

THE MARKET

Fitness has become as much a part of the American culture as the arts, sciences, and entertainment. It has grown into a \$14.1 billion industry and has more than doubled in size in the last 10 years. Currently, more than 40 million people in the United States are health club members, and that number is expected to reach 50 million by 2010.

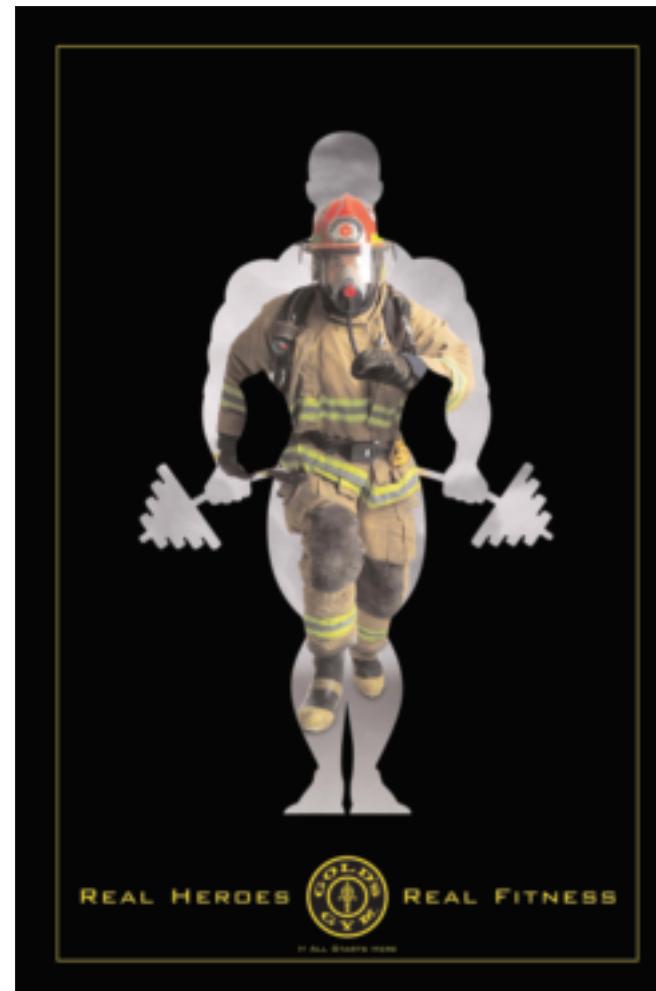
Even with this explosive growth, the fitness industry's potential remains untapped. Despite a wealth of research and information pointing to fitness as a key to living a longer, healthier life, an astounding 88 percent of the American population has yet to join a gym. And with America facing a rising obesity crisis, fitness has become more important than ever.

Consider this: Today, nearly two-thirds of adults and 15 percent of children and adolescents in the United States are overweight. An estimated 70 percent of diabetes risk in the United States can be attributed to excess weight, and more than 18 million Americans suffer from the disease. Heart disease is the leading cause of death in American women, killing six times as many women as breast cancer, and as many as 300,000 adult deaths in the United States each year are attributable to unhealthy dietary habits or physical inactivity.

The good news is that all of the conditions above can be managed or prevented through proper diet and exercise. And as millions of Gold's Gym members have found, joining a gym and reaching one's fitness goals can be a life-changing experience.

ACHIEVEMENTS

Gold's Gym has become the world's most recognized fitness icon. Starting out as a small gym in



Venice, California, Gold's Gym has grown to more than 600 gyms in 43 states and 26 countries, making it the largest co-ed gym chain in the world.

Over the past 40 years, Gold's Gym has gained a reputation for being the preferred gym of bodybuilders, entertainers, professional athletes, and the military. Countless stars, such as Arnold Schwarzenegger, Jodie Foster, Morgan Freeman, The Rock, and Hilary Swank, have trained at Gold's Gym.

Some of the most recognizable names in sports, including Michael Jordan, Lance Armstrong, Mario Lemieux, and Mike Piazza, have come to Gold's Gym to stay at the top of their game. Finally, Gold's Gym has added Capitol Hill to the family as the official gym of the Presidential Inaugural Committee, the House of Representatives, the FBI, and the CIA.

In addition, Gold's Gym Franchising has become one of the most respected franchising operations in the world. The company has attracted a who's who of franchisees, including former congressmen, professional athletes, entertainers, and international entrepreneurs.

Gold's Gym's biggest achievement, however, is not its global success or high-profile clientele; it's the members . . . the retired police officer in California who was told he would never walk again after a debilitating stroke and has just celebrated taking his first 20 steps unassisted, thanks to months of working with his Gold's Gym trainer . . . the diabetic in Georgia who no longer needs his medication thanks to his new, healthy lifestyle . . . the mother-daughter duo who aim to lose a combined 200 pounds in one year with their 5 a.m. workout sessions at Gold's Gym . . . the Muslim woman in Maryland who comes to Gold's Gym's women-only workout room so she can remove her hijab and enjoy her routine in comfort. The brand's biggest achievement is the stories of success, happiness, and health from within the gyms' walls.

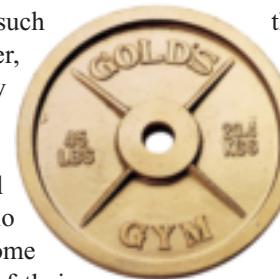
HISTORY

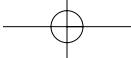
Gold's Gym opened its doors in Venice, California, on Pacific Avenue in 1965 and featured homemade equipment crafted by Joe Gold. (Even back then, Gold's Gym offered a one-of-a-kind workout experience.) With little money to be made in bodybuilding, it was not uncommon for Joe to let struggling bodybuilders sleep on the roof at night. This passion for fitness and dedication to the sport attracted bodybuilders from around the area. In 1977, Gold's received international fame in the movie *Pumping Iron*, which starred Arnold Schwarzenegger and Lou Ferrigno.

In 1980, Gold's Gym recognized a need for serious fitness facilities worldwide, and the Gold's Gym Franchising Program was created. That year, the first franchisee opened a gym in San Francisco, and today more than 580 franchised locations operate successfully around the globe, touching upon cities in every continent.

By 1993, Gold's Gym had reached the 1 million member mark, and less than 10 years later doubled that number with 2 million active members around the world.

Joe Gold, fitness icon and the founder of Gold's Gym, passed away in 2004 at the age of 83. Soon after the fitness industry's loss, the company he created was sold to TRT Holdings, Inc. ("TRT"), a privately owned, diversified holding company whose assets include the prestigious Omni Hotel chain.

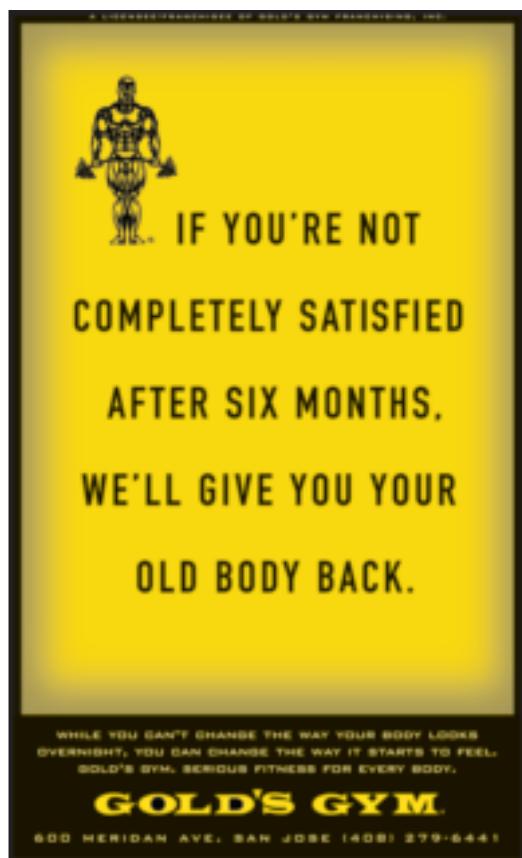




THE PRODUCT

In each of its 600-plus locations around the world, Gold's Gym aims to sell one simple thing: the ultimate fitness experience. Every gym around the world is equipped with the industry's best cardiovascular and strength training equipment. The Gold's Group Exercise Program (GGX) offers an assortment of more than 40 different group fitness classes in each gym location, including yoga, Pilates, spinning, Latin dance, stretching, and more. Many Gold's Gym locations boast full-court basketball amenities, indoor and outdoor swimming pools, and boxing studios. Wellness features may include nutritional consultation, juice bars, spa services, and childcare facilities.

Aside from the variety of first-class services found in Gold's Gym locations, the company's Product Licensing division has introduced a line of home fitness equipment and apparel available at select retailers and Gold's Gym Pro Shops. Products include workout equipment for the home, fitness accessories, and the popular men and women's apparel. Celebrities on television shows and in feature films are often seen wearing the much-respected and famous Gold's Gym apparel.



Gold's Gym's unparalleled expertise goes one step beyond the state-of-the-art facilities and equipment found in its gyms. The brand has carefully selected each gym owner, manager, trainer, and consultant around the world to ensure that its members receive the best service, treatment, and most important, fitness knowledge on the market.



RECENT DEVELOPMENTS

In 2005, Gold's Gym International celebrated its 40th anniversary with a host of changes and exciting news. Gold's Gym has rapidly expanded its global franchising operations with new gyms in Russia, the United Kingdom, Egypt, Japan, India, and Peru.

The brand also continues to build on its many successful partnerships developed over the years. Most recently Gold's served as the official gym of Dr. Phil's Ultimate Weight Loss Challenge, helping millions of his viewers around the country with their weight-loss goals by offering free 30-day memberships to everyone across America. In 2005, Gold's Gym also became the national fitness sponsor of the American Diabetes Association's Tour de Cure bike ride, inviting cyclists across the country to train to ride in a Tour event at a local Gold's Gym or to join the Gold's Gym bike team. Additionally, as national sponsor, Gold's Gym contributed proceeds from these events to the ADA.

PROMOTION

"It All Starts Here."TM This has been the Gold's Gym tagline for years. For people looking to get in shape — whether they are athletes, entertainers, or neighborhood moms and dads — the path can and should begin at Gold's.

The Gold's Gym logo is one of the most recognized logos around the world. The logo symbol of the outlined bodybuilder holding the bent barbell is named "Joe" after Joe Gold. Gold's Gym's national and local advertising efforts have always maintained a human touch, often focusing on its members and their



personal stories of triumph and good health. Rather than promoting price, Gold's Gym marketing focuses on the results its members receive and the impact that fitness will have on its members' lives, physically *and* mentally. This philosophy was evident back in the 1980s with Gold's tagline, "Results for Every BodyTM". Gold's ads speak about the brand in a proprietary way that maintains the respect and notoriety for which it is famous.

Gold's Gym ads have set new trends in the fitness industry and have been praised by the advertising industry, winning awards on numerous occasions from *Communication Arts*, The One Show, Cannes International Press & Poster, the Newspaper Association of America (Athena), and the Ad Club of Los Angeles (Belding). Ads from Gold's Gym have also appeared in *Archive Magazine* three times and have been featured in several textbooks on advertising. In 2005, the company honored its 40th anniversary with a yearlong advertising campaign focused on 40 years of "Serious FitnessTM".

BRAND VALUES

Gold's Gym is the largest co-ed gym chain in the world, recognized for its passion, unique heritage, and experience as the authority in fitness. Gold's inspires its members with unrivaled energy and provides the finest equipment and fitness knowledge available to help its members achieve their individual potential.

THINGS YOU DIDN'T KNOW ABOUT GOLD'S GYM

- Gold's Gym members lose 43,835 pounds of body fat a day.
- Gold's Gym has nearly 3 million members: 53 percent women, 47 percent men.
- The *Jeopardy* question: "The only gym to have its own motion picture and television casting division?" The answer: Gold's Gym.
- Gold's Gym members climb 1.7 million flights of stairs a day, the equivalent of 11,000 Empire State Buildings; run 556,800 miles a day, the equivalent of 23 times around the earth; and bike 236,670 miles a day, the equivalent of 750 times across the United States.
- Gold's Gym members lift 3.6 billion pounds each day, more weight than that of all the gold bars in Fort Knox.