of any Planet Fitness Entity, or otherwise. Indemnitee’s rights under this Agreement are present contractual rights that fully vest upon Indemnitee’s first service as a director of the Company. The Parties hereby agree that Sections 11(c), 11(d) and 11(e) of this Agreement shall be deemed exclusive and shall be deemed to modify, amend and clarify any right to indemnification or advancement provided to Indemnitee under any other contract, agreement or document with any Planet Fitness Entity.

No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in Indemnitee’s Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in the General Corporation Law of the State of Delaware (or other applicable law), whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Planet Fitness Entities’ Certificates of Incorporation or By-Laws and this Agreement, it is the intent of the parties hereto that Indemnitee enjoy by this Agreement the greater benefits so afforded by such change. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

Employment Rights; Successors; Third Party Beneficiaries.

This Agreement shall not be deemed an employment contract between the Company and Indemnitee. This Agreement shall continue in force as provided above after Indemnitee has ceased to serve as a director of the Company or any other Corporate Status.

This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of Indemnitee and Indemnitee’s heirs, executors and administrators. If the Company or any of its successors or assigns shall (i) consolidate with or

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merge into any other corporation or entity and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfer all or substantially all of its properties and assets to any individual, corporation or other entity, then, and in each such case, proper provisions shall be made so that the successors and assigns of the Company shall assume all of the obligations set forth in this Agreement.

The Designating Stockholders are express third party beneficiaries of this Agreement, are entitled to rely upon this Agreement, and may specifically enforce the Company’s obligations hereunder (including but not limited to the obligations specified in Section 11 of this Agreement) as though a party hereunder.

Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (i) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; (ii) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (iii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Exception to Right of Indemnification or Advancement of Expenses. Notwithstanding any other provision of this Agreement and except as provided in Section 7(a) of this Agreement or as may otherwise be agreed by the Company, Indemnitee shall not be entitled to indemnification or advancement of Expenses under this Agreement with respect to any Proceeding brought by Indemnitee (other than a Proceeding by Indemnitee by way of defense or counterclaim or other similar portion of a Proceeding or (ii) to enforce any other rights of Indemnitee to indemnification, advancement or contribution from the Company under this Agreement, or under any other contract, by-laws or charter or under statute or other law, including any rights under Section 145 of the Delaware General Corporation Law), unless the bringing of such Proceeding or making of such claim shall have been approved by the board of directors or similar governing body of the Company.

Definitions. For purposes of this Agreement:

“Board of Directors” means the board of directors of the Company.

“By-laws” means, in each case, the bylaws or similar governing document of the relevant entity as amended from time to time.

“Certificate of Incorporation” means, in each case, certificate of incorporation, articles of incorporation or similar constituting document as amended from time to time.

“Corporate Status” describes the status of a person by reason of such person’s past, present or future service as a director, officer, employee, fiduciary, trustee, or agent of the Company (including, without limitation, one who serves at the request of the Company as a director, officer, employee, fiduciary, trustee or agent of any other Planet Fitness Entity).

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“Designating Stockholder” means the TSG Entities, in each case so long as an individual designated (directly or indirectly) by the TSG Entities or any of their respective affiliates (as provided by the Company’s Certificate of Incorporation, By-laws and Stockholders Agreement) serves or has served as a director of any Planet Fitness Entity.

“Determination” means a determination that either (i) there is a reasonable basis for the conclusion that indemnification of Indemnitee is proper in the circumstances because Indemnitee met a/the particular standard(s) of conduct (a “Favorable Determination”) or (ii) there is no reasonable basis for the conclusion that indemnification of Indemnitee is proper in the circumstances because Indemnitee met a/the particular standard(s) of conduct (an “Adverse Determination”). An Adverse Determination shall include the decision that a Determination was required in connection with indemnification and the decision as to the applicable standard of conduct.

“Disinterested Director” means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee and does not otherwise have an interest materially adverse to any interest of the Indemnitee.

“Expenses” shall mean all direct and indirect costs, fees and expenses of any type or nature whatsoever and shall specifically include, without limitation, all reasonable attorneys’ fees, retainers, court costs, transcript costs, fees and costs of experts, witness fees and costs, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, ERISA excise taxes and penalties, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness, in, or otherwise participating in, a Proceeding or an appeal resulting from a Proceeding, including, but not limited to, the premium for appeal bonds, attachment bonds or similar bonds and all interest, assessments and other charges paid or payable in connection with or in respect of any such Expenses, and shall also specifically include, without limitation, all reasonable attorneys’ fees and all other expenses incurred by or on behalf of Indemnitee in connection with preparing and submitting any requests or statements for indemnification, advancement, contribution or any other right provided by this Agreement. Expenses, however, shall not include amounts of judgments or fines against Indemnitee.

“Independent Counsel” means, at any time, any law firm, or a member of a law firm, that (a) is experienced in matters of corporation law and

1. is not, at such time, or has not been in the five years prior to such time, retained to represent: (i) any Planet Fitness Entity or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnities under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then
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prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement. The Company agrees to pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto and to be jointly and severally liable therefor.

“Planet Fitness Entity” means the Company, any of its respective subsidiaries and any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise with respect to which Indemnitee serves as a director, officer, employee, partner, representative, fiduciary, trustee or agent, or in any similar capacity, at the request of the Company.

“Proceeding” includes any actual, threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation (formal or informal), inquiry, administrative hearing or any other actual, threatened, pending or completed proceeding, whether brought by or in the right of any Planet Fitness Entity or otherwise and whether civil, criminal, administrative or investigative in nature, in which Indemnitee was, is, may be or will be involved as a party, witness or otherwise, by reason of Indemnitee’s Corporate Status or by reason of any action taken by Indemnitee or of any inaction on Indemnitee’s part while acting as director, officer, employee, fiduciary, trustee or agent of any Planet Fitness Entity (in each case whether or not Indemnitee is acting or serving in any such capacity or has such status at the time any liability or expense is incurred for which indemnification or advancement of Expenses can be provided under this Agreement). If Indemnitee believes in good faith that a given situation may lead to or culminate in the institution of a Proceeding, this shall be considered a Proceeding under this paragraph.

“Stockholders Agreement” means the Stockholders Agreement to be entered into in connection with the Company’s initial public offering by and among the Company and certain of the stockholders of the Company, as amended from time to time.

“TSG Entities” means TSG PF Investment LLC, TGS PF Investment II LLC, TSG PF Co-Investors A L.P. and TSG6 AIV II-A L.P. and any other investment fund or related investment adviser, management company, managing member or general partner that is an affiliate of any of the foregoing entities (other than any Planet Fitness Entity) or that is advised by the same investment adviser as any of the foregoing entities or by an affiliate of such investment adviser.

Construction. Whenever required by the context, as used in this Agreement the singular number shall include the plural, the plural shall include the singular, and all words herein in any gender shall be deemed to include (as appropriate) the masculine, feminine and neuter genders.

Reliance. The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director of the Company.

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Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in a writing identified as such by all of the parties hereto. Except as otherwise expressly provided herein, the rights of a party hereunder (including the right to enforce the obligations hereunder of the other parties) may be waived only with the written consent of such party, and no waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

Notice Mechanics. All notices, requests, demands or other communications hereunder shall be in writing and shall be deemed to have been duly given if (i) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, or (ii) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

If to Indemnitee to:

c/o TSG Consumer Partners LLC

600 Montgomery Street

Suite 2900

San Francisco, CA 94111

Attn: Jamie O’Hara

with a copy to:

Ropes & Gray LLP

Prudential Tower, 800 Boylston Street

Boston, MA 02199-3600

Attn: Paul F. Van Houten

If to the Company, to:

c/o Planet Fitness, Inc.

26 Fox Run Road

Newington, NH 03801

(603) 750-0001

Attn: Richard L. Moore

with a copy to:

Ropes & Gray LLP

Prudential Tower, 800 Boylston Street

Boston, MA 02199-3600

Attn: David A. Fine

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or to such other address as may have been furnished (in the manner prescribed above) as follows: (a) in the case of a change in address for notices to Indemnitee, furnished by Indemnitee to the Company and (b) in the case of a change in address for notices to either Planet Fitness Company, furnished by the Company to Indemnitee.

Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for reasonably incurred Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its other directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

Governing Law; Submission to Jurisdiction; Appointment of Agent for Service of Process. This Agreement and the legal relations among the parties shall, to the fullest extent permitted by law, be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. The Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Court of Chancery of the State of Delaware (the “Delaware Court”), and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (iv) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or otherwise inconvenient forum.

Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement.

*[Remainder of Page Intentionally Blank]*

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

**The Company:** PLANET FITNESS, INC.

By:



Name:

Title:

[Signature Page to Indemnification Agreement]

**Indemnitee:**



Name:

[Signature Page to Indemnification Agreement]

**Exhibit 10.9**

**EXCHANGE AGREEMENT**

This EXCHANGE AGREEMENT (as it may be amended from time to time in accordance with the terms hereof, the “Agreement”), dated as of

* ], 2015, is made by and among Planet Fitness, Inc., a Delaware corporation (the “Corporation”), Pla-Fit Holdings, LLC, a Delaware limited liability company (“Pla-Fit LLC”), and the holders of Holdings Units (as defined herein) and shares of Class B Common Stock (as defined herein) from time to time party hereto (each, a “Holder”).

WHEREAS, the parties hereto desire to provide for the exchange of Holdings Units together with shares of Class B Common Stock for shares of Class A Common Stock (as defined herein), on the terms and subject to the conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings contained herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

SECTION 1.1. Definitions

The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement.

“Affiliate” means, with respect to any specified Person, (a) any other Person (other than Pla-Fit LLC) that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with such specified Person, (b) a Member of the Immediate Family of such specified Person, and (c) any investment fund advised or managed by, or under common control or management with, such specified Person.

“Agreement” has the meaning set forth in the preamble.

“Cash Exchange Payment” means an amount in cash equal to the product of (x) the number of Holdings Units exchanged, (y) the then-applicable Exchange Rate, and (z) the average of the daily volume weighted average price (“VWAP”) of a share of Class A Common Stock for the five (5) Trading Days immediately prior to the date of delivery of the relevant Election of Exchange (the “Exchange Date”) in connection with a Voluntary Exchange; provided that in calculating such average, (i) the VWAP shall be determined by calculating the arithmetic average price of a share of Class A Common Stock on the principal U.S. securities exchange or automated or electronic quotation system on which Class A Common Stock trades, as reported by Bloomberg, L.P., or its successor, for each of the five (5) consecutive full Trading Days ending on and including the last full Trading Day immediately prior to the Exchange Date, subject to appropriate and equitable adjustment for any stock splits, reverse splits, stock dividends or similar events affecting the Class A Common Stock; and

1. if the Class A Common Stock no longer trades on a securities exchange or automated or electronic quotation system, then a majority of the independent members of the board of directors of the Corporation shall determine the fair market value of a share of Class A Common Stock in good faith.

A “Change in Control” shall be deemed to have occurred upon:

1. the sale, lease or transfer, in one or a series of related transactions, of all or substantially all of the Corporation’s assets (determined on a consolidated basis) to any person or group (as such term is used in Section 13(d)(3) of the Exchange Act) other than to any subsidiary of the Corporation; provided, that, for clarity and notwithstanding anything to the contrary, neither the approval of nor consummation of a transaction treated for U.S. federal income tax purposes as a liquidation into the Corporation of its wholly-owned Subsidiaries or merger of such entities into one another or the Corporation will constitute a Change in Control;
2. a merger or consolidation of the Corporation with any other person, other than a merger or consolidation which would result in the Voting Securities of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least 50.1% of the total voting power represented by the Voting Securities of the Corporation or such surviving entity outstanding immediately after such merger or consolidation;
3. the liquidation or dissolution of the Corporation; or
4. the acquisition, directly or indirectly, by any person or group (as such term is used in Section 13(d)(3) of the Exchange Act) (other than (a) a trustee or other fiduciary holding securities under an employee benefit plan of the Corporation; (b) a corporation or other entity owned, directly or indirectly, by the stockholders of the Corporation in substantially the same proportions as their ownership of stock of the Corporation; or (c) TSG Consumer Partners LLC and its Affiliates) of beneficial ownership (as defined in Rule 13d-3 under the Exchange Act) of more than 50.1% of the aggregate voting power of the Voting Securities of the Corporation.

“Class A Common Stock” means the Class A common stock, par value $0.0001 per share, of the Corporation.

“Class B Common Stock” means the Class B common stock, par value $0.0001 per share, of the Corporation.

“Code” means the Internal Revenue Code of 1986, as amended.

“Corporation” has the meaning set forth in the preamble.

“Election of Exchange” has the meaning set forth in Section 2.1(b) of this Agreement.

“Exchange” has the meaning set forth in Section 2.1(a) of this Agreement.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

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“Exchange Rate” means the number of shares of Class A Common Stock for which one Paired Interest is entitled to be Exchanged. On the date of this Agreement, the Exchange Rate shall be 1, subject to adjustment pursuant to Section 2.2 of this Agreement.

“First Exchange Time” means (a) in the case of Managers, the later of (x) one year from the date hereof and (y) the first time a registration statement under the Securities Act is available for an Exchange or for the resale of shares of Class A Common Stock received in an Exchange; and (b) otherwise, the expiration or earlier waiver of any lock-up agreement relating to the Corporation’s initial public offering.

“Governmental Entity” means the United States of America or any other nation, any state or other political subdivision thereof, or any entity exercising executive, legislative, judicial, regulatory or administrative functions of government, including any court, in each case, having jurisdiction over Pla-Fit LLC or any of its Subsidiaries or any of the property or other assets of Pla-Fit LLC or any of its Subsidiaries.

“Holder” has the meaning set forth in the preamble.

“Holdings Units” means the Common Units (as such term is defined in the LLC Agreement).

“LLC Agreement” means the Second Amended and Restated Limited Liability Company Agreement of Pla-Fit, dated as of the date hereof.

“Managers” has the meaning given to it in the Registration Rights Agreement.

“Mandatory Exchange” has the meaning given to such term in Section 2.1(e) of this Agreement.

“Member of the Immediate Family” means, with respect to any Person who is an individual, (a) each parent, spouse (but not including a former spouse or a spouse from whom such Person is legally separated) or child (including those adopted) of such individual and (b) each trust naming only one or more of the Persons listed in sub-clause (a) as beneficiaries.

“Paired Interest” means one Holdings Unit together with one share of Class B Common Stock.

“Permitted Transferee” has the meaning given to such term in Section 4.1 of this Agreement.

“Person” means an individual, a partnership (including a limited partnership), a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, association or other entity or a Governmental Entity.

“Pla-Fit LLC” has the meaning set forth in the preamble.

“Planet Fitness Group” means the Corporation and any Subsidiary of the Corporation (other than, for clarity, Pla-Fit LLC).

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“Registration Rights Agreement” means the registration rights agreement by and among the Corporation and the stockholders party thereto, dated as of the date hereof.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations thereunder.

“Stockholders Agreement” means the stockholders agreement by and among the Corporation and the stockholders party thereto, dated as of the date hereof.

“Subsidiary” means, with respect to any Person, any corporation, limited liability company, partnership, association or business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (ii) if a limited liability company, partnership, association or other business entity (other than a corporation), a majority of partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by any Person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a limited liability company, partnership, association or other business entity (other than a corporation) if such Person or Persons shall be allocated a majority of limited liability company, partnership, association or other business entity gains or losses or shall control the management of any such limited liability company, partnership, association or other business entity. For purposes hereof, references to a “Subsidiary” of any Person shall be given effect only at such times that such Person has one or more Subsidiaries and, unless otherwise indicated, the term “Subsidiary” refers to a Subsidiary of Pla-Fit LLC.

“Tax Receivable Agreement” means the Tax Receivable Agreement, dated on or about the date hereof, among the Corporation, Pla-Fit LLC and the other unitholders of Pla-Fit LLC party thereto; as such agreement may be amended or supplemented from time to time.

“Trading Day” means a day on which the New York Stock Exchange or such other principal United States securities exchange on which the shares of Class A Common Stock is listed or admitted to trading is open for the transaction of business (unless such trading shall have been suspended for the entire day), or if the shares of Class A Common Stock are not listed or admitted to trading on such an exchange, on the automated quotation system on which the shares of Class A Common Stock are then authorized for quotation.

“Voluntary Exchange” means an Exchange that is not a Mandatory Exchange.

“Voting Securities” mean any securities of the Corporation which are entitled to vote generally in matters submitted for a vote of the Corporation’s stockholders or generally in the election of the Corporation’s board of directors.

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ARTICLE II

SECTION 2.1. Exchange of Paired Interests for Class A Common Stock.

1. Subject to Section 2.1(i), from and after the First Exchange Time, each Holder shall be entitled at any time and from time to time, upon the terms and subject to the conditions hereof, to surrender Paired Interests (other than any Paired Interests consisting of unvested Holdings Units) free and clear of all liens, encumbrances, rights of first refusal, and the like, to the Corporation. Each such Paired Interest will be exchangeable for, at the option of the Corporation (acting by a majority of the disinterested members of its board of directors), (i) a Cash Exchange Payment calculated with respect to such surrendered Holdings Units, payable in accordance with the instructions provided in the Election of Exchange or (ii) a number of shares of Class A Common Stock that is equal to the product of the number of Paired Interests surrendered by such Holder’s multiplied by the Exchange Rate (such exchange, an “Exchange”). As any such existing owner exchanges its Holdings Units, the Corporation’s interest in Pla-Fit LLC will increase. Each such exchange of Paired Interests for Class A Common Stock shall to the extent permitted by law be treated for U.S. federal income tax reporting purposes as a taxable exchange of the Holder’s Holdings Units for Class A Common Stock and corresponding payments under the Tax Receivable Agreement. Notwithstanding anything to the contrary in this Section 2.1(a) or otherwise, in connection with any Exchange that occurs at any time the Corporation has an effective registration statement under the Securities Act available for the Exchange or resale of Class A Common Stock received upon Exchange, the Corporation shall not have the option to deliver a Cash Exchange Payment.
2. A Holder shall exercise its right to effect an Exchange as set forth in Section 2.1(a) above by delivering to the Corporation a written election of exchange in respect of the Paired Interests to be Exchanged substantially in the form of Exhibit A hereto (the “Election of Exchange”), duly executed by such Holder or such Holder’s duly authorized attorney, in each case delivered to the Corporation at its address set forth in Section 4.2(a). Each Exchange shall be deemed to be effective at the time the Election of Exchange is delivered to the Corporation, and, if the Corporation does not elect a Cash Exchange Payment, the exchanging Holder shall be deemed to be a holder of Class A Common Stock from and after that time. As promptly as practicable following the delivery of the Election of Exchange, the Corporation shall deliver or cause to be delivered to the exchanging Holder the number of shares of Class A Common Stock deliverable upon such Exchange, registered in the name of such Holder, or cash, as applicable. To the extent the Class A Common Stock is settled through the facilities of The Depository Trust Company, the Corporation will, subject to Section 2.1(e) below, upon the written instruction of a Holder, deliver the shares of Class A Common Stock deliverable to such Holder, through the facilities of The Depository Trust Company, to the account of the participant of The Depository Trust Company designated by such Holder.
3. An Election of Exchange from a Holder may specify that the Exchange is to be (x) contingent (including as to the timing) upon the consummation of a purchase by another Person of shares of Class A Common Stock into which the Paired Interests are exchangeable and/or (y) effective upon a specified future date.
4. A Holder may withdraw or amend an Election of Exchange, in whole or in part, at any time prior to the effectiveness of the Exchange by delivery of a written notice of withdrawal to the Corporation and Pla-Fit LLC specifying (1) the number of withdrawn Paired Interests, (2) if any, the number of Paired Interests as to which the Notice of Exchange remains in effect and (3) if the Holder so determines, revised timing of the Exchange or any other new or revised information permitted in the Election of Exchange.

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1. Notwithstanding any other provision of this Agreement, upon the occurrence of any Change in Control, all Holdings Units held by Holders other than members of the Planet Fitness Group and all shares of Class B Common Stock held by such Holders shall be automatically surrendered to the Corporation. In consideration for such surrendered Paired Interests, each Holder shall receive a number of shares of Class A Common Stock that is equal to the product of the number of Paired Interests surrendered by such Holder and the Exchange Rate, which such consideration shall be delivered upon such Change in Control. An Exchange pursuant to this Section 2.1(e) is referred to herein as a “Mandatory Exchange.” For the avoidance of doubt, the Corporation shall not be entitled to make a Cash Exchange Payment in the case of a Mandatory Exchange.
2. Subject to Section 2.4(c), the shares of Class A Common Stock issued upon an Exchange shall bear a legend in substantially the following form:

THE TRANSFER OF THESE SECURITIES HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE SECURITIES LAWS OF ANY OTHER JURISDICTION AND MAY NOT BE SOLD OR TRANSFERRED OTHER THAN IN ACCORDANCE WITH THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF 1933, AS AMENDED (OR OTHER APPLICABLE LAW), OR AN EXEMPTION THEREFROM.

1. If (i) any shares of Class A Common Stock may be sold pursuant to a registration statement that has been declared effective by the Securities and Exchange Commission, (ii) all of the applicable conditions of Rule 144 are met, or (iii) if a Holder otherwise requests removal of the legend, the Corporation, upon the written request of the Holder thereof and, in the case of clauses (ii) and (iii), receipt of an opinion of counsel to such Holder reasonably acceptable to the Corporation, shall take all necessary action promptly to remove such legend and, if the shares of Class A Common Stock are certificated, issue to such Holder new certificates evidencing such shares of Class A Common Stock without the legend.
2. Subject to Section 2.2, the Corporation shall bear all expenses in connection with the consummation of any Exchange, whether or not any such Exchange is ultimately consummated, including any transfer taxes, stamp taxes or duties, or other similar taxes in connection with, or arising by reason of, any Exchange; provided, however, that, subject to Section 2.2, if any shares of Class A Common Stock are to be delivered in a name other than that of the Holder that requested the Exchange (or The Depository Trust Company or its nominee for the account of a participant of The Depository Trust Company that will hold the shares for the account of such Holder), then such Holder and/or the person in whose name such shares are to be delivered shall pay to the Corporation the amount of any transfer taxes, stamp taxes or duties, or other similar taxes in connection with, or arising by reason of, such Exchange or shall establish to the reasonable satisfaction of the Corporation that such tax has been paid or is not payable.

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1. Notwithstanding anything to the contrary in this Article II, a Holder shall not be entitled to effect an Exchange (and, if attempted, any such Exchange shall be void *ab initio*), and the Corporation and Pla-Fit LLC shall have the right to refuse to honor any request to effect an Exchange, at any time or during any period, if the Corporation or Pla-Fit LLC shall reasonably determine that such Exchange (i) would be prohibited by any applicable law (including the unavailability of any requisite registration statement filed under the Securities Act or any exemption from the registration requirements thereunder), provided this subsection Section 2.1(i) shall not limit the Corporation’s or Pla-Fit LLC’s obligations under Section 2.4(c), or (ii) would not be permitted under (x) the LLC Agreement, (y) other agreements with the Corporation, Pla-Fit LLC or any of their respective controlled Affiliates to which such Holder is party or (z) any written policies of the Corporation or Pla-Fit LLC or any of its Subsidiaries related to unlawful or inappropriate trading applicable to its directors, officers or other personnel to which the Holder is subject. Upon such determination, the Corporation or Pla-Fit LLC (as applicable) shall notify the Holder requesting the Exchange of such determination, which such notice shall include an explanation in reasonable detail as to the reason that the Exchange has not been effected.

SECTION 2.2. Withholding.

* 1. Notwithstanding anything to the contrary contained in this Agreement, (i) in connection with a Cash Exchange Payment related to an Exchange, Pla-Fit LLC and any other applicable withholding agent on behalf of Pla-Fit LLC shall be entitled to deduct and withhold from any Cash Exchange Payment payable pursuant to or contemplated by this Agreement, or (ii) in the case of an Exchange for shares of Class A Common Stock, the Holder requesting the Exchange shall pay over to Pla-Fit LLC, in each case such amounts as Pla-Fit LLC reasonably determines are required under New Hampshire Rev. Stat. § 77-A:4(XIV) to be paid in respect of such Exchange; provided, however, that such amounts will not exceed 3.5% of the Cash Exchange Payment (in the case of

1. above) or the fair market value of the Paired Interest in connection with an Exchange for shares of Class A Common Stock (such amount withheld or paid over, the “Withheld Amount”). For the avoidance of doubt, the Holder shall be deemed to have received the entire value received on Exchange, including any Withheld Amount. Any Withheld Amount shall be deemed to be contributed by the exchanging Holder to Pla-Fit LLC as a capital contribution for a capital interest and accordingly all of the tax credit shall be allocated to such Holder. Pla-Fit LLC shall distribute to the exchanging Holder any cash tax savings (whether by actual receipt of a cash tax refund or an actual reduction of cash taxes due and owing), determined on a “with” and “without” basis, until such aggregate distributions equal the Withheld Amount. All such cash tax savings payments will be made in the order of priority such that payments for each year are paid pro rata to Holders to whom tax benefit payments are owed pursuant to this Section 2.2, but no cash payments shall be made for a particular year until all cash payments have been made for prior years. To the extent Pla-Fit LLC has received a Withheld Amount but does not use all of the proceeds thereof to pay amounts due under New Hampshire Rev. Stat. § 77-A:4(XIV), such excess unused portion of the Withheld Amount shall be distributed back as a return of capital to such Holder.
   1. The Corporation and Pla-Fit LLC will use commercially reasonable efforts to reduce or eliminate any tax under New Hampshire Rev. Stat. § 77-A:4(XIV), including, without limitation (i) taking appropriate action to effect a change in the applicable law, or (ii) relocating the corporate headquarters to state other than New Hampshire and (iii) franchising corporate-owned

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fitness centers located in New Hampshire; provided, however, that neither the Corporation nor Pla-Fit LLC shall have any obligation to take any action that could reasonably be expected to materially and adversely affect its net income.

1. The Corporation may elect at any time at its sole discretion, which election shall be irrevocable, to terminate its ability to cause Holders to pay Withheld Amounts under Section 2.2(a), in which event the obligations of the Corporation and Pla-Fit LLC under Section 2.2(b) shall terminate immediately upon such election.

SECTION 2.3. Adjustment.

1. The Exchange Rate and/or the components of a Paired Interest shall be adjusted accordingly if there is: (i) any subdivision (by any stock or unit split, stock or unit distribution, reclassification, reorganization, recapitalization or otherwise) or combination (by reverse stock or unit split, reclassification, reorganization, recapitalization or otherwise) of the shares of Class B Common Stock or Holdings Units that is not accompanied by a substantially equivalent subdivision or combination of the Class A Common Stock; or (ii) any subdivision (by any stock split, stock dividend or distribution, reclassification, reorganization, recapitalization or otherwise) or combination (by reverse stock split, reclassification, reorganization, recapitalization or otherwise) of the Class A Common Stock that is not accompanied by a substantially equivalent subdivision or combination of the shares of Class B Common Stock and Holdings Units. If there is any reclassification, reorganization, recapitalization or other similar transaction in which the Class A Common Stock are converted or changed into another security, securities or other property, then upon any subsequent Exchange, an exchanging Holder shall be entitled to receive the amount of such security, securities or other property that such exchanging Holder would have received if such Exchange had occurred immediately prior to the effective date of such reclassification, reorganization, recapitalization or other similar transaction, taking into account any adjustment as a result of any subdivision (by any split, distribution or dividend, reclassification, reorganization, recapitalization or otherwise) or combination (by reverse split, reclassification, recapitalization or otherwise) of such security, securities or other property that occurs after the effective time of such reclassification, reorganization, recapitalization or other similar transaction. For the avoidance of doubt, if there is any reclassification, reorganization, recapitalization or other similar transaction in which the Class A Common Stock are converted or changed into another security, securities or other property, this Section 2.2 shall continue to be applicable, *mutatis mutandis*, with respect to such security or other property. This Agreement shall apply to the Paired Interests held by the Holders and their Permitted Transferees as of the date hereof, as well as any Paired Interests hereafter acquired by a Holder and his or her or its Permitted Transferees. This Agreement shall apply to, *mutatis mutandis*, and all references to “Paired Interests” shall be deemed to include, any security, securities or other property of the Corporation or Pla-Fit LLC which may be issued in respect of, in exchange for or in substitution of shares of Class B Common Stock or Holdings Units, as applicable, by reason of any distribution or dividend, split, reverse split, combination, reclassification, reorganization, recapitalization, merger, exchange (other than an Exchange) or other transaction.

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SECTION 2.4. Class A Common Stock to be Issued; Class B Common Stock to be Cancelled.

1. The Corporation shall at all times reserve and keep available out of its authorized but unissued Class A Common Stock, solely for the purpose of issuance upon an Exchange, the maximum number of shares of Class A Common Stock as shall be deliverable upon Exchange of all then-outstanding Paired Interests; provided, that nothing contained herein shall be construed to preclude the Corporation from satisfying its obligations in respect of an Exchange by delivery of shares of Class A Common Stock that are held in the treasury of the Corporation or any of its subsidiaries or by delivery of purchased shares of Class A Common Stock (which may or may not be held in the treasury of the Corporation or any subsidiary thereof). The Corporation covenants that all shares of Class A Common Stock issued upon an Exchange will, upon issuance in accordance with this Agreement, be validly issued, fully paid and non-assessable.
2. When a Paired Interest has been exchanged in accordance with this Agreement, the share of Class B Common Stock corresponding to such Paired Interest shall be cancelled by the Corporation.
3. Subject to the terms of the Registration Rights Agreement, the Corporation covenants and agrees to deliver shares of Class A Common Stock, if requested, pursuant to an effective registration statement under the Securities Act with respect to any Exchange to the extent that a registration statement is effective and available for such shares. In the event that any Exchange in accordance with this Agreement is to be effected at a time when any required registration has not become effective or otherwise is unavailable, upon the request and with the reasonable cooperation of the Holders requesting such Exchange, the Corporation and Pla-Fit LLC shall use reasonable best efforts to promptly facilitate such Exchange pursuant to any reasonably available exemption from such registration requirements. The Corporation shall use reasonable best efforts to list the Class A Common Stock required to be delivered upon Exchange prior to such delivery upon each national securities exchange or inter-dealer quotation system upon which the outstanding Class A Common Stock may be listed or traded at the time of such delivery.
4. The Corporation agrees that it has taken all or will take such steps as may be required to cause to qualify for exemption under Rule 16b-3(d) or (e), as applicable, under the Exchange Act, and to be exempt for purposes of Section 16(b) under the Exchange Act, any acquisitions from, or dispositions to, the Corporation of equity securities of the Corporation (including derivative securities with respect thereto) and any securities that may be deemed to be equity securities or derivative securities of the Corporation for such purposes that result from the transactions contemplated by this Agreement, by each officer or director of the Corporation, including any director by deputization. The authorizing resolutions shall be approved by either the Corporation’s board of directors or a committee composed solely of two or more Non-Employee Directors (as defined in Rule 16b-3) of the Corporation.

ARTICLE III

SECTION 3.1. Representations and Warranties of the Corporation and of Pla-Fit LLC. Each of the Corporation and Pla-Fit LLC represents and warrants that (i) it is a corporation or limited liability company duly incorporated or formed and is existing in good standing under the laws of its jurisdiction of organization, (ii) it has all requisite corporate or limited liability company power and authority to enter into and perform this Agreement and to consummate the

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transactions contemplated hereby and, in the case of the Corporation, to issue the Class A Common Stock in accordance with the terms hereof, (iii) the execution and delivery of this Agreement by it and the consummation by it of the transactions contemplated hereby (including without limitation, in the case of the Corporation, the issuance of the Class A Common Stock) have been duly authorized by all necessary corporate or limited partnership action on its part and (iv) this Agreement constitutes a legal, valid and binding obligation of it enforceable against it in accordance with its terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors’ rights generally.

SECTION 3.2. Representations and Warranties of the Holders. Each Holder, severally and not jointly, represents and warrants that (i) if it is not a natural person, that it is duly incorporated or formed and, to the extent such concept exists in its jurisdiction of organization, is in good standing under the laws of such jurisdiction, (ii) it has all requisite legal capacity and authority to enter into and perform this Agreement and to consummate the transactions contemplated hereby, (iii) if it is not a natural person, the execution and delivery of this Agreement by it of the transactions contemplated hereby have been duly authorized by all necessary corporate or other entity action on the part of such Holder, (iv) the Paired Interests being delivered pursuant to an Exchange are free and clear of all liens, encumbrances, rights of first refusal, and the like and (v) this Agreement constitutes a legal, valid and binding obligation of such Holder enforceable against it in accordance with its terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors’ rights generally.

ARTICLE IV

SECTION 4.1. Additional Holders. To the extent a Holder validly transfers any or all of such Holder’s Paired Interests to another person in a transaction in accordance with, and not in contravention of, the LLC Agreement, the Stockholders Agreement or the Registration Rights Agreement, then such transferee (each, a “Permitted Transferee”) shall have the right to execute and deliver a joinder to this Agreement, substantially in the form of Exhibit B hereto, whereupon such Permitted Transferee shall become a Holder hereunder. To the extent Pla-Fit LLC issues Holdings Units in the future, then the holder of such Holdings Units shall have the right to execute and deliver a joinder to this Agreement, substantially in the form of Exhibit B hereto, whereupon such holder shall become a Holder hereunder.

SECTION 4.2. Addresses and Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by courier service, by fax (delivery receipt requested), by electronic mail or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be as specified in a notice given in accordance with this Section 4.2):

(a) If to the Corporation, to:

Planet Fitness, Inc.

26 Fox Run Road

Newington, NH 03801

Fax: (603) 957-4626

E-mail: richard.moore@pfhq.com

Attention: Richard L. Moore

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(b) If to Pla-Fit LLC, to:

Pla-Fit Holdings, LLC

c/o Planet Fitness, Inc.

26 Fox Run Road

Newington, NH 03801

Fax: (603) 957-4626

E-mail: richard.moore@pfhq.com

Attention: Richard L. Moore

(c) If to any Holder, to the address and other contact information set forth in the records of the Corporation or Pla-Fit LLC from time to time.

SECTION 4.3. Further Action. The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

SECTION 4.4. Binding Effect. This Agreement shall be binding upon and inure to the benefit of all of the parties and, to the extent permitted by this Agreement, their successors, executors, administrators, heirs, legal representatives and assigns.

SECTION 4.5. Severability. If any term or other provision of this Agreement is held to be invalid, illegal or incapable of being enforced by any rule of law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions is not affected in any manner materially adverse to any party. Upon a determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

SECTION 4.6. Amendment. The provisions of this Agreement may be amended only by the affirmative vote or written consent of each of (i) the Corporation, (ii) Pla-Fit LLC, (iii) the Holders of Holdings Units holding a majority of the then outstanding Common Units, and (iv) TSG6 Management L.L.C., to the extent investment funds affiliated therewith then hold Paired Interests representing at least 5% of the outstanding voting power of the Corporation.

SECTION 4.7. Waiver. No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach of any other covenant, duty, agreement or condition.

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SECTION 4.8. Submission to Jurisdiction; Waiver of Jury Trial.

1. The parties irrevocably consent to the jurisdiction and venue of the state and federal courts located in Delaware in connection with any action relating to this Agreement and agree that service of summons, complaint or other process in connection with any such action may be made as set forth in Section 4.2 and that service so made shall be as effective as if personally made in the State of Delaware. To the extent not prohibited by applicable law, each party hereto waives and agrees not to assert, by way of motion, as a defense or otherwise, in any such proceeding brought in the above-named courts, any claim that such party is not subject personally to the jurisdiction of such courts, that such party’s property is exempt or immune from attachment or execution, that such proceeding is brought in an inconvenient forum, that the venue of such proceeding is improper, or that this Agreement or the subject matter thereof, may not be enforced in or by such courts.
2. TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW WHICH CANNOT BE WAIVED, EACH PARTY HERETO HEREBY WAIVES AND COVENANTS THAT IT WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE) ANY RIGHT TO TRIAL BY JURY IN ANY FORUM IN RESPECT OF ANY ISSUE OR ACTION, CLAIM, CAUSE OF ACTION OR SUIT (IN CONTRACT, TORT OR OTHERWISE), INQUIRY, PROCEEDING OR INVESTIGATION ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE SUBJECT MATTER HEREOF OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE TRANSACTIONS CONTEMPLATED HEREBY, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING. EACH PARTY HERETO ACKNOWLEDGES THAT IT HAS BEEN INFORMED BY THE OTHER PARTIES HERETO THAT THIS SECTION 4.8(b) CONSTITUTES A MATERIAL INDUCEMENT UPON WHICH THEY ARE RELYING AND WILL RELY IN ENTERING INTO THIS AGREEMENT. ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 4.8(b) WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF EACH SUCH PARTY TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

SECTION 4.9. Counterparts. This Agreement may be executed and delivered (including by facsimile transmission or by e-mail delivery of a “.pdf” format data file) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed and delivered shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Copies of executed counterparts transmitted by telecopy, by e-mail delivery of a “.pdf” format data file or other electronic transmission service shall be considered original executed counterparts for purposes of this Section 4.9.

SECTION 4.10. Tax Treatment. This Agreement shall be treated as part of the LLC Agreement as described in Section 761(c) of the Code and Sections 1.704-1(b)(2)(ii)(h) and 1.761-1(c) of the Treasury Regulations promulgated thereunder. As required by the Code and the Treasury Regulations, the parties shall report any Exchange consummated hereunder as a taxable sale of the Holdings Units and shares of Class B Common Stock by a Holder to the Corporation, and no party shall take a contrary position on any income tax return or amendment thereof unless an alternate position is permitted under the Code and Treasury Regulations and the Corporation consents in writing.

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SECTION 4.11. Specific Performance. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to specific performance of the terms and provisions hereof, in addition to any other remedy to which they are entitled at law or in equity.

SECTION 4.12. Independent Nature of Holders’ Rights and Obligations. The obligations of each Holder hereunder are several and not joint with the obligations of any other Holder, and no Holder shall be responsible in any way for the performance of the obligations of any other Holder under hereunder. The decision of each Holder to enter into to this Agreement has been made by such Holder independently of any other Holder. Nothing contained herein, and no action taken by any Holder pursuant hereto, shall be deemed to constitute the Holders as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Holders are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated hereby.

SECTION 4.13. Applicable Law. This Agreement shall be governed by, and construed in accordance with, the law of the State of Delaware, without giving effect to any choice or conflict of law provision or rule that would cause the application of the laws of any other jurisdiction.

*[Signature Pages Follow]*

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IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first set forth above.

PLANET FITNESS, INC.

By:



Name:

Title:

[Signature Page to Exchange Agreement]

PLA-FIT HOLDINGS, LLC

By:



Name:

Title:

[Signature Page to Exchange Agreement]

TSG PF INVESTMENT L.L.C.

By:



Name:

Title:

TSG PF INVESTMENT II L.L.C.

By:



Name:

Title:

THE CHRISTOPHER J. RONDEAU IRREVOCABLE GST

TRUST OF 2012

By:



Name:

Title:

THE CHRISTOPHER J. RONDEAU REVOCABLE TRUST

OF 2006

By:



Name:

Title:

THE MARC GRONDAHL REVOCABLE TRUST OF 2006

By:



Name:

Title:



Name: Craig Benson

[Signature Page to Exchange Agreement]

Name: Stephen Spinelli, Jr.



Name: Richard Moore



Name: Anna Arico



Name: Dorvin Lively



Name: Brian Belmont



Name: Bonnie Monahan



Name: Corey Benish



Name: Candace Couture



Name: Jamie Medeiros



Name: Dawn Sullivan



Name: Jessica Correa

[Signature Page to Exchange Agreement]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **EXHIBIT A** | | | |
|  | [FORM OF] | | | |
|  | ELECTION OF EXCHANGE | | | |
| Planet Fitness, Inc. | |  |  |  |
| 26 Fox Run Road | |  |  |  |
| Newington, NH 03801 | |  |  |  |
| Attention: | Richard L. Moore |  |  |  |
| Pla-Fit Holdings, LLC | |  |  |  |
| c/o Planet Fitness, Inc. | |  |  |  |
| 26 Fox Run Road | |  |  |  |
| Newington, NH 03801 | |  |  |  |
| Attention: | Richard L. Moore |  |  |  |
| Reference is hereby made to the Exchange Agreement, dated as of [ | | ], 2015 (the “Exchange Agreement”), among Planet Fitness, Inc., a | | |
|  |  |  |  |  |



Delaware corporation, Pla-Fit Holdings, LLC, a Delaware limited liability company, and the holders of Holdings Units (as defined therein) from time to time party thereto. Capitalized terms used but not defined herein shall have the meanings given to them in the Exchange Agreement.

The undersigned Holder hereby transfers to the Corporation the number of Paired Interests set forth below in Exchange for a Cash Exchange Payment to the account set forth below or for shares of Class A Common Stock to be issued in its name as set forth below, in accordance with the terms of the Exchange Agreement.

Legal Name of Holder:



Address:



Number of Paired Interests to be Exchanged:



Cash Exchange Payment Instructions:



The undersigned hereby represents and warrants that (i) the undersigned has full legal capacity to execute and deliver this Election of Exchange and to perform the undersigned’s obligations hereunder; (ii) this Election of Exchange has been duly executed and delivered by the undersigned and is the legal, valid and binding obligation of the undersigned enforceable against it in accordance with the terms thereof or hereof, as the case may be, subject to applicable bankruptcy, insolvency and similar laws affecting creditors’ rights generally and the availability of equitable remedies; (iii) the shares of Class B Common Stock and Holdings Units subject to this Election of Exchange are being transferred to the Corporation free and clear of any pledge, lien, security interest, encumbrance, equities or claim; and (iv) no consent, approval, authorization, order, registration or qualification of any third party or with any court or governmental agency or body having jurisdiction over the undersigned or the shares of Class B Common Stock or the Holdings Units subject to this Election of Exchange is required to be obtained by the undersigned for the transfer of such shares of Class B Common Stock or Holdings Units to the Corporation.

The undersigned hereby irrevocably constitutes and appoints any officer of the Corporation as the attorney of the undersigned, with full power of substitution and resubstitution in the premises, to do any and all things and to take any and all actions that may be necessary to transfer to the Corporation the shares of Class B Common Stock and Holdings Units subject to this Election of Exchange and to deliver to the undersigned the shares of Class A Common Stock or cash to be delivered in Exchange therefor.

IN WITNESS WHEREOF the undersigned, by authority duly given, has caused this Election of Exchange to be executed and delivered by the undersigned or by its duly authorized attorney.



Name:

Dated:



**EXHIBIT B**

[FORM OF]

JOINDER AGREEMENT

This Joinder Agreement (“Joinder Agreement”) is a joinder to the Exchange Agreement, dated as of [ ], 2015 (the “Agreement”), among Planet

Fitness, Inc., a Delaware corporation (the “Corporation”), Pla-Fit Holdings, LLC, a Delaware limited liability company (“Pla-Fit LLC”), and each of the Holders from time to time party thereto. Capitalized terms used but not defined in this Joinder Agreement shall have their meanings given to them in the Agreement. This Joinder Agreement shall be governed by, and construed in accordance with, the law of the State of Delaware, without giving effect to any choice or conflict of law provision or rule that would cause the application of the laws of any other jurisdiction. In the event of any conflict between this Joinder Agreement and the Agreement, the terms of this Joinder Agreement shall control.

The undersigned, having acquired shares of Class B Common Stock and Holdings Units, hereby joins and enters into the Agreement. By signing and returning this Joinder Agreement to the Corporation, the undersigned (i) accepts and agrees to be bound by and subject to all of the terms and conditions of and agreements of a Holder contained in the Agreement, with all attendant rights, duties and obligations of a Holder thereunder and (ii) makes each of the representations and warranties of a Holder set forth in Section 3.2 of the Agreement as fully as if such representations and warranties were set forth herein. The parties to the Agreement shall treat the execution and delivery hereof by the undersigned as the execution and delivery of the Agreement by the undersigned and, upon receipt of this Joinder Agreement by the Corporation and by Pla-Fit LLC, the signature of the undersigned set forth below shall constitute a counterpart signature to the signature page of the Agreement.

Name:



Address for Notices: With copies to:



**Exhibit 10.10**

July 2, 2015

By Hand

Christopher Rondeau

Dear Chris:

This letter (the “Agreement”) confirms the terms and conditions of your continued employment with Planet Fitness, Inc. (“Parent”) and Planet Fitness Holdings, LLC (“Holdings”, and together with Parent, the “Company”), and amends and restates in its entirety the employment agreement between you and Holdings dated as of November 8, 2012, as subsequently amended on January 21, 2013. This Agreement shall be effective as of the date prior to the date of the initial public offering of Parent’s common stock.

1. **Position and Duties.**
   1. You will continue to be employed by the Company, on a full-time basis, as the Chief Executive Officer of Holdings and of Parent. In addition, you may be asked from time to time to serve as a manager, director or officer of one or more of the Company’s Affiliates, without further compensation.
   2. You agree to perform the duties of your position and such other duties as may reasonably be assigned to you from time to time. You also agree that, while employed by the Company, you will devote your full business time and your best efforts, business judgment, skill and knowledge exclusively to the advancement of the business interests of the Company and its Affiliates and to the discharge of your duties and responsibilities for them.
   3. You agree to comply with all Company policies, practices and procedures and all codes of ethics or business conduct applicable to your position, as in effect from time to time.
2. **Compensation and Benefits.** During your employment, as compensation for all services performed by you for the Company and its Affiliates andsubject to your full performance of your obligations hereunder, you will be provided with the following pay and benefits:
   1. Base Salary. Holdings will pay you a base salary at the rate of $500,000 per year, payable in accordance with the regular payroll practices of Holdings and subject to upward adjustment from time to time by the Board of Directors of Parent (the “Board”) or the Compensation Committee thereof (the “Committee”), in either case, in its discretion (as adjusted from time to time, the “Base Salary”).
   2. Bonus Compensation. For each fiscal year completed during your employment under this Agreement, you will be eligible to earn an annual bonus. Your target

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bonus will be 100% of your Base Salary, with the actual amount of any such bonus being determined by the Board or the Committee, in either case, in its discretion, based on the achievement of performance goals established annually by the Board or the Committee, as applicable. Any annual bonus payable under this Section 2(b) will be paid no later than March 15th following the close of the year for which the bonus is earned.

* 1. Equity Compensation. You will be eligible for equity award grants under the Company’s equity incentive plan, as in effect from time to time, at such times and in such forms as determined by the Board or the Committee in its respective discretion.
  2. Participation in Employee Benefit Plans. You will be entitled to participate in all employee benefit plans from time to time in effect for employees of the Company generally, except to the extent such plans are duplicative of benefits otherwise provided you under this Agreement (e.g., a severance pay plan). Your participation in any such employee benefit plans will be subject to the terms of the applicable plan documents, generally applicable Company policies, and any other restrictions or limitations imposed by law.
  3. Vacations. You will be entitled to earn up to four (4) weeks of vacation per year, in addition to holidays observed by the Company. Vacation may be taken at such times and intervals as you shall determine, subject to the business needs of the Company. Vacation shall otherwise be subject to the policies of the Company, as in effect from time to time.
  4. Business Expenses. Holdings will pay or reimburse you for all reasonable business expenses incurred or paid by you in the performance of your duties and responsibilities for the Company, subject to any maximum annual limit and other restrictions on such expenses set by the Company and to such reasonable substantiation and documentation as may be specified from time to time. Your right to payment or reimbursement for business expenses hereunder shall be subject to the following additional rules: (i) the amount of expenses eligible for payment or reimbursement during any calendar year shall not affect the expenses eligible for payment or reimbursement in any other taxable year, (ii) payment or reimbursement shall be made not later than December 31 of the calendar year following the calendar year in which the expense was incurred, and (iii) the right to payment or reimbursement shall not be subject to liquidation or exchange for any other benefit.

1. **Confidential Information and Restricted Activities.**
   1. Confidential Information. During the course of your employment with the Company, you have and will learn of Confidential Information, as defined below, and you have and may develop Confidential Information on behalf of the Company and its Affiliates. You agree that you will not use or disclose to any Person (except as required by applicable law or for the proper performance of your regular duties and responsibilities for the Company) any Confidential Information obtained by you incident to your employment or any other association with the Company or any of its Affiliates. You agree that this restriction shall continue to apply after your employment terminates, regardless of the reason for such termination. For the avoidance of doubt, nothing in this Agreement limits, restricts or in any other way affects your

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communicating with any governmental agency or entity, or communicating with any official or staff person of a governmental agency or entity, concerning matters relevant to the governmental agency or entity that do not constitute attorney-client privileged information of the Company.

1. Protection of Documents. All documents, records and files, in any media of whatever kind and description, relating to the business, present or otherwise, of the Company or any of its Affiliates, and any copies, in whole or in part, thereof (the “Documents”), whether or not prepared by you, shall be the sole and exclusive property of the Company. You agree to safeguard all Documents and to surrender to the Company, at the time your employment terminates or at such earlier time or times as the Board or its designee may specify, all Documents then in your possession or control. You also agree to disclose to the Company, at the time your employment terminates or at such earlier time or times as the Board or its designee may specify, all passwords necessary or desirable to obtain access to, or that would assist in obtaining access to, any information that you have password protected on any computer equipment, network or system of the Company or any of its Affiliates.
2. Assignment of Rights to Intellectual Property. You shall promptly and fully disclose all Intellectual Property to the Company. You hereby assign and agree to assign to the Company (or as otherwise directed by the Company) your full right, title and interest in and to all Intellectual Property. You agree to execute any and all applications for domestic and foreign patents, copyrights or other proprietary rights and to do such other acts (including without limitation the execution and delivery of instruments of further assurance or confirmation) requested by the Company to assign the Intellectual Property to the Company and to permit the Company to enforce any patents, copyrights or other proprietary rights to the Intellectual Property. You will not charge the Company for time spent in complying with these obligations. All copyrightable works that you create during your employment shall be considered “work made for hire” and shall, upon creation, be owned exclusively by the Company.
3. Restricted Activities. You agree that the following restrictions on your activities during and after your employment are necessary to protect the good will, Confidential Information, trade secrets and other legitimate interests of the Company and its Affiliates:
   1. While you are employed by the Company and during the one (1)-year period immediately following termination of your employment, regardless of the reason therefor (in the aggregate, the “Restricted Period”), you shall not, directly or indirectly, whether as owner, partner, investor, consultant, agent, employee, co-venturer or otherwise, engage in the Business of the Company or undertake any planning to engage in the Business of the Company, in any geographic area anywhere in the world. For purposes of this Agreement, the “Business of the Company” shall mean owning, franchising or operating low-price health and fitness clubs and “low-price health and fitness clubs” shall mean health and fitness clubs that charge membership fees of thirty dollars ($30) or less per month. The foregoing, however, shall not prevent your passive ownership of five percent (5%) or less of the equity securities of any publicly traded company, or any investment by you in any Planet Fitness franchisee that predates this Agreement. During the one-year period immediately following termination of your

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employment, regardless of the reason therefor, the Board shall determine whether or not to approve your ability to make new investments or acquisitions of ownership interests, whether in the form of debt or equity financing or any other form, in any Planet Fitness franchisee during such period, which approval, if given, shall be a general approval for all such types of investments. For the avoidance of doubt, your ownership of equity securities of Parent is in no way restricted by any of the foregoing. Further, for the avoidance of doubt, nothing in this Agreement shall require you to terminate any debt financings to any Planet Fitness franchisee in effect at the time your employment with the Company terminates.

1. During the Restricted Period, you will not, directly or indirectly, (A) solicit or encourage any customer or franchisee of the Company or any of its Affiliates to terminate or diminish his, her or its relationship with them; or (B) seek to persuade any such customer or prospective customer, or franchisee or prospective franchisee, of the Company or any of its Affiliates to conduct with anyone else any business or activity which such customer or prospective customer, or franchisee or prospective franchisee, conducts or could conduct with the Company or any of its Affiliates; provided, however, that these restrictions shall apply (y) only with respect to those Persons who are or have been a customer or franchisee of the Company or any of its Affiliates at any time within the immediately preceding two (2)-year period or whose business has been solicited on behalf of the Company or any of its Affiliates by any of their officers, employees or agents within such two (2)-year period, other than by form letter, blanket mailing or published advertisement, and (z) only if you have performed work for such Person during your employment with the Company or one of its Affiliates or been introduced to, or otherwise had contact with, such Person as a result of your employment or other associations with the Company or one of its Affiliates or have had access to Confidential Information which would assist in your solicitation of such Person.
2. During the Restricted Period, you will not, directly or indirectly, (a) hire or solicit for hiring any employee of the Company or any of its Affiliates or seek to persuade any employee of the Company or any of its Affiliates to discontinue employment or (b) solicit or encourage any independent contractor providing services to the Company or any of its Affiliates to terminate or diminish his, her or its relationship with them; provided, however, that these restrictions shall apply only to employees and independent contractors who have provided services to the Company at any time within the immediately preceding two (2)-year period.
3. In signing this Agreement, you give the Company assurance that you have carefully read and considered all the terms and conditions of this Agreement, including the restraints imposed on you under this Section 3. You agree without reservation that these restraints are necessary for the reasonable and proper protection of the Company and its Affiliates, and that each and every one of the restraints is reasonable in respect to subject matter, length of time and geographic area. You further agree that, were you to breach any of the covenants contained in this Section 3, the damage to the Company and its Affiliates would be irreparable. You therefore agree that the Company, in addition to any other remedies available to it, shall be entitled to preliminary and permanent injunctive relief against any breach or threatened breach by you of any of those covenants, without having to post bond. You and the

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Company agree that, in the event of any dispute under this Agreement, the prevailing party shall be entitled to recover its reasonable attorney’s fees and costs from the other party. You and the Company further agree that, in the event that any provision of this Section 3 is determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too great a time, too large a geographic area or too great a range of activities, that provision shall be deemed to be modified to permit its enforcement to the maximum extent permitted by law. It is also agreed that each of the Company’s Affiliates shall have the right to enforce all of your obligations to that Affiliate under this Agreement, including without limitation pursuant to this Section 3. Finally, no claimed breach of this Agreement or other violation of law attributed to the Company, or change in the nature or scope of your employment relationship with the Company, shall operate to excuse you from the performance of your obligations under this Section 3.

1. **Termination of Employment.** Your employment under this Agreement shall continue until terminated pursuant to this Section 4.
   1. By the Company for Cause. The Company may terminate your employment for Cause upon notice to you setting forth in reasonable detail the nature of the cause. For the purposes of this Agreement, “Cause” is defined as any one of the following: (i) your intentional breach of this Agreement or of any fiduciary duty owed by you to the Company or any of its Affiliates, (ii) your conviction of, or plea of nolo contendere to, a felony, (iii) your conviction of a crime of moral turpitude, (iv) your commission of a fraud, or engaging in embezzlement, theft or material dishonesty, with respect to the Company or any of its Affiliates or (v) your failure to follow lawful directions of the Board or the Board of Directors of Holdings consistent with this Agreement, which failure remains uncured for a period of fifteen (15) days following the Company’s written notice to you. Notwithstanding the foregoing, the Company will not have to provide more than one notice and opportunity to cure under Section 4(a)(v) hereof with respect to any multiple, repeated, related or substantially similar events or circumstances.
   2. By the Company Without Cause. The Company may terminate your employment hereunder at any time other than for Cause upon notice to

you.

* 1. Resignation by You for Good Reason. You may terminate your employment for Good Reason upon notice to the Company setting forth in reasonable detail the nature of the good reason. For the purposes of this Agreement, “Good Reason” is defined as any one of the following occurring without your written consent: (i) the Company’s relocation of you to an office located more than 35 miles from Newington, New Hampshire (other than the relocation of the Company’s headquarters to Maine), (ii) a material diminution in Base Salary or (iii) a material breach by the Company of this Agreement; provided that, in the case of either (i), (ii) or (iii), notice of the claimed Good Reason is provided within sixty (60) days of the condition being known to you and the applicable relocation, diminution or breach remains uncured for a period of thirty (30) days following your written notice to the Company. You must terminate your employment, if at all, not later than one hundred twenty (120) days following the occurrence giving rise to Good Reason; provided, however, that in the event the Company

Christopher Rondeau

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provides you with the notice referred to in Section 4(a)(v) hereof, you may not seek to terminate your employment hereunder for Good Reason after receipt of such notice and prior to the date that is two (2) days following the expiration of the fifteen (15) day cure period.

* + 1. Resignation by You Without Good Reason. You may terminate your employment at any time upon thirty (30) days’ notice to the Company. The Board may elect to waive such notice period or any portion thereof; but in that event, Holdings shall pay you your Base Salary for that portion of the notice period so waived.
    2. Death and Disability. Your employment hereunder shall automatically terminate in the event of your death during employment. In the event you become disabled during employment and, as a result, are unable to continue to perform substantially all of your duties and responsibilities under this Agreement, either with or without any reasonable accommodation that may be due, Holdings will continue to pay you your Base Salary, reduced by any disability income benefits to which you are entitled, and to provide you benefits in accordance with Section 2(d) above, to the extent permitted by plan terms, for up to ninety (90) consecutive days or one hundred twenty (120) non-consecutive days of disability during any period of three hundred sixty-five

1. consecutive calendar days. If you are unable to return to work after ninety (90) consecutive days or one hundred twenty (120) non-consecutive days of disability, the Company may terminate your employment, upon notice to you. If any question shall arise as to whether you are disabled to the extent that you are unable to perform substantially all of your duties and responsibilities for the Company and its Affiliates, you shall, at the Company’s request, submit to a medical examination by a physician selected by the Company to whom you or your guardian, if any, has no reasonable objection to determine whether you are so disabled, and such determination shall for purposes of this Agreement be conclusive of the issue. If such a question arises and you fail to submit to the requested medical examination, the Company’s determination of the issue shall be binding on you.
   1. **Other Matters Related to Termination.**
      1. Final Compensation. In the event of termination of your employment with the Company, howsoever occurring, Holdings shall pay you
2. your Base Salary for the final payroll period of your employment, through the date your employment terminates, (ii) compensation at the rate of your Base Salary for any vacation time earned but not used as of the date your employment terminates, (iii) any annual bonus awarded but not yet paid for the bonus year preceding the year in which termination occurs and (iv) reimbursement for business expenses incurred by you but not yet paid to you as of the date your employment terminates; provided you submit all expenses and supporting documentation required within thirty (30) days of the date your employment terminates, and provided further that such expenses are reimbursable under Company policies as then in effect (all of the foregoing, “Final Compensation”). All Final Compensation shall be paid to you at the time prescribed by law or applicable Company policy for such payment, but, other than any bonus described in Section 5(a)(iii), in no event more than sixty (60) days following the termination of your employment.

Christopher Rondeau

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1. Severance Payments. In the event of a termination of your employment pursuant to Section 4(b) or Section 4(c) hereof, subject to Section 5(c) and 5(e) below, Holdings will pay you, in addition to any Final Compensation, twelve (12) months of your Base Salary (the “Severance”) plus a pro rata portion of the annual bonus you would have earned for the fiscal year in which your employment terminates had your employment continued for the full year (based upon actual performance) (the “Target Bonus” and together with the Severance, the “Severance Payments”). In addition, with respect to any options to purchase Parent common stock or other equity awards with respect to Parent common stock that you hold at the time of termination of your employment pursuant to Section 4(b) or Section 4(c) hereof and that are then unvested, subject to Section 5(c) and 5(e) below, upon such termination you will vest in that portion of the stock option or other award, if any, that would have vested in the calendar year in which your termination of employment occurs had you continued to remain employed by the Company, with any unvested portion of such awards (after giving effect to the accelerated vesting contemplated hereby) being terminated and forfeited upon such termination.
2. Conditions to and Timing of Severance Payments. Any obligation of the Company to provide you the Severance Payments or the accelerated vesting of stock options and other equity awards contemplated by Section 5(b) above is conditioned on your signing and returning to the Company a timely and effective separation agreement containing a release of claims and non-disparagement provision in the form appended hereto as Exhibit A (the “Release of Claims”). The Release of Claims must become effective, if at all, by the sixtieth (60th) calendar day following the date your employment terminates. Any Severance to which you are entitled will be provided in the form of salary continuation, payable in accordance with the normal payroll practices of the Company. Subject to Section 6(a), the first payment will be made on the next regularly scheduled payroll date that follows the expiration of sixty (60) days from the date your employment terminates (the “Payment Date”), but that first payment shall be retroactive to the date immediately following the date your employment terminates. Any Target Bonus to which you are entitled will be payable at such time when bonuses are payable to executives of the Company generally or, if later, on the Payment Date (and in all events in the fiscal year following the fiscal year for which it is earned).
3. Benefits Termination. Except for any right you may have under the federal law known as “COBRA” to continued participation in the Company’s group health and dental plans at your cost, your participation in all employee benefit plans shall terminate in accordance with the terms of the applicable benefit plans based on the date of termination of your employment, without regard to any payment of the Severance Payments or any other payment to you following termination and you shall not be eligible to earn vacation or other paid time off following the termination of your employment.
4. Survival. Provisions of this Agreement shall survive any termination of employment if so provided in this Agreement or if necessary or desirable to accomplish the purposes of other surviving provisions, including without limitation your obligations under Section 3 of this Agreement. The obligation of the Company to make payments or provide benefits to you under Section 5(b), and your right to retain the same, are expressly conditioned

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upon your continued full performance of your obligations under Section 3 hereof. Upon termination by either you or the Company, all rights, duties and obligations of you and the Company to each other shall cease, except as otherwise expressly provided in this Agreement.

* 1. **Timing of Payments and Section 409A.**
     1. Notwithstanding anything to the contrary in this Agreement, if at the time your employment terminates, you are a “specified employee,” as defined below, any and all amounts payable under this Agreement on account of such separation from service that would (but for this provision) be payable within six (6) months following the date of termination, shall instead be paid on the next business day following the expiration of such six (6) month period or, if earlier, upon your death; except (i) to the extent of amounts that do not constitute a deferral of compensation within the meaning of Treasury regulation Section 1.409A-1(b) (including without limitation by reason of the safe harbor set forth in Section 1.409A-1(b)(9)(iii), as determined by the Company in its reasonable good faith discretion); (ii) benefits which qualify as excepted welfare benefits pursuant to Treasury regulation Section 1.409A-1(a)(5); or

1. other amounts or benefits that are not subject to the requirements of Section 409A of the Internal Revenue Code of 1986, as amended.
   * 1. For purposes of this Agreement, all references to “termination of employment” and correlative phrases shall be construed to require a “separation from service” (as defined in Section 1.409A-1(h) of the Treasury regulations after giving effect to the presumptions contained therein), and the term “specified employee” means an individual determined by the Company to be a specified employee under Treasury regulation Section 409A-1(i).
     2. Each payment made under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments.
   1. **Definitions.** For purposes of this Agreement, the following definitions apply:
      1. “Affiliates” means all persons and entities directly or indirectly controlling, controlled by or under common control with the Company, where control may be by management authority, equity interest or otherwise.
      2. “Confidential Information” means any and all information of the Company and its Affiliates that is not generally available to the public. Confidential Information also includes any information received by the Company or any of its Affiliates from any Person with any understanding, express or implied, that it will not be disclosed. Confidential Information does not include information that enters the public domain, other than through your breach of your obligations under this Agreement.
      3. “Intellectual Property” means inventions, discoveries, developments, methods, processes, compositions, works, concepts and ideas (whether or not patentable or

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copyrightable or constituting trade secrets) conceived, made, created, developed or reduced to practice by you (whether alone or with others, whether or not during normal business hours or on or off Company premises) during your employment that relate either to the business of the Company or to any prospective activity of the Company or any of its Affiliates or that result from any work performed by you for the Company or any of its Affiliates or that make use of Confidential Information or any of the equipment or facilities of the Company or any of its Affiliates.

* 1. “Person” means an individual, a corporation, a limited liability company, an association, a partnership, an estate, a trust or any other entity or organization, other than the Company or any of its Affiliates.

1. **Conflicting Agreements.** You hereby represent and warrant that your signing of this Agreement and the performance of your obligations under itwill not breach or be in conflict with any other agreement to which you are a party or are bound, and that you are not now subject to any covenants against competition or similar covenants or any court order that could affect the performance of your obligations under this Agreement. You agree that you will not disclose to or use on behalf of the Company any confidential or proprietary information of a third party without that party’s consent.
2. **Withholding.** All payments made under this Agreement shall be reduced by any tax or other amounts required to be withheld by the Company underapplicable law.
3. **Assignment.** Neither you nor the Company may make any assignment of this Agreement or any interest in it, by operation of law or otherwise,without the prior written consent of the other; provided, however, the Company may assign its rights and obligations under this Agreement without your consent to one of its Affiliates or to any Person with whom the Company shall hereafter effect a reorganization, consolidate with, or merge into or to whom it transfers all or substantially all of its properties or assets. This Agreement shall inure to the benefit of and be binding upon you and the Company, and each of our respective successors, executors, administrators, heirs and permitted assigns.
4. **Severability.** If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a court of competentjurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.
5. **Miscellaneous.** This Agreement sets forth the entire agreement between you and the Company, and replaces all prior and contemporaneouscommunications, agreements and understandings, written or oral, with respect to the terms and conditions of your employment. This Agreement may not be modified or amended, and no breach shall be deemed to be waived, unless agreed to in writing by you and an expressly authorized representative of the Board. The headings and captions in this Agreement are for convenience only and in no way define or

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describe the scope or content of any provision of this Agreement. This Agreement may be executed in two or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument. This is a New Hampshire contract and shall be governed and construed in accordance with the laws of the State of New Hampshire, without regard to the conflict of laws principles thereof. In the event of any alleged breach or threatened breach of this Agreement, the parties agree to submit to the exclusive jurisdiction of the federal and state courts in and of the State of New Hampshire. Any obligations of Holdings to make payments or to provide benefits to you under this Agreement may be satisfied, in whole or in part, by Parent, in the discretion of the Board.

1. **Notices.** Any notices provided for in this Agreement shall be in writing and shall be effective when delivered in person or deposited in the UnitedStates mail, postage prepaid, and addressed to you at your last known address on the books of the Company or, in the case of the Company, to it at its principal place of business, attention of the Chair of the Board, or to such other address as either party may specify by notice to the other actually received.

*[Remainder of page intentionally left blank]*

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If the foregoing is acceptable to you, please sign this letter in the space provided. At the time you sign it, this Agreement will take effect as a binding agreement between you, Parent and Holdings on the basis and at the time set forth above.

Sincerely yours,

PLANET FITNESS, INC.

By: /s/ Richard Moore

Richard Moore



Chief Administrative Officer and General Counsel

PLANET FITNESS HOLDINGS, LLC

By: /s/ Richard Moore

Richard Moore



Chief Administrative Officer and General Counsel

Accepted and Agreed:

/s/ Christopher Rondeau

Christopher Rondeau



Date: July 2, 2015

**EXHIBIT A**

**RELEASE OF CLAIMS**

For and in consideration of certain benefits to be provided me, which are conditioned on my signing and not revoking this Release of Claims and to which I am not otherwise entitled, and other good and valuable consideration, the receipt and sufficiency of which I hereby acknowledge, on my own behalf and on behalf of my heirs, executors, administrators, beneficiaries, representatives and assigns, and all others connected with or claiming through me, I hereby release and forever discharge Planet Fitness Holdings, LLC and Planet Fitness, Inc. (collectively, the “Company”), and all affiliated entities, and all of their respective present and former officers, directors, shareholders, employees, employee benefits plans, administrators, trustees, agents, representatives, consultants, successors and assigns, and all those connected with any of them, in their official and individual capacities (collectively, the “Released Parties”), from any and all suits, claims, demands, debts, sums of money, damages, interest, attorneys’ fees, expenses, actions, causes of action, judgments, accounts, promises, contracts, agreements, and any and all claims at law or in equity, whether now known or unknown, which I now have or ever have had against the Released Parties, or any of them, including, but not limited to, any claims under Title VII of the Civil Rights Act of 1964, the Americans With Disabilities Act, the Family and Medical Leave Act, the Age Discrimination in Employment Act, the Older Worker Benefits Protection Act, the Genetic Information Nondiscrimination Act of 2008, the fair employment practices laws of the state or states in which I have provided services to the Company, and any other federal, state or local statute, regulation, ordinance or common law, and all claims related to or arising out of my employment or the termination of my employment with the Company (collectively, the “Claims”). I also waive any right I may have to recover any compensation or damages in any action against any of the Released Parties brought by any governmental entity on my behalf or on behalf of any class of which I may be a member. I hereby represent that I have not previously filed or joined in any complaints, charges or lawsuits against the Company pending before any governmental agency or court of law relating to my employment and/or the termination thereof. This Release of Claims shall not apply to any Claim (a) that arises after I sign this Release of Claims; (b) that may not be waived pursuant to applicable law; or (c) by me to enforce the provisions of this Release of Claims.

I further agree that I will not disparage or criticize the Released Parties, or the business, management or services of the Company or any of its affiliates, and that I will not otherwise do or say anything that could disrupt the good morale of employees of the Company or any of its affiliates or harm the interests or reputation of the Company or any of its affiliates.

Nothing herein shall be construed to prohibit me from filing a charge with or participating in any investigation or proceeding conducted by the federal Equal Employment Opportunity Commission or a comparable state or local agency, except that I hereby agree to waive my right to recover monetary damages or other individual relief in any charge, complaint or lawsuit filed by me or by anyone else on my behalf.

I acknowledge that I may consider the terms of this Release of Claims to decide whether to sign it for up to twenty-one (21)/forty-five (45) days from my receipt of this Release of Claims. I acknowledge, however, that I may not sign this Release of Claims until after the date my employment with the Company terminates. I acknowledge that I will have seven (7) days after signing this Release of Claims to revoke my signature, and that, if I intend to revoke my signature, I must do so in writing addressed and delivered to [Contact Name] prior to the end of the seven-day revocation period. I understand that this Release of Claims shall become effective upon the eighth (8th) day following the day I sign it, provided I do not revoke my acceptance.

I also acknowledge that I am advised by the Company to seek the advice of an attorney prior to signing this Release of Claims; that I have had sufficient time to consider this Release of Claims and to consult with an attorney, if I wished to do so, or to consult with any other person of my choosing before signing; and that I am signing this Release of Claims voluntarily and with a full understanding of its terms

Accepted and agreed:

Signature:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Christopher Rondeau

Date:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Exhibit 10.11**

**INDEMNIFICATION AGREEMENT**

This Indemnification Agreement (this “Agreement”) is made and entered into as of [*DATE*] by and among Planet Fitness, Inc., a Delaware corporation (the “Company”), and [*NAME OF DIRECTOR*] (“Indemnitee”).

WHEREAS, in light of the litigation costs and risks to directors resulting from their service to companies, and the desire of the Company to attract and retain qualified individuals to serve as directors, it is reasonable, prudent and necessary for the Company to indemnify and advance expenses on behalf of the Company’s directors and to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern regarding such risks;

WHEREAS, the Company has requested that Indemnitee serve or continue to serve as a director of the Company and may have requested or may in the future request that Indemnitee serve one or more Planet Fitness Entities (as hereinafter defined) as a director or an officer or in other capacities;

WHEREAS, one of the conditions that Indemnitee requires in order to serve as a director of the Company is that Indemnitee be so indemnified; and

WHEREAS, Indemnitee may have certain rights to indemnification, advancement of expenses and/or insurance provided by one or more of the Designating Stockholders (as hereinafter defined) (or their affiliates) and/or any insurer providing insurance coverage under any policy purchased or maintained by such Designating Stockholders (or their affiliates), which Indemnitee, the Company and the Designating Stockholders (or their affiliates) intend to be secondary to the primary obligation of the Company to indemnify Indemnitee as provided herein, with the Company’s acknowledgement of and agreement to the foregoing being a material condition to Indemnitee’s willingness to serve as a director the Company.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

1. Services by Indemnitee. Indemnitee agrees to serve as a director of the Company. Indemnitee may at any time and for any reason resign from such position (subject to any contractual obligation the Indemnitee may have under any other agreement).
2. Indemnification – General. On the terms and subject to the conditions of this Agreement, the Company shall, to the fullest extent permitted by law, indemnify Indemnitee with respect to, and hold Indemnitee harmless from and against, all losses, damages, liabilities, judgments, fines, penalties, costs, amounts paid in settlement, Expenses (as hereinafter defined) and other amounts that Indemnitee reasonably incurs and that result from, arise in connection with or are by reason of Indemnitee’s Corporate Status (as hereinafter defined) and shall advance Expenses to Indemnitee. The obligations of the Company shall continue after such time as Indemnitee ceases to serve as a director of the Company or in any other Corporate Status and include, without limitation, claims for monetary damages against Indemnitee in respect of any actual or alleged liability or other loss of Indemnitee, to the fullest extent permitted under applicable law (including, if applicable, Section 145 of the Delaware General Corporation Law) as in existence on the date hereof and as amended from time to time.
   * 1 -

1. Proceedings Other Than Proceedings by or in the Right of the Company. If in connection with or by reason of Indemnitee’s Corporate Status, Indemnitee was, is, or is threatened to be made, a party to or a participant in any Proceeding (as hereinafter defined) other than a Proceeding by or in the right of the Company to procure a judgment in its favor, the Company shall, to the fullest extent permitted by law, indemnify Indemnitee with respect to, and hold Indemnitee harmless from and against, all Expenses, losses, damages, liabilities, judgments, penalties, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such liabilities, judgments, penalties, fines and amounts paid in settlement) reasonably incurred by Indemnitee or on behalf of Indemnitee in connection with such Proceeding or any claim, issue or matter therein.
2. Proceedings by or in the Right of the Company. If in connection with or by reason of Indemnitee’s Corporate Status, Indemnitee was, is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in the Company’s favor, the Company shall, to the fullest extent permitted by law, indemnify Indemnitee with respect to, and hold Indemnitee harmless from and against, all Expenses reasonably incurred by Indemnitee or on behalf of Indemnitee in connection with such Proceeding or any claim, issue or matter therein.
3. Mandatory Indemnification in Case of Successful Defense. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of Indemnitee’s Corporate Status, a party to (or a participant in) and is successful, on the merits or otherwise, in defense of any Proceeding or any claim, issue or matter therein (including, without limitation, any Proceeding brought by or in the right of the Company), the Company shall, to the fullest extent permitted by law, indemnify Indemnitee with respect to, and hold Indemnitee harmless from and against, all Expenses reasonably incurred by Indemnitee or on behalf of Indemnitee in connection therewith. If Indemnitee is not wholly successful in defense of such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall, to the fullest extent permitted by law, indemnify Indemnitee against all Expenses reasonably incurred by Indemnitee or on behalf of Indemnitee in connection with each successfully resolved claim, issue or matter. For purposes of this Section 5 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, on substantive or procedural grounds, or settlement of any such claim prior to a final judgment by a court of competent jurisdiction with respect to such Proceeding, shall be deemed to be a successful result as to such claim, issue or matter; provided, however, that any settlement of any claim, issue or matter in such a Proceeding shall not be deemed to be a successful result as to such claim, issue or matter if such settlement is effected by Indemnitee without the Company’s prior written consent, which consent shall not be unreasonably withheld, delayed or conditioned.
4. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement or otherwise to indemnification by the Company for some or a portion of the Expenses, liabilities, judgments, penalties, fines and amounts paid in settlement (including all
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interest, assessments and other charges paid or payable in connection with or in respect of such liabilities, judgments, penalties, fines and amounts paid in settlement) incurred by Indemnitee or on behalf of Indemnitee in connection with a Proceeding or any claim, issue or matter therein, in whole or in part, the Company shall, to the fullest extent permitted by law, indemnify Indemnitee to the fullest extent to which Indemnitee is entitled to such indemnification.

1. Indemnification for Additional Expenses Incurred to Secure Recovery or as Witness.
2. The Company shall, to the fullest extent permitted by law, indemnify Indemnitee with respect to, and hold Indemnitee harmless from and against, any and all Expenses and, if requested by Indemnitee, shall advance on an as-incurred basis (as provided in Section 8 of this Agreement) such Expenses to Indemnitee, which are incurred by Indemnitee in connection with any action or proceeding or part thereof brought by Indemnitee for (i) indemnification or advance payment of Expenses by the Company under this Agreement, any other agreement, the Certificate of Incorporation or By-laws of the Company as now or hereafter in effect, or pursuant to indemnification agreements in effect as of the date hereof; or (ii) recovery under any director and officer liability insurance policies maintained by any Planet Fitness Entity.
3. To the extent that Indemnitee is, by reason of Indemnitee’s Corporate Status, a witness (or is forced or asked to respond to discovery requests) in any Proceeding to which Indemnitee is not a party, the Company shall, to the fullest extent permitted by law, indemnify Indemnitee with respect to, and hold Indemnitee harmless from and against, and the Company will advance on an as-incurred basis (as provided in Section 8 of this Agreement), all Expenses reasonably incurred by Indemnitee or on behalf of Indemnitee in connection therewith.
   * 3 -

1. Advancement of Expenses. The Company shall, to the fullest extent permitted by law, pay on a current and as-incurred basis all Expenses incurred by Indemnitee in connection with any Proceeding in any way connected with, resulting from or relating to Indemnitee’s Corporate Status. Such Expenses shall be paid in advance of the final disposition of such Proceeding, without regard to whether Indemnitee will ultimately be entitled to be indemnified for such Expenses and without regard to whether an Adverse Determination (as hereinafter defined) has been or may be made. Upon submission of a request for advancement of Expenses pursuant to Section 9(c) of this Agreement, Indemnitee shall be entitled to advancement of Expenses as provided in this Section 8, and such advancement of Expenses shall continue until such time (if any) as there is a final non-appealable judicial determination that Indemnitee is not entitled to indemnification. Indemnitee shall repay such amounts advanced if and to the extent that it shall ultimately be determined in a decision by a court of competent jurisdiction from which no appeal can be taken that Indemnitee is not entitled to be indemnified by the Company for such Expenses. Such repayment obligation shall be unsecured and shall not bear interest. The Company shall not impose on Indemnitee additional conditions to advancement or require from Indemnitee additional undertakings regarding repayment. Indemnitee shall, in all events, be entitled to advancement of Expenses, without regard to Indemnitee’s ultimate entitlement to indemnification, until the final determination of the Proceeding.
2. Indemnification Procedures.
   1. Notice of Proceeding. Indemnitee agrees to notify the Company promptly upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses hereunder. Any failure by Indemnitee to notify the Company will not relieve the Company of its advancement or indemnification obligations under this Agreement unless, and only to the extent that, the Company can establish that such omission to notify resulted in actual and material prejudice to it, which prejudice cannot be reversed or otherwise eliminated without any material negative effect on the Company, and the omission to notify the Company will, in any event, not relieve the Company from any liability which it may have to indemnify Indemnitee otherwise than under this Agreement. If, at the time of receipt of any such notice, the Company has a director and officer liability insurance policy in effect, the Company will promptly notify the relevant insurer in accordance with the procedures and requirements of such policy.
   2. Defense; Settlement. Indemnitee shall have the sole right and obligation to control the defense or conduct of any claim or Proceeding with respect to Indemnitee. The Company shall not, without the prior written consent of Indemnitee, which may be provided or withheld in Indemnitee’s sole discretion, effect any settlement of any Proceeding against Indemnitee or which, in the reasonable opinion of independent counsel, could have been brought against Indemnitee or which potentially or actually imposes any cost, liability, exposure or burden on Indemnitee unless (i) such settlement solely involves the payment of money or performance of any obligation by persons other than Indemnitee and includes an unconditional, full release of Indemnitee by all relevant parties from all liability on any matters that are the subject of such Proceeding and an acknowledgment that Indemnitee denies all wrongdoing in connection with such matters and (ii) the Company has fully indemnified the Indemnitee with
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respect to, and held Indemnitee harmless from and against, all Expenses and other amounts incurred by Indemnitee or on behalf of Indemnitee in connection with such Proceeding. The Company shall not be obligated to indemnify Indemnitee against amounts paid in settlement of a Proceeding against Indemnitee if such settlement is effected by Indemnitee without the Company’s prior written consent, which consent shall not be unreasonably withheld, delayed or conditioned, unless such settlement solely involves the payment of money or performance of any obligation by persons other than the Company and includes an unconditional release of the Company by any party to such Proceeding other than the Indemnitee from all liability on any matters that are the subject of such Proceeding and an acknowledgment that the Company denies all wrongdoing in connection with such matters.

1. Request for Advancement; Request for Indemnification.
   1. To obtain advancement of Expenses under this Agreement, Indemnitee shall submit to the Company a written request therefor, together with such invoices or other supporting information as may be reasonably requested by the Company and reasonably available to Indemnitee, and, only to the extent required by applicable law which cannot be waived, an unsecured written undertaking to repay amounts advanced. The Company shall make advance payment of Expenses to Indemnitee no later than ten (10) business days after receipt of the written request for advancement (and each subsequent request for advancement) by Indemnitee. If, at the time of receipt of any such written request for advancement of Expenses, the Company has a director and officer insurance policy in effect, the Company will promptly notify the relevant insurer in accordance with the procedures and requirements of such policy. The Company shall thereafter keep such insurer informed of the status of the Proceeding or other claim (with assistance from the Indemnitee as reasonably required) and take such other actions, as appropriate to secure coverage of Indemnitee for such claim.
   2. To obtain indemnification under this Agreement, at any time before or after submission of a request for advancement pursuant to Section 9(c)(i) of this Agreement, Indemnitee may submit a written request for indemnification hereunder. The time at which Indemnitee submits a written request for indemnification shall be determined by the Indemnitee in the Indemnitee’s sole discretion. Once Indemnitee submits such a written request for indemnification (and only at such time that Indemnitee submits such a written request for indemnification), a Determination (as hereinafter defined) shall thereafter be made, as provided in and only to the extent required by Section 9(d) of this Agreement. In no event shall a Determination be made, or required to be made, as a condition to or otherwise in connection with any advancement of Expenses pursuant to Section 8 and Section 9(c)(i) of this Agreement. If, at the time of receipt of any such request for indemnification, the Company has a director and officer insurance policy in effect, the Company will promptly notify the relevant insurer and take such other actions as necessary or appropriate to secure coverage of Indemnitee for such claim in accordance with the procedures and requirements of such policies.
2. Determination. The Company agrees that Indemnitee shall be indemnified to the fullest extent permitted by law and that no Determination shall be required in connection with such indemnification unless specifically required by applicable law which cannot be waived. In no event shall a Determination be required in connection with indemnification for
   * + 5 -

Expenses pursuant to Section 7 of this Agreement or incurred in connection with any Proceeding or portion thereof with respect to which Indemnitee has been successful on the merits or otherwise. Any decision that a Determination is required by law in connection with any other indemnification of Indemnitee, and any such Determination, shall be made within twenty (20) days after receipt of Indemnitee’s written request for indemnification pursuant to Section 9(c)(ii) and such Determination shall be made either (i) by the Disinterested Directors (as hereinafter defined), even though less than a quorum, so long as Indemnitee does not request that such Determination be made by Independent Counsel (as hereinafter defined), or (ii) if so requested by Indemnitee, in Indemnitee’s sole discretion, by Independent Counsel in a written opinion to the Company and Indemnitee. If a Determination is made that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) business days after such Determination. Indemnitee shall reasonably cooperate with the person, persons or entity making such determination with respect to Indemnitee’s entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such Determination. Any Expenses incurred by Indemnitee in so cooperating with the Disinterested Directors or Independent Counsel, as the case may be, making such determination shall be advanced and borne by the Company (irrespective of the Determination as to Indemnitee’s entitlement to indemnification). If the person, persons or entity empowered or selected under this Section 9(d) to determine whether Indemnitee is entitled to indemnification shall not have made a determination within twenty (20) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall, to the fullest extent not prohibited by law, be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee’s statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such twenty (20) day period may be extended for a reasonable time, not to exceed an additional twenty (20) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto; and provided, further, that the foregoing provisions of this Section 9(d) shall not apply if the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 9(e).

1. Independent Counsel. In the event Indemnitee requests that the Determination be made by Independent Counsel pursuant to Section 9(d) of this Agreement, the Independent Counsel shall be selected as provided in this Section 9(e). The Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board of Directors, in which event the Board of Directors shall make such selection on behalf of the Company, subject to the remaining provisions of this Section 9(e)), and Indemnitee or the Company, as the case may be, shall give written notice to the other, advising the Company or Indemnitee of the identity of the Independent Counsel so selected. The Company or Indemnitee, as the case may be, may, within five (5) days after such written notice of selection shall have been received, deliver to Indemnitee or the Company, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted
   * 6 -

only on the ground that the Independent Counsel so selected does not meet the requirements of “Independent Counsel” as defined in Section 15 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If a written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court of competent jurisdiction has determined that such objection is without merit. If, within ten

1. days after submission by Indemnitee of a written request for indemnification pursuant to Section 9(c)(ii) of this Agreement and after a request for the appointment of Independent Counsel has been made, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition a court of competent jurisdiction for resolution of any objection which shall have been made by the Company or Indemnitee to the other’s selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 9(d) of this Agreement. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 9(f) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing). Any expenses incurred by or in connection with the appointment of Independent Counsel shall be borne by the Company (irrespective of the Determination of Indemnitee’s entitlement to indemnification) and not by Indemnitee.
   1. Consequences of Determination; Remedies of Indemnitee. The Company shall be bound by and shall have no right to challenge a Favorable Determination. If an Adverse Determination is made, or if for any other reason the Company does not make timely indemnification payments or advances of Expenses, Indemnitee shall have the right to commence a Proceeding before a court of competent jurisdiction to challenge such Adverse Determination and/or to require the Company to make such payments or advances (and the Company shall have the right to defend its position in such Proceeding and to appeal any adverse judgment in such Proceeding). Indemnitee shall be entitled to be indemnified for all Expenses incurred in connection with such a Proceeding and to have such Expenses advanced by the Company in accordance with Section 8 of this Agreement. If Indemnitee fails to challenge an Adverse Determination within twenty (20) business days, or if Indemnitee challenges an Adverse Determination and such Adverse Determination has been upheld by a final judgment of a court of competent jurisdiction from which no appeal can be taken, then, to the extent and only to the extent required by such Adverse Determination or final judgment, the Company shall not be obligated to indemnify Indemnitee under this Agreement.
   2. Presumptions; Burden and Standard of Proof. The parties intend and agree that, to the extent permitted by law, in connection with any Determination with respect to Indemnitee’s entitlement to indemnification hereunder by any person, including a court:
      1. it will be presumed that Indemnitee is entitled to indemnification under this Agreement (notwithstanding any Adverse Determination), and the Company or any other person or entity challenging such right will have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption;
         * 7 -

1. the termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that Indemnitee’s conduct was unlawful;
2. Indemnitee will be deemed to have acted in good faith if Indemnitee’s action is based on the records or books of account of the Company, including financial statements, or on information supplied to Indemnitee by the officers, employees, or committees of the board of directors of the Company, or on the advice of legal counsel or other advisors (including financial advisors and accountants) for the Company or on information or records given in reports made to the Company by an independent certified public accountant or by an appraiser or other expert or advisor selected by the Company; and
3. the knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Company or relevant enterprises will not be imputed to Indemnitee in a manner that limits or otherwise adversely affects Indemnitee’s rights hereunder.

The provisions of this Section 9(g) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

* 1. Remedies of Indemnitee.
     1. In the event that (i) a determination is made pursuant to Section 9(d) of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 8 and Section 9(c)(i) of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 9(d) of this Agreement within twenty (20) days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Section 5, 6 or 7 f this Agreement within ten (10) business days after receipt by the Company of a written request therefor, (v) payment of indemnification pursuant to Section 3 or 4 of this Agreement is not made within ten

1. business days after a determination has been made that Indemnitee is entitled to indemnification or (vi) in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or Proceeding designed to deny, or to recover from, the Indemnitee the benefits provided or intended to be provided to the Indemnitee hereunder, Indemnitee shall be entitled to an adjudication by a court of his entitlement to such indemnification or advancement of Expenses. Alternatively, Indemnitee, at his option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association (or JAMS in New York, if requested by the Indemnitee). The Company shall not oppose Indemnitee’s right to seek any such adjudication or award in arbitration.
   * + - 8 -

* 1. In the event that a determination shall have been made pursuant to Section 9(d) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 10 shall be conducted in all respects as a de novo trial, or arbitration, on the merits, in which (i) Indemnitee shall not be prejudiced by reason of that adverse determination, and (ii) the Company shall bear the burden of establishing that Indemnitee is not entitled to indemnification.
  2. If a determination shall have been made pursuant to Section 9(d) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 10, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee’s statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.
  3. The Company shall, to the fullest extent not prohibited by law, be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 10 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

1. Insurance; Subrogation; Other Rights of Recovery, etc.
   1. The Company shall use its reasonable best efforts to purchase and maintain a policy or policies of insurance with reputable insurance companies with A.M. Best ratings of “A” or better, providing Indemnitee with coverage for any liability asserted against, and incurred by, Indemnitee or on Indemnitee’s behalf by reason of Indemnitee’s Corporate Status, or arising out of Indemnitee’s status as such, whether or not the Company would have the power to indemnify Indemnitee against such liability. Such insurance policies shall have coverage terms and policy limits at least as favorable to Indemnitee as the insurance coverage provided to any other director of the Company. The Company shall continue to provide such insurance coverage to Indemnitee for a period of at least seven (7) years after Indemnitee ceases to serve as a director or in any other Corporate Status.
   2. In the event of any payment by the Company under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee against any other Planet Fitness Entity, and Indemnitee hereby agrees, as a condition to obtaining any advancement or indemnification from the Company, to assign the Company all of Indemnitee’s rights to obtain from such other Planet Fitness Entity such amounts to the extent that they have been paid by the Company to or for the benefit of Indemnitee as advancement or indemnification under this Agreement and are adequate to indemnify Indemnitee with respect to the costs, Expenses or other items to the full extent that Indemnitee is entitled to indemnification or other payment hereunder; and Indemnitee will (upon request by the Company) execute all papers required and use reasonable best efforts to take all action reasonably necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit or enforce such rights.
      * 9 -

1. The Company hereby unconditionally and irrevocably waives, relinquishes and releases, and covenants and agrees not to exercise (and to cause each of the other Planet Fitness Entities not to exercise), any rights that the Company may now have or hereafter acquire against any Designating Stockholder (or former Designating Stockholder), insurer of such Designating Stockholder (or former Designating Stockholder) or Indemnitee that arise from or relate to the existence, payment, performance or enforcement of the Company’s obligations under this Agreement or under any other indemnification agreement (whether pursuant to contract, by-laws or charter) with any person or entity, including, without limitation, any right of subrogation (whether pursuant to contract or common law), reimbursement, exoneration, contribution or indemnification, or to be held harmless, and any right to participate in any claim or remedy of Indemnitee against any Designating Stockholder (or former Designating Stockholder) or Indemnitee, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from any Designating Stockholder (or former Designating Stockholder), insurer of such Designating Stockholder (or former Designating Stockholder) or Indemnitee, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right.
2. The Company shall not be liable to pay or advance to Indemnitee any amounts otherwise indemnifiable under this Agreement or under any other indemnification agreement if, and to the extent that, Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise; provided, however, that (i) the Company hereby agrees that it is the indemnitor of first resort under this Agreement and under any other indemnification agreement (i.e., its obligations to Indemnitee under this Agreement or any other agreement or undertaking to provide advancement and/or indemnification to Indemnitee are primary and any obligation of any Designating Stockholder (or any affiliate thereof other than a Planet Fitness Entity) and/or any obligation of any insurer providing insurance coverage under any policy purchased or maintained by such Designating Stockholders (or by any affiliate thereof, other than a Planet Fitness Entity) to provide advancement or indemnification for the same Expenses, liabilities, judgments, penalties, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, liabilities, judgments, penalties, fines and amounts paid in settlement) incurred by Indemnitee are secondary), (ii) the Company shall be required to advance the full amount of expenses incurred by any such Indemnitee and shall be liable for the full amount of all liability and loss suffered by such Indemnitee (including, but not limited to, Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by such Indemnitee in connection with such Proceeding), without regard to any rights any such Indemnitee may have against any Designating Stockholder or against any insurance carrier providing insurance coverage to Indemnitee under any insurance policy issued to a Designating Stockholder, and (iii) if any Designating Stockholder (or any affiliate thereof other than a Planet Fitness Entity) pays or causes to be paid, for any reason, any amounts otherwise indemnifiable hereunder or under any other indemnification agreement (whether pursuant to contract, by-laws or charter) with Indemnitee, then (x) such Designating Stockholder (or such affiliate, as the case
   * 10 -

may be) shall be fully subrogated to all rights of Indemnitee with respect to such payment and (y) the Company shall fully indemnify, reimburse and hold harmless such Designating Stockholder (or such other affiliate) for all such payments actually made by such Designating Stockholder (or such other affiliate).

1. The Company’s obligation to indemnify or advance Expenses hereunder to Indemnitee in respect of or relating to Indemnitee’s service at the request of the Company as a director, officer, employee, fiduciary, trustee, representative, partner or agent of any other Planet Fitness Entity shall be reduced by any amount Indemnitee has actually received as payment of indemnification or advancement of Expenses from such other Planet Fitness Entity, except to the extent that such indemnification payments and advance payment of Expenses when taken together with any such amount actually received from other Planet Fitness Entities or under director and officer insurance policies maintained by one or more Planet Fitness Entities are inadequate to fully pay all costs, Expenses or other items to the full extent that Indemnitee is otherwise entitled to indemnification or other payment hereunder.
2. Except as provided in Sections 11(c), 11(d) and 11(e) of this Agreement, the rights to indemnification and advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time, whenever conferred or arising, be entitled under applicable law, under the Planet Fitness Entities’ Certificates of Incorporation or By-Laws, or under any other agreement, vote of stockholders or resolution of directors of any Planet Fitness Entity, or otherwise. Indemnitee’s rights under this Agreement are present contractual rights that fully vest upon Indemnitee’s first service as a director of the Company. The Parties hereby agree that Sections 11(c), 11(d) and 11(e) of this Agreement shall be deemed exclusive and shall be deemed to modify, amend and clarify any right to indemnification or advancement provided to Indemnitee under any other contract, agreement or document with any Planet Fitness Entity.
3. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in Indemnitee’s Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in the General Corporation Law of the State of Delaware (or other applicable law), whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Planet Fitness Entities’ Certificates of Incorporation or By-Laws and this Agreement, it is the intent of the parties hereto that Indemnitee enjoy by this Agreement the greater benefits so afforded by such change. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.
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1. Employment Rights; Successors; Third Party Beneficiaries.
   1. This Agreement shall not be deemed an employment contract between the Company and Indemnitee. This Agreement shall continue in force as provided above after Indemnitee has ceased to serve as a director of the Company or any other Corporate Status.
   2. This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of Indemnitee and Indemnitee’s heirs, executors and administrators. If the Company or any of its successors or assigns shall (i) consolidate with or merge into any other corporation or entity and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfer all or substantially all of its properties and assets to any individual, corporation or other entity, then, and in each such case, proper provisions shall be made so that the successors and assigns of the Company shall assume all of the obligations set forth in this Agreement.
   3. The Designating Stockholders are express third party beneficiaries of this Agreement, are entitled to rely upon this Agreement, and may specifically enforce the Company’s obligations hereunder (including but not limited to the obligations specified in Section 11 of this Agreement) as though a party hereunder.
2. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (i) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; (ii) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (iii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.
3. Exception to Right of Indemnification or Advancement of Expenses. Notwithstanding any other provision of this Agreement and except as provided in Section 7(a) of this Agreement or as may otherwise be agreed by the Company, Indemnitee shall not be entitled to indemnification or advancement of Expenses under this Agreement with respect to any Proceeding brought by Indemnitee (other than a Proceeding by Indemnitee by way of defense or counterclaim or other similar portion of a Proceeding or (ii) to enforce any other rights of Indemnitee to indemnification, advancement or contribution from the Company under this Agreement, or under any other contract, by-laws or charter or under statute or other law, including any rights under Section 145 of the Delaware General Corporation Law), unless the bringing of such Proceeding or making of such claim shall have been approved by the board of directors or similar governing body of the Company.
   * + 12 -

1. Definitions. For purposes of this Agreement:
   1. “Board of Directors” means the board of directors of the Company.
   2. “By-laws” means, in each case, the bylaws or similar governing document of the relevant entity as amended from time to time.
   3. “Certificate of Incorporation” means, in each case, certificate of incorporation, articles of incorporation or similar constituting document as amended from time to time.
   4. “Corporate Status” describes the status of a person by reason of such person’s past, present or future service as a director, officer, employee, fiduciary, trustee, or agent of the Company (including, without limitation, one who serves at the request of the Company as a director, officer, employee, fiduciary, trustee or agent of any other Planet Fitness Entity).
   5. “Designating Stockholder” means the TSG Entities, in each case so long as an individual designated (directly or indirectly) by the TSG Entities or any of their respective affiliates (as provided by the Company’s Certificate of Incorporation, By-laws and Stockholders Agreement) serves or has served as a director of any Planet Fitness Entity.
   6. “Determination” means a determination that either (i) there is a reasonable basis for the conclusion that indemnification of Indemnitee is proper in the circumstances because Indemnitee met a/the particular standard(s) of conduct (a “Favorable Determination”) or (ii) there is no reasonable basis for the conclusion that indemnification of Indemnitee is proper in the circumstances because Indemnitee met a/the particular standard(s) of conduct (an “Adverse Determination”). An Adverse Determination shall include the decision that a Determination was required in connection with indemnification and the decision as to the applicable standard of conduct.
   7. “Disinterested Director” means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee and does not otherwise have an interest materially adverse to any interest of the Indemnitee.
   8. “Expenses” shall mean all direct and indirect costs, fees and expenses of any type or nature whatsoever and shall specifically include, without limitation, all reasonable attorneys’ fees, retainers, court costs, transcript costs, fees and costs of experts, witness fees and costs, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, ERISA excise taxes and penalties, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness, in, or otherwise participating in, a Proceeding or an appeal resulting from a Proceeding, including, but not limited to, the premium for appeal bonds, attachment bonds or similar bonds and all interest, assessments and other charges paid or payable in connection with or in respect of any such Expenses, and shall also specifically include, without
      * 13 -

limitation, all reasonable attorneys’ fees and all other expenses incurred by or on behalf of Indemnitee in connection with preparing and submitting any requests or statements for indemnification, advancement, contribution or any other right provided by this Agreement. Expenses, however, shall not include amounts of judgments or fines against Indemnitee.

* 1. “Independent Counsel” means, at any time, any law firm, or a member of a law firm, that (a) is experienced in matters of corporation law and

1. is not, at such time, or has not been in the five years prior to such time, retained to represent: (i) any Planet Fitness Entity or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnities under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement. The Company agrees to pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto and to be jointly and severally liable therefor.
   1. “Planet Fitness Entity” means the Company, any of its respective subsidiaries and any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise with respect to which Indemnitee serves as a director, officer, employee, partner, representative, fiduciary, trustee or agent, or in any similar capacity, at the request of the Company.
   2. “Proceeding” includes any actual, threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation (formal or informal), inquiry, administrative hearing or any other actual, threatened, pending or completed proceeding, whether brought by or in the right of any Planet Fitness Entity or otherwise and whether civil, criminal, administrative or investigative in nature, in which Indemnitee was, is, may be or will be involved as a party, witness or otherwise, by reason of Indemnitee’s Corporate Status or by reason of any action taken by Indemnitee or of any inaction on Indemnitee’s part while acting as director, officer, employee, fiduciary, trustee or agent of any Planet Fitness Entity (in each case whether or not Indemnitee is acting or serving in any such capacity or has such status at the time any liability or expense is incurred for which indemnification or advancement of Expenses can be provided under this Agreement). If Indemnitee believes in good faith that a given situation may lead to or culminate in the institution of a Proceeding, this shall be considered a Proceeding under this paragraph.
   3. “Stockholders Agreement” means the Stockholders Agreement to be entered into in connection with the Company’s initial public offering by and among the Company and certain of the stockholders of the Company, as amended from time to time.
   4. “TSG Entities” means TSG PF Investment LLC, TGS PF Investment II LLC, TSG PF Co-Investors A L.P. and TSG6 AIV II-A L.P. and any other investment fund or
      * 14 -

related investment adviser, management company, managing member or general partner that is an affiliate of any of the foregoing entities (other than any Planet Fitness Entity) or that is advised by the same investment adviser as any of the foregoing entities or by an affiliate of such investment adviser.

* 1. Construction. Whenever required by the context, as used in this Agreement the singular number shall include the plural, the plural shall include the singular, and all words herein in any gender shall be deemed to include (as appropriate) the masculine, feminine and neuter genders.
  2. Reliance. The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director of the Company.
  3. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in a writing identified as such by all of the parties hereto. Except as otherwise expressly provided herein, the rights of a party hereunder (including the right to enforce the obligations hereunder of the other parties) may be waived only with the written consent of such party, and no waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.
  4. Notice Mechanics. All notices, requests, demands or other communications hereunder shall be in writing and shall be deemed to have been duly given if (i) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, or (ii) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

1. If to Indemnitee to:

c/o TSG Consumer Partners LLC

600 Montgomery Street

Suite 2900

San Francisco, CA 94111

Attn: Jamie O’Hara

with a copy to:

Ropes & Gray LLP

Prudential Tower, 800 Boylston Street

Boston, MA 02199-3600

Attn: Paul F. Van Houten

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1. If to the Company, to:

c/o Planet Fitness, Inc.

26 Fox Run Road

Newington, NH 03801

(603) 750-0001

Attn: Richard L. Moore

with a copy to:

Ropes & Gray LLP

Prudential Tower, 800 Boylston Street

Boston, MA 02199-3600

Attn: David A. Fine

or to such other address as may have been furnished (in the manner prescribed above) as follows: (a) in the case of a change in address for notices to Indemnitee, furnished by Indemnitee to the Company and (b) in the case of a change in address for notices to either Planet Fitness Company, furnished by the Company to Indemnitee.

1. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for reasonably incurred Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its other directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).
2. Governing Law; Submission to Jurisdiction; Appointment of Agent for Service of Process. This Agreement and the legal relations among the parties shall, to the fullest extent permitted by law, be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. The Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Court of Chancery of the State of Delaware (the “Delaware Court”), and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (iv) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or otherwise inconvenient forum.
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1. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.
2. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement.

*[Remainder of Page Intentionally Blank]*

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

**The Company:** PLANET FITNESS, INC.

By:



Name:

Title:

[Signature Page to Indemnification Agreement]

**Indemnitee:**



Name:

[Signature Page to Indemnification Agreement]

**Exhibit 10.12**

July 2, 2015

By Hand

Dorvin Lively

Dear Dorvin:

This letter (the “Agreement”) confirms the terms and conditions of your continued employment with Planet Fitness, Inc. (“Parent”) and Planet Fitness Holdings, LLC (“Holdings”, and together with Parent, the “Company”), and amends and restates in its entirety the offer of employment between you and Pla-Fit Franchise, LLC dated as of June 28, 2013. This Agreement shall be effective as of the date prior to the date of the initial public offering of Parent’s common stock.

1. **Position and Duties.**
   1. You will continue to be employed by the Company, on a full-time basis, as the Chief Financial Officer of Holdings and of Parent. In addition, you may be asked from time to time to serve as a director or officer of one or more of the Company’s Affiliates, without further compensation.
   2. You agree to perform the duties of your position and such other duties as may reasonably be assigned to you from time to time. You also agree that, while employed by the Company, you will devote your full business time and your best efforts, business judgment, skill and knowledge exclusively to the advancement of the business interests of the Company and its Affiliates and to the discharge of your duties and responsibilities for them.
   3. You agree to comply with all Company policies, practices and procedures and all codes of ethics or business conduct applicable to your position, as in effect from time to time.
2. **Compensation and Benefits.** During your employment, as compensation for all services performed by you for the Company and its Affiliates andsubject to your full performance of your obligations hereunder, you will be provided with the following pay and benefits:
   1. Base Salary. Holdings will pay you a base salary at the rate of $450,000 per year, payable in accordance with the regular payroll practices of Holdings and subject to adjustment from time to time by the Board of Directors of Parent (the “Board”) or the Compensation Committee thereof (the “Committee”), in either case, in its discretion (as adjusted from time to time, the “Base Salary”).
   2. Bonus Compensation. For each fiscal year completed during your employment under this Agreement, you will be eligible to earn an annual bonus. Your target bonus will be 50% of your Base Salary, with the actual amount of any such bonus being

Dorvin Lively

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July 2, 2015

determined by the Board or the Committee, in either case, in its discretion, based on the achievement of performance goals established annually by the Board or the Committee, as applicable. Any annual bonus payable under this Section 2(b) will be paid no later than March 15th following the close of the year for which the bonus is earned.

* 1. Participation in Employee Benefit Plans. You will be entitled to participate in all employee benefit plans from time to time in effect for employees of the Company generally, except to the extent such plans are duplicative of benefits otherwise provided you under this Agreement (*e.g.*, a severance pay plan). Your participation in any such employee benefit plans will be subject to the terms of the applicable plan documents, generally applicable Company policies and any other restrictions or limitations imposed by law.
  2. Vacations. You will be entitled to earn up to twenty (20) days of vacation per year, in addition to holidays observed by the Company. Vacation may be taken at such times and intervals as you shall determine, subject to the business needs of the Company. Vacation shall otherwise be subject to the policies of the Company, as in effect from time to time.
  3. Business Expenses. Holdings will pay or reimburse you for all reasonable business expenses incurred or paid by you in the performance of your duties and responsibilities for the Company, subject to any maximum annual limit and other restrictions on such expenses set by the Company and to such reasonable substantiation and documentation as may be specified from time to time. Your right to payment or reimbursement for business expenses hereunder shall be subject to the following additional rules: (i) the amount of expenses eligible for payment or reimbursement during any calendar year shall not affect the expenses eligible for payment or reimbursement in any other taxable year, (ii) payment or reimbursement shall be made not later than December 31 of the calendar year following the calendar year in which the expense was incurred, and (iii) the right to payment or reimbursement shall not be subject to liquidation or exchange for any other benefit.
  4. D&O Liability Insurance. The Company will use commercially reasonable efforts to maintain directors’ and officers’ liability insurance in a coverage amount not less than that in effect as of the first date of your employment with the Company. The coverage under any such policy shall be subject to the terms and conditions thereof.

1. **Confidential Information and Restricted Activities.**
   1. Confidential Information. During the course of your employment with the Company, you have and will learn of Confidential Information, as defined below, and you have and may develop Confidential Information on behalf of the Company and its Affiliates. You agree that you will not use or disclose to any Person (except as required by applicable law or for the proper performance of your regular duties and responsibilities for the Company) any Confidential Information obtained by you incident to your employment or any other association with the Company or any of its Affiliates. You agree that this restriction shall continue to apply after your employment terminates, regardless of the reason for such termination. For the avoidance of doubt, nothing in this Agreement limits, restricts or in any other way affects your

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communicating with any governmental agency or entity, or communicating with any official or staff person of a governmental agency or entity, concerning matters relevant to the governmental agency or entity that do not constitute attorney-client privileged information of the Company.

1. Protection of Documents. All documents, records and files, in any media of whatever kind and description, relating to the business, present or otherwise, of the Company or any of its Affiliates, and any copies, in whole or in part, thereof (the “Documents”), whether or not prepared by you, shall be the sole and exclusive property of the Company. You agree to safeguard all Documents and to surrender to the Company, at the time your employment terminates or at such earlier time or times as the Board or its designee may specify, all Documents then in your possession or control. You also agree to disclose to the Company, at the time your employment terminates or at such earlier time or times as the Board or its designee may specify, all passwords necessary or desirable to obtain access to, or that would assist in obtaining access to, any information that you have password protected on any computer equipment, network or system of the Company or any of its Affiliates.
2. Assignment of Rights to Intellectual Property. You shall promptly and fully disclose all Intellectual Property to the Company. You hereby assign and agree to assign to the Company (or as otherwise directed by the Company) your full right, title and interest in and to all Intellectual Property. You agree to execute any and all applications for domestic and foreign patents, copyrights or other proprietary rights and to do such other acts (including without limitation the execution and delivery of instruments of further assurance or confirmation) requested by the Company to assign the Intellectual Property to the Company and to permit the Company to enforce any patents, copyrights or other proprietary rights to the Intellectual Property. You will not charge the Company for time spent in complying with these obligations. All copyrightable works that you create during your employment shall be considered “work made for hire” and shall, upon creation, be owned exclusively by the Company.
3. Restricted Activities. You agree that the following restrictions on your activities during and after your employment are necessary to protect the good will, Confidential Information, trade secrets and other legitimate interests of the Company and its Affiliates:
   1. While you are employed by the Company and during the two (2)-year period immediately following termination of your employment, regardless of the reason therefor (in the aggregate, the “Restricted Period”), you shall not, directly or indirectly, whether as owner, partner, investor, consultant, agent, employee, co-venturer or otherwise, compete with the Company or any of its Affiliates in any geographic area in which the Company does business or undertake any planning for any business competitive with the Company or any of its Affiliates. Specifically, but without limiting the foregoing, you agree not to work or provide services, in any capacity, whether as an employee, independent contractor or otherwise, whether with or without compensation, to any Person that is engaged in any business that is competitive with the business of the Company or its Affiliates, as conducted or in planning during your employment with the Company.

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* 1. During the Restricted Period, you will not directly or indirectly (A) solicit or encourage any customer or franchisee of the Company or any of its Affiliates to terminate or diminish his, her or its relationship with them or (B) seek to persuade any such customer or prospective customer, or franchisee or prospective franchisee, of the Company or any of its Affiliates to conduct with anyone else any business or activity which such customer or prospective customer, or franchisee or prospective franchisee, conducts or could conduct with the Company or any of its Affiliates; provided, however, that these restrictions shall apply (y) only with respect to those Persons who are or have been a customer or franchisee of the Company or any of its Affiliates at any time within the immediately preceding two (2)-year period or whose business has been solicited on behalf of the Company or any of its Affiliates by any of their officers, employees or agents within such two (2)-year period, other than by form letter, blanket mailing or published advertisement, and (z) only if you have performed work for such Person during your employment with the Company or one of its Affiliates or been introduced to, or otherwise had contact with, such Person as a result of your employment or other associations with the Company or one of its Affiliates or have had access to Confidential Information which would assist in your solicitation of such Person.
  2. During the Restricted Period, you will not, and will not assist any other Person to, (a) hire or solicit for hiring any employee of the Company or any of its Affiliates or seek to persuade any employee of the Company or any of its Affiliates to discontinue employment or (b) solicit or encourage any independent contractor providing services to the Company or any of its Affiliates to terminate or diminish its relationship with them. For the purposes of this Agreement, an “employee” or an “independent contractor” of the Company or any of its Affiliates is any person who was such at any time within the preceding two (2) years.

1. In signing this Agreement, you give the Company assurance that you have carefully read and considered all the terms and conditions of this Agreement, including the restraints imposed on you under this Section 3. You agree without reservation that these restraints are necessary for the reasonable and proper protection of the Company and its Affiliates, and that each and every one of the restraints is reasonable in respect to subject matter, length of time and geographic area. You further agree that, were you to breach any of the covenants contained in this Section 3, the damage to the Company and its Affiliates would be irreparable. You therefore agree that the Company, in addition to any other remedies available to it, shall be entitled to preliminary and permanent injunctive relief against any breach or threatened breach by you of any of those covenants, without having to post bond together with an award of its reasonable attorney’s fees incurred in enforcing its rights hereunder. So that the Company may enjoy the full benefit of the covenants contained in this Section 3, you further agree that the Restricted Period shall be tolled, and shall not run, during the period of any breach by you of any of the covenants contained in this Section 3. You and the Company further agree that, in the event that any provision of this Section 3 is determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too great a time, too large a geographic area or too great a range of activities, that provision shall be deemed to be modified to permit its enforcement to the maximum extent permitted by law. It is also agreed that each of the Company’s Affiliates shall have the right to enforce all of your obligations to that Affiliate under this Agreement, including without limitation pursuant to this Section 3. Finally, no

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claimed breach of this Agreement or other violation of law attributed to the Company, or change in the nature or scope of your employment relationship with the Company, shall operate to excuse you from the performance of your obligations under this Section 3.

* 1. **Termination of Employment.** Your employment under this Agreement shall continue until terminated pursuant to this Section 4.
     1. By the Company for Cause. The Company may terminate your employment for Cause upon notice to you setting forth in reasonable detail the nature of the cause. The following, as determined by the Board in its reasonable judgment, shall constitute Cause for termination: (i) your substantial failure to perform (other than by reason of disability), or gross negligence in the performance of, your duties and responsibilities to the Company or any of its Affiliates, which failure or neglect, if susceptible of cure, remains uncured or continues or recurs more than ten (10) business days after delivery of written notice from the Company setting out the nature of such failure or neglect; (ii) your material breach of this Agreement or any other agreement between you and the Company or any of its Affiliates, where such breach, if susceptible of cure, remains uncured or continues or recurs more than ten (10) business days after delivery of written notice from the Company setting out the nature of such failure or negligence or recurs after once being cured; (iii) your commission of a felony or other crime involving moral turpitude; or (iv) other conduct by you that is or could reasonably be expected to be harmful to the business interests or reputation of the Company or any of its Affiliates.
     2. By the Company Without Cause. The Company may terminate your employment at any time other than for Cause upon notice to you.
     3. Resignation by You for Good Reason. You may terminate your employment for Good Reason by (i) providing notice to the Company specifying in reasonable detail the condition giving rise to the Good Reason no later than the thirtieth (30th) day following the occurrence of that condition;

1. providing the Company a period of thirty (30) days to remedy the condition and so specifying in the notice; and (iii) terminating your employment within thirty (30) days following the expiration of the period to remedy if the Company fails to remedy the condition. The following, if occurring without your consent, shall constitute “Good Reason” for termination of your employment by you: (A) material diminution in the nature or scope of your duties, authority and/or responsibilities as Chief Financial Officer that, taken as a whole, effectively constitutes a demotion; provided, however, that the Company’s failure to continue your appointment or election as a director or officer of any of its Affiliates shall not constitute Good Reason or (B) a material reduction in Base Salary.
   * 1. Resignation by You Without Good Reason. You may terminate your employment at any time upon sixty (60) days’ notice to the Company. The Board may elect to waive such notice period or any portion thereof; but in that event, Holdings shall pay you your Base Salary for that portion of the notice period so waived.
     2. Death and Disability. Your employment hereunder shall automatically terminate in the event of your death during employment. In the event you become disabled

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during employment and, as a result, are unable to continue to perform substantially all of your duties and responsibilities under this Agreement, either with or without reasonable accommodation, Holdings will continue to pay you your Base Salary and to provide you benefits in accordance with Section 2(d) above, to the extent permitted by plan terms, for up to twelve (12) weeks of disability during any period of three hundred sixty-five (365) consecutive calendar days; provided, that any Base Salary payable during such period shall be reduced by the amount of any benefits payable to you during such period under any disability benefit plan of the Company. If you are unable to return to work after twelve (12) weeks of disability, the Company may terminate your employment, upon notice to you. If any question shall arise as to whether you are disabled to the extent that you are unable to perform substantially all of your duties and responsibilities for the Company and its Affiliates, you shall, at the Company’s request, submit to a medical examination by a physician selected by the Company to whom you or your guardian, if any, has no reasonable objection to determine whether you are so disabled, and such determination shall for purposes of this Agreement be conclusive of the issue. If such a question arises and you fail to submit to the requested medical examination, the Company’s determination of the issue shall be binding on you.

* 1. **Other Matters Related to Termination.**
     1. Final Compensation. In the event of termination of your employment with the Company, howsoever occurring, Holdings shall pay you

1. your Base Salary for the final payroll period of your employment, through the date your employment terminates, (ii) compensation at the rate of your Base Salary for any vacation time earned but not used as of the date your employment terminates, (iii) any annual bonus awarded but not yet paid for the bonus year preceding the year in which termination occurs and (iv) reimbursement for business expenses incurred by you but not yet paid to you as of the date your employment terminates; provided you submit all expenses and supporting documentation required within sixty (60) days of the date your employment terminates, and provided further that such expenses are reimbursable under Company policies as then in effect (all of the foregoing, “Final Compensation”). All Final Compensation shall be paid to you at the time prescribed by law or applicable Company policy for such payment, but, other than any bonus described in Section 5(a)(iii), in no event more than sixty (60) days following the termination of your employment.
   * 1. Severance Payments. In the event of a termination of your employment pursuant to Section 4(b) or Section 4(c) hereof, subject to Section 5(c) and 5(e) below, Holdings will pay you, in addition to any Final Compensation, your Base Salary for a period of twelve (12) months following the date of such termination (“Severance Payments”).
     2. Conditions to and Timing of Severance Payments. Any obligation of the Company to provide you the Severance Payments is conditioned on your signing and returning to the Company a timely and effective separation agreement containing a release of claims and other customary terms in the form provided to you by the Company at the time your employment terminates (the “Separation Agreement”). The Separation Agreement must become effective, if at all, by the sixtieth (60th) calendar day following the date your employment terminates. Any Severance Payments to which you are entitled will be provided in the form of salary

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continuation, payable in accordance with the normal payroll practices of the Company. Subject to Section 6(a), the first payment will be made on the next regularly scheduled payroll date that follows the expiration of sixty (60) days from the date your employment terminates; but that first payment shall be retroactive to the date immediately following the date your employment terminates.

* 1. Benefits Termination. Except for any right you may have under the federal law known as “COBRA” to continued participation in the Company’s group health and dental plans at your cost, your participation in all employee benefit plans shall terminate in accordance with the terms of the applicable benefit plans based on the date of termination of your employment, without regard to any payment of the Severance Payments or any other payment to you following termination and you shall not be eligible to earn vacation or other paid time off following the termination of your employment.
  2. Survival. Provisions of this Agreement shall survive any termination of employment if so provided in this Agreement or if necessary or desirable to accomplish the purposes of other surviving provisions, including without limitation your obligations under Section 3 of this Agreement. The obligation of the Company to make payments to you under Section 5(b), and your right to retain the same, are expressly conditioned upon your continued full performance of your obligations under Section 3 hereof. Upon termination by either you or the Company, all rights, duties and obligations of you and the Company to each other shall cease, except as otherwise expressly provided in this Agreement.

1. **Timing of Payments and Section 409A.**
   1. Notwithstanding anything to the contrary in this Agreement, if at the time your employment terminates, you are a “specified employee,” as defined below, any and all amounts payable under this Agreement on account of such separation from service that would (but for this provision) be payable within six (6) months following the date of termination, shall instead be paid on the next business day following the expiration of such six (6)-month period or, if earlier, upon your death; except (i) to the extent of amounts that do not constitute a deferral of compensation within the meaning of Treasury regulation Section 1.409A-l(b) (including without limitation by reason of the safe harbor set forth in Section 1.409A-l(b)(9)(iii), as determined by the Company in its reasonable good faith discretion); (ii) benefits which qualify as excepted welfare benefits pursuant to Treasury regulation Section 1.409A-l(a)(5); or (iii) other amounts or benefits that are not subject to the requirements of Section 409A of the Internal Revenue Code of 1986, as amended.
   2. For purposes of this Agreement, all references to “termination of employment” and correlative phrases shall be construed to require a “separation from service” (as defined in Section 1.409A-l(h) of the Treasury regulations after giving effect to the presumptions contained therein), and the term “specified employee” means an individual determined by the Company to be a specified employee under Treasury regulation Section 1.409A-1(i).

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* 1. Each payment made under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments.

1. **Definitions.** For purposes of this Agreement, the following definitions apply:
   1. “Affiliates” means all persons and entities directly or indirectly controlling, controlled by or under common control with the Company, where control may be by management authority, equity interest or otherwise.
   2. “Confidential Information” means any and all information of the Company and its Affiliates that is not generally available to the public. Confidential Information also includes any information received by the Company or any of its Affiliates from any Person with any understanding, express or implied, that it will not be disclosed. Confidential Information does not include information that enters the public domain, other than through your breach of your obligations under this Agreement.
   3. “Intellectual Property” means inventions, discoveries, developments, methods, processes, compositions, works, concepts and ideas (whether or not patentable or copyrightable or constituting trade secrets) conceived, made, created, developed or reduced to practice by you (whether alone or with others, whether or not during normal business hours or on or off Company premises) during your employment that relate either to the business of the Company or to any prospective activity of the Company or any of its Affiliates or that result from any work performed by you for the Company or any of its Affiliates or that make use of Confidential Information or any of the equipment or facilities of the Company or any of its Affiliates.
   4. “Person” means an individual, a corporation, a limited liability company, an association, a partnership, an estate, a trust or any other entity or organization, other than the Company or any of its Affiliates.
2. **Conflicting Agreements.** You hereby represent and warrant that your signing of this Agreement and the performance of your obligations under itwill not breach or be in conflict with any other agreement to which you are a party or are bound, and that you are not now subject to any covenants against competition or similar covenants or any court order that could affect the performance of your obligations under this Agreement. You agree that you will not disclose to or use on behalf of the Company any confidential or proprietary information of a third party without that party’s consent.
3. **Withholding and Tax Treatment.** All payments made under this Agreement shall be reduced by any tax or other amounts required to be withheldby the Company under applicable law. In the event that Holdings treats you as a partner for tax purposes with respect to any compensation and/or employee benefits provided hereunder, you hereby acknowledge that you will be solely responsible for satisfying any tax liability with respect to such compensation and/or benefits, including without limitation self-employment taxes. In such event, Holdings

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will provide you with an additional payment to approximately offset the additional costs related to such tax treatment, in an amount determined by the Board in good faith.

1. **Assignment.** Neither you nor the Company may make any assignment of this Agreement or any interest in it, by operation of law or otherwise,without the prior written consent of the other; provided, however, the Company may assign its rights and obligations under this Agreement without your consent to one of its Affiliates or to any Person with whom the Company shall hereafter effect a reorganization, consolidate with, or merge into or to whom it transfers all or substantially all of its properties or assets. This Agreement shall inure to the benefit of and be binding upon you and the Company, and each of our respective successors, executors, administrators, heirs and permitted assigns.
2. **Severability.** If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a court of competentjurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.
3. **Miscellaneous.** This Agreement sets forth the entire agreement between you and the Company, and replaces all prior and contemporaneouscommunications, agreements and understandings, written or oral, with respect to the terms and conditions of your employment. This Agreement may not be modified or amended, and no breach shall be deemed to be waived, unless agreed to in writing by you and an expressly authorized representative of the Board. The headings and captions in this Agreement are for convenience only and in no way define or describe the scope or content of any provision of this Agreement. This Agreement may be executed in two or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument. This is a New Hampshire contract and shall be governed and construed in accordance with the laws of the State of New Hampshire, without regard to the conflict of laws principles thereof. In the event of any alleged breach or threatened breach of this Agreement, the parties agree to submit to the exclusive jurisdiction of the federal and state courts in and of the State of New Hampshire. Any obligations of Holdings to make payments or to provide benefits to you under this Agreement may be satisfied, in whole or in part, by Parent, in the discretion of the Board.
4. **Notices.** Any notices provided for in this Agreement shall be in writing and shall be effective when delivered in person or deposited in the UnitedStates mail, postage prepaid, and addressed to you at your last known address on the books of the Company or, in the case of the Company, to it at its principal place of business, attention of the Chair of the Board, or to such other address as either party may specify by notice to the other actually received.

*[Remainder of page intentionally left blank]*

If the foregoing is acceptable to you, please sign this letter in the space provided. At the time you sign it, this Agreement will take effect as a binding agreement between you, Parent and Holdings on the basis and at the time set forth above.

Sincerely yours,

PLANET FITNESS, INC.

By: /s/ Christopher Rondeau

Christopher Rondeau



Chief Executive Officer

PLANET FITNESS HOLDINGS, LLC

By: /s/ Christopher Rondeau

Christopher Rondeau



Chief Executive Officer

Accepted and Agreed:

/s/ Dorvin Lively

Dorvin Lively



Date: July 2, 2015

**Exhibit 10.13**

July 2, 2015

By Hand

Richard Moore

Dear Richard:

This letter (the “Agreement”) confirms the terms and conditions of your continued employment with Planet Fitness, Inc. (“Parent”) and Planet Fitness Holdings, LLC (“Holdings”, and together with Parent, the “Company”), and amends and restates in its entirety the offer of employment between you and Holdings dated as of July 23, 2012. This Agreement shall be effective as of the date prior to the date of the initial public offering of Parent’s common stock.

1. **Position and Duties.**
   1. You will continue to be employed by the Company, on a full-time basis, as the Chief Administrative Officer and General Counsel of Holdings and of Parent. In addition, you may be asked from time to time to serve as a director or officer of one or more of the Company’s Affiliates, without further compensation.
   2. You agree to perform the duties of your position and such other duties as may reasonably be assigned to you from time to time. You also agree that, while employed by the Company, you will devote your full business time and your best efforts, business judgment, skill and knowledge exclusively to the advancement of the business interests of the Company and its Affiliates and to the discharge of your duties and responsibilities for them.
   3. You agree to comply with all Company policies, practices and procedures and all codes of ethics or business conduct applicable to your position, as in effect from time to time.
2. **Compensation and Benefits.** During your employment, as compensation for all services performed by you for the Company and its Affiliates andsubject to your full performance of your obligations hereunder, you will be provided with the following pay and benefits:
   1. Base Salary. Holdings will pay you a base salary at the rate of $300,000 per year, payable in accordance with the regular payroll practices of Holdings and subject to increase from time to time by the Board of Directors of Parent (the “Board”) or the Compensation Committee thereof (the “Committee”), in either case, in its discretion (as adjusted from time to time, the “Base Salary”).
   2. Bonus Compensation. For each fiscal year completed during your employment under this Agreement, you will be eligible to earn an annual bonus. Your target bonus will be 50% of your Base Salary, with the actual amount of any such bonus being

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determined by the Board or the Committee, in either case, in its discretion, based on the achievement of performance goals established annually by the Board or the Committee, as applicable. Any annual bonus payable under this Section 2(b) will be paid no later than March 15th following the close of the year for which the bonus is earned.

* 1. Participation in Employee Benefit Plans. You will be entitled to participate in all employee benefit plans from time to time in effect for employees of the Company generally, except to the extent such plans are duplicative of benefits otherwise provided you under this Agreement (e.g., a severance pay plan). Your participation in any such employee benefit plans will be subject to the terms of the applicable plan documents, generally applicable Company policies and any other restrictions or limitations imposed by law.
  2. Vacations. You will be entitled to earn up to twenty (20) days of vacation per year, in addition to holidays observed by the Company. Vacation may be taken at such times and intervals as you shall determine, subject to the business needs of the Company. You may carry a maximum of seven (7) days of unused vacation to the next calendar year. Vacation shall otherwise be subject to the policies of the Company, as in effect from time to time.
  3. Business Expenses. Holdings will pay or reimburse you for all reasonable business expenses incurred or paid by you in the performance of your duties and responsibilities for the Company, subject to any maximum annual limit and other restrictions on such expenses set by the Company and to such reasonable substantiation and documentation as may be specified from time to time. Your right to payment or reimbursement for business expenses hereunder shall be subject to the following additional rules: (i) the amount of expenses eligible for payment or reimbursement during any calendar year shall not affect the expenses eligible for payment or reimbursement in any other taxable year, (ii) payment or reimbursement shall be made not later than December 31 of the calendar year following the calendar year in which the expense was incurred and (iii) the right to payment or reimbursement shall not be subject to liquidation or exchange for any other benefit.
  4. D&O Liability Insurance. The Company will use commercially reasonable efforts to maintain directors’ and officers’ liability insurance in a coverage amount not less than that in effect as of the first date of your employment with the Company. The coverage under any such policy shall be subject to the terms and conditions thereof.

1. **Confidential Information and Restricted Activities.**
   1. Confidential Information. During the course of your employment with the Company, you have and will learn of Confidential Information, as defined below, and you have and may develop Confidential Information on behalf of the Company and its Affiliates. You agree that you will not use or disclose to any Person (except as required by applicable law or for the proper performance of your regular duties and responsibilities for the Company) any Confidential Information obtained by you incident to your employment or any other association with the Company or any of its Affiliates. You agree that this restriction shall continue to apply after your employment terminates, regardless of the reason for such termination. Nothing herein

Richard Moore

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shall be construed to modify in any way your obligation to maintain attorney/client confidences, and the Company does not hereby waive any attorney/client privilege. For the avoidance of doubt, nothing in this Agreement limits, restricts or in any other way affects your communicating with any governmental agency or entity, or communicating with any official or staff person of a governmental agency or entity, concerning matters relevant to the governmental agency or entity that do not constitute attorney-client privileged information of the Company.

1. Protection of Documents. All documents, records and files, in any media of whatever kind and description, relating to the business, present or otherwise, of the Company or any of its Affiliates, and any copies, in whole or in part, thereof (the “Documents”), whether or not prepared by you, shall be the sole and exclusive property of the Company. You agree to safeguard all Documents and to surrender to the Company, at the time your employment terminates or at such earlier time or times as the Board or its designee may specify, all Documents then in your possession or control. You also agree to disclose to the Company, at the time your employment terminates or at such earlier time or times as the Board or its designee may specify, all passwords necessary or desirable to obtain access to, or that would assist in obtaining access to, any information that you have password protected on any computer equipment, network or system of the Company or any of its Affiliates.
2. Assignment of Rights to Intellectual Property. You shall promptly and fully disclose all Intellectual Property to the Company. You hereby assign and agree to assign to the Company (or as otherwise directed by the Company) your full right, title and interest in and to all Intellectual Property. You agree to execute any and all applications for domestic and foreign patents, copyrights or other proprietary rights and to do such other acts (including without limitation the execution and delivery of instruments of further assurance or confirmation) requested by the Company to assign the Intellectual Property to the Company and to permit the Company to enforce any patents, copyrights or other proprietary rights to the Intellectual Property. You will not charge the Company for time spent in complying with these obligations. All copyrightable works that you create during your employment shall be considered “work made for hire” and shall, upon creation, be owned exclusively by the Company.
3. Restricted Activities. You agree that the following restrictions on your activities during and after your employment are necessary to protect the good will, Confidential Information, trade secrets and other legitimate interests of the Company and its Affiliates:
   1. While you are employed by the Company and during the two (2) year period immediately following termination of your employment, regardless of the reason therefor (in the aggregate, the “Restricted Period”), you shall not, except as it constitutes the practice of law, directly or indirectly, whether as owner, partner, investor, consultant, agent, employee, co-venturer or otherwise, compete with the Company or any of its Affiliates in any geographic area in which the Company does business or undertake any planning for any business competitive with the Company or any of its Affiliates. Specifically, but without limiting the foregoing, you agree not to work or provide services, in any capacity other than the practice of law, whether as an employee, independent contractor or otherwise, whether with or without

Richard Moore

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compensation, to any Person that is engaged in any business that is competitive with the business of the Company or its Affiliates, as conducted or in planning during your employment with the Company.

* 1. During the Restricted Period, you will not directly or indirectly (A) solicit or encourage any customer or franchisee of the Company or any of its Affiliates to terminate or diminish his, her or its relationship with them or (B) seek to persuade any such customer or prospective customer, or franchisee or prospective franchisee, of the Company or any of its Affiliates to conduct with anyone else any business or activity which such customer or prospective customer, or franchisee or prospective franchisee conducts or could conduct with the Company or any of its Affiliates; provided, however, that these restrictions shall apply (y) only with respect to those Persons who are or have been a customer or franchisee of the Company or any of its Affiliates at any time within the immediately preceding two (2) year period or whose business has been solicited on behalf of the Company or any of its Affiliates by any of their officers, employees or agents within such two (2) year period, other than by form letter, blanket mailing or published advertisement, and (z) only if you have performed work for such Person during your employment with the Company or one of its Affiliates or been introduced to, or otherwise had contact with, such Person as a result of your employment or other associations with the Company or one of its Affiliates or have had access to Confidential Information which would assist in your solicitation of such Person.
  2. During the Restricted Period, you will not, and will not assist any other Person to, (a) hire or solicit for hiring any employee of the Company or any of its Affiliates or seek to persuade any employee of the Company or any of its Affiliates to discontinue employment or (b) solicit or encourage any independent contractor providing services to the Company or any of its Affiliates to terminate or diminish its relationship with them. For the purposes of this Agreement, an “employee” or an “independent contractor” of the Company or any of its Affiliates is any person who was such at any time within the preceding two (2) years.

1. In signing this Agreement, you give the Company assurance that you have carefully read and considered all the terms and conditions of this Agreement, including the restraints imposed on you under this Section 3. You agree without reservation that these restraints are necessary for the reasonable and proper protection of the Company and its Affiliates, and that each and every one of the restraints is reasonable in respect to subject matter, length of time and geographic area. You further agree that, were you to breach any of the covenants contained in this Section 3, the damage to the Company and its Affiliates would be irreparable. You therefore agree that the Company, in addition to any other remedies available to it, shall be entitled to preliminary and permanent injunctive relief against any breach or threatened breach by you of any of those covenants, without having to post bond together with an award of its reasonable attorney’s fees incurred in enforcing its rights hereunder. So that the Company may enjoy the full benefit of the covenants contained in this Section 3, you further agree that the Restricted Period shall be tolled, and shall not run, during the period of any breach by you of any of the covenants contained in this Section 3. You and the Company further agree that, in the event that any provision of this Section 3 is determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too great a time, too large a

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geographic area or too great a range of activities, that provision shall be deemed to be modified to permit its enforcement to the maximum extent permitted by law. It is also agreed that each of the Company’s Affiliates shall have the right to enforce all of your obligations to that Affiliate under this Agreement, including without limitation pursuant to this Section 3. Finally, no claimed breach of this Agreement or other violation of law attributed to the Company, or change in the nature or scope of your employment relationship with the Company, shall operate to excuse you from the performance of your obligations under this Section 3.

* 1. **Termination of Employment.** Your employment under this Agreement shall continue until terminated pursuant to this Section 4.
     1. By the Company for Cause. The Company may terminate your employment for Cause upon notice to you setting forth in reasonable detail the nature of the cause. The following, as determined by the Board in its reasonable judgment, shall constitute Cause for termination:
        1. your substantial failure to perform (other than by reason of disability), or gross negligence in the performance of, your duties and responsibilities to the Company or any of its Affiliates, which failure or neglect, if susceptible of cure, remains uncured or continues or recurs more than ten

1. business days after delivery of written notice from the Company setting out the nature of such failure or neglect;
   * + 1. your material breach of this Agreement or any other agreement between you and the Company or any of its Affiliates, where such breach, if susceptible of cure, remains uncured or continues or recurs more than ten (10) business days after delivery of written notice from the Company setting out the nature of such failure or negligence or recurs after once being cured;
       2. your commission of a felony or other crime involving moral turpitude; or
       3. other conduct by you that is or could reasonably be expected to be harmful to the business interests or reputation of the Company or

any of its Affiliates.

* + 1. By the Company Without Cause. The Company may terminate your employment at any time other than for Cause upon notice to you.
    2. Resignation by You for Good Reason. You may terminate your employment for Good Reason by (i) providing notice to the Company specifying in reasonable detail the condition giving rise to the Good Reason no later than the thirtieth (30th) day following the occurrence of that condition; (ii) providing the Company a period of thirty (30) days to remedy the condition and so specifying in the notice; and (iii) terminating your employment within thirty (30) days following the expiration of the period to remedy if the Company fails to remedy the condition. The following, if occurring without your consent, shall constitute “Good Reason” for termination of your employment by you: (A) material diminution in the nature or

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scope of your duties, authority and/or responsibilities that, taken as a whole, effectively constitutes a demotion; provided, however, that the Company’s failure to continue your appointment or election as a director or officer of any of its Affiliates shall not constitute Good Reason or (B) a material reduction in Base Salary.

* + 1. Resignation by You Without Good Reason. You may terminate your employment at any time upon sixty (60) days’ notice to the Company. The Board may elect to waive such notice period or any portion thereof; but in that event, Holdings shall pay you your Base Salary for that portion of the notice period so waived.
    2. Death and Disability. Your employment hereunder shall automatically terminate in the event of your death during employment. In the event you become disabled during employment and, as a result, are unable to continue to perform substantially all of your duties and responsibilities under this Agreement, either with or without reasonable accommodation, Holdings will continue to pay you your Base Salary and to provide you benefits in accordance with Section 2(d) above, to the extent permitted by plan terms, for up to twelve (12) weeks of disability during any period of three hundred sixty-five

1. consecutive calendar days; provided, that any Base Salary payable during such period shall be reduced by the amount of any benefits payable to you during such period under any disability benefit plan of the Company. If you are unable to return to work after twelve (12) weeks of disability, the Company may terminate your employment, upon notice to you. If any question shall arise as to whether you are disabled to the extent that you are unable to perform substantially all of your duties and responsibilities for the Company and its Affiliates, you shall, at the Company’s request, submit to a medical examination by a physician selected by the Company to whom you or your guardian, if any, has no reasonable objection to determine whether you are so disabled, and such determination shall for purposes of this Agreement be conclusive of the issue. If such a question arises and you fail to submit to the requested medical examination, the Company’s determination of the issue shall be binding on you.
   1. **Other Matters Related to Termination.**
      1. Final Compensation. In the event of termination of your employment with the Company, howsoever occurring, Holdings shall pay you
2. your Base Salary for the final payroll period of your employment, through the date your employment terminates, (ii) compensation at the rate of your Base Salary for any vacation time earned but not used as of the date your employment terminates, (iii) any annual bonus awarded but not yet paid for the bonus year preceding the year in which termination occurs and (iv) reimbursement for business expenses incurred by you but not yet paid to you as of the date your employment terminates; provided you submit all expenses and supporting documentation required within sixty (60) days of the date your employment terminates, and provided further that such expenses are reimbursable under Company policies as then in effect (all of the foregoing, “Final Compensation”). All Final Compensation shall be paid to you at the time prescribed by law or applicable Company policy for such payment, but, other than any bonus described in Section 5(a)(iii), in no event more than sixty (60) days following the termination of your employment.

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* 1. Severance Payments. In the event of a termination of your employment pursuant to Section 4(b) or Section 4(c) hereof, subject to Section 5(c) and 5(e) below, in addition to any Final Compensation, for a period of six (6) months following the date of such termination, Holdings will pay you (i) your Base Salary plus (ii) an amount equal to the Company’s monthly share of the premium payments for your participation in the group health insurance plans of the Company as of immediately prior to the date of termination (the “Severance Payments”).
  2. Conditions to and Timing of Severance Payments. Any obligation of the Company to provide you the Severance Payments is conditioned, however, on your signing and returning to the Company a timely and effective separation agreement containing a release of claims and other customary terms in the form provided to you by the Company at the time your employment terminates (the “Separation Agreement”). The Separation Agreement must become effective, if at all, by the sixtieth (60th) calendar day following the date your employment terminates. Any Severance Payments to which you are entitled will be provided in the form of salary continuation, payable in accordance with the normal payroll practices of the Company. Subject to Section 6(a), the first payment will be made on the next regularly scheduled payroll date that follows the expiration of sixty (60) days from the date your employment terminates; but that first payment shall be retroactive to the date immediately following the date your employment terminates.
  3. Benefits Termination. Except for any right you may have under the federal law known as “COBRA” to continued participation in the Company’s group health and dental plans at your cost, your participation in all employee benefit plans shall terminate in accordance with the terms of the applicable benefit plans based on the date of termination of your employment, without regard to any payment of the Severance Payments or any other payment to you following termination and you shall not be eligible to earn vacation or other paid time off following the termination of your employment.

1. Survival. Provisions of this Agreement shall survive any termination of employment if so provided in this Agreement or if necessary or desirable to accomplish the purposes of other surviving provisions, including without limitation your obligations under Section 3 of this Agreement. The obligation of the Company to make payments to you under Section 5(b), and your right to retain the same, are expressly conditioned upon your continued full performance of your obligations under Section 3 hereof. Upon termination by either you or the Company, all rights, duties and obligations of you and the Company to each other shall cease, except as otherwise expressly provided in this Agreement.
2. **Timing of Payments and Section 409A.**
   1. Notwithstanding anything to the contrary in this Agreement, if at the time your employment terminates, you are a “specified employee,” as defined below, any and all amounts payable under this Agreement on account of such separation from service that would (but for this provision) be payable within six (6) months following the date of termination, shall instead be paid on the next business day following the expiration of such six (6) month period or,

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if earlier, upon your death; except (i) to the extent of amounts that do not constitute a deferral of compensation within the meaning of Treasury regulation Section 1.409A-1(b) (including without limitation by reason of the safe harbor set forth in Section 1.409A-l(b)(9)(iii), as determined by the Company in its reasonable good faith discretion); (ii) benefits which qualify as excepted welfare benefits pursuant to Treasury regulation Section 1.409A-1(a)(5); or

1. other amounts or benefits that are not subject to the requirements of Section 409A of the Internal Revenue Code of 1986, as amended.
   * 1. For purposes of this Agreement, all references to “termination of employment” and correlative phrases shall be construed to require a “separation from service” (as defined in Section 1.409A-1(h) of the Treasury regulations after giving effect to the presumptions contained therein), and the term “specified employee” means an individual determined by the Company to be a specified employee under Treasury regulation Section 409A-l(i).
     2. Each payment made under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments.
   1. **Definitions.** For purposes of this Agreement, the following definitions apply:
      1. “Affiliates” means all persons and entities directly or indirectly controlling, controlled by or under common control with the Company, where control may be by management authority, equity interest or otherwise.
      2. “Confidential Information” means any and all information of the Company and its Affiliates that is not generally available to the public. Confidential Information also includes any information received by the Company or any of its Affiliates from any Person with any understanding, express or implied, that it will not be disclosed. Confidential Information does not include information that enters the public domain, other than through your breach of your obligations under this Agreement.
      3. “Intellectual Property” means inventions, discoveries, developments, methods, processes, compositions, works, concepts and ideas (whether or not patentable or copyrightable or constituting trade secrets) conceived, made, created, developed or reduced to practice by you (whether alone or with others, whether or not during normal business hours or on or off Company premises) during your employment that relate either to the business of the Company or to any prospective activity of the Company or any of its Affiliates or that result from any work performed by you for the Company or any of its Affiliates or that make use of Confidential Information or any of the equipment or facilities of the Company or any of its Affiliates.
      4. “Person” means an individual, a corporation, a limited liability company, an association, a partnership, an estate, a trust or any other entity or organization, other than the Company or any of its Affiliates.

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1. **Conflicting Agreements.** You hereby represent and warrant that your signing of this Agreement and the performance of your obligations under itwill not breach or be in conflict with any other agreement to which you are a party or are bound, and that you are not now subject to any covenants against competition or similar covenants or any court order that could affect the performance of your obligations under this Agreement. You agree that you will not disclose to or use on behalf of the Company any confidential or proprietary information of a third party without that party’s consent.
2. **Withholding and Tax Treatment.** All payments made under this Agreement shall be reduced by any tax or other amounts required to be withheldby the Company under applicable law. In the event that Holdings treats you as a partner for tax purposes with respect to any compensation and/or employee benefits provided hereunder, you hereby acknowledge that you will be solely responsible for satisfying any tax liability with respect to such compensation and/or benefits, including without limitation self-employment taxes. In such event, Holdings will provide you with an additional payment to approximately offset the additional costs related to such tax treatment, in an amount determined by the Board in good faith.
3. **Assignment.** Neither you nor the Company may make any assignment of this Agreement or any interest in it, by operation of law or otherwise,without the prior written consent of the other; provided, however, the Company may assign its rights and obligations under this Agreement without your consent to one of its Affiliates or to any Person with whom the Company shall hereafter effect a reorganization, consolidate with, or merge into or to whom it transfers all or substantially all of its properties or assets. This Agreement shall inure to the benefit of and be binding upon you and the Company, and each of our respective successors, executors, administrators, heirs and permitted assigns.
4. **Severability.** If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a court of competentjurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.
5. **Miscellaneous.** This Agreement sets forth the entire agreement between you and the Company, and replaces all prior and contemporaneouscommunications, agreements and understandings, written or oral, with respect to the terms and conditions of your employment. This Agreement may not be modified or amended, and no breach shall be deemed to be waived, unless agreed to in writing by you and an expressly authorized representative of the Board. The headings and captions in this Agreement are for convenience only and in no way define or describe the scope or content of any provision of this Agreement. This Agreement may be executed in two or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument. This is a New Hampshire contract and shall be governed and construed in accordance with the laws of the State of New Hampshire, without regard to the conflict of laws principles thereof. In the event of any alleged breach or threatened breach of this Agreement, the parties agree to submit to the exclusive jurisdiction of

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the federal and state courts in and of the State of New Hampshire. Any obligations of Holdings to make payments or to provide benefits to you under this Agreement may be satisfied, in whole or in part, by Parent, in the discretion of the Board.

1. **Notices.** Any notices provided for in this Agreement shall be in writing and shall be effective when delivered in person or deposited in the UnitedStates mail, postage prepaid, and addressed to you at your last known address on the books of the Company or, in the case of the Company, to it at its principal place of business, attention of the Chair of the Board, or to such other address as either party may specify by notice to the other actually received.

*[Remainder of page intentionally left blank]*

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If the foregoing is acceptable to you, please sign this letter in the space provided. At the time you sign it, this Agreement will take effect as a binding agreement between you, Parent and Holdings on the basis and at the time set forth above.

Sincerely yours,

PLANET FITNESS, INC.

By: /s/ Christopher Rondeau

Christopher Rondeau



Chief Executive Officer

PLANET FITNESS HOLDINGS, LLC

By: /s/ Christopher Rondeau

Christopher Rondeau



Chief Executive Officer

Accepted and Agreed:

/s/ Richard Moore

Richard Moore



Date: July 3, 2015

**Exhibit 10.16**

**PLANET FITNESS, INC.**

**2015 OMNIBUS INCENTIVE PLAN**

1. **DEFINED TERMS**

Exhibit A, which is incorporated by reference, defines the terms used in the Plan and sets forth certain operational rules related to those terms.

1. **PURPOSE**

The Plan has been established to advance the interests of the Company by providing for the grant to Participants of Stock, Stock-based and other incentive Awards.

1. **ADMINISTRATION**

The Administrator has discretionary authority to interpret the Plan; determine eligibility for and grant Awards; determine, modify or waive the terms and conditions of any Award; determine the form of settlement of Awards (whether in cash, shares of Stock or other property); prescribe forms, rules and procedures relating to the Plan; and otherwise do all things necessary or appropriate to carry out the purposes of the Plan. Determinations of the Administrator made under the Plan will be conclusive and will bind all parties.

1. **LIMITS ON AWARDS UNDER THE PLAN**
   1. **Number of Shares.** Subject to adjustment as provided in Section 7, the maximum number of shares of Stock that may be delivered in satisfaction ofAwards under the Plan is [●] shares. Up to the total number of shares available for Awards to employee Participants may be issued in satisfaction of ISOs, but nothing in this Section 4(a) will be construed as requiring that any, or any fixed number of, ISOs be awarded under the Plan. The limits set forth in this Section 4(a) shall be construed to comply with Section 422. For purposes of this Section 4(a), the number of shares of Stock delivered in satisfaction of Awards will be determined net of shares of Stock withheld by the Company in payment of the exercise price or purchase price of the Award or in satisfaction of tax withholding requirements with respect to the Award and, for the avoidance of doubt, without including any shares of Stock underlying Awards settled in cash or that otherwise expire or become unexercisable without having been exercised or that are forfeited to or repurchased by the Company due to failure to vest. To the extent consistent with the requirements of Section 422 and the regulations thereunder, and with other applicable legal requirements (including applicable stock exchange requirements), Stock issued under awards of an acquired company that are converted, replaced or adjusted in connection with the acquisition shall not reduce the number of shares of Stock available for Awards under the Plan.
   2. **Type of Shares.** Stock delivered by the Company under the Plan may be authorized but unissued Stock or previously issued Stock acquired by theCompany. No fractional shares of Stock will be delivered under the Plan.

1. **Individual Limits.** The following additional limits will apply to Awards of the specified type granted or, in the case of Cash Awards, payable to anyperson in any calendar year:
   1. Stock Options: [●] shares of Stock.
   2. SARs: [●] shares of Stock.
   3. Awards other than Stock Options, SARs or Cash Awards: [●] shares of Stock.
   4. Cash Awards: $[●].

In applying the foregoing limits, (i) all Awards of the specified type granted to the same person in the same calendar year will be aggregated and made subject to one limit; (ii) the limits applicable to Stock Options and SARs refer to the number of shares of Stock subject to those Awards; (iii) the share limit under clause (3) refers to the maximum number of shares of Stock that may be delivered, or the value of which could be paid in cash or other property, under an Award or Awards of the type specified in clause (3) assuming a maximum payout; and (iv) the dollar limit under clause (4) refers to the maximum dollar amount payable under an Award or Awards of the type specified in clause (4) assuming a maximum payout. The foregoing provisions will be construed in a manner consistent with Section 162(m), including, without limitation, where applicable, the rules under Section 162(m) pertaining to permissible deferrals of exempt awards.

* 1. **Non-Employee Director Limits.** In the case of a Director, additional limits shall apply such that the maximum grant-date fair value of Stock-denominated Awards granted in any calendar year during any part of which the Director is then eligible under the Plan shall be $500,000, except that such limit for a non-employee Chairman of the Board or lead Director shall be $700,000, in each case, computed in accordance with FASB ASC Topic 718 (or any successor provision). The foregoing additional limits related to Directors shall not apply to any Award or shares of Stock granted pursuant to a Director’s election to receive an Award or shares of Stock in lieu of cash retainers or other fees (to the extent such Award or shares of Stock have a fair value equal to the value of such cash retainers or other fees).

1. **ELIGIBILITY AND PARTICIPATION**

The Administrator will select Participants from among key Employees and directors of, and consultants and advisors to, the Company and its Affiliates.

Eligibility for ISOs is limited to individuals described in the first sentence of this Section 5 who are employees of the Company or of a “parent corporation” or “subsidiary corporation” of the Company as those terms are defined in Section 424 of the Code. Eligibility for Cash Awards is limited to individuals who are Employees. Eligibility for Stock Options other than ISOs is limited to individuals described in the first sentence of this Section 5 who are providing direct services on the date of grant of the Stock Option to the Company or to a subsidiary of the Company that would be described in the first sentence of Section 1.409A-1(b)(5)(iii)(E) of the Treasury Regulations.

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1. **RULES APPLICABLE TO AWARDS**
   1. **All Awards.**
      1. **Award Provisions.** The Administrator will determine the terms of all Awards, subject to the limitations provided herein. By accepting (or,under such rules as the Administrator may prescribe, being deemed to have accepted) an Award, the Participant will be deemed to have agreed to the terms of the Award and the Plan. Notwithstanding any provision of this Plan to the contrary, awards of an acquired company that are converted, replaced or adjusted in connection with the acquisition may contain terms and conditions that are inconsistent with the terms and conditions specified herein, as determined by the Administrator.
      2. **Term of Plan.** No Awards may be made after ten years from the Date of Adoption, but previously granted Awards may continue beyond thatdate in accordance with their terms.
      3. **Transferability.** Neither ISOs nor, except as the Administrator otherwise expressly provides in accordance with the last sentence of thisSection 6(a)(3), other Awards may be transferred other than by will or by the laws of descent and distribution. During a Participant’s lifetime, ISOs (and, except as the Administrator otherwise expressly provides in accordance with the last sentence of this Section 6(a)(3), SARs and NSOs) may be exercised only by the Participant. The Administrator may permit the gratuitous transfer (*i.e.*, transfer not for value) of Awards other than ISOs to any transferee eligible to be covered by the provisions of Form S-8 (under the Securities Act of 1933, as amended), subject to such limitations as the Administrator may impose.
      4. **Vesting, *etc.*** The Administrator will determine the time or times at which an Award will vest or become exercisable and the terms on which aStock Option or SAR will remain exercisable. Without limiting the foregoing, the Administrator may at any time accelerate the vesting or exercisability of an Award, regardless of any adverse or potentially adverse tax or other consequences resulting from such acceleration. Unless the Administrator expressly provides otherwise, however, the following rules will apply if a Participant’s Employment ceases:
         1. Immediately upon the cessation of the Participant’s Employment and except as provided in (B) and (C) below, each Stock Option and SAR that is then held by the Participant or by the Participant’s permitted transferees, if any, will cease to be exercisable and will terminate and all other Awards that are then held by the Participant or by the Participant’s permitted transferees, if any, to the extent not already vested will be forfeited.
         2. Subject to (C) and (D) below, all Stock Options and SARs held by the Participant or the Participant’s permitted transferees, if any, immediately prior to the cessation of the Participant’s Employment, to the extent then exercisable, will remain exercisable for the lesser of (i) a period of three months or (ii) the period ending on the latest date on which such Stock Option or SAR could have been exercised without regard to this Section 6(a)(4), and will thereupon immediately terminate.

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* 1. Subject to (D) below, all Stock Options and SARs held by a Participant or the Participant’s permitted transferees, if any, immediately prior to the cessation of the Participant’s Employment due to his or her death or due to the termination of the Participant’s Employment by the Company due to his or her Disability, to the extent then exercisable, will remain exercisable for the lesser of (i) a period of twelve (12) months or

1. the period ending on the latest date on which such Stock Option or SAR could have been exercised without regard to this Section 6(a)(4), and will thereupon immediately terminate.
   1. All Stock Options and SARs (whether or not exercisable) held by a Participant or the Participant’s permitted transferees, if any, immediately prior to the cessation of the Participant’s Employment will immediately terminate upon such cessation of Employment if the termination is for Cause or occurs in circumstances that in the sole determination of the Administrator would have constituted grounds for the Participant’s Employment to be terminated for Cause.
2. **Additional Restrictions.** The Administrator may cancel, rescind, withhold or otherwise limit or restrict any Award at any time if theParticipant is not in compliance with all applicable provisions of the Award agreement and the Plan, or if the Participant breaches any agreement with the Company or its Affiliates with respect to non-competition, non-solicitation or confidentiality. Without limiting the generality of the foregoing, the Administrator may recover Awards made under the Plan and payments or shares of Stock delivered under or gain in respect of any Award in accordance with any applicable Company clawback or recoupment policy, as such policy may be amended and in effect from time to time, or as otherwise required by applicable law or applicable stock exchange listing standards, including, without limitation, Section 10D of the Securities Exchange Act of 1934, as amended.
3. **Taxes.** The delivery, vesting and retention of Stock, cash or other property under an Award are conditioned upon full satisfaction by theParticipant of all tax withholding requirements with respect to the Award. The Administrator will prescribe such rules for the withholding of taxes as it deems necessary. Each Participant agrees promptly to remit to the Company or an Affiliate, in cash, the full amount of all taxes required to be withheld in connection with an Award unless the Administrator, in its sole discretion, provides alternative means for satisfying the Company’s tax withholding requirements. The Administrator may, but need not, hold back shares of Stock from an Award or permit a Participant to tender previously owned shares of Stock in satisfaction of tax withholding requirements (but not in excess of the minimum withholding required by law or such greater amount that would not result in adverse accounting consequences to the Company in the discretion of the Administrator).
4. **Dividend Equivalents, *etc.*** The Administrator may provide for the payment of amounts (on terms and subject to conditions established bythe Administrator) in lieu of cash dividends or other cash distributions with respect to Stock subject to an Award whether or not the holder of such Award is otherwise entitled to share in the actual dividend or distribution in respect of such Award. Dividends or dividend equivalent amounts payable in respect of Awards that are subject to restrictions may be subject to such limits or restrictions as the Administrator may impose.

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* + 1. **Rights Limited.** Nothing in the Plan will be construed as giving any person the right to continued employment or service with the Companyor its Affiliates, or any rights as a stockholder except as to shares of Stock actually issued under the Plan. The loss of existing or potential profit in Awards will not constitute an element of damages in the event of a termination of Employment for any reason, even if the termination is in violation of an obligation of the Company or any Affiliate to the Participant.
    2. **Section 162(m).** In the case of any Performance Award (other than a Stock Option or SAR) intended to qualify for the performance-basedcompensation exception under Section 162(m), the Administrator will establish the applicable Performance Criterion or Criteria in writing no later than ninety

1. days after the commencement of the period of service to which the performance relates (or at such earlier time as is required to qualify the Award as performance-based under Section 162(m)) and, prior to the event or occurrence (grant, vesting or payment, as the case may be) that is conditioned on the attainment of such Performance Criterion or Criteria, will certify whether it or they have been attained. The preceding sentence will not apply to an Award eligible (as determined by the Administrator) for exemption from the limitations of Section 162(m) by reason of the post-initial public offering transition relief in Section 1.162-27(f) of the Treasury Regulations.
   * 1. **Coordination with Other Plans.** Awards under the Plan may be granted in tandem with, or in satisfaction of or substitution for, otherAwards under the Plan or awards made under other compensatory plans or programs of the Company or its Affiliates. For example, but without limiting the generality of the foregoing, awards under other compensatory plans or programs of the Company or its Affiliates may be settled in Stock (including, without limitation, Unrestricted Stock) if the Administrator so determines, in which case the shares delivered will be treated as awarded under the Plan (and will reduce the number of shares thereafter available under the Plan in accordance with the rules set forth in Section 4). In any case where an award is made under another plan or program of the Company or its Affiliates and such award is intended to qualify for the performance-based compensation exception under Section 162(m), and such award is settled by the delivery of Stock or another Award under the Plan, the applicable Section 162(m) limitations under both the other plan or program and under the Plan will be applied to the Plan as necessary (as determined by the Administrator) to preserve the availability of the Section 162(m) performance-based compensation exception with respect thereto.
     2. **Section 409A.** Each Award will contain such terms as the Administrator determines, and will be construed and administered, such that theAward either qualifies for an exemption from the requirements of Section 409A or satisfies such requirements.
     3. **Fair Market Value.** In determining the fair market value of any share of Stock under the Plan, the Administrator will make thedetermination in good faith consistent with the rules of Section 422 and Section 409A, to the extent applicable.
   1. **Stock Options and SARs.**
      1. **Time and Manner of Exercise.** Unless the Administrator expressly provides otherwise, no Stock Option or SAR will be deemed to havebeen exercised until the

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Administrator receives a notice of exercise (in form acceptable to the Administrator), which if the Administrator so determines may be an electronic notice, signed (including electronic signature in form acceptable to the Administrator) by the appropriate person and accompanied by any payment required under the Award. A Stock Option or SAR exercised by any person other than the Participant will not be deemed to have been exercised until the Administrator has received such evidence as it may require that the person exercising the Award has the right to do so. The Administrator may impose conditions on the exercisability of Awards, including limitations on the time periods during which Awards may be exercised or settled.

* + 1. **Exercise Price.** The exercise price (or the base value from which appreciation is to be measured) of each Stock Option or SAR will be no lessthan 100% (or in the case of an ISO granted to a ten-percent shareholder within the meaning of subsection (b)(6) of Section 422, 110%) of the fair market value of the Stock subject to the Award, determined as of the date of grant, or such higher amount as the Administrator may determine in connection with the grant. Except in connection with a corporate transaction involving the Company (which term shall include, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, or exchange of shares) or as otherwise contemplated by Section 7 of the Plan, the terms of outstanding Stock Options or SARs, as applicable, may not be amended to reduce the exercise prices of such Stock Options or the base values from which appreciation under such SARs are to be measured other than in accordance with the stockholder approval requirements of the New York Stock Exchange.
    2. **Payment of Exercise Price.** Where the exercise of an Award is to be accompanied by payment, payment of the exercise price will be by cashor check acceptable to the Administrator or by such other legally permissible means, if any, as may be acceptable to the Administrator.
    3. **Maximum Term.** Stock Options and SARs will have a maximum term not to exceed ten (10) years from the date of grant (or five (5) yearsfrom the date of grant in the case of an ISO granted to a ten-percent shareholder described in Section 6(b)(2) above).

1. **EFFECT OF CERTAIN TRANSACTIONS**
   1. **Mergers, *etc.*** Except as otherwise provided in an Award agreement, the following provisions will apply in the event of a Covered Transaction:
      1. **Assumption or Substitution.** If the Covered Transaction is one in which there is an acquiring or surviving entity, the Administrator may (but,for the avoidance of doubt, need not) provide (i) for the assumption or continuation of some or all outstanding Awards or any portion thereof or (ii) for the grant of new awards in substitution therefor by the acquiror or survivor or an affiliate of the acquiror or survivor.
      2. **Cash-Out of Awards.** Subject to Section 7(a)(5) below the Administrator may (but, for the avoidance of doubt, need not) provide forpayment (a “cash-out”), with respect to some or all Awards or any portion thereof, equal in the case of each affected Award or portion thereof to the excess, if any, of (A) the fair market value of one share of Stock times the number

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of shares of Stock subject to the Award or such portion, over (B) the aggregate exercise or purchase price, if any, under the Award or such portion (in the case of an SAR, the aggregate base value above which appreciation is measured), in each case on such payment terms (which need not be the same as the terms of payment to holders of Stock) and other terms, and subject to such conditions, as the Administrator determines; it being understood that if the exercise or purchase price (or base value) of an Award is equal to or greater than the fair market value of one share of Stock, the Award may be cancelled with no payment due hereunder.

* 1. **Acceleration of Certain Awards.** Subject to Section 7(a)(5) below, the Administrator may (but, for the avoidance of doubt, need not)provide that any Award requiring exercise will become exercisable, in full or in part and/or that the delivery of any shares of Stock remaining deliverable under any outstanding Award of Stock Units (including Restricted Stock Units and Performance Awards to the extent consisting of Stock Units) will be accelerated in full or in part, in each case on a basis that gives the holder of the Award a reasonable opportunity, as determined by the Administrator, following exercise of the Award or the delivery of the shares, as the case may be, to participate as a stockholder in the Covered Transaction.
  2. **Termination of Awards Upon Consummation of Covered Transaction.** Except as the Administrator may otherwise determine in any case,each Award will automatically terminate (and in the case of outstanding shares of Restricted Stock, will automatically be forfeited) upon consummation of the Covered Transaction, other than Awards assumed pursuant to Section 7(a)(1) above.
  3. **Additional Limitations.** Any share of Stock and any cash or other property delivered pursuant to Section 7(a)(2) or Section 7(a)(3) abovewith respect to an Award may, in the discretion of the Administrator, contain such restrictions, if any, as the Administrator deems appropriate to reflect any performance or other vesting conditions to which the Award was subject and that did not lapse (and were not satisfied) in connection with the Covered Transaction. For purposes of the immediately preceding sentence, a cash-out under Section 7(a)(2) above or acceleration under Section 7(a)(3) above will not, in and of itself, be treated as the lapsing (or satisfaction) of a performance or other vesting condition. In the case of Restricted Stock that does not vest and is not forfeited in connection with the Covered Transaction, the Administrator may require that any amounts delivered, exchanged or otherwise paid in respect of such Stock in connection with the Covered Transaction be placed in escrow or otherwise made subject to such restrictions as the Administrator deems appropriate to carry out the intent of the Plan.

1. **Changes in and Distributions with Respect to Stock.**
   1. **Basic Adjustment Provisions.** In the event of a stock dividend, stock split or combination of shares (including a reverse stock split),recapitalization or other change in the Company’s capital structure that constitutes an equity restructuring within the meaning of FASB ASC Topic 718, the Administrator will make appropriate adjustments to the maximum number of shares of Stock that may be delivered under the Plan and to the maximum limits described in Section 4(c) and will also make appropriate adjustments to the number and kind of shares of stock or securities subject to Awards then outstanding or subsequently granted, any exercise or purchase prices (or base values) relating to Awards and any other provision of Awards affected by such change.

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* 1. **Certain Other Adjustments.** The Administrator may also make adjustments of the type described in Section 7(b)(1) above to take intoaccount distributions to stockholders other than those provided for in Section 7(a) and 7(b)(1), or any other event, if the Administrator determines that adjustments are appropriate to avoid distortion in the operation of the Plan, having due regard for the qualification of ISOs under Section 422, the requirements of Section 409A, and for the performance-based compensation rules of Section 162(m), where applicable.
  2. **Continuing Application of Plan Terms.** References in the Plan to shares of Stock will be construed to include any stock or securitiesresulting from an adjustment pursuant to this Section 7.

1. **LEGAL CONDITIONS ON DELIVERY OF STOCK**

The Company will not be obligated to deliver any shares of Stock pursuant to the Plan or to remove any restriction from shares of Stock previously

delivered under the Plan until: (i) the Company is satisfied that all legal matters in connection with the issuance and delivery of such shares have been addressed and resolved; (ii) if the outstanding Stock is at the time of delivery listed on any stock exchange or national market system, the shares to be delivered have been listed or authorized to be listed on such exchange or system upon official notice of issuance; and (iii) all conditions of the Award have been satisfied or waived. The Company may require, as a condition to exercise of the Award, such representations or agreements as counsel for the Company may consider appropriate to avoid violation of the Securities Act of 1933, as amended, or any applicable state or non-U.S. securities law. Any Stock required to be issued to Participants under the Plan will be evidenced in such manner as the Administrator may deem appropriate, including book-entry registration or delivery of stock certificates. In the event that the Administrator determines that Stock certificates will be issued to Participants under the Plan, the Administrator may require that certificates evidencing Stock issued under the Plan bear an appropriate legend reflecting any restriction on transfer applicable to such Stock, and the Company may hold the certificates pending lapse of the applicable restrictions.

1. **AMENDMENT AND TERMINATION**

The Administrator may at any time or times amend the Plan or any outstanding Award for any purpose which may at the time be permitted by law, and may at any time terminate the Plan as to any future grants of Awards; provided, that, except as otherwise expressly provided in the Plan, the Administrator may not, without the Participant’s consent, alter the terms of an Award so as to affect materially and adversely the Participant’s rights under the Award, unless the Administrator expressly reserved the right to do so at the time the Award was granted. Any amendments to the Plan will be conditioned upon stockholder approval only to the extent, if any, such approval is required by law (including the Code and applicable stock exchange requirements), as determined by the Administrator.

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1. **OTHER COMPENSATION ARRANGEMENTS**

The existence of the Plan or the grant of any Award will not in any way affect the Company’s right to award a person bonuses or other compensation in addition to Awards under the Plan.

1. **MISCELLANEOUS**
   1. **Waiver of Jury Trial.** By accepting an Award under the Plan, each Participant waives any right to a trial by jury in any action, proceeding orcounterclaim concerning any rights under the Plan and any Award, or under any amendment, waiver, consent, instrument, document or other agreement delivered or which in the future may be delivered in connection therewith, and agrees that any such action, proceedings or counterclaim will be tried before a court and not before a jury. By accepting an Award under the Plan, each Participant certifies that no officer, representative, or attorney of the Company has represented, expressly or otherwise, that the Company would not, in the event of any action, proceeding or counterclaim, seek to enforce the foregoing waivers. Notwithstanding anything to the contrary in the Plan, nothing herein is to be construed as limiting the ability of the Company and a Participant to agree to submit disputes arising under the terms of the Plan or any Award made hereunder to binding arbitration or as limiting the ability of the Company to require any eligible individual to agree to submit such disputes to binding arbitration as a condition of receiving an Award hereunder.
   2. **Limitation of Liability.** Notwithstanding anything to the contrary in the Plan, neither the Company, nor any Affiliate, nor the Administrator, norany person acting on behalf of the Company, any Affiliate, or the Administrator, will be liable to any Participant or to the estate or beneficiary of any Participant or to any other holder of an Award by reason of any acceleration of income, or any additional tax (including any interest and penalties), asserted by reason of the failure of an Award to satisfy the requirements of Section 422 or Section 409A or by reason of Section 4999 of the Code, or otherwise asserted with respect to the Award.
2. **ESTABLISHMENT OF SUB-PLANS**

The Administrator may from time to time establish one or more sub-plans under the Plan for purposes of satisfying applicable blue sky, securities or tax laws of various jurisdictions. The Administrator will establish such sub-plans by adopting supplements to the Plan setting forth (i) such limitations on the Administrator’s discretion under the Plan as it deems necessary or desirable and (ii) such additional terms and conditions not otherwise inconsistent with the Plan as it deems necessary or desirable. All supplements so established will be deemed to be part of the Plan, but each supplement will apply only to Participants within the affected jurisdiction (as determined by the Administrator).

1. **GOVERNING LAW**
   1. **Certain Requirements of Corporate Law.** Awards will be granted and administered consistent with the requirements of applicable Delaware lawrelating to the issuance of stock and the consideration to be received therefor, and with the applicable requirements of the stock exchanges or other trading systems on which the Stock is listed or entered for trading, in each case as determined by the Administrator.

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1. **Other Matters.** Except as otherwise provided by the express terms of an Award agreement, under a sub-plan described in Section 12 or as providedin Section 13(a) above, the provisions of the Plan and of Awards under the Plan and all claims or disputes arising out of or based upon the Plan or any Award under the Plan or relating to the subject matter hereof or thereof will be governed by and construed in accordance with the domestic substantive laws of the State of New Hampshire without giving effect to any choice or conflict of laws provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction.
2. **Jurisdiction.** By accepting an Award, each Participant will be deemed to (a) have submitted irrevocably and unconditionally to the jurisdiction ofthe federal and state courts located within the geographic boundaries of the United States District Court for the District of New Hampshire for the purpose of any suit, action or other proceeding arising out of or based upon the Plan or any Award; (b) agree not to commence any suit, action or other proceeding arising out of or based upon the Plan or an Award, except in the federal and state courts located within the geographic boundaries of the United States District Court for the District of New Hampshire; and (c) waive, and agree not to assert, by way of motion as a defense or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that the Plan or an Award or the subject matter thereof may not be enforced in or by such court.

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**EXHIBIT A**

**Definition of Terms**

The following terms, when used in the Plan, will have the meanings and be subject to the provisions set forth below:

**“Administrator”:** The Compensation Committee, except that the Compensation Committee may delegate (i) to one or more of its members (or one ormore other members of the Board (including the full Board)) such of its duties, powers and responsibilities as it may determine; (ii) to one or more officers of the Company the power to grant Awards to the extent permitted by Section 157(c) of the Delaware General Corporate Law; and (iii) to such Employees or other persons as it determines such ministerial tasks as it deems appropriate. In the event of any delegation described in the preceding sentence, the term “Administrator” will include the person or persons so delegated to the extent of such delegation.

**“Affiliate”:** Any corporation or other entity that stands in a relationship to the Company that would result in the Company and such corporation orother entity being treated as one employer under Section 414(b) or Section 414(c) of the Code, *provided* that, for purposes of determining treatment as a single employer under Section 414(b) or Section 414(c) of the Code, “20%” shall replace “80%” in the applicable stock or other equity ownership requirements under such sections of the Code and the regulations thereunder.

**“Award”:** Any or a combination of the following:

1. Stock Options.
2. SARs.
3. Restricted Stock.
4. Unrestricted Stock.
5. Stock Units, including Restricted Stock Units.
6. Performance Awards.
7. Awards (other than Awards described in (i) through (vi) above) that are convertible into or otherwise based on Stock.
8. Cash Awards.

**“Board”:** The Board of Directors of the Company.

**“Cash Award”:** An Award denominated in cash.

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**“Cause”:** In the case of any Participant who is party to an effective employment or severance-benefit agreement with the Company or an Affiliate ofthe Company that contains a definition of “Cause,” the definition set forth in such agreement will apply with respect to such Participant under the Plan for so long as such agreement is in effect. In the case of any other Participant, “Cause” will mean, as determined by the Administrator in its reasonable judgment,

1. a substantial failure of the Participant to perform the Participant’s duties and responsibilities to the Company or Affiliates or substantial negligence in the performance of such duties and responsibilities; (ii) the commission by the Participant of a felony or a crime involving moral turpitude; (iii) the commission by the Participant of theft, fraud, embezzlement, material breach of trust or any material act of dishonesty involving the Company or any of its Affiliates;
2. a significant violation by the Participant of the code of conduct of the Company or its Affiliates of any material policy of the Company or its Affiliates, or of any statutory or common law duty of loyalty to the Company or its Affiliates; (v) material breach of any of the terms of the Plan or any Award made under the Plan, or of the terms of any other agreement between the Company or Affiliates and the Participant; or (vi) other conduct by the Participant that could be expected to be harmful to the business, interests or reputation of the Company or its Affiliates.

**“Code”:** The U.S. Internal Revenue Code of 1986 as from time to time amended and in effect, or any successor statute as from time to time in effect.

**“Compensation Committee”:** The Compensation Committee of the Board.

**“Company”:** Planet Fitness, Inc.

**“Covered Transaction”:** Any of (i) a consolidation, merger, or similar transaction or series of related transactions, including a sale or other dispositionof stock, in which the Company is not the surviving corporation or that results in the acquisition of all or substantially all of the Company’s then outstanding common stock by a single person or entity or by a group of persons and/or entities acting in concert, (ii) a sale or transfer of all or substantially all the Company’s assets, or (iii) a dissolution or liquidation of the Company. Where a Covered Transaction involves a tender offer pursuant to which at least a majority of the Company’s then outstanding common stock is purchased by a single person or entity or by a group of persons and/or entities acting in concert that is reasonably expected to be followed by a merger described in clause (i) (as determined by the Administrator), the Covered Transaction shall be deemed to have occurred upon consummation of the tender offer.

**“Date of Adoption”:** The date the Plan was approved by the Board.

**“Director”:** A member of the Board who is not an employee.

**“Disability”:** In the case of any Participant who is party to an effective employment or severance-benefit agreement with the Company or an Affiliateof the Company that contains a definition of “Disability,” the definition set forth in such agreement will apply with respect to such Participant under the Plan for so long as such agreement is in effect. In the case of any other Participant, a permanent disability as defined in the long-term disability plan maintained by the Company or one of its Affiliates, or as defined from time to time by the Company in its sole discretion.

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**“Employee”:** Any person who is employed by the Company or an Affiliate.

**“Employment”:** A Participant’s employment or other service relationship with the Company or an Affiliate. Employment will be deemed to continue,unless the Administrator expressly provides otherwise, so long as the Participant is employed by, or otherwise is providing services in a capacity described in Section 5 to the Company or an Affiliate. If a Participant’s employment or other service relationship is with an Affiliate and that entity ceases to be an Affiliate, the Participant’s Employment will be deemed to have terminated when the entity ceases to be an Affiliate unless the Participant transfers Employment to the Company or its remaining Affiliates. Notwithstanding the foregoing and the definition of “Affiliate” above, in construing the provisions of any Award relating to the payment of “nonqualified deferred compensation” (subject to Section 409A) upon a termination or cessation of Employment, references to termination or cessation of employment, separation from service, retirement or similar or correlative terms will be construed to require a “separation from service” (as that term is defined in Section 1.409A-1(h) of the Treasury Regulations, after giving effect to the presumptions contained therein) from the Company and from all other corporations and trades or businesses, if any, that would be treated as a single “service recipient” with the Company under Section 1.409A-1(h)(3) of the Treasury Regulations. The Company may, but need not, elect in writing, subject to the applicable limitations under Section 409A, any of the special elective rules prescribed in Section 1.409A-1(h) of the Treasury Regulations for purposes of determining whether a “separation from service” has occurred. Any such written election will be deemed a part of the Plan.

**“ISO”:** A Stock Option intended to be an “incentive stock option” within the meaning of Section 422. Each Stock Option granted pursuant to the Planwill be treated as providing by its terms that it is to be an NSO unless, as of the date of grant, it is expressly designated as an ISO.

**“NSO”:** A Stock Option that is not intended to be an “incentive stock option” within the meaning of Section 422.

**“Participant”:** A person who is granted an Award under the Plan.

**“Performance Award”:** An Award subject to Performance Criteria. The Administrator in its discretion may grant Performance Awards that areintended to qualify for the performance-based compensation exception under Section 162(m) and Performance Awards that are not intended so to qualify.

**“Performance Criteria”:** Specified criteria, other than the mere continuation of Employment or the mere passage of time, the satisfaction of which isa condition for the grant, exercisability, vesting or full enjoyment of an Award. For purposes of Awards that are intended to qualify for the performance-based compensation exception under Section 162(m), a Performance Criterion will mean an objectively determinable measure of performance relating to any or any combination of the following (measured either absolutely or comparatively (including, without limitation, by reference to an index or indices or a specified peer group) and determined either on a consolidated basis or, as the context permits, on a divisional, subsidiary, line of business, project or geographical basis or in combinations thereof and subject to such adjustments, if any, as the Compensation Committee specifies, consistent with the requirements

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of Section 162(m)): sales; revenues; assets; expenses; earnings before or after deduction for all or any portion of interest, taxes, depreciation, amortization or equity expense, whether or not on a continuing operations or an aggregate or per share basis; return on equity, investment, capital, capital employed or assets; one or more operating ratios; operating income or profit, including on an after tax basis; borrowing levels, leverage ratios or credit rating; market share; capital expenditures; cash flow; stock price; stockholder return; sales of particular products or services; same store sales; customer satisfaction; gross or net store openings, including timing of openings and achievement of growth targets with respect thereto; new store first year sales; customer acquisition or retention; acquisitions and divestitures (in whole or in part); joint ventures and strategic alliances; spin-offs, split-ups and the like; reorganizations; or recapitalizations, restructurings, financings (issuance of debt or equity) or refinancings. A Performance Criterion and any targets with respect thereto determined by the Administrator need not be based upon an increase, a positive or improved result or avoidance of loss. To the extent consistent with the requirements for satisfying the performance-based compensation exception under Section 162(m), the Administrator may provide in the case of any Award intended to qualify for such exception that one or more of the Performance Criteria applicable to such Award will be adjusted in an objectively determinable manner to reflect events (for example, the impact of charges for restructurings, discontinued operations, mergers, acquisitions, and other unusual or infrequently occurring items, and the cumulative effects of tax or accounting changes, each as defined by U.S. generally accepted accounting principles) occurring during the performance period that affect the applicable Performance Criterion or Criteria.

**“Plan”:** The Planet Fitness, Inc. 2015 Omnibus Incentive Plan as from time to time amended and in effect.

**“Restricted Stock”:** Stock subject to restrictions requiring that it be redelivered or offered for sale to the Company if specified conditions are notsatisfied.

**“Restricted Stock Unit”:** A Stock Unit that is, or as to which the delivery of Stock or cash in lieu of Stock is, subject to the satisfaction of specifiedperformance or other vesting conditions.

**“SAR”:** A right entitling the holder upon exercise to receive an amount (payable in cash or in shares of Stock of equivalent value) equal to the excessof the fair market value of the shares of Stock subject to the right over the base value from which appreciation under the SAR is to be measured.

**“Section 409A”:** Section 409A of the Code.

**“Section 422”:** Section 422 of the Code.

**“Section 162(m)”:** Section 162(m) of the Code.

**“Stock”:** Class A common stock of the Company, par value $0.0001 per share.

**“Stock Option”:** An option entitling the holder to acquire shares of Stock upon payment of the exercise price.

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**“Stock Unit”:** An unfunded and unsecured promise, denominated in shares of Stock, to deliver Stock or cash measured by the value of Stock in thefuture.

**“Unrestricted Stock”:** Stock not subject to any restrictions under the terms of the Award.

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|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | **Exhibit 10.18** |
|  |  | **RECAPITALIZATION AGREEMENT** | |
| This Recapitalization Agreement (this “Agreement”), dated as of [ | | | ], 2015, is entered into by and among Planet Fitness, Inc., a Delaware |
|  |  |  |  |

corporation (“Planet”), Pla-Fit Holdings, LLC, a Delaware limited liability company (“Pla-Fit”), the Continuing LLC Owners (as defined herein) and the Direct TSG Investors (as defined herein). The parties hereto are collectively referred to herein as the “Parties.”

WHEREAS, the Board of Directors of Planet (the “Board”) has determined to effect an underwritten initial public offering (the “IPO”) of shares of Planet’s Class A Common Stock (as defined below);

WHEREAS, the Parties desire to and hereby agree to effect the Recapitalization Transactions (as defined below) following the pricing of the IPO and prior to the registration of Planet’s shares of Class A Common Stock under the Exchange Act, subject to the terms and conditions herein; and

WHEREAS, in connection with the consummation of the Recapitalization Transactions and in contemplation of the IPO, the applicable Parties hereto shall enter into the Recapitalization Documents (as defined below).

NOW, THEREFORE, in consideration of the promises and the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Definitions. As used herein, the following terms shall have the following meanings:

“Affiliate” when used with reference to another Person means any Person directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with, such other Person. In addition, Affiliates of any Person that is an entity shall include all the directors, managers, officers and employees of such entity in their capacities as such.

“Agreement” has the meaning set forth in the preamble hereof.

“Board” has the meaning set forth in the Recitals hereof.

“Class A Common Stock” shall mean Class A Common Stock, par value $0.0001 per share, of Planet.

“Class B Common Stock” shall mean Class B Common Stock, par value $0.0001 per share, of Planet.

“Class B Issuance” has the meaning set forth in Section 3.c hereof.

“Class T Units” means the Class T Units of Pla-Fit as defined in the Existing LLC Agreement.

“Class O Units” means the Class O Units of Pla-Fit as defined in the Existing LLC Agreement.

“Class M Units” means the Class M Units of Pla-Fit as defined in the Existing LLC Agreement.

“Common Units” means the common units of Pla-Fit following the Reclassification.

“Continuing LLC Owners” means the holders of Common Units other than Planet and its Subsidiaries.

“Continuing LLC Owners Tax Receivable Agreement” has the meaning set forth in Section 3.e hereof.

“Direct TSG Investors” means TSG PF Co-Investors A, L.P. and TSG6 AIV II-A, L.P.

“Direct TSG Investors Tax Receivable Agreement” has the meaning set forth in Section 3.e hereof.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Existing LLC Agreement” means the Amended and Restated Limited Liability Company Agreement of Pla-Fit Holdings, LLC, dated November 5, 2012, as amended and restated on November 8, 2012 and further amended on April 10, 2013 and October 11, 2013.

“Form 8-A Effective Time” means the date and time on which the Form 8-A Registration Statement becomes effective.

“Form 8-A Registration Statement” means the registration statement on Form 8-A filed by Planet under the Exchange Act with the SEC to register the Class A Common Stock.

“Holdings” means Planet Fitness Holdings, L.P.

“IPO” has the meaning set forth in the Recitals hereof.

“IPO Closing” means the closing of the sale of the shares of Class A Common Stock in the IPO (without giving effect to any exercise of the underwriters’ option to purchase additional shares).

“Merger” has the meaning set forth in Section 3.a hereof.

“Merger Agreement” means the Agreement and Plan of Merger, dated June 22, 2015, by and among Planet and Holdings.

“New LLC Agreement” means the Second Amended and Restated Limited Liability Company Agreement of Pla-Fit Holdings, LLC, dated the date hereof.

“Parties” has the meaning set forth in the preamble hereof.

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“Person” means an individual, a partnership, a joint venture, an association, a corporation, a trust, an estate, a limited liability company, a limited liability partnership, an unincorporated entity of any kind, a governmental entity or any other legal entity.

“Pla-Fit” has the meaning set forth in the preamble hereof.

“Planet” has the meaning set forth in the preamble hereof.

“Planet Charter” has the meaning set forth in Section 3.a hereof.

“Pricing” means such date and time as the Board or the pricing committee thereof determines.

“Recapitalization Documents” means the agreements and documents identified in Section 3 hereof and all other agreements and documents entered into in connection with the Recapitalization Transactions identified by the board of managers of Pla-Fit.

“Recapitalization Transactions” has the meaning set forth in Section 3 hereof.

“Reclassification” has the meaning set forth in Section 3.b.i hereof.

“Registration Rights Agreement” has the meaning set forth in Section 4.c hereof.

“SEC” means the Securities and Exchange Commission.

“Securities Act” means the Securities Act of 1933, as amended.

“Stockholders Agreement” has the meaning set forth in Section 3.e hereof.

“Subsidiary” means, with respect to any Person, any corporation, limited liability company, partnership, association or business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (ii) if a limited liability company, partnership, association or other business entity (other than a corporation), a majority of partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by any Person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a limited liability company, partnership, association or other business entity (other than a corporation) if such Person or Persons shall be allocated a majority of limited liability company, partnership, association or other business entity gains or losses or shall control the management of any such limited liability company, partnership, association or other business entity.

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1. Other Definitional Provisions. In this Agreement, unless otherwise specified or where the context otherwise requires:
   1. the headings of particular provisions of this Agreement are inserted for convenience only and will not be construed as a part of this Agreement or serve as a limitation or expansion on the scope of any term or provision of this Agreement;
   2. words importing any gender shall include other genders;
   3. words importing the singular only shall include the plural and vice versa;
   4. the words “include,” “includes” or “including” shall be deemed to be followed by the words “without limitation”;
   5. the words “hereof,” “herein” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement;
   6. references to “Sections” shall be to Sections of or to this Agreement;
   7. references to any Person include the successors and permitted assigns of such Person;
   8. the use of the words “or,” “either” and “any” shall not be exclusive;
   9. wherever a conflict exists between this Agreement and any other agreement among parties hereto, this Agreement shall control but solely to the extent of such conflict;
   10. references to “$” or “dollars” means the lawful currency of the United States of America;
   11. references to any agreement, contract or schedule, unless otherwise stated, are to such agreement, contract or schedule as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof; and
   12. the parties hereto have participated collectively in the negotiation and drafting of this Agreement; accordingly, in the event an ambiguity or question of intent or interpretation arises, it is the intention of the parties that this Agreement shall be construed as if drafted collectively by the parties hereto, and that no presumption or burden of proof shall arise favoring or disfavoring any party hereto by virtue of the authorship of any provisions of this Agreement.
2. Recapitalization. Subject to the terms and conditions set forth herein, and on the basis of and in reliance upon the representations, warranties, covenants and agreements set forth herein, the parties hereto hereby agree to take the following actions described in this Section 3 in the order in which they appear below (collectively, the “Recapitalization Transactions”), which the Parties agree shall occur on the date hereof following the Pricing and prior to the Form 8-A Effective Time.

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1. *Merger of Holdings into Planet; Adoption of Charter and Bylaws*.
   1. Planet shall adopt and file with the Secretary of State of the State of Delaware a restated certificate of incorporation, substantially in the form attached hereto as Exhibit A (the “Planet Charter”).
   2. Planet shall adopt amended and restated bylaws, substantially in the form attached hereto as Exhibit B.
   3. Pursuant to the Merger Agreement, Holdings shall merge with and into Planet, with Planet as the surviving entity (the “Merger”), and as consideration for the Merger, the Direct TSG Investors, as limited partners of Holdings, shall receive a number of shares of Class A Common Stock equal to the value of their limited partnership interests in Holdings immediately prior to the Merger.
2. *Reclassification; Amendment and Restatement of Pla-Fit LLC Agreement*.
   1. Immediately following the Merger, the issued and outstanding Class T Units, Class O Units and Class M Units shall be reclassified into a number of Common Units as calculated by the board of managers of Pla-Fit based on the terms determined at Pricing (the “Reclassification”); *provided, however* that any Common Units issued in exchange for Class M Units that are subject to vesting conditions as of the date hereof will be subject to such same vesting conditions and all such Common Units will remain subject to the other terms and conditions applicable to such corresponding Class M Units.
   2. No fractional Common Units of Pla-Fit shall be issued. In lieu of fractional Common Units of Pla-Fit, a Party otherwise entitled to a fractional interest in a Common Unit of Pla-Fit shall receive the nearest whole number of Common Units of Pla-Fit (with fractions equal to exactly 0.5 being rounded up).
   3. Pla-Fit shall admit Planet as a member of Pla-Fit, with Planet initially hold zero Common Units directly in Pla-Fit, and Pla-Fit shall designate Planet as the sole managing member of Pla-Fit.
   4. The board of managers of Pla-Fit shall adopt the New LLC Agreement, substantially in the form attached hereto as Exhibit C, to give effect to the foregoing. Upon adoption of the New LLC Agreement, each of the Parties hereto irrevocably and unconditionally waives any rights or claims it had pursuant to the Existing LLC Agreement.
3. *Issuance of Class B Common Stock*. Immediately following the Reclassification and pursuant to the Planet Charter, Planet will issue to eachholder of Common Units (other than any holder of Common Units that is Planet or a Subsidiary of Planet) a number of shares of Class B Common Stock equal to the number of Common Units of Pla-Fit then held by such holder (the “Class B Issuance”).

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* 1. *Execution of Exchange Agreement*. Immediately following the Class B Issuance, Planet, Pla-Fit and the Continuing LLC Owners will enter intoan Exchange Agreement, substantially in the form attached hereto as Exhibit D.
  2. *Execution of Additional Agreements*. The applicable Parties shall also enter into the following agreements:
     1. Planet, the Continuing LLC Owners and the Direct TSG Investors shall enter into the Registration Rights Agreement, substantially in the form attached hereto as Exhibit E (the “Registration Rights Agreement”).
     2. Planet, the Continuing LLC Owners affiliated with TSG Consumer Partners, LLC and the Direct TSG Investors shall enter into the Stockholders Agreement, substantially in the form attached hereto as Exhibit F (the “Stockholders Agreement”).
     3. Planet, Pla-Fit and the Continuing LLC Owners shall enter into the Continuing LLC Owners Tax Receivable Agreement, substantially in the form attached as Exhibit G (the “Continuing LLC Owners Tax Receivable Agreement”).
     4. Planet, Pla-Fit and the Direct TSG Investors shall enter into the Direct TSG Investors Tax Receivable Agreement, substantially in the form attached as Exhibit H (the “Direct TSG Investors Tax Receivable Agreement”).

1. Consent to the Recapitalization Transactions and the IPO.
   1. Each of the Parties hereto hereby acknowledges, agrees and consents to all of the Recapitalization Transactions. Each of the Parties hereto shall take all action necessary or appropriate in order to effect, or cause to be effected, to the extent within its control, each of the Recapitalization Transactions and the IPO.
   2. The Parties hereto shall deliver to each other, as applicable, prior to the Form 8-A Effective Time executed original copies of each of the Recapitalization Documents to which it is a Party, together with any other documents and instruments necessary or desirable to be delivered in connection with the Recapitalization Transactions.
2. No Liabilities in Event of Termination; Certain Covenants. In the event that Planet determines to abandon the IPO after the occurrence of some or all of the events described in Section 3, the Parties agree, as applicable, (a) to amend the applicable Recapitalization Documents so that the governance, transfer restrictions, liquidity rights and other provisions therein with respect to Pla-Fit and each of its respective direct and indirect subsidiaries correspond in the aggregate in all substantive respects with the provisions contained in the Existing LLC Agreement and (b) to the extent possible and without material adverse effect on any Party, to rescind the other transfers, exchanges and other actions described in Section 3 and consummated prior to such abandonment.

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1. Representations, Warranties and Agreements.
   1. *Representations and Warranties*. Each Party hereby represents and warrants to all of the other Parties hereto as follows as of the date of thisAgreement, and as of the date of the Recapitalization Transactions:
      1. To the extent such Party is not an individual, such Party is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization or incorporation. The execution, delivery and performance by such Party of this Agreement and of the applicable Recapitalization Documents, to the extent a Party thereto and to the extent such Party is not an individual, has been duly authorized by all necessary action.
      2. To the extent such Party is not an individual, such Party has the requisite power, authority and legal right to execute and deliver this Agreement and each of the Recapitalization Documents, to the extent a Party thereto, and to consummate the transactions contemplated hereby and thereby, as the case may be.
      3. This Agreement and each of the Recapitalization Documents to which it is a Party has been (or when executed will be) duly executed and delivered by such Party and constitute the legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, subject to (i) the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors’ rights generally, (ii) general equitable principles (whether considered in a proceeding in equity or at law) and (iii) an implied covenant of good faith and fair dealing.
      4. Neither the execution, delivery and performance by such Party of this Agreement and the applicable Recapitalization Documents, to the extent a Party thereto, nor the consummation by such Party of the transactions contemplated hereby, nor compliance by such Party with the terms and provisions hereof, will, directly or indirectly (with or without notice or lapse of time or both), (i) contravene or conflict with, or result in a breach or termination of, or constitute a default under (or with notice or lapse of time or both, result in the breach or termination of or constitute a default under) the organization documents of such Party (to the extent such Party is not an individual),

(ii) constitute a violation by such Party of any existing requirement of law applicable to such Party or any of its properties, rights or assets or (iii) require the consent or approval of any Person, except in the case of clauses (ii) and (iii), as would not reasonably be expected to result in, individual or in the aggregate, a material adverse effect on the ability of such Party to consummate the transaction contemplated by this Agreement.

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* 1. Such Party (either alone or together with its advisors) has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the Recapitalization Transactions. Such Party has had the opportunity to ask questions and receive answers concerning the terms and conditions of the Recapitalization Transactions and has had full access to such other information concerning the Recapitalization Transactions as it has requested. Such Party has received all information that it believes is necessary or appropriate in connection with the Recapitalization Transactions. Such Party is an informed and sophisticated party and has engaged, to the extent such Party deems appropriate, expert advisors experienced in the evaluation of transactions of the type contemplated hereby. Such Party is an accredited investor as that term is defined in Regulation D under the Securities Act. Such Party understands that the securities acquired hereunder have not been registered and agrees to resell such securities pursuant to registration under the Securities Act, pursuant to an available exemption from registration, or, if applicable, in accordance with the provisions of Regulation S under the Securities Act.

1. *Certain Agreements*. Each holder of Common Units hereby agrees:
   1. not to transfer shares of Class B Common Stock except when transferring a corresponding number of Common Units in accordance with the New LLC Agreement.
2. Certificates or book entries evidencing the shares of Class B Common Stock may bear such restrictive legends as Planet may deem necessary or advisable under applicable law or pursuant to this Agreement, including, without limitation, the following legends:

“THE TRANSFER OF SHARES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS SPECIFIED IN

THE RECAPITALIZATION AGREEMENT, DATED AS OF [ ], 2015, AMONG PLANET FITNESS, INC. AND THE OTHER PARTIES LISTED THEREIN, AS IT MAY BE AMENDED, SUPPLEMENTED AND/OR RESTATED FROM TIME TO TIME.

THE TRANSFER OF THE SHARES REPRESENTED BY THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE, AND ARE BEING OFFERED AND SOLD IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE SECURITIES ACQUIRED HEREUNDER MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED

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UNDER THE SECURITIES ACT AND OTHER APPLICABLE LAWS PURSUANT TO REGISTRATION OR EXEMPTION FROM REGISTRATION REQUIREMENTS THEREUNDER.”

1. Miscellaneous.
   1. *Amendments and Waivers*. This Agreement may be modified, amended or waived only with the written approval of the Board, provided, however,that an amendment or modification that would affect any other Party in a manner materially and disproportionately adverse to such Party shall be effective against such Party so materially and adversely affected only with the prior written consent of such Party, such consent not to be unreasonably withheld or delayed. The failure of any Party to enforce any of the provisions of this Agreement shall in no way be construed as a waiver of such provisions and shall not affect the right of such Party thereafter to enforce each and every provision of this Agreement in accordance with its terms.
   2. *Successors, Assigns and Transferees*. This Agreement shall bind and inure to the benefit of and be enforceable by the Parties hereto and theirrespective successors and assigns.
   3. *Notices*. All notices and other communications required or permitted hereunder shall be in writing and shall be deemed effectively given:

(a) upon personal delivery to the Party to be notified; (b) when sent by confirmed facsimile if sent during normal business hours of the recipient, if not, then on the next business day, provided that a copy of such notice is also sent via nationally recognized overnight courier, specifying next day delivery, with written verification of receipt; (c) three days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (d) one business day after deposit with a nationally recognized overnight courier, specifying next day delivery with written verification of receipt. All communications shall be sent to such Party’s address as set forth below or at such other address as the Party shall have furnished to each other Party in writing in accordance with this provision:

If to Planet or Pla-Fit, to it at:

c/o Pla-Fit Holdings, LLC

26 Fox Run Road

Newington, NH 03801

Attention: Richard L. Moore

Facsimile: (603) 957-4625

Email: richard.moore@pfhq.com

with a copy (which shall not constitute notice) to:

Ropes & Gray LLP

Prudential Tower, 800 Boylston Street

Boston, MA 02199

|  |  |
| --- | --- |
| Attention: | David Fine |
| Facsimile: | (617) 235-0300 |
| E-mail: | david.fine@ropesgray.com |

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1. *Further Assurances*. At any time or from time to time after the date hereof, the Parties agree to cooperate with each other, and at the request ofany other Party, to execute and deliver any further instruments or documents and to take all such further action as another Party may reasonably request in order to evidence or effectuate the consummation of the transactions contemplated hereby and to otherwise carry out the intent of the Parties hereunder.
2. *Entire Agreement*. Except as otherwise expressly set forth herein, this Agreement, together with the Recapitalization Documents, embodies thecomplete agreement and understanding among the Parties hereto with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or among the Parties, written or oral, that may have related to the subject matter hereof in any way.
3. *Governing Law; Jurisdiction; Waiver of Jury Trial*. This Agreement shall be governed by the laws of the state of Delaware. To the fullest extentpermitted by law, no suit, action or proceeding with respect to this Agreement may be brought in any court or before any similar authority other than in the Delaware Chancery Court, and the Parties hereto hereby submit to the exclusive jurisdiction of such courts for the purpose of such suit, proceeding or judgment. To the fullest extent permitted by law, each Party hereto irrevocably waives any right it may have had to bring such an action in any other court, domestic or foreign, or before any similar domestic or foreign authority. Each of the Parties hereto hereby irrevocably and unconditionally waives trial by jury in any legal action or proceeding in relation to this Agreement and for any counterclaim herein.
4. *Severability*. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid underapplicable law, but if any provision of this Agreement is held invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.
5. *Enforcement*. Each Party hereto acknowledges that money damages would not be an adequate remedy in the event that any of the covenants oragreements in this Agreement are not performed in accordance with its terms, and it is therefore agreed that in addition to and without limiting any other remedy or right it may have, the non-breaching Party will have the right to an injunction, temporary restraining order or other equitable relief in any court of competent jurisdiction enjoining any such breach and enforcing specifically the terms and provisions hereof.

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1. *No Third-Party Beneficiaries*. This Agreement shall be solely for the benefit of the Parties and no other Person or entity shall be a third Partybeneficiary hereof.
2. *Counterparts; Electronic Signatures*. This Agreement may be executed in any number of counterparts, each of which shall be an original, but allof which together shall constitute one and the same instrument. A facsimile signature page (or signature page in similar electronic form) hereto shall be treated by the parties for all purposes as equivalent to a manually signed signature page.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

PLANET FITNESS, INC.

By:



Name: Christopher Rondeau

Title: Chief Executive Officer

PLA-FIT HOLDINGS, LLC

By:



Name: Christopher Rondeau

Title: Chief Executive Officer

*[Signature Page to Recapitalization Agreement]*

TSG PF INVESTMENT L.L.C.

By:



Name:

Title:

TSG PF INVESTMENT II L.L.C.

By:



Name:

Title:

THE CHRISTOPHER J. RONDEAU IRREVOCABLE GST

TRUST OF 2012

By:



Name:

Title:

THE CHRISTOPHER J. RONDEAU REVOCABLE TRUST

OF 2006

By:



Name:

Title:

THE MARC GRONDAHL REVOCABLE TRUST OF 2006

By:



Name:

Title:



Name: Craig Benson

*[Signature Page to Recapitalization Agreement]*

Name: Stephen Spinelli, Jr.



Name: Richard Moore



Name: Anna Arico



Name: Dorvin Lively



Name: Brian Belmont



Name: Bonnie Monahan



Name: Corey Benish



Name: Candace Couture



Name: Jamie Medeiros



Name: Dawn Sullivan



Name: Jessica Correa

*[Signature Page to Recapitalization Agreement]*

TSG AIV II-A L.P.

By:



Name:

Title:

TSG PF CO-INVESTORS A, L.P.

By:



Name:

Title:

*[Signature Page to Recapitalization Agreement]*

**EXHIBIT A**

**PLANET RESTATED CERTIFICATE OF INCORPORATION**

*[Filed as Exhibit 3.1 to the Registration Statement on Form S-1 (File No. 333-205141)]*

**EXHIBIT B**

**PLANET AMENDED AND RESTATED BYLAWS**

*[Filed as Exhibit 3.2 to the Registration Statement on Form S-1 (File No. 333-205141)]*

**EXHIBIT C**

**PLA-FIT NEW LLC AGREEMENT**

*[Filed as Exhibit 10.4 to the Registration Statement on Form S-1 (File No. 333-205141)]*

**EXHIBIT D**

**EXCHANGE AGREEMENT**

*[Filed as Exhibit 10.9 to the Registration Statement on Form S-1 (File No. 333-205141)]*

**EXHIBIT E**

**REGISTRATION RIGHTS AGREEMENT**

*[Filed as Exhibit 10.7 to the Registration Statement on Form S-1 (File No. 333-205141)]*

**EXHIBIT F**

**STOCKHOLDERS AGREEMENT**

*[Filed as Exhibit 10.8 to the Registration Statement on Form S-1 (File No. 333-205141)]*

**EXHIBIT G**

**CONTINUING LLC OWNERS TAX RECEIVABLE AGREEMENT**

*[Filed as Exhibit 10.5 to the Registration Statement on Form S-1 (File No. 333-205141)]*

**EXHIBIT H**

**DIRECT TSG INVESTORS TAX RECEIVABLE AGREEMENT**

*[Filed as Exhibit 10.6 to the Registration Statement on Form S-1 (File No. 333-205141)]*

**Exhibit 10.19**

|  |  |
| --- | --- |
| **Name:** |  |
| **Number of Shares of Stock subject to Option:** |  |
| **Price Per Share:** | $ |
| **Date of Grant:** |  |

**PLANET FITNESS, INC.**

**2015 OMNIBUS INCENTIVE PLAN**

NON-STATUTORY STOCK OPTION AGREEMENT

This agreement (the “Agreement”) evidences a stock option granted by Planet Fitness, Inc. (the “Company”) to the undersigned (the “Optionee”), pursuant to and subject to the terms of the Planet Fitness, Inc. Omnibus Incentive Plan (as amended from time to time, the “Plan”).

1. Grant of Stock Option. The Company grants to the Optionee on the date set forth above (the “Date of Grant”) an option (the “Stock Option”) to purchase, on the terms provided herein and in the Plan, the number of shares of Stock set forth above (the “Shares”) with an exercise price per Share as set forth above, in each case subject to adjustment pursuant to Section 7 of the Plan in respect of transactions occurring after the date hereof.

The Stock Option evidenced by this Agreement is a non-statutory option (that is, an option that does not qualify as an incentive stock option under Section 422 of the Code) and is granted to the Optionee in connection with the Optionee’s employment by the Company and its qualifying subsidiaries. For purposes of the immediately preceding sentence, “qualifying subsidiary” means a subsidiary of the Company as to which the Company has a “controlling interest” as described in Treas. Regs. §1.409A-1(b)(5)(iii)(E)(1).

1. Meaning of Certain Terms. Except as otherwise defined herein, all capitalized terms used herein have the same meaning as in the Plan.
2. Vesting; Method of Exercise; Treatment of the Stock Option upon Cessation of Employment.
3. Vesting. As used herein with respect to the Stock Option or any portion thereof, the term “vest” means to become exercisable and the term “vested” as applied to any outstanding Stock Option (or any portion thereof) means that the Stock Option is then exercisable, subject in each case to the terms of the Plan. Unless earlier terminated, forfeited, relinquished or expired, the Stock Option will vest as to [•] of the Shares subject to the Stock Option on each of [•]. The number of Shares that vest on any of the foregoing dates will be rounded down to the nearest whole Share, with the Stock Option becoming vested as to 100% of the Shares on the final vesting anniversary date. Notwithstanding the

foregoing, Shares subject to the Stock Option shall not vest on any vesting anniversary date unless the Optionee has remained in continuous Employment from the Date of Grant through such vesting anniversary date.

1. Exercise of the Stock Option. No portion of the Stock Option may be exercised until such portion vests. Each election to exercise any vested portion of the Stock Option will be subject to the terms and conditions of the Plan and shall be in writing, signed by the Optionee or a permitted transferee, if any (or in such other form as is acceptable to the Administrator). Each such exercise election must be received by the Company at its principal office or by such other party as the Administrator may prescribe and be accompanied by payment in full as provided in the Plan. The exercise price may be paid (i) by cash or check acceptable to the Administrator, (ii) to the extent permitted by the Administrator, through a broker-assisted cashless exercise program acceptable to the Administrator, (iii) by such other means, if any, as may be acceptable to the Administrator, or (iv) by any combination of the foregoing permissible forms of payment. In the event that the Stock Option is exercised by a person other than the Optionee, the Company will be under no obligation to deliver the Shares unless and until it is satisfied as to the authority of such person to exercise the Stock Option and compliance with applicable securities laws. The latest date on which the Stock Option or any portion thereof may be exercised will be the 10th anniversary of the Date of Grant (the “Final Exercise Date”). If the Stock Option is not exercised by the Final Exercise Date, the Stock Option or any remaining portion thereof will thereupon immediately terminate.
2. Treatment of the Stock Option upon Cessation of Employment. If the Optionee’s Employment ceases, the Stock Option, to the extent not already vested will be immediately forfeited, and any vested portion of the Stock Option that is then outstanding will be treated as follows:
   1. Subject to clauses (ii) and (iii) below, the Stock Option to the extent vested immediately prior to the cessation of the Optionee’s Employment will remain exercisable until the earlier of (A) three months following the date of such cessation of Employment, or (B) the Final Exercise Date, and except to the extent previously exercised as permitted by this Section 3(c)(i) will thereupon immediately terminate.
   2. Subject to clause (iii) below, the Stock Option, to the extent vested immediately prior to the cessation of the Optionee’s Employment due to his or her death or due to the termination of the Optionee’s Employment by the Company due to his or her Disability, will remain exercisable until the earlier of (A) one year following the date of such cessation of Employment, or (B) the

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Final Exercise Date, and except to the extent previously exercised as permitted by this Section 3(c)(ii) will thereupon immediately terminate.

* 1. The Stock Option (whether or not vested) will terminate and be forfeited immediately prior to the cessation of Optionee’s Employment if the Optionee’s Employment is terminated for Cause or if the cessation of the Optionee’s Employment occurs in circumstances that in the sole determination of the Administrator would have constituted grounds for the Participant’s Employment to be terminated for Cause.

1. Forfeiture; Recovery of Compensation.
2. The Administrator may cancel, rescind, withhold or otherwise limit or restrict the Stock Option at any time if the Optionee is not in compliance with all applicable provisions of this Agreement and the Plan.
3. By accepting the Stock Option, the Optionee expressly acknowledges and agrees that his or her rights and those of any permitted transferee of the Stock Option, under the Stock Option, including to any Stock acquired under the Stock Option or proceeds from the disposition thereof, are subject to Section 6(a)(5) of the Plan (including any successor provision). Nothing in the preceding sentence shall be construed as limiting the general application of Section 8 of this Agreement.
   1. Transfer of Stock Option. The Stock Option may not be transferred except as expressly permitted under Section 6(a)(3) of the Plan.
   2. Withholding. The Optionee expressly acknowledges and agrees that the Optionee’s rights hereunder, including the right to be issued Shares upon exercise, are subject to the Optionee promptly paying to the Company in cash (or by such other means as may be acceptable to the Administrator in its discretion) all taxes required to be withheld. No Shares will be transferred pursuant to the exercise of this Stock Option unless and until the person exercising this Stock Option has remitted to the Company an amount sufficient to satisfy any federal, state or local withholding tax requirements, or has made other arrangements satisfactory to the Company with respect to such taxes. The Optionee authorizes the Company and its Affiliates to withhold such amounts from any amounts otherwise owed to the Optionee, but nothing in this sentence shall be construed as relieving the Optionee of any liability for satisfying his or her obligations under the preceding provisions of this Section.
   3. Effect on Employment. Neither the grant of the Stock Option, nor the issuance of Shares upon exercise of the Stock Option, will give the Optionee any right to be retained in the employ or service of the Company or any of its Affiliates, affect the right of the Company or any of its Affiliates to discharge or discipline such Optionee at any time, or affect any right of such Optionee to terminate his or her Employment at any time.

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* 1. Provisions of the Plan. This Agreement is subject in its entirety to the provisions of the Plan, which are incorporated herein by reference. A copy of the Plan as in effect on the Date of Grant has been furnished to the Optionee. By acceptance of the Stock Option, the Optionee agrees to be bound by the terms of the Plan and this Agreement. In the event of any conflict between the terms of this Agreement and the Plan, the terms of the Plan shall control.
  2. Acknowledgements. The Optionee acknowledges and agrees that (i) this Agreement may be executed in two or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument, (ii) this agreement may be executed and exchanged using facsimile, portable document format (PDF) or electronic signature, which, in each case, shall constitute an original signature for all purposes hereunder and

1. such signature by the Company will be binding against the Company and will create a legally binding agreement when this Agreement is countersigned by the Optionee.

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

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IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer.

PLANET FITNESS, INC.

By:

Name:



Title:

Dated:

Acknowledged and Agreed:

By

[Optionee’s Name]



|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | **Exhibit 10.20** | |  |
|  |  |  |  |  |  |
| **Name:** | | **[•]** |  |
|  | **Number of Restricted Stock Units subject to Award:** | | **[•]** |  |  |
|  | **Date of Grant:** | | **[•]** |  |  |
|  |  | **PLANET FITNESS, INC.** |  |  |  |
|  |  | **2015 OMNIBUS INCENTIVE PLAN** |  |  |  |
|  |  | Restricted Stock Unit Agreement (Non-Employee Directors) |  |  |  |

This agreement (this “Agreement”) evidences an award (the “Award”) of restricted stock units (the “Restricted Stock Units”) granted by Planet Fitness, Inc. (the “Company”) to the undersigned (the “Grantee”) pursuant to and subject to the terms of the Planet Fitness, Inc. 2015 Omnibus Incentive Plan (as amended from time to time, the “Plan”).

1. Grant of Restricted Stock Units. On the date of grant set forth above (the “Grant Date”) the Company granted to the Grantee an award consisting of the right to receive, without payment but subject to the terms and conditions provided herein and in the Plan, one share of Stock with respect to each Restricted Stock Unit forming part of the Award, in each case, subject to adjustment pursuant to Section 7 of the Plan in respect of transactions occurring after the date hereof.
2. Vesting, etc. The Award shall vest in full on the first anniversary of the Grant Date, subject to the Grantee’s continued service as a member of the Board through such date. Except as provided in subsection (b), if the Grantee’s service as a member of the Board ceases for any reason, the Award, to the extent not already vested, will be automatically and immediately forfeited.
3. Delivery of Stock. The Company shall, as soon as practicable upon the vesting of the Restricted Stock Units (but in no event later than March 15 of the year following the year in which such Restricted Stock Units vest) effect delivery of the Stock with respect to such vested Restricted Stock Units to the Grantee. No Stock will be issued pursuant to this Award unless and until all legal requirements applicable to the issuance or transfer of such Stock have been complied with to the satisfaction of the Administrator.
4. Dividends; Other Rights. The Award shall not be interpreted to bestow upon the Grantee any equity interest or ownership in the Company prior to the date on which the Company delivers shares of Stock to the Grantee (if any). The Grantee is not entitled to vote any shares of Stock by reason of the granting of this Award or to receive or be credited with any dividends declared and payable on any share of Stock prior to the date on which any such share is delivered to the Grantee hereunder. The Grantee shall have the rights of a shareholder only as to those shares of Stock, if any, that are actually delivered under this Award.

* 1. Forfeiture; Recovery of Compensation. By accepting the Award the Grantee expressly acknowledges and agrees that his or her rights (and those of any permitted transferee) under the Award or to any Stock acquired under the Award or any proceeds from the disposition thereof are subject to Section 6(a)

1. of the Plan (including any successor provision). Nothing in the preceding sentence shall be construed as limiting the general application of Section 9 of this Agreement.
   1. Nontransferability. Neither the Award nor the Restricted Stock Units may be transferred except in accordance with Section 6(a)(3) of the Plan.
   2. Certain Tax Matters.
2. The Grantee expressly acknowledges and agrees that he or she shall be responsible for satisfying and paying all taxes arising from or due in connection with the grant or vesting of the Restricted Stock Units and/or the delivery of any Stock hereunder. The Company shall have no liability or obligation relating to the foregoing.
3. The Grantee expressly acknowledges that because this Award consists of an unfunded and unsecured promise by the Company to deliver Stock in the future, subject to the terms hereof, it is not possible to make a so-called “83(b) election” with respect to the Award.
   1. Effect on Service. Neither the grant of the Restricted Stock Units, nor the delivery of Stock upon vesting of the Award, will give the Grantee any right to be retained in the service of the Company or any of its Affiliates, affect the right of the Company or any of its Affiliates to discharge or discipline the Grantee at any time, or affect any right of the Grantee to terminate his or her service at any time.
   2. Provisions of the Plan. This Agreement is subject in its entirety to the provisions of the Plan, which are incorporated herein by reference. A copy of the Plan as in effect on the Grant Date has been furnished to the Grantee. By acceptance of the Award, the Grantee agrees to be bound by the terms of the Plan and this Agreement. In the event of any conflict between the terms of this Agreement and the Plan, the terms of the Plan shall control.
   3. Acknowledgements. By accepting the Award, the Grantee agrees to be bound by, and agrees that the Award and the Restricted Stock Units are subject in all respects to, the terms of the Plan. The Grantee further acknowledges and agrees that (i) this Agreement may be executed in two or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument, (ii) this agreement may be executed and exchanged using facsimile, portable document format (PDF) or electronic signature, which, in each case, shall constitute an original signature for all purposes hereunder and (iii) such signature by the Company will be binding against the Company and will create a legally binding agreement when this Agreement is countersigned by the Grantee.

*[Signature page follows.]*

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IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer.

PLANET FITNESS, INC.

By:

Name:



Title:

Dated:

Acknowledged and Agreed:

By

[Grantee’s Name]



[Signature Page to Restricted Stock Unit Agreement]

|  |  |  |
| --- | --- | --- |
|  |  | **Exhibit 21.1** |
|  | **SUBSIDIARIES OF PLANET FITNESS, INC.\*** |  |
| **ENTITY** |  | **JURISDICTION** |
| Pla-Fit Holdings, LLC | | Delaware |
| Planet Intermediate, LLC | | Delaware |
| Planet Fitness Holdings, LLC | | New Hampshire |
|  | Pla-Fit Health LLC | New Hampshire |
|  | PF Coventry, LLC | New Hampshire |
|  | Pla-Fit Health NJNY LLC | New Hampshire |
|  | Bayonne Fitness Group, LLC | New Jersey |
|  | Bayshore Fitness Group LLC | New York |
|  | 601 Washington Street Fitness Group, LLC | New York |
|  | Levittown Fitness Group, LLC | New York |
|  | Long Island Fitness Group, LLC | New York |
|  | Melville Fitness Group, LLC | New York |
|  | Peekskill Fitness Group, LLC | New York |
|  | Carle Place Fitness LLC | New York |
|  | Edison Fitness Group LLC | New Jersey |
|  | 1040 South Broadway Fitness Group | New York |
|  | JFZ LLC | New Hampshire |
|  | Pla-Fit Colorado LLC | New Hampshire |
|  | PF Derry LLC | New Hampshire |
|  | PFCA LLC | New Hampshire |
|  | PF Vallejo, LLC | California |
|  | Pizzazz, LLC | Pennsylvania |
|  | PFPA, LLC | New Hampshire |
|  | PF Kingston, LLC | New Hampshire |
|  | Pla-Fit Warminster LLC | New Hampshire |
|  | Pizzazz II, LLC | Pennsylvania |
|  | PF Greensburg LLC | Pennsylvania |
|  | PF Erie LLC | Pennsylvania |
|  | PFIP International | Cayman Islands |
|  | Planet Fitness Equipment LLC | New Hampshire |
|  | Pla-Fit Canada Inc. | British Columbia |
|  | Pla-Fit Canada Franchise Inc. | British Columbia |
|  | Pla-Fit Franchise LLC | New Hampshire |
|  | PFIP, LLC | New Hampshire |
|  | Planet Fitness NAF, LLC | New Hampshire |
| \* After giving effect to the recapitalization transactions described in the accompanying prospectus. | |  |

**Exhibit 23.1**

**Consent of Independent Registered Public Accounting Firm**

The Board of Directors

Planet Fitness, Inc.:

We consent to the use of our report dated March 25, 2015 with respect to the balance sheet of Planet Fitness, Inc. as of March 16, 2015, included herein and to the reference to our firm under the heading “Experts” in the prospectus.

We consent to the use of our report dated March 25, 2015 with respect to the consolidated balance sheets of Pla-Fit Holdings, LLC and subsidiaries as of December 31, 2013 and 2014 (Successor), and the related consolidated statements of operations, comprehensive income, cash flows, and changes in equity for the period from January 1, 2012 to November 7, 2012 (Predecessor), the period from November 8, 2012 to December 31, 2012 (Successor), and the years ended December 31, 2013 and 2014 (Successor), included herein and to the reference to our firm under the heading “Experts” in the prospectus.

/s/ KPMG LLP

Boston, Massachusetts

July 15, 2015

ROPES & GRAY LLP

PRUDENTIAL TOWER

800 BOYLSTON STREET

BOSTON, MA 02199-3600

WWW.ROPESGRAY.COM

July 15, 2015

**VIA EDGAR**

Securities and Exchange Commission

Division of Corporation Finance

100 F. Street, N.E.

Washington, D.C. 20549

Attention:

John Dana Brown

Sonia Bednarowski

Beverly Singleton

Lyn Shenk

Re:

Planet Fitness, Inc.

Registration Statement on Form S-1, filed June 22, 2015

File No. 333-205141

Ladies and Gentlemen:

On behalf of Planet Fitness, Inc. (the “Company”), we submit via EDGAR for review by the Securities and Exchange Commission (the “SEC”) the accompanying Amendment No. 1 to the Company’s above-referenced Registration Statement on Form S-1 (the “Registration Statement”) (including certain exhibits). Amendment No. 1 to the Registration Statement reflects the Company’s responses to the comments received from the staff of the SEC (the “Staff”) contained in the Staff’s letter dated July 1, 2015 (the “Comment Letter”) and certain other updated information. For your convenience, the Company is supplementally providing to the Staff a typeset copy of the Registration Statement marked to indicate the changes from the Registration Statement that was filed on June 22, 2015.

The Staff’s comments as reflected in the Comment Letter are reproduced in italics in this letter, and the corresponding responses of the Company are shown below each comment. All references to page numbers in the Company’s responses are to the page numbers in the Amendment No. 1 to the Registration Statement.

Securities and Exchange Commission -2- July 15, 2015

Risk Factors, page 19

Our certificate of incorporation designates courts in the State of Delaware, page 44

1. *Please revise your disclosure as appropriate to discuss the validity of Article XII(c) of your Restated Certificate of Incorporation in light of the new Section 102(f) of the Delaware General Corporation Law which will become effective on August 1, 2015. Please also discuss whether you intend to apply Article XII(c) to actions brought under the federal securities laws, including actions brought with both state law claims and federal securities laws claims.*

**Response to Comment 1:**

The Company advises the Staff that, in light of the recent change in the Delaware General Corporation Law referenced by the Staff, the Company has determined to remove the referenced provision from its Restated Certificate of Incorporation. The Company has re-filed Exhibit 3.1 and has revised the Registration Statement on page 46 to remove the related disclosure.

The Recapitalization Transactions, page 48

1. *Please revise to state, if true, that the Merger will occur upon the earlier of (1) the time of pricing of the offering and (2) March 31, 2016. We note statements to this effect in your correspondence to us dated June 9, 2015 and June 17, 2015.*

**Response to Comment 2:**

In response to the Staff’s comment, the Company has revised the Registration Statement on page 49 to state that the Merger will occur upon the earlier of (1) the time of pricing of the offering and (2) March 31, 2016.

Exhibit Index

1. *Please include the merger agreement by and among Planet Fitness, Inc. and Planet Fitness Holdings, L.P. as an exhibit to the registration statement with your next amendment or please tell us why this is not required.*

**Response to Comment 3:**

In response to the Staff’s comment, the Company has filed the merger agreement by and between Planet Fitness, Inc. and Planet Fitness Holdings, L.P. as Exhibit 2.1.

We hope that the foregoing has been responsive to the Staff’s comments. If you have any questions or comments about this letter or need any further information, please call the undersigned at (617) 951-7473 or Thomas J. Fraser of our offices at (617) 951-7063.

Very truly yours,

/s/ David A. Fine

David A. Fine

1. Chris Rondeau (Planet Fitness, Inc.) Dorvin Lively (Planet Fitness, Inc.)

D. Rhett Brandon (Simpson Thacher & Bartlett LLP) John C. Ericson (Simpson Thacher & Bartlett LLP)