



December 11, 2007

Dear Former Butterfly Life Owner:

I am writing to inform you of a change to The Butterfly Life franchise operating system that will have a positive financial impact on you. Beginning in 2008 we are instituting a system upgrade for current franchise owners. You are eligible for these benefits even if you have closed your location and are no longer operating a Butterfly Life franchise.

The system change that applies to you is a new policy regarding closed clubs. If a club should close Butterfly Fitness will attempt to resell the territory and send the closed franchisee 50% of the new franchise fee. In addition if any equipment is still available for resale, Butterfly Fitness will assist in reselling it with 100% of the fee going to the closed franchisee. There will be no commission fees associated with either of these transactions.

If you do not want to exercise your eligibility for this program, please contact Cathy Galli at cgalli@butterflylife.com and let her know officially within the next week. Otherwise, we will send you the necessary agreement for you to participate. To be eligible we expect that you will need to sign and return the agreement by about **January 4, 2008**.

This e mail is not an offer which will be made when we send you the termination and release agreement.

Sincerely,

A handwritten signature in black ink, appearing to read "T. Gergley".

Thomas Gergley
Chairman
Butterfly Fitness, Inc.