MINDBODY, Inc.
Form DEFM14A
January 23, 2019
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE

SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant Filed by a party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

MINDBODY, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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MINDBODY, INC.

4051 Broad Street, Suite 220

San Luis Obispo, CA 93401

January 23, 2019

Dear MINDBODY Stockholder:

You are cordially invited to attend a special meeting (including any adjournments or postponements thereof, the Special Meeting) of stockholders of MINDBODY, Inc. (MINDBODY or the Company) to be held on February 14, 2019, at MINDBODY s offices, located at 651 Tank Farm Road, San Luis Obispo, California 93401, at 9:00 a.m., Pacific time.

At the Special Meeting, you will be asked to consider and vote on (i) a proposal to adopt the Agreement and Plan of Merger, dated December 23, 2018 (the Merger Agreement), by and among MINDBODY, Torreys Parent, LLC (Parent), and Torreys Merger Sub, Inc. (Merger Sub), (ii) a proposal to approve, on an advisory (non-binding) basis, the compensation that may be paid or become payable to MINDBODY s named executive officers that is based on or otherwise relates to the Merger Agreement and the transactions contemplated by the Merger Agreement (the Compensation Proposal), and (iii) a proposal to adjourn the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the Merger Agreement at the time of the Special Meeting. Parent and Merger Sub are entities that are affiliated with Vista Equity Partners Management, LLC, a leading private equity firm focused on investments in software, data and technology-enabled companies. Pursuant to the terms of the Merger Agreement, Merger Sub will merge with and into MINDBODY, with MINDBODY continuing as the surviving corporation and a wholly owned direct subsidiary of Parent (the Merger).

If the Merger is completed, you will be entitled to receive $36.50 in cash, without interest thereon and less any applicable withholding taxes, for each share of Class A common stock and Class B common stock (together, common stock) that you own (unless you have properly exercised your appraisal rights), which represents a premium of approximately: (1) 68% to the closing price of MINDBODY s Class A common stock on December 21, 2018, the last full trading day prior to public announcement of MINDBODY s entry into the Merger Agreement; and (2) 42% to the 30-day volume weighted average price, ending on December 21, 2018.

The Board of Directors, after considering the factors more fully described in the enclosed proxy statement, has unanimously: (i) determined that it is in the best interests of the Company and its stockholders, and declared it advisable, to enter into the Merger Agreement providing for the Merger in accordance with the General Corporation Law of the State of Delaware (the DGCL) upon the terms and subject to the conditions set forth therein; (ii) approved the execution and delivery of the Merger Agreement by the Company, the performance by the Company of its covenants and other obligations thereunder, and the consummation of the Merger upon the terms and subject to the conditions set forth therein; and (iii) resolved to recommend that the stockholders of the Company adopt the Merger Agreement and approve the Merger in accordance with the DGCL. The Board of Directors recommends that you vote: (1) FOR the adoption of the Merger Agreement; (2) FOR the Compensation Proposal; and (3) FOR the adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the Merger Agreement at the time of the Special

Meeting.

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The enclosed proxy statement provides detailed information about the Special Meeting, the Merger Agreement and the Merger. A copy of the Merger Agreement is attached as Annex A to the proxy statement.

The proxy statement also describes the actions and determinations of the Board of Directors in connection with its evaluation of the Merger Agreement and the Merger. You should carefully read and consider the entire enclosed proxy statement and its annexes, including, but not limited to, the Merger Agreement, as they contain important information about, among other things, the Merger and how it affects you.

Whether or not you plan to attend the Special Meeting in person, please sign, date and return, as promptly as possible, the enclosed proxy card in the accompanying prepaid reply envelope or grant your proxy electronically over the Internet or by telephone (using the instructions provided in the enclosed proxy card). If you attend the Special Meeting and vote in person by ballot, your vote will revoke any proxy that you have previously submitted.

If you hold your shares in street name, you should instruct your bank, broker or other nominee how to vote your shares in accordance with the voting instruction form that you will receive from your bank, broker or other nominee. Your bank, broker or other nominee cannot vote on any of the proposals, including the proposal to adopt the Merger Agreement, without your instructions.

Your vote is very important, regardless of the number of shares that you own. We cannot complete the Merger unless the proposal to adopt the Merger Agreement is approved by the affirmative vote of the holders of outstanding shares of MINDBODY s common stock representing a majority of the voting power of such outstanding shares.

If you have any questions or need assistance voting your shares, please contact our proxy solicitor:

MacKenzie Partners, Inc.

1407 Broadway, 27th Floor

New York, NY 100018

(212) 929-5500 (Call Collect)

Call Toll-free: (800) 322-2885

proxy@mackenziepartners.com

On behalf of the Board of Directors, I thank you for your support and appreciate your consideration of this matter.

Sincerely,

/s/ Richard L. Stollmeyer
Richard L. Stollmeyer

Co-Founder and Chief Executive Officer

The accompanying proxy statement is dated January 23, 2019 and, together with the enclosed form of proxy card, is first being mailed on or about January 23, 2019.

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MINDBODY, INC.

4051 Broad Street, Suite 220

San Luis Obispo, CA 93401

January 23, 2019

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON FEBRUARY 14, 2019

Notice is hereby given that a special meeting of stockholders (including any adjournments or postponements thereof, the Special Meeting) of MINDBODY, Inc., a Delaware corporation (MINDBODY), will be held on February 14, 2019, at MINDBODY s offices, located at 651 Tank Farm Road, San Luis Obispo, California 93401, at 9:00 a.m., Pacific time, for the following purposes:

1. To consider and vote on the proposal to adopt the Agreement and Plan of Merger, dated December 23, 2018, (the Merger Agreement), by and among MINDBODY, Torreys Parent, LLC (Parent), and Torreys Merger Sub, Inc. (Merger Sub). Pursuant to the terms of the Merger Agreement, Merger Sub will merge with and into MINDBODY, with MINDBODY continuing as the surviving corporation and a wholly owned direct subsidiary of Parent (the Merger);

2. To consider and vote on the proposal to approve, on an advisory (non-binding) basis, the compensation that may be paid or become payable to MINDBODY s named executive officers that is based on or otherwise relates to the Merger Agreement and the transactions contemplated by the Merger Agreement (the Compensation Proposal); and

3. To consider and vote on any proposal to adjourn the Special Meeting to a later date or dates if necessary or appropriate to solicit additional proxies if there are insufficient votes to adopt the Merger Agreement at the time of the Special Meeting.

Only stockholders of record as of the close of business on January 18, 2019, are entitled to notice of the Special Meeting and to vote at the Special Meeting or any adjournment, postponement or other delay thereof.

The Board of Directors unanimously recommends that you vote: (1) FOR the adoption of the Merger Agreement; (2) FOR the Compensation Proposal; and (3) FOR the adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the Merger Agreement at the time of the Special Meeting.

Whether or not you plan to attend the Special Meeting in person, please sign, date and return, as promptly as possible, the enclosed proxy card in the accompanying prepaid reply envelope or grant your proxy electronically over the Internet or by telephone (using the instructions provided in the enclosed proxy card). If you attend the Special Meeting and vote in person by ballot, your vote will revoke any proxy that you have previously submitted. If you hold your

shares in street name, you should instruct your bank, broker or other nominee how to vote your shares in accordance with the voting instruction form that you will receive from your bank, broker or other nominee. Your bank, broker or other nominee cannot vote on any of the proposals, including the proposal to adopt the Merger Agreement, without your instructions.

By Order of the Board of Directors,

/s/ Richard L. Stollmeyer
Richard L. Stollmeyer

Co-Founder and Chief Executive Officer

Dated: January 23, 2019

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YOUR VOTE IS IMPORTANT

WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING IN PERSON, WE ENCOURAGE YOU TO SUBMIT YOUR PROXY AS PROMPTLY AS POSSIBLE: (1) BY TELEPHONE; (2) THROUGH THE INTERNET; OR (3) BY SIGNING AND DATING THE ENCLOSED PROXY CARD AND RETURNING IT IN THE POSTAGE-PAID ENVELOPE PROVIDED. You may revoke your proxy or change your vote at any time before it is voted at the Special Meeting.

If you hold your shares in street name, you should instruct your bank, broker or other nominee how to vote your shares in accordance with the voting instruction form that you will receive from your bank, broker or other nominee. Your broker or other agent cannot vote on any of the proposals, including the proposal to adopt the Merger Agreement, without your instructions.

If you are a stockholder of record, voting in person by ballot at the Special Meeting will revoke any proxy that you previously submitted. If you hold your shares through a bank, broker or other nominee, you must obtain a legal proxy in order to vote in person at the Special Meeting.

If you fail to (1) return your proxy card, (2) grant your proxy electronically over the Internet or by telephone or (3) vote by ballot in person at the Special Meeting, your shares will not be counted for purposes of determining whether a quorum is present at the Special Meeting and, if a quorum is present, will have the same effect as a vote AGAINST the proposal to adopt the Merger Agreement, but will have no effect on the Compensation Proposal or the adjournment proposal.

You should carefully read and consider the entire accompanying proxy statement and its annexes, including, but not limited to, the Merger Agreement, along with all of the documents incorporated by reference into the accompanying proxy statement, as they contain important information about, among other things, the Merger and how it affects you. If you have any questions concerning the Merger Agreement, the Merger, the Special Meeting or the accompanying proxy statement, would like additional copies of the accompanying proxy statement or need help voting your shares of common stock, please contact our proxy solicitor:

MacKenzie Partners, Inc.

1407 Broadway, 27th Floor

New York, NY 100018

(212) 929-5500 (Call Collect)

Call Toll-free: (800) 322-2885

proxy@mackenziepartners.com

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SUMMARY

This summary highlights selected information from this proxy statement related to the merger of Torreys Merger Sub, Inc. with and into MINDBODY, Inc. (the Merger), and may not contain all of the information that is important to you. To understand the Merger more fully and for a more complete description of the legal terms of the Merger, you should carefully read and consider this entire proxy statement and the annexes to this proxy statement, including, but not limited to, the Merger Agreement, along with all of the documents to which we refer in this proxy statement, as they contain important information about, among other things, the Merger and how it affects you. You may obtain the information incorporated by reference in this proxy statement without charge by following the instructions under the caption, Where You Can Find More Information. The Merger Agreement (as defined below) is attached as Annex A to this proxy statement. You should carefully read and consider the entire Merger Agreement, which is the legal document that governs the Merger.

Except as otherwise specifically noted in this proxy statement, MINDBODY, we, our, us, the Company and similar words refer to MINDBODY, Inc., including, in certain cases, our subsidiaries. Throughout this proxy statement, we refer to Torreys Parent, LLC as Parent and Torreys Merger Sub, Inc. as Merger Sub. In addition, throughout this proxy statement we refer to the Agreement and Plan of Merger, dated December 23, 2018, by and among MINDBODY, Parent and Merger Sub, as the Merger Agreement, our Class A common stock, par value $0.000004 per share as Class A common stock and Class B common stock, par value $0.000004 per share as Class B common stock , and together, as common stock and the holders of our common stock, as stockholders. Unless indicated otherwise, any other capitalized term used herein but not otherwise defined herein has the meaning assigned to such term in the Merger Agreement.

Parties Involved in the Merger

MINDBODY, Inc.

Headquartered in San Luis Obispo, California, MINDBODY is the leading technology platform for the fitness, beauty and wellness services industries and a rapidly growing marketplace for these services. MINDBODY is also a leading payments platform dedicated to the fitness, beauty and wellness services industries. MINDBODY s Class A common stock is listed on The Nasdaq Global Market (Nasdaq) under the symbol MB.

Torreys Parent, LLC

Parent was formed on December 18, 2018, solely for the purpose of engaging in the transactions contemplated by the Merger Agreement, and has not engaged in any business activities other than in connection with the transactions contemplated by the Merger Agreement and arranging of the equity financing and any debt financing in connection with the Merger.

Torreys Merger Sub, Inc.

Merger Sub is a wholly owned direct subsidiary of Parent and was formed on December 18, 2018, solely for the purpose of engaging in the transactions contemplated by the Merger Agreement, and has not engaged in any business activities other than in connection with the transactions contemplated by the Merger Agreement and arranging of the equity financing and any debt financing in connection with the Merger.

Parent and Merger Sub are each affiliated with Vista Equity Partners Fund VI, L.P. (Vista Fund VI) and Vista Equity Partners Fund VII, L.P. (Vista Fund VII , and together with Vista Fund VI, the Vista Funds), and Parent, Merger Sub

and the Vista Funds are each affiliated with Vista Equity Partners Management, LLC

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(Vista). Vista is a leading private equity firm focused on investments in software, data and technology-enabled companies. At the Effective Time, MINDBODY, as the Surviving Corporation, will be indirectly owned by the Vista Funds.

In connection with the transactions contemplated by the Merger Agreement, the Vista Funds have provided Parent with an equity commitment, in the aggregate, of $1.73 billion, which, together with cash on hand at MINDBODY, will be available to fund the aggregate purchase price, and to pay the fees and expenses required to be paid at the Closing of the Merger by Parent and Merger Sub, contemplated by, and subject to the terms and conditions of, the Merger Agreement. For more information, please see the section of this proxy statement captioned The Merger Financing of the Merger.

The Merger

Upon the terms and subject to the conditions of the Merger Agreement, Merger Sub will merge with and into MINDBODY, with MINDBODY continuing as the surviving corporation and as a wholly owned direct subsidiary of Parent (the Surviving Corporation). As a result of the Merger, MINDBODY s Class A common stock will no longer be publicly traded, and will be delisted from Nasdaq. In addition, MINDBODY s Class A common stock will be deregistered under the Securities Exchange Act of 1934, as amended (the Exchange Act), and MINDBODY will no longer file periodic reports with the United States Securities and Exchange Commission (the SEC). If the Merger is completed, you will not own any shares of the capital stock of the Surviving Corporation. The time at which the Merger will become effective (the Effective Time) will occur upon the filing of a certificate of merger with the Secretary of State of the State of Delaware (or at such later time as we, Parent and Merger Sub may agree and specify in the certificate of merger).

Merger Consideration

MINDBODY Common Stock

At the Effective Time, each then outstanding share of MINDBODY common stock (other than shares of common stock (A) held by MINDBODY as treasury stock, (B) owned by Parent or Merger Sub, (C) owned by any direct or indirect wholly owned subsidiary of Parent or Merger Sub and (D) owned by stockholders who have properly and validly exercised their statutory rights of appraisal in respect of such shares of common stock under Delaware law, collectively, the Excluded Shares) will be cancelled and automatically converted into the right to receive $36.50 in cash (the Per Share Merger Consideration), without interest thereon and less any applicable withholding taxes.

At or immediately prior to the Effective Time, Parent will deposit sufficient funds to pay the aggregate Per Share Merger Consideration with a designated payment agent for payment of each share of common stock owned by each stockholder. For more information, please see the section of this proxy statement captioned Proposal 1: Adoption of the Merger Agreement Exchange and Payment Procedures.

After the Merger is completed, you will have the right to receive the Per Share Merger Consideration, but you will no longer have any rights as a stockholder (except that stockholders who properly exercise their appraisal rights may have the right to receive payment for the fair value of their shares determined pursuant to an appraisal proceeding, as contemplated by Delaware law). For more information, please see the section of this proxy statement captioned The Merger Appraisal Rights.

Treatment of Company Options and Company RSUs

The Merger Agreement provides that equity awards granted under MINDBODY s equity incentive plans, including options to purchase shares of our common stock and restricted stock units covering shares of our

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common stock, that are outstanding and vested as of immediately before the Effective Time will be cancelled and converted into cash consideration equal to $36.50 multiplied by the number of vested shares subject to the equity award (less the applicable per share exercise price of those vested shares, with respect to any options), subject to any required tax withholdings, payable shortly after the Closing of the Merger. Equity awards that are outstanding and unvested as of immediately before the Effective Time will be cancelled and converted into cash consideration (the Cash Replacement Amount) equal to $36.50 multiplied by the number of unvested shares subject to the equity award (less the applicable per share exercise price of those unvested shares, with respect to any options), subject to any required tax withholdings, which consideration will be subject to generally the same terms as the corresponding, cancelled equity award, including vesting conditions. Any options with a per share exercise price equal to or above $36.50 will be cancelled at the Effective Time for no payment or consideration. MINDBODY s equity incentive plans will terminate as of the Effective Time. For more information, please see the section of this proxy statement captioned Proposal 1: Adoption of the Merger Agreement Merger Consideration Outstanding Company Options and Company RSUs.

Treatment of Purchase Rights under the 2015 Employee Stock Purchase Plan

The Merger Agreement generally provides that no new offering periods or purchase periods will begin under MINDBODY s 2015 Employee Stock Purchase Plan (the ESPP) after December 23, 2018, any outstanding offering period will end no later than five days before the Effective Time, and the ESPP will terminate as of the Effective Time. In addition, with respect to any offering periods in effect on December 23, 2018, as of such date, no new participants will be permitted in the ESPP and existing participants will not be allowed to increase payroll contribution rates. For more information, please see the section of this proxy statement captioned Proposal 1: Adoption of the Merger Agreement Merger Consideration Treatment of Purchase Rights under the Employee Stock Purchase Plan.

Material U.S. Federal Income Tax Consequences of the Merger

The receipt of cash by MINDBODY stockholders in exchange for shares of MINDBODY common stock in the Merger will be a taxable transaction to MINDBODY stockholders for U.S. federal income tax purposes. Such receipt of cash by each of our stockholders that is a U.S. Holder (as defined under the caption, The Merger Material U.S. Federal Income Tax Consequences of the Merger) generally will result in the recognition of gain or loss in an amount measured by the difference, if any, between the amount of cash that such U.S. Holder receives in the Merger per share and such U.S. Holder s adjusted tax basis in the shares of common stock surrendered in the Merger by such stockholder. Backup withholding taxes may also apply to the cash payments made pursuant to the Merger, unless the U.S. Holder complies with certification procedures under the backup withholding rules.

A MINDBODY stockholder that is a Non-U.S. Holder (as defined under the caption, The Merger Material U.S. Federal Income Tax Consequences of the Merger) generally will not be subject to U.S. federal income tax with respect to the exchange of common stock for cash in the Merger unless such Non-U.S. Holder has certain connections to the United States, but may be subject to backup withholding tax unless the Non-U.S. Holder complies with certain certification procedures or otherwise establishes a valid exemption from backup withholding tax.

MINDBODY stockholders should read the section of this proxy statement captioned The Merger Material U.S. Federal Income Tax Consequences of the Merger.

MINDBODY stockholders should also consult their own tax advisors concerning the U.S. federal income tax consequences relating to the Merger in light of their particular circumstances and any consequences arising under U.S. federal estate, gift and other non-income tax laws or the laws of any state, local or non-U.S. taxing jurisdiction.

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Appraisal Rights

If the Merger is consummated and certain conditions are met, MINDBODY stockholders who continuously hold shares of MINDBODY common stock through the Effective Time, who do not vote in favor of the adoption of the Merger Agreement and who properly demand appraisal of their shares and who do not withdraw their demands or otherwise lose their rights to seek appraisal will be entitled to seek appraisal of their shares in connection with the Merger under Section 262 of the General Corporation Law of the State of Delaware (the DGCL). This means that MINDBODY stockholders may be entitled to have their shares of MINDBODY common stock appraised by the Delaware Court of Chancery, and to receive payment in cash of the fair value of their shares of MINDBODY common stock, exclusive of any elements of value arising from the accomplishment or expectation of the Merger, together with interest to be paid on the amount determined to be fair value, if any, as determined by the court, as described further below. Due to the complexity of the appraisal process, MINDBODY stockholders who wish to seek appraisal of their shares are encouraged to seek the advice of legal counsel with respect to the exercise of appraisal rights.

MINDBODY stockholders considering seeking appraisal should be aware that the fair value of their shares as determined pursuant to Section 262 of the DGCL could be more than, the same as or less than the value of the consideration that they would receive pursuant to the Merger Agreement if they did not seek appraisal of their shares of MINDBODY common stock.

To exercise appraisal rights, MINDBODY stockholders must: (1) submit a written demand for appraisal to MINDBODY before the vote is taken on the proposal to adopt the Merger Agreement; (2) not submit a proxy or otherwise vote in favor of the proposal to adopt the Merger Agreement; (3) continue to hold shares of MINDBODY common stock of record through the Effective Time; and (4) strictly comply with all other procedures for exercising appraisal rights under the DGCL. Failure to follow exactly the procedures specified under the DGCL may result in the loss of appraisal rights. In addition, the Delaware Court of Chancery will dismiss appraisal proceedings in respect of MINDBODY unless certain stock ownership conditions are satisfied by the MINDBODY stockholders seeking appraisal. The DGCL requirements for exercising appraisal rights are described in further detail in this proxy statement, which is qualified in its entirety by Section 262 of the DGCL, the relevant section of the DGCL regarding appraisal rights. A copy of Section 262 of the DGCL is reproduced in Annex C to this proxy statement. If you hold your shares of common stock through a bank, broker or other nominee and you wish to exercise appraisal rights, you should consult with your bank, broker or other nominee to determine the appropriate procedures for the making of a demand for appraisal on your behalf by your bank, broker or other nominee. For more information, please see the section of this proxy statement captioned The Merger Appraisal Rights.

Regulatory Approvals Required for the Merger

Under the Merger Agreement, the Merger cannot be completed until the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act), has expired or been terminated. For more information, please see the section of this proxy captioned The Merger Regulatory Approvals Required for the Merger.

On January 3, 2019, MINDBODY and Vista Fund VI made the filings required to be made under the HSR Act.

Closing Conditions

The obligations of MINDBODY, Parent and Merger Sub, as applicable, to consummate the Merger are subject to the satisfaction or waiver of customary conditions, including (among other conditions), the following:

the absence of any laws or court orders making the Merger illegal or otherwise prohibiting the Merger;

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the adoption of the Merger Agreement by the requisite affirmative vote of stockholders;

the expiration or termination of the applicable waiting period under the HSR Act;

in the case of Parent and Merger Sub, the absence of any continuing change, event, violation, inaccuracy, effect or circumstance at MINDBODY that, individually or in the aggregate, generally: (1) is or would reasonably be expected to be materially adverse to MINDBODY s business, financial condition or results of operations, taken as a whole; or (2) would reasonably be expected to prevent or materially impair or delay the consummation of the Merger;

the accuracy of the representations and warranties of MINDBODY, Parent and Merger Sub in the Merger Agreement, subject to materiality qualifiers, as of the Effective Time or the date in respect of which such representation or warranty was specifically made; and

the performance in all material respects by MINDBODY, Parent and Merger Sub of their respective obligations required to be performed by them under the Merger Agreement at or prior to the Effective Time.

Financing of the Merger

The obligation of Parent and Merger Sub to consummate the Merger is not subject to any financing condition. We anticipate that the total amount of funds necessary to complete the Merger and the related transactions, and to pay the fees and expenses required to be paid at the Closing of the Merger by Parent and Merger Sub under the Merger Agreement, will be approximately $1.9 billion in cash. This amount includes funds needed to: (1) pay stockholders and other equity holders the amounts due under the Merger Agreement and (2) make payments in respect of our outstanding equity-based awards payable at Closing pursuant to the Merger Agreement. In connection with the financing of the Merger, the Vista Funds and Parent have entered into an equity commitment letter, dated as of December 23, 2018 (the Equity Commitment Letter), pursuant to which each of Vista Fund VI and Vista Fund VII has agreed to provide Parent with an equity commitment of $865 million in cash, for an aggregate amount of $1.73 billion, which, together with cash on hand at MINDBODY, will be available to fund the aggregate purchase price and to pay the fees and expenses required to be paid at the Closing of the Merger by Parent and Merger Sub contemplated by, and subject to the terms and conditions of, the Merger Agreement. MINDBODY has a contractual right to enforce the foregoing equity commitment letter against Vista Fund VI and Vista Fund VII and, under the terms of the Merger Agreement, MINDBODY has the unqualified right to specifically enforce Parent s obligation to consummate the Merger upon receipt of the proceeds of the foregoing equity commitment.

Pursuant to the limited guaranties delivered by each of Vista Fund VI and Vista Fund VII in favor of MINDBODY, dated as of December 23, 2018 (collectively, the Guaranties), each of Vista Fund VI and Vista Fund VII has agreed to guarantee the payment of the liabilities and obligations of Parent or Merger Sub under the Merger Agreement, which are subject to an aggregate cap equal to $133.393 million, including, amounts in respect of certain reimbursement and indemnification obligations of Parent and Merger Sub for certain costs, expenses or losses incurred or sustained by MINDBODY, as specified in the Merger Agreement. The obligations of each of Vista Fund VI and Vista Fund VII under its respective limited guaranty are subject to a cap equal to $66.6965 million, for an aggregate cap of $133.393 million collectively between the Guaranties. For more information, please see the section of this proxy statement captioned The Merger Financing of the Merger.

The Irrevocable Proxies

Richard Stollmeyer, the Company s Chief Executive Officer and Chairman of the Board of Directors, certain parties related to Richard Stollmeyer (together with Richard Stollmeyer, the Stollmeyer Group) and Institutional Venture Partners XIII, L.P. (together with the Stollmeyer Group, the Signing Stockholders) have

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granted irrevocable proxies (the Irrevocable Proxies) to certain members of the Board of Directors, as the exclusive attorneys and proxies of the Signing Stockholders with respect to the matters set forth in the Irrevocable Proxies (the Proxies). Under the Irrevocable Proxies, the Signing Stockholders have and irrevocably instructed the Proxies, during the term of the Irrevocable Proxies, to vote the Signing Stockholders shares of common stock (i) in favor of the adoption of the Merger Agreement and the approval of the Merger and the other transactions contemplated by the Merger Agreement and/or (ii) against any acquisition proposal or any action or agreement which would reasonably be expected to result in any of the conditions to the Company s obligations to consummate the Merger as specified in the Merger Agreement not being fulfilled. As of the Record Date, the Signing Stockholders held, in the aggregate, approximately 32.1% of the voting power of the outstanding shares of MINDBODY s common stock (and approximately 46.2% when taking into account MINDBODY options and RSUs held, in the aggregate, by the Signing Stockholders). For more information, please see the section of this proxy statement captioned The Merger Irrevocable Proxies.

Required Stockholder Approval

The affirmative vote of the holders of a majority of the voting power of the outstanding shares of common stock is required to adopt the Merger Agreement. As of the Record Date, 34,686,488 votes constitute a majority of the voting power of the outstanding shares of common stock. Approval of the proposal to approve, on an advisory (non-binding) basis, the compensation that may be paid or become payable to MINDBODY s named executive officers that is based on or otherwise relates to the Merger Agreement and the transactions contemplated by the Merger Agreement (the Compensation Proposal) and the proposal to adjourn the Special Meeting (the adjournment proposal), whether or not a quorum is present, requires the affirmative vote of a majority of the voting power of the shares present in person or represented by proxy at the Special Meeting and entitled to vote on the subject matter. The approval of the Compensation Proposal is advisory (non-binding) and is not a condition to the completion of the Merger.

As of the Record Date, our directors and executive officers beneficially owned and were entitled to vote, in the aggregate, 671,198 shares of common stock, representing approximately 1.4% of the shares of common stock outstanding as of the Record Date (and approximately 5.0% of the shares of common stock outstanding when taking into account MINDBODY options and RSUs held, in the aggregate, by our directors and executive officers), and approximately 7.7% of the voting power of the shares of common stock outstanding as of the Record Date (and approximately 26.6% of the voting power when taking into account MINDBODY options and RSUs held, in the aggregate, by our directors and executive officers). The Signing Stockholders, which include Richard Stollmeyer, the Company s Chief Executive Officer and Chairman of the Board of Directors, certain parties related to Richard Stollmeyer and Institutional Venture Partners XIII, L.P. have granted irrevocable proxies to certain members of the Board of Directors instructing them to, among other things, vote each of the shares of common stock held by such Signing Stockholders in favor of the proposal to adopt the Merger Agreement. For more information, please see the section of this proxy statement captioned The Merger Irrevocable Proxies.

Our directors and executive officers have informed us that they currently intend to vote all of their respective shares of common stock, including the Signing Stockholders shares of common stock: (1) **FOR** the adoption of the Merger Agreement; (2) **FOR** the Compensation Proposal, and (3) **FOR** the adjournment proposal.

The Special Meeting

Date, Time and Place

A special meeting of MINDBODY stockholders to consider and vote on the proposal to adopt the Merger Agreement will be held on February 14, 2019, at MINDBODY s offices, located at 651 Tank Farm Road, San Luis Obispo,

California 93401, at 9:00 a.m., Pacific time (the Special Meeting).

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Record Date; Shares Entitled to Vote

You are entitled to vote at the Special Meeting if you owned shares of common stock at the close of business on January 18, 2019 (the Record Date). Each holder of Class A common stock shall be entitled to one (1) vote for each such share owned at the close of business on the Record Date, and each holder of Class B common stock shall be entitled to ten (10) votes for each share owned at the close of business on the Record Date.

Quorum

As of the Record Date, there were 45,643,595 shares of Class A common stock and 2,372,938 shares of Class B common stock outstanding and entitled vote at the Special Meeting. The holders of a majority of the voting power of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, will constitute a quorum at the Special Meeting.

Recommendation of the MINDBODY Board of Directors

After considering various factors described in this proxy statement under the caption, The Merger Recommendation of the Board of Directors and Reasons for the Merger, the MINDBODY Board of Directors (the Board of Directors) unanimously: (i) determined that it is in the best interests of the Company and its stockholders, and declared it advisable, to enter into the Merger Agreement providing for the Merger in accordance with the DGCL upon the terms and subject to the conditions set forth therein; (ii) approved the execution and delivery of the Merger Agreement by the Company, the performance by the Company of its covenants and other obligations thereunder, and the consummation of the Merger upon the terms and subject to the conditions set forth therein; and (iii) resolved to recommend that the stockholders of the Company adopt the Merger Agreement and approve the Merger in accordance with the DGCL.

The Board of Directors also unanimously recommends that MINDBODY stockholders vote: (1) **FOR** the adoption of the Merger Agreement; (2) **FOR** the Compensation Proposal; and (3) **FOR** the adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the Merger Agreement at the time of the Special Meeting.

Prior to the adoption of the Merger Agreement by stockholders, under certain circumstances, the Board of Directors may withdraw or change the foregoing recommendation if it determines in good faith (after consultation with its financial advisor and its outside legal counsel) that failure to do so would be inconsistent with the Board of Directors fiduciary duties to stockholders under applicable law. However, the Board of Directors cannot withdraw or change the foregoing recommendation unless it complies with certain procedures in the Merger Agreement, including, but not limited to, negotiating with Parent in good faith over a two business day period so that a failure to make a Company Board Recommendation Change (as defined in the section of this proxy statement captioned Proposal 1: Adoption of the Merger Agreement The Board of Directors Recommendation; Company Board Recommendation Change) would no longer be inconsistent with the Board of Directors fiduciary duties to stockholders under applicable law. The termination of the Merger Agreement by Parent following the withdrawal by the Board of Directors of its recommendation that stockholders adopt the Merger Agreement will result in the payment by MINDBODY of a termination fee to Parent in the amount of $57.168 million. The termination of the Merger Agreement by the Company following the Board of Directors authorization for the Company to enter into a definitive agreement to consummate an alternative transaction contemplated by a Superior Proposal will result in the payment by MINDBODY of a termination fee to Parent of either (1) $28.584 million if the Merger Agreement is terminated prior to the No Shop Period Start Date or (2) $57.168 million if the Merger Agreement is terminated after the No Shop Period Start Date. For more information, please see the section of this proxy statement captioned Proposal 1: Adoption

of the Merger Agreement The Board of Directors Recommendation; Company Board Recommendation Change.

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Opinion of Qatalyst Partners

MINDBODY engaged Qatalyst Partners LP (Qatalyst Partners) to provide financial advice in connection with the proposed Merger based on Qatalyst Partners qualifications, expertise, reputation and knowledge of MINDBODY s business and the industry in which MINDBODY operates. At the meeting of our Board of Directors on December 23, 2018, Qatalyst Partners rendered to our Board of Directors its oral opinion, subsequently confirmed in writing, to the effect that, as of December 23, 2018 and based upon and subject to the various assumptions, qualifications, limitations and other matters set forth therein, the Per Share Merger Consideration to be received pursuant to, and in accordance with, the terms of the Merger Agreement by the holders of shares of Class A common stock, in their capacity as such holders (other than Parent or any affiliates of Parent), was fair, from a financial point of view, to such holders.

The full text of the opinion of Qatalyst Partners, dated as of December 23, 2018, is attached to this proxy statement as Annex B and is incorporated into this proxy statement by reference. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations and qualifications of the review undertaken by Qatalyst Partners in rendering its opinion. You should read the opinion carefully in its entirety.

Qatalyst Partners opinion was provided to our Board of Directors and addressed only, as of the date of the opinion, the fairness, from a financial point of view, of the Merger Consideration to be received pursuant to, and in accordance with, the terms of the Merger Agreement by the holders of shares of Class A common stock, in their capacity as such holders (other than Parent or any affiliates of Parent), to such holders. It does not address any other aspect of the Merger. It does not constitute a recommendation to any stockholder of MINDBODY as to how to vote with respect to the Merger or any other matter and does not in any manner address the price at which the shares of common stock will trade at any time.

For a description of the opinion that our Board of Directors received from Qatalyst Partners, see the section of this proxy statement captioned The Merger Opinion of Qatalyst Partners LP.

Interests of MINDBODY s Directors and Executive Officers in the Merger

When considering the foregoing recommendation of the Board of Directors that you vote to approve the proposal to adopt the Merger Agreement, MINDBODY stockholders should be aware that MINDBODY s directors and executive officers may have interests in the Merger that are different from, or in addition to, MINDBODY stockholders more generally. In (1) evaluating and negotiating the Merger Agreement, (2) approving the Merger Agreement and the Merger and (3) recommending that the Merger Agreement be adopted by stockholders, the Board of Directors was aware of and considered these interests, among other matters, to the extent that these interests existed at the time. These interests include:

- at the Effective Time of the Merger, each Company Option and Company RSU will receive the treatment described in the section of this proxy statement captioned The Merger Interests of MINDBODY s Directors and Executive Officers in the Merger Treatment of Company Options and Company RSUs ;

- continued eligibility of MINDBODY s executive officers to receive severance payments and benefits (including equity award vesting acceleration) under their employment agreement (or separation agreement and consulting agreement in the case of Kimberly Lytikainen) with MINDBODY, as described in more

detail in the section of this proxy statement captioned The Merger Interests of MINDBODY s Directors and Executive Officers in the Merger Payments Upon Termination At or Following Change in Control ;

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prior to the closing of the Merger, our Compensation Committee is expected to grant MINDBODY s executive officers (other than Kimberly Lytikainen) an ordinary course annual refresh equity award, as described in more detail in the section of this proxy statement captioned The Merger Interests of MINDBODY s Directors and Executive Officers in the Merger Payments Upon Termination At or Following Change in Control ;

eligibility of MINDBODY s non-employee directors to receive accelerated vesting of his or her Cash Replacement Amount(s) upon a qualifying termination of his or her status as a non-employee director following the closing of the Merger, as described in more detail in the section of this proxy statement captioned The Merger Interests of MINDBODY s Directors and Executive Officers in the Merger Equity Awards Held by MINDBODY S Executive Officers and Non-employee Directors ; and

continued indemnification and directors and officers liability insurance to be provided by the Surviving Corporation.

If the proposal to adopt the Merger Agreement is approved, the shares of common stock held by MINDBODY directors and executive officers will be treated in the same manner as outstanding shares of common stock held by all other stockholders. For more information, see the section of this proxy statement captioned The Merger Interests of MINDBODY s Directors and Executive Officers in the Merger.

Alternative Acquisition Proposals

The Go Shop Period Solicitation of Other Acquisition Proposals

Under the Merger Agreement, from the date of the Merger Agreement until 12:00 p.m., Pacific time on January 22, 2019 (the No Shop Period Start Date), MINDBODY had the right to: (1) solicit, initiate, propose or induce or knowingly encourage, facilitate or assist any inquiries regarding any Acquisition Proposal and (2) engage in discussions or negotiations with, or provide any non-public information to, any person relating to, an Acquisition Proposal (as defined in the section of this proxy statement captioned Proposal 1: Adoption of the Merger Agreement The Go Shop Period Solicitation of Other Offers).

If MINDBODY had terminated the Merger Agreement for the purpose of entering into an agreement in respect of a Superior Proposal (as defined in the section of this proxy captioned Proposal 1: Adoption of the Merger Agreement The Go Shop Period Solicitation of Other Offers) prior to the No Shop Period Start Date, MINDBODY would have been required to pay a termination fee of $28.584 million to Parent. For more information, please see the section of this proxy statement captioned Proposal 1: Adoption of the Merger Agreement The Board of Directors Recommendation; Company Board Recommendation Change.

The No Shop Period No Solicitation of Other Acquisition Proposals

Under the Merger Agreement, from the No Shop Period Start Date until the Effective Time, MINDBODY may not: (1) solicit, initiate, propose or induce or knowingly encourage, facilitate or assist any inquiries regarding any Acquisition Proposal or (2) engage in discussions or negotiations with, or provide any non-public information to, any person relating to, an Acquisition Proposal.

Notwithstanding the foregoing restrictions, under specified certain circumstances, from the No Shop Period Start Date until the adoption of the Merger Agreement by MINDBODY stockholders, MINDBODY may provide information to,

and engage or participate in negotiations or substantive discussions with, a person in respect of an Acquisition Proposal, and otherwise facilitate such Acquisition Proposal or assist such person (and its Representatives and financing sources) with such Acquisition Proposal (in each case, if requested by such person and such Acquisition Proposal did not result from any material breach of MINDBODY s obligations, as

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described in the immediately preceding paragraph) if (and only if) the Board of Directors (or a committee thereof) determines in good faith (after consultation with its financial advisor and its outside legal counsel) that such Acquisition Proposal either constitutes a Superior Proposal or is reasonably likely to lead to a Superior Proposal, and, in each case, the failure to act in respect of such Acquisition Proposal would be inconsistent with the Board of Directors fiduciary duties to stockholders under applicable law. For more information, please see the section of this proxy statement captioned Proposal 1: Adoption of the Merger Agreement The No Shop Period No Solicitation of Other Offers.

After the No Shop Period Start Date but prior to the adoption of the Merger Agreement by MINDBODY stockholders, MINDBODY is entitled to terminate the Merger Agreement for the purpose of entering into an agreement in respect of a Superior Proposal if it complies with certain procedures in the Merger Agreement, including, but not limited to, negotiating with Parent in good faith over a two business day period in an effort to amend the terms and conditions of the Merger Agreement, so that such Superior Proposal no longer constitutes a Superior Proposal relative to the transactions contemplated by the Merger Agreement, as amended pursuant to such negotiations.

If MINDBODY terminates the Merger Agreement for the purpose of entering into an agreement in respect of a Superior Proposal after the No Shop Period Start Date but prior to the adoption of the Merger Agreement by MINDBODY stockholders, MINDBODY must pay a termination fee of $57.168 million to Parent. For more information, please see the section of this proxy statement captioned Proposal 1: Adoption of the Merger Agreement The Board of Directors Recommendation; Company Board Recommendation Change.

Termination of the Merger Agreement

In addition to the circumstances described above, Parent and MINDBODY have certain rights to terminate the Merger Agreement under customary circumstances, including by mutual agreement, the imposition of laws or non-appealable court orders that make the Merger illegal or otherwise prohibit the Merger, an uncured breach of the Merger Agreement by the other party, if the Merger has not been consummated by 11:59 p.m., Pacific time, on June 23, 2019, and if MINDBODY stockholders fail to adopt the Merger Agreement at the Special Meeting (or any adjournment or postponement thereof). Under some circumstances, MINDBODY is required to pay Parent a termination fee equal to either $28.584 million or $57.168 million. Please see the section of this proxy statement captioned Proposal 1: Adoption of the Merger Agreement Termination Fee.

Effect on MINDBODY if the Merger is Not Completed

If the Merger Agreement is not adopted by MINDBODY stockholders, or if the Merger is not completed for any other reason:

i. the stockholders will not be entitled to, nor will they receive, any payment for their respective shares of common stock pursuant to the Merger Agreement;

ii. (A) MINDBODY will remain an independent public company, (B) MINDBODY s Class A common stock will continue to be listed and traded on Nasdaq and registered under the Exchange Act, and (C) MINDBODY will continue to file periodic reports with the SEC; and

iii. under certain specified circumstances, MINDBODY will be required to pay Parent a termination fee of either $28.584 million or $57.168 million upon the termination of the Merger Agreement. For more information, please see the section of this proxy statement captioned Proposal 1: Adoption of the Merger Agreement Termination Fee.

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QUESTIONS AND ANSWERS

The following questions and answers address some commonly asked questions regarding the Merger, the Merger Agreement and the Special Meeting. These questions and answers may not address all questions that are important to you. You should carefully read and consider the more detailed information contained elsewhere in this proxy statement and the annexes to this proxy statement, including, but not limited to, the Merger Agreement, along with all of the documents we refer to in this proxy statement, as they contain important information about, among other things, the Merger and how it affects you. You may obtain the information incorporated by reference in this proxy statement without charge by following the instructions under the caption, Where You Can Find More Information.

Q: **Why am I receiving these materials?**

A: The Board of Directors is furnishing this proxy statement and form of proxy card to the holders of shares of common stock in connection with the solicitation of proxies to be voted at the Special Meeting.

Q: **When and where is the Special Meeting?**

A: The Special Meeting will take place on February 14, 2019, at MINDBODY s offices, located at 651 Tank Farm Road, San Luis Obispo, California 93401, at 9:00 a.m., Pacific time.

Q: **What am I being asked to vote on at the Special Meeting?**

A: You are being asked to vote on the following proposals:

to adopt the Merger Agreement pursuant to which Merger Sub will merge with and into MINDBODY, and MINDBODY will become a wholly owned direct subsidiary of Parent;

to approve, on an advisory (non-binding) basis, the Compensation Proposal; and

to approve the adjournment of the Special Meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the Merger Agreement at the time of the Special Meeting.

Q: **Who is entitled to vote at the Special Meeting?**

A:

Stockholders as of the Record Date are entitled to notice of the Special Meeting and to vote at the Special Meeting. Each holder of Class A common stock shall be entitled to cast one (1) vote on each matter properly brought before the Special Meeting for each such share owned at the close of business on the Record Date, and each holder of Class B common stock shall be entitled to ten (10) votes on each matter properly brought before the Special Meeting for each such share owned at the close of business on the Record Date.

Q: **May I attend the Special Meeting and vote in person?**

A: Yes. All stockholders as of the Record Date may attend the Special Meeting and vote in person. Seating will be limited. Stockholders will need to present proof of ownership of shares of common stock, such as a bank or brokerage account statement, and a form of personal identification to be admitted to the Special Meeting. No cameras, recording equipment, electronic devices, large bags, briefcases or packages will be permitted in the Special Meeting.

Even if you plan to attend the Special Meeting in person, to ensure that your shares will be represented at the Special Meeting we encourage you to sign, date and return the enclosed proxy card in the accompanying prepaid reply envelope or grant your proxy electronically over the Internet or by telephone (using the instructions provided in the enclosed proxy card). If you attend the Special Meeting and vote in person by ballot, your vote will revoke any proxy previously submitted.

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If you hold your shares in street name, you should instruct your bank, broker or other nominee how to vote your shares in accordance with the voting instruction form that you will receive from your bank, broker or other nominee. Your broker or other agent cannot vote on any of the proposals, including the proposal to adopt the Merger Agreement, without your instructions. If you hold your shares in street name, you may not vote your shares in person at the Special Meeting unless you obtain a legal proxy from your bank, broker or other nominee.

Q: **What will I receive if the Merger is completed?**

A: Upon completion of the Merger, you will be entitled to receive the Merger Consideration of $36.50 in cash, without interest thereon and less any applicable withholding taxes, for each share of common stock that you own, unless you have properly exercised and not withdrawn your appraisal rights under the DGCL. For example, if you own 100 shares of common stock, you will receive $3,650.00 in cash in exchange for your shares of common stock, less any applicable withholding taxes.

Q: **What vote is required to adopt the Merger Agreement?**

A: The affirmative vote of the holders of a majority of the voting power of the outstanding shares of common stock is required to adopt the Merger Agreement.

If a quorum is present at the Special Meeting, the failure of any stockholder of record to: (1) submit a signed proxy card; (2) grant a proxy over the Internet or by telephone (using the instructions provided in the enclosed proxy card); or (3) vote in person by ballot at the Special Meeting will have the same effect as a vote **AGAINST** the proposal to adopt the Merger Agreement. If you hold your shares in street name and a quorum is present at the Special Meeting, the failure to instruct your bank, broker or other nominee how to vote your shares will have the same effect as a vote **AGAINST** the proposal to adopt the Merger Agreement. If a quorum is present at the Special Meeting, abstentions will have the same effect as a vote **AGAINST** the proposal to adopt the Merger Agreement.

Q: **What happens if the Merger is not completed?**

A: If the Merger Agreement is not adopted by stockholders or if the Merger is not completed for any other reason, stockholders will not receive any payment for their shares of common stock. Instead, MINDBODY will remain an independent public company, our Class A common stock will continue to be listed and traded on the NASDAQ and registered under the Exchange Act, and we will continue to file periodic reports with the SEC.

Under specified circumstances, MINDBODY will be required to pay Parent a termination fee of either $28.584 million or $57.168 million upon the termination of the Merger Agreement, as described in the section of this proxy statement captioned Proposal 1: Adoption of the Merger Agreement Termination Fee.

Q: **Why are the stockholders being asked to cast an advisory (non-binding) vote to approve the Compensation Proposal?**

A: The Exchange Act and applicable SEC rules thereunder require MINDBODY to seek an advisory (non-binding) vote with respect to certain payments that could become payable to its named executive officers in connection with the Merger.

Q: **What vote is required to approve the Compensation Proposal?**

A: The affirmative vote of the holders of a majority of the voting power of the shares present in person or represented by proxy at the Special Meeting and entitled to vote on the subject matter is required for approval of the Compensation Proposal.

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Q: **What will happen if the stockholders do not approve the Compensation Proposal at the Special Meeting?**

A: Approval of the Compensation Proposal is not a condition to the completion of the Merger. The vote with respect to the Compensation Proposal is an advisory vote and will not be binding on MINDBODY. Therefore, if the other requisite stockholder approvals are obtained and the Merger is completed, the amounts payable under the Compensation Proposal will continue to be payable to MINDBODY s named executive officers in accordance with the terms and conditions of the applicable agreements.

Q: **What do I need to do now?**

A: You should carefully read and consider this entire proxy statement and the annexes to this proxy statement, including, but not limited to, the Merger Agreement, along with all of the documents that we refer to in this proxy statement, as they contain important information about, among other things, the Merger and how it affects you. Then sign, date and return, as promptly as possible, the enclosed proxy card in the accompanying reply envelope, or grant your proxy electronically over the Internet or by telephone (using the instructions provided in the enclosed proxy card), so that your shares can be voted at the Special Meeting, unless you wish to seek appraisal. If you hold your shares in street name, please refer to the voting instruction forms provided by your bank, broker or other nominee to vote your shares.

Q: **Should I surrender my book-entry shares now?**

A: No. After the Merger is completed, the payment agent will send each holder of record a letter of transmittal and written instructions that explain how to exchange shares of common stock represented by such holder s book-entry shares for merger consideration.

Q: **What happens if I sell or otherwise transfer my shares of common stock after the Record Date but before the Special Meeting?**

A: The Record Date for the Special Meeting is earlier than the date of the Special Meeting and the date the Merger is expected to be completed. If you sell or transfer your shares of common stock after the Record Date but before the Special Meeting, unless special arrangements (such as provision of a proxy) are made between you and the person to whom you sell or otherwise transfer your shares and each of you notifies MINDBODY in writing of such special arrangements, you will transfer the right to receive the Merger consideration, if the Merger is completed, to the person to whom you sell or transfer your shares, but you will retain your right to vote those shares at the Special Meeting. **Even if you sell or otherwise transfer your shares of common stock after the Record Date, we encourage you to sign, date and return the enclosed proxy card in the accompanying reply envelope or grant your proxy electronically over the Internet or by telephone (using the instructions provided in the enclosed proxy card).**

Q: **What is the difference between holding shares as a stockholder of record and as a beneficial owner?**

A: If your shares are registered directly in your name with our transfer agent, Computershare Trust Company, N.A., you are considered, with respect to those shares, to be the stockholder of record. In this case, this proxy statement and your proxy card have been sent directly to you by MINDBODY.

If your shares are held through a bank, broker or other nominee, you are considered the beneficial owner of shares of common stock held in street name. In that case, this proxy statement has been forwarded to you by your bank, broker or other nominee who is considered, with respect to those shares, to be the stockholder of record. As the beneficial owner, you have the right to direct your bank, broker or other nominee how to vote your shares by following their instructions for voting. You are also invited to attend the Special Meeting. However, because you are not the stockholder of record, you may not vote your shares in person at the Special Meeting unless you obtain a legal proxy from your bank, broker or other nominee.

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Q: **How may I vote?**

A: If you are a stockholder of record (that is, if your shares of common stock are registered in your name with Computershare Trust Company, N.A., our transfer agent), there are four ways to vote:

by signing, dating and returning the enclosed proxy card in the accompanying prepaid reply envelope;

by visiting the Internet at the address on your proxy card;

by calling toll-free (within the U.S. or Canada) at the phone number on your proxy card; or

by attending the Special Meeting and voting in person by ballot.

A control number, located on your proxy card, is designed to verify your identity and allow you to vote your shares of common stock, and to confirm that your voting instructions have been properly recorded when voting electronically over the Internet or by telephone (using the instructions provided in the enclosed proxy card). Please be aware that, although there is no charge for voting your shares, if you vote electronically over the Internet or by telephone, you may incur costs such as Internet access and telephone charges for which you will be responsible.

Even if you plan to attend the Special Meeting in person, you are strongly encouraged to vote your shares of common stock by proxy. If you are a record holder or if you obtain a legal proxy to vote shares that you beneficially own, you may still vote your shares of common stock in person by ballot at the Special Meeting even if you have previously voted by proxy. If you are present at the Special Meeting and vote in person by ballot, your previous vote by proxy will not be counted.

If your shares are held in street name through a bank, broker or other nominee, you may vote through your bank, broker or other nominee by completing and returning the voting form provided by your bank, broker or other nominee, or, if such a service is provided by your bank, broker or other nominee, electronically over the Internet or by telephone. To vote over the Internet or by telephone through your bank, broker or other nominee, you should follow the instructions on the voting form provided by your bank, broker or nominee.

Q: **If my broker holds my shares in street name, will my broker vote my shares for me?**

A: No. Your bank, broker or other nominee is permitted to vote your shares on any proposal currently scheduled to be considered at the Special Meeting only if you instruct your bank, broker or other nominee how to vote. You should follow the procedures provided by your bank, broker or other nominee to vote your shares. Without instructions, your shares will not be voted on such proposals, which will have the same effect as if you voted against adoption of the Merger Agreement, but will have no effect on the adjournment proposal.

Q: **May I change my vote after I have mailed my signed and dated proxy card?**

A: Yes. If you are a stockholder of record, you may change your vote or revoke your proxy at any time before it is voted at the Special Meeting by:

signing another proxy card with a later date and returning it to us prior to the Special Meeting;

submitting a new proxy electronically over the Internet or by telephone after the date of the earlier submitted proxy;

delivering a written notice of revocation to the Corporate Secretary of MINDBODY; or

attending the Special Meeting and voting in person by ballot.

If you hold your shares of common stock in street name, you should contact your bank, broker or other nominee for instructions regarding how to change your vote. You may also vote in person at the Special Meeting if you obtain a legal proxy from your bank, broker or other nominee.

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Q: **What is a proxy?**

A: A proxy is your legal designation of another person to vote your shares of common stock. The written document describing the matters to be considered and voted on at the Special Meeting is called a proxy statement. The document used to designate a proxy to vote your shares of common stock is called a proxy card. Richard Stollmeyer, our Chief Executive Officer and Chairman of the Board of Directors, Brett White, our Chief Operating Officer and Chief Financial Officer, and Douglas Johnston, our Vice President, Deputy General Counsel, are the proxy holders for the Special Meeting, with full power of substitution and re-substitution.

Q: **If a stockholder gives a proxy, how are the shares voted?**

A: Regardless of the method you choose to vote, the individuals named on the enclosed proxy card, or your proxies, will vote your shares in the way that you indicate. When completing the Internet or telephone process or the proxy card, you may specify whether your shares should be voted for or against or to abstain from voting on all, some or none of the specific items of business to come before the Special Meeting.

If you properly sign your proxy card but do not mark the boxes showing how your shares should be voted on a matter, the shares represented by your properly signed proxy will be voted: (1) **FOR** the adoption of the Merger Agreement; (2) **FOR** , on an advisory (non-binding) basis, the Compensation Proposal; and (3) **FOR** the adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the Merger Agreement at the time of the Special Meeting.

Q: **What should I do if I receive more than one set of voting materials?**

A: Please sign, date and return (or grant your proxy electronically over the Internet or by telephone using the instructions provided in the enclosed proxy card) each proxy card and voting instruction card that you receive.

You may receive more than one set of voting materials, including multiple copies of this proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a stockholder of record and your shares are registered in more than one name, you will receive more than one proxy card.

Q: **Where can I find the voting results of the Special Meeting?**

A: If available, MINDBODY may announce preliminary voting results at the conclusion of the Special Meeting. MINDBODY intends to publish final voting results in a Current Report on Form 8-K to be filed with the SEC following the Special Meeting. All reports that MINDBODY files with the SEC are publicly available when filed. For more information, please see the section of this proxy statement captioned Where You Can Find More Information.

Q: **When do you expect the Merger to be completed?**

A: We are working toward completing the Merger as quickly as possible and currently expect to complete the Merger in the first calendar quarter of 2019. However, the exact timing of completion of the Merger cannot be predicted because the Merger is subject to the closing conditions specified in the Merger Agreement, many of which are outside of our control.

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Q: **Who can help answer my questions?**

A: If you have any questions concerning the Merger, the Special Meeting or the accompanying proxy statement, would like additional copies of the accompanying proxy statement or need help voting your shares of common stock, please contact our proxy solicitor:

MacKenzie Partners, Inc.

1407 Broadway, 27th Floor

New York, NY 100018

(212) 929-5500 (Call Collect)

Call Toll-free: (800) 322-2885

proxy@mackenziepartners.com

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FORWARD-LOOKING STATEMENTS

This proxy statement, and any documents to which MINDBODY refers to in this proxy statement, contains not only historical information, but also forward-looking statements made pursuant to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements represent MINDBODY s current expectations or beliefs concerning future events, including but not limited to the expected completion and timing of the proposed transaction, expected benefits and costs of the proposed transaction, management plans and other information relating to the proposed transaction, strategies and objectives of MINDBODY for future operations and other information relating to the proposed transaction. Without limiting the foregoing, the words believes, anticipates, plans, expects, intends, forecasts, should, estimates, contemplate, future, goal, potential, predict target, seek, may, will, could, should, would, assuming, and similar expressions are intended to identify forward-looking statements. Stockholders are cautioned that any forward-looking statements are not guarantees of future performance and may involve significant risks and uncertainties, and that actual results may vary materially from those in the forward-looking statements. These risks and uncertainties include, but are not limited to, the risks detailed in our filings with the SEC, including in our most recent filings on Forms 10-K and 10-Q, factors and matters described or incorporated by reference in this proxy statement, and the following factors:

- the inability to complete the Merger due to the failure to obtain stockholder approval or failure to satisfy the other conditions to the completion of the Merger, including, but not limited to, receipt of required regulatory approvals;

- the risk that the Merger Agreement may be terminated in certain circumstances that require us to pay Parent a termination fee of either $28.584 million or $57.168 million;

- the outcome of any legal proceedings that may be instituted against us and others related to the Merger Agreement;

- risks that the proposed Merger disrupts our current operations or affects our ability to retain or recruit key employees;

- the fact that receipt of the all-cash Merger Consideration would be taxable to stockholders that are treated as U.S. Holders (as defined under the caption The Merger Material U.S. Federal Income Tax Consequences of the Merger) for U.S. federal income tax purposes;

- the fact that, if the Merger is completed, stockholders will forgo the opportunity to realize the potential long-term value of the successful execution of MINDBODY s current strategy as an independent public company;

- the fact that under the terms of the Merger Agreement, MINDBODY is unable to solicit other Acquisition Proposals after the No Shop Period Start Date;

the effect of the announcement or pendency of the Merger on our business relationships, operating results and business generally;

the amount of the costs, fees, expenses and charges related to the Merger Agreement or the Merger;

risks related to the Merger diverting management s or employees attention from ongoing business operations;

risks that our stock price may decline significantly if the Merger is not completed; and

risks related to obtaining the requisite consents to the Merger, including the timing and receipt of regulatory approvals from various governmental entities, including any conditions, limitations or restrictions placed on these approvals, and the risk that one or more governmental entities may deny approval.

Consequently, all of the forward-looking statements that we make in this proxy statement are qualified by the information contained or incorporated by reference herein, including: (1) the information contained under this

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caption; and (2) the information contained under the caption Risk Factors, and information in our consolidated financial statements and notes thereto included in our most recent filings on Forms 10-K and 10-Q. No assurance can be given that these are all of the factors that could cause actual results to vary materially from the forward-looking statements.

Except as required by applicable law, we undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise. Stockholders are advised to consult any future disclosures that we make on related subjects as may be detailed in our other filings made from time to time with the SEC.

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THE SPECIAL MEETING

The enclosed proxy is solicited on behalf of the Board of Directors for use at the Special Meeting.

Date, Time and Place

We will hold the Special Meeting on February 14, 2019, at MINDBODY s offices, located at 651 Tank Farm Road, San Luis Obispo, California 93401, at 9:00 a.m., Pacific time.

Purpose of the Special Meeting

At the Special Meeting, we will ask stockholders to vote on proposals to: (1) adopt the Merger Agreement; (2) approve, on an advisory (non-binding) basis, the Compensation Proposal; and (3) adjourn the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the Merger Agreement at the time of the Special Meeting.

Record Date; Shares Entitled to Vote; Quorum

Only stockholders of record as of the Record Date are entitled to notice of the Special Meeting and to vote at the Special Meeting. A list of stockholders entitled to vote at the Special Meeting will be available at our principal executive offices located at 4051 Broad Street, Suite 220, San Luis Obispo, California 93401, during regular business hours for a period of no less than 10 days before the Special Meeting and at the place of the Special Meeting during the meeting.

As of the Record Date, there were 45,643,595 shares of Class A common stock and 2,372,938 shares of Class B common stock outstanding and entitled to vote at the Special Meeting.

The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, will constitute a quorum at the Special Meeting. In the event that a quorum is not present at the Special Meeting, it is expected that the meeting will be adjourned to solicit additional proxies.

Vote Required; Abstentions and Broker Non-Votes

The affirmative vote of the holders of a majority of the voting power of the outstanding shares of common stock is required to adopt the Merger Agreement. As of the Record Date, 34,686,488 votes constitute a majority of the voting power of the outstanding shares of common stock. Adoption of the Merger Agreement by stockholders is a condition to the closing of the Merger.

The affirmative vote of the holders of a majority of the voting power of the shares present in person or represented by proxy at the Special Meeting and entitled to vote on the subject matter is required to approve, on an advisory (non-binding) basis, the Compensation Proposal.

Approval of the proposal to adjourn the Special Meeting, whether or not a quorum is present, requires the affirmative vote of a majority of the voting power of the shares present in person or represented by proxy at the Special Meeting and entitled to vote on the subject matter.

If a stockholder abstains from voting, that abstention will have the same effect as if the stockholder voted **AGAINST** the proposal to adopt the Merger Agreement and **AGAINST** the proposal to approve, on an advisory (non-binding)

basis, the Compensation Proposal. For stockholders who attend the meeting or are represented by proxy and abstain from voting, the abstention will have the same effect as if the stockholder voted **AGAINST** any proposal to adjourn the Special Meeting to a later date to solicit additional proxies if there are insufficient votes to adopt the Merger Agreement at the time of the Special Meeting.

Each broker non-vote will also count as a vote **AGAINST** the proposal to adopt the Merger Agreement, but will have no effect on the Compensation Proposal or any proposal to adjourn the Special Meeting to a later date

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or dates to solicit additional proxies if there are insufficient votes to adopt the Merger Agreement at the time of the Special Meeting. A broker non-vote generally occurs when a bank, broker or other nominee holding shares on your behalf does not vote on a proposal because the bank, broker or other nominee has not received your voting instructions and lacks discretionary power to vote the shares. Broker non-votes, if any, will be counted for the purpose of determining whether a quorum is present.

Shares Held by MINDBODY s Directors and Executive Officers

As of the Record Date, our directors and executive officers beneficially owned and were entitled to vote, in the aggregate, 153,893 shares of Class A common stock, representing approximately 0.3% of the shares of Class A common stock outstanding on the Record Date and 517,305 shares of Class B common stock, representing approximately 21.8% of the shares of Class B common stock outstanding on the Record Date (and approximately 5.0% of the total shares of common stock outstanding when taking into account MINDBODY options and RSUs held, in the aggregate, by our directors and executive officers), and in the aggregate, representing approximately 7.7% of the voting power of shares of common stock outstanding on the Record Date (and approximately 26.6% of the voting power when taking into account MINDBODY options and RSUs held, in the aggregate, by our directors and executive officers).

The Signing Stockholders, which include Richard Stollmeyer, the Company s Chief Executive Officer and Chairman of the Company Board, certain parties related to Richard Stollmeyer and Institutional Venture Partners XIII, L.P. have granted irrevocable proxies to certain members of the Board of Directors instructing them to, among other things, vote each of the shares of common stock held by such Signing Stockholders (1) **FOR** the adoption of the Merger Agreement, (2) **FOR** , on an advisory (non-binding) basis, the Compensation Proposal, and (3) **FOR** the adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the Merger Agreement at the time of the Special Meeting. As of the close of business on the Record Date, the Signing Stockholders have voting power over approximately 32.1% of the issued and outstanding shares of MINDBODY common stock (and approximately 46.2% when taking into account MINDBODY options and RSUs held, in the aggregate, by the Signing Stockholders). For more information, please see the section of this proxy statement captioned The Merger Irrevocable Proxies.

Our directors and executive officers have informed us that they currently intend to vote all of their respective shares of common stock, including the Signing Stockholders shares of common stock (1) **FOR** the adoption of the Merger Agreement, (2) **FOR** , on an advisory (non-binding) basis, the Compensation Proposal, and (3) **FOR** the adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the Merger Agreement at the time of the Special Meeting.

Voting of Proxies

If your shares are registered in your name with our transfer agent, Computershare Trust Company, N.A., you may cause your shares to be voted by returning a signed and dated proxy card in the accompanying prepaid envelope, or you may vote in person at the Special Meeting. Additionally, you may grant a proxy electronically over the Internet or by telephone (using the instructions provided in the enclosed proxy card). You must have the enclosed proxy card available, and follow the instructions on the proxy card, in order to grant a proxy electronically over the Internet or by telephone. Based on your proxy cards or Internet and telephone proxies, the proxy holders will vote your shares according to your directions.

If you plan to attend the Special Meeting and wish to vote in person, you will be given a ballot at the Special Meeting. If your shares are registered in your name, you are encouraged to vote by proxy even if you plan to attend the Special

Meeting in person. If you attend the Special Meeting and vote in person by ballot, your vote will revoke any previously submitted proxy.

Voting instructions are included on your proxy card. All shares represented by properly signed and dated proxies received in time for the Special Meeting will be voted at the Special Meeting in accordance with the instructions of the stockholder. Properly signed and dated proxies that do not contain voting instructions will be voted:

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(1) **FOR** adoption of the Merger Agreement; (2) **FOR**, on an advisory (non-binding) basis, the Compensation Proposal; and (3) **FOR** the adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the Merger Agreement at the time of the Special Meeting.

If your shares are held in street name through a bank, broker or other nominee, you may vote through your bank, broker or other nominee by completing and returning the voting form provided by your bank, broker or other nominee or attending the Special Meeting and voting in person with a legal proxy from your bank, broker or other nominee. If such a service is provided, you may vote over the Internet or telephone through your bank, broker or other nominee by following the instructions on the voting form provided by your bank, broker or other nominee. If you do not return your bank s, broker s or other nominee s voting form, do not vote via the Internet or telephone through your bank, broker or other nominee, if possible, or do not attend the Special Meeting and vote in person with a legal proxy from your bank, broker or other nominee, it will have the same effect as if you voted **AGAINST** the proposal to adopt the Merger Agreement but will not have any effect on the Compensation Proposal or the adjournment proposal.

Revocability of Proxies

If you are a stockholder of record, you may change your vote or revoke your proxy at any time before it is voted at the Special Meeting by:

- signing another proxy card with a later date and returning it to us prior to the Special Meeting;
- submitting a new proxy electronically over the Internet or by telephone after the date of the earlier submitted proxy;
- delivering a written notice of revocation to our Corporate Secretary; or
- attending the Special Meeting and voting in person by ballot.

If you have submitted a proxy, your appearance at the Special Meeting will not have the effect of revoking your prior proxy; provided that you do not vote in person or submit an additional proxy or revocation, which, in each case, will have the effect of revoking your proxy.

If you hold your shares of common stock in street name, you should contact your bank, broker or other nominee for instructions regarding how to change your vote. You may also vote in person at the Special Meeting if you obtain a legal proxy from your bank, broker or other nominee.

Any adjournment, postponement or other delay of the Special Meeting, including for the purpose of soliciting additional proxies, will allow stockholders who have already sent in their proxies to revoke them at any time prior to their use at the Special Meeting as adjourned, postponed or delayed.

Board of Directors Recommendation

The Board of Directors, after considering various factors described under the caption, The Merger Recommendation of the Board of Directors and Reasons for the Merger, has unanimously: (i) determined that it is in the best interests of

the Company and its stockholders, and declared it advisable, to enter into the Merger Agreement providing for the Merger in accordance with the DGCL upon the terms and subject to the conditions set forth therein; (ii) approved the execution and delivery of the Merger Agreement by the Company, the performance by the Company of its covenants and other obligations thereunder, and the consummation of the Merger upon the terms and subject to the conditions set forth therein; and (iii) resolved to recommend that the stockholders of the Company adopt the Merger Agreement and approve the Merger in accordance with the DGCL.

Accordingly, the Board of Directors unanimously recommends that you vote: (1) **FOR** the adoption of the Merger Agreement; (2) **FOR** , on an advisory (non-binding) basis, the Compensation Proposal; and (3) **FOR**

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the adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the Merger Agreement at the time of the Special Meeting.

Solicitation of Proxies

The expense of soliciting proxies will be borne by MINDBODY. We have retained MacKenzie Partners, Inc. (MacKenzie), a proxy solicitation firm, to solicit proxies in connection with the Special Meeting at a cost of approximately $17,500 plus expenses. We will also indemnify MacKenzie against losses arising out of its provisions of these services on our behalf. In addition, we may reimburse banks, brokers and other nominees representing beneficial owners of shares for their expenses in forwarding soliciting materials to such beneficial owners. Proxies may also be solicited by our directors, officers and employees, personally or by telephone, email, fax, over the Internet or other means of communication. No additional compensation will be paid for such services.

Anticipated Date of Completion of the Merger

Assuming timely satisfaction of necessary closing conditions, including the approval by stockholders of the proposal to adopt the Merger Agreement, we anticipate that the Merger will be consummated in the first calendar quarter of 2019.

Appraisal Rights

If the Merger is consummated, stockholders who continuously hold shares of common stock through the Effective Time, who do not vote in favor of the adoption of the Merger Agreement and who properly demand appraisal of their shares and do not withdraw their demands or otherwise lose their rights to seek appraisal will be entitled to seek appraisal of their shares in connection with the Merger under Section 262 of the DGCL. This means that holders of shares of common stock who perfect their appraisal rights, who do not thereafter withdraw their demand for appraisal, and who follow the procedures in the manner prescribed by Section 262 of the DGCL may be entitled to have their shares appraised by the Delaware Court of Chancery and to receive payment in cash of the fair value of their shares of common stock, exclusive of any elements of value arising from the accomplishment or expectation of the Merger, as determined by the Delaware Court of Chancery, together with interest to be paid on the amount determined to be fair value, if any, (or in certain circumstances described in further detail in the section of this proxy statement captioned The Merger Appraisal Rights, on the difference between the amount determined to be the fair value and the amount paid by the Surviving Corporation in the Merger to each stockholder entitled to appraisal prior to the entry of judgment in any appraisal proceeding). Due to the complexity of the appraisal process, stockholders who wish to seek appraisal of their shares are encouraged to review Section 262 of the DGCL carefully and to seek the advice of legal counsel with respect to the exercise of appraisal rights.

Stockholders considering seeking appraisal should be aware that the fair value of their shares as determined pursuant to Section 262 of the DGCL could be more than, the same as or less than the value of the consideration that they would receive pursuant to the Merger Agreement if they did not seek appraisal of their shares.

To exercise your appraisal rights, you must: (1) submit a written demand for appraisal to MINDBODY before the vote is taken on the adoption of the Merger Agreement; (2) not submit a proxy or otherwise vote in favor of the proposal to adopt the Merger Agreement; (3) continue to hold your shares of common stock of record through the Effective Time; and (4) strictly comply with all other procedures for exercising appraisal rights under Section 262 of the DGCL. Your failure to follow exactly the procedures specified under Section 262 of the DGCL may result in the loss of your appraisal rights. In addition, the Delaware Court of Chancery will dismiss appraisal proceedings in respect of the

Merger unless certain stock ownership conditions are satisfied by the stockholders seeking appraisal. The DGCL requirements for exercising appraisal rights are described in further detail in the section of this proxy statement captioned The Merger Appraisal Rights, which is qualified in its

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entirety by Section 262 of the DGCL, the relevant section of the DGCL regarding appraisal rights. A copy of Section 262 of the DGCL is reproduced and attached as Annex C to this proxy statement and incorporated herein by reference. If you hold your shares of common stock through a bank, brokerage firm or other nominee and you wish to exercise appraisal rights, you should consult with your bank, brokerage firm or other nominee to determine the appropriate procedures for the making of a demand for appraisal by such bank, brokerage firm or nominee.

Delisting and Deregistration of MINDBODY s Common Stock

If the Merger is completed, the shares of MINDBODY s Class A common stock will be delisted from Nasdaq and deregistered under the Exchange Act, and shares of MINDBODY s Class A common stock will no longer be publicly traded.

Other Matters

At this time, we know of no other matters to be voted on at the Special Meeting. If any other matters properly come before the Special Meeting, your shares of common stock will be voted in accordance with the discretion of the appointed proxy holders.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on February 14, 2019

The proxy statement is available at *investors.mindbodyonline.com* and clicking on the link titled Financials & Filings .

Householding of Special Meeting Materials

Unless we have received contrary instructions, we may send a single copy of this proxy statement to any household at which two or more stockholders reside if we believe the stockholders are members of the same family. Each stockholder in the household will continue to receive a separate proxy card. This process, known as householding, reduces the volume of duplicate information received at your household and helps to reduce our expenses.

If you would like to receive your own set of our disclosure documents this year or in future years, please contact us using the instructions set forth below. Similarly, if you share an address with another stockholder and together both of you would like to receive only a single set of our disclosure documents, please contact us using the instructions set forth below.

If you are a stockholder of record, you may contact us by writing to MINDBODY s Investor Relations at 4051 Broad Street, Suite 220, San Luis Obispo, California 93401. Eligible stockholders of record receiving multiple copies of this proxy statement can request householding by contacting us in the same manner. If a bank, broker or other nominee holds your shares, please contact your bank, broker or other nominee directly.

Questions and Additional Information

If you have any questions concerning the Merger, the Special Meeting or the accompanying proxy statement, would like additional copies of the accompanying proxy statement or need help voting your shares of common stock, please contact our proxy solicitor:

MacKenzie Partners, Inc.

1407 Broadway, 27th Floor

New York, NY 100018

(212) 929-5500 (Call Collect)

Call Toll-free: (800) 322-2885

proxy@mackenziepartners.com

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THE MERGER

This discussion of the Merger is qualified in its entirety by reference to the Merger Agreement, which is attached to this proxy statement as Annex A and incorporated into this proxy statement by reference. You should carefully read and consider the entire Merger Agreement, which is the legal document that governs the Merger, because this document contains important information about the Merger and how it affects you.

Parties Involved in the Merger

MINDBODY, Inc.

4051 Broad Street, Suite 220

San Luis Obispo, California 93401

(887) 755-4279

MINDBODY is the leading technology platform for the fitness, beauty and wellness services industries and a rapidly growing marketplace for these services. MINDBODY is also a leading payments platform dedicated to the fitness, beauty and wellness services industries. MINDBODY s Class A common stock is listed on The Nasdaq Global Market (Nasdaq), under the symbol MB .

Torreys Parent, LLC

c/o Vista Equity Partners Management, LLC

Four Embarcadero Center, 20th Floor

San Francisco, California 94111

(415) 765-6500

Parent was formed on December 18, 2018, solely for the purpose of engaging in the transactions contemplated by the Merger Agreement, and has not engaged in any business activities other than in connection with the transactions contemplated by the Merger Agreement and arranging of the equity financing and any debt financing in connection with the Merger.

Torreys Merger Sub, Inc.

c/o Vista Equity Partners Management, LLC

Four Embarcadero Center, 20th Floor

San Francisco, California 94111

(415) 765-6500

Merger Sub is a wholly owned direct subsidiary of Parent and was formed on December 18, 2018, solely for the purpose of engaging in the transactions contemplated by the Merger Agreement, and has not engaged in any business activities other than in connection with the transactions contemplated by the Merger Agreement and arranging of the equity financing and any debt financing in connection with the Merger.

Parent and Merger Sub are each affiliated with Vista Equity Partners Fund VI, L.P. (Vista Fund VI) and Vista Equity Partners VII, L.P. (Vista Fund VII , and together with Vista Fund VI, the Vista Funds), and Parent, Merger Sub and the Vista Funds are each affiliated with Vista Equity Partners Management, LLC (Vista). Vista is a leading private equity firm focused on investments in software, data and technology-enabled companies. At the Effective Time, MINDBODY, as the Surviving Corporation, will be indirectly owned by the Vista Funds.

In connection with the transactions contemplated by the Merger Agreement, each of Vista Fund VI and Vista Fund VII has provided Parent with an equity commitment of $865 million (taken together, $1.73 billion) in cash, which, together with cash on hand at MINDBODY, will be available to fund the aggregate purchase price and to

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pay the fees and expenses required to be paid at the Closing of the Merger by MINDBODY, Parent and Merger Sub contemplated by, and subject to the terms and conditions of, the Merger Agreement. For more information, please see the section of this proxy statement captioned Financing of the Merger.

Effect of the Merger

Upon the terms and subject to the conditions of the Merger Agreement, Merger Sub will merge with and into MINDBODY, with MINDBODY continuing as the Surviving Corporation. As a result of the Merger, MINDBODY will become a wholly owned direct subsidiary of Parent, and our Class A common stock will no longer be publicly traded and will be delisted from Nasdaq. In addition, our Class A common stock will be deregistered under the Exchange Act, and we will no longer file periodic reports with the SEC. If the Merger is completed, you will not own any shares of the capital stock of the Surviving Corporation.

The Effective Time will occur upon the filing of a certificate of merger with the Secretary of State of the State of Delaware (or at such later time as we, Parent and Merger Sub may agree and specify in the certificate of merger).

Effect on MINDBODY if the Merger is Not Completed

If the Merger Agreement is not adopted by stockholders, or if the Merger is not completed for any other reason:

i. the stockholders will not be entitled to, nor will they receive, any payment for their respective shares of common stock pursuant to the Merger Agreement;

ii. (A) MINDBODY will remain an independent public company, (B) MINDBODY s Class A common stock will continue to be listed and traded on Nasdaq and registered under the Exchange Act, and (C) MINDBODY will continue to file periodic reports with the SEC;

iii. we anticipate that (A) management will operate the business in a manner similar to that in which it is being operated today and (B) stockholders will be subject to similar types of risks and uncertainties as those to which they are currently subject, including, but not limited to, risks and uncertainties with respect MINDBODY s business, prospects and results of operations, as such may be affected by, among other things, the highly competitive industry in which MINDBODY operates and economic conditions;

iv. the price of our common stock may decline significantly, and if that were to occur, it is uncertain when, if ever, the price of our common stock would return to the price at which it trades as of the date of this proxy statement;

v. the Board of Directors will continue to evaluate and review MINDBODY s business operations, strategic direction and capitalization, among other things, and will make such changes as are deemed appropriate (irrespective of these efforts, it is possible that no other transaction acceptable to the Board of Directors will be offered or that MINDBODY s business, prospects and results of operations will be adversely impacted); and

vi. under certain specified conditions, MINDBODY will be required to pay Parent a termination fee. For more information, please see the section of this proxy statement captioned Proposal 1: Adoption of the Merger Agreement Termination Fee.

Merger Consideration

At the Effective Time, each share of common stock (other than Excluded Shares, which include, for example, shares of common stock owned by stockholders who have properly and validly exercised their statutory rights of appraisal in accordance with Section 262 of the DGCL) outstanding as of immediately prior to the Effective Time will be cancelled and automatically converted into the right to receive the Per Share Merger Consideration, without interest thereon and less any applicable withholding taxes.

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After the Merger is completed, you will have the right to receive the Per Share Merger Consideration in respect of each share of common stock that you own (less any applicable withholding taxes), but you will no longer have any rights as a stockholder (except that stockholders who properly exercise their appraisal rights will have a right to receive payment of the fair value of their shares as determined pursuant to an appraisal proceeding, as contemplated by Delaware law). For more information, please see the section of this proxy statement captioned Appraisal Rights.

Background of the Merger

MINDBODY s Board of Directors frequently reviews, with MINDBODY management, and with the assistance of its outside advisors, MINDBODY s strategic and financial alternatives in light of developments in MINDBODY s business, the sectors in which it competes, the economy generally and financial markets. As part of this process, from time to time, during the period since MINDBODY s initial public offering in 2015 and prior to the contacts described below and the process that resulted in MINDBODY s entry into the Merger Agreement, members of MINDBODY senior management have engaged in business development and/or strategic discussions with participants in the software, payments services and/or health and wellness industries. None of those discussions progressed beyond preliminary phases, nor did MINDBODY enter into any acquisition-related non-disclosure or standstill agreements with such parties other than as discussed below.

In October 2018, representatives of Vista and Mr. Stollmeyer discussed Vista s investment strategy and the firm s interest in learning more about MINDBODY s approach to the fitness, beauty and wellness services industries. During this time period, Mr. Stollmeyer also had introductory meetings with representatives of two other financial sponsors, Party A and Party B.

On October 26, 2018, the Board of Directors held a telephonic meeting with members of MINDBODY senior management and representatives from Cooley LLP, MINDBODY s outside legal counsel (Cooley). At the meeting, and in response both to Vista s initial inquiry to learn more about MINDBODY s business, as well as the broader market dynamic with respect to recent transactions between SaaS software companies and financial sponsors, the Board of Directors determined that it should engage a financial advisor to provide a financial and strategic market update and a preliminary evaluation of MINDBODY s market situation and potential strategic opportunities. The Board of Directors then discussed the formation of a strategic transaction committee (the Transaction Committee) that would ease facilitation of designated matters related to the review of potential strategic alternatives and related tasks. The Board of Directors discussed the preference for any Transaction Committee to be comprised solely of independent directors to initially meet with potential financial advisors, and, if the Transaction Committee determined, to make a recommendation to the Board of Directors with respect to the engagement of one or more financial advisors to assist in the review of potential strategic alternatives.

On October 30, 2018, the Board of Directors established the Transaction Committee and delegated authority to the Transaction Committee for the limited purpose of reviewing the potential engagement of a financial advisor to assist MINDBODY with evaluating potential strategic alternatives and evaluating candidates for this role, including Qatalyst Partners. Based upon experience with strategic alternatives and a willingness to serve in such role, the Board of Directors appointed Eric Liaw, Court Cunningham, and Gail Goodman to the Transaction Committee and designated Mr. Liaw as Chairman of the Transaction Committee.

On October 31, 2018, the Transaction Committee held a video meeting with members of MINDBODY senior management and representatives from Cooley to discuss the process for considering the engagement of a financial advisor to review potential strategic transactions. Following such discussion, MINDBODY senior management left the meeting, and the Transaction Committee met separately with representatives from Cooley to discuss the importance of a rigorous and independent process. Following the discussion, the Transaction Committee requested

that Cooley provide written guidelines concerning management neutrality in any potential strategic transaction review process. The Transaction Committee also determined that MINDBODY management should contact Qatalyst Partners and one other potential financial advisor (in each case, based on historical experience with the financial advisor and such advisor s experience in the technology marketplace) and request

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that each potential financial advisor present proposals to the Transaction Committee with respect to its advisory services.

Following the Transaction Committee meeting, and in accordance with the Transaction Committee s direction, Mr. Stollmeyer reached out to the potential financial advisors to present to the Transaction Committee on November 14, 2018.

On November 1, 2018, representatives of Cooley provided the Transaction Committee with a general written framework for management neutrality with respect to potential strategic transaction participants, which included avoidance of any discussions or activities that would indicate favoring one participant over another or would indicate a preference between MINDBODY engaging in a strategic transaction or continuing as a stand-alone entity. Each member of MINDBODY senior management acknowledged and confirmed the management neutrality guidelines.

On November 14, 2018, the Transaction Committee held a telephonic meeting and invited representatives from each potential financial advisor to discuss an overall market assessment and potential strategic transaction outlook, as well as information regarding advisory services, including conflict disclosure related to potential process participants, to the Transaction Committee. Each of MINDBODY s directors was also invited to attend the telephonic meeting. The Transaction Committee actively participated in each meeting. Following the presentations, the Transaction Committee, representatives of Cooley, and participating members of the Board of Directors discussed and reviewed the alternative choices for financial advisory services. On the basis of Qatalyst Partners knowledge and deal experience in the SaaS industry and its reputation as a driver of higher valuations in a competitive auction process, and taking into account the conflict disclosure by Qatalyst Partners, the Transaction Committee, as well as the Board of Directors (represented by a quorum thereof) authorized MINDBODY to engage Qatalyst Partners as its exclusive financial advisor in connection with a process to evaluate potential strategic transactions.

On November 17, 2018, members of MINDBODY senior management discussed the strategic transaction process with representatives of Qatalyst Partners and Cooley, including potential strategic companies and financial sponsors to be contacted as part of the initial outreach phase. The parties also discussed that strategy for this initial outreach and agreed to discuss with the Transaction Committee an approach designed to gauge initial, but sincere, interest in any strategic transaction process.

The following day, on November 18, 2018, members of MINDBODY senior management provided the Transaction Committee with a proposed list of strategic companies and financial sponsors discussed with representatives of Qatalyst Partners for outreach and described Qatalyst Partners proposed plan to first contact the strategic companies, with outreach to financial sponsors to follow, with a goal of allowing relevant parties appropriate time to consider a potential strategic process.

Also on November 18, 2018, in accordance with the recommendation by the Transaction Committee, MINDBODY entered into an engagement letter with Qatalyst Partners to act as MINDBODY s exclusive financial advisor with respect to a process to evaluate potential strategic transactions.

From November 19, 2018 through December 2018, representatives of Qatalyst Partners contacted 15 parties (comprised of seven financial sponsors and eight strategic companies) to gauge interest in a potential strategic transaction with MINDBODY and provided a form confidentiality agreement to those parties that indicated such interest, including Vista, Party A (a potential financial sponsor participant), Party B (a potential financial sponsor participant), and Party C (a potential strategic company participant). In accordance with the plan described for the Transaction Committee on November 18, 2018, representatives of Qatalyst Partners approached the strategic companies first, beginning on November 19, 2018, and began approaching financial sponsors on November 30, 2018.

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On November 21, 2018, members of MINDBODY management provided an email update to the Transaction Committee from a representative of Qatalyst Partners on outreach and status of communications with the strategic companies contacted as of that time.

On November 26, 2018, the Board of Directors delegated, by unanimous written consent, additional authority to the Transaction Committee to advise, direct and oversee management of MINDBODY in the review and negotiation of strategic alternatives, to evaluate indications of interest related thereto, to initiate solicitations of indications of interest, to meet on a regular basis with the management of MINDBODY concerning such activities, and to make recommendations to the Board of Directors with respect to the foregoing; provided, however, the Board of Directors reserved authority to approve any specific transaction recommended to it by the Transaction Committee.

From November 27, 2018 through December 18, 2018, MINDBODY entered into confidentiality agreements with, and conducted management presentations for, 10 of the 15 parties contacted in the transaction process by representatives of Qatalyst Partners, including Vista (on December 5, 2018), Party A, Party B, and Party C. Each of the confidentiality agreements included a standstill with a standard fall-away provision and/or permission for the counterparty to privately and confidentially approach MINDBODY senior management, the Board of Directors or Qatalyst Partners during the standstill period.

On November 28, 2018, the Board of Directors held a regularly scheduled meeting at MINDBODY s headquarters. Members of MINDBODY management and representatives from Cooley attended the meeting and representatives from Qatalyst Partners attended a portion of the meeting by telephone. During the meeting, representatives of Qatalyst Partners provided an update on the strategic transaction process, including an overview of potential strategic companies and financial sponsor participants, a summary of its outreach to strategic companies, and a summary of next steps (including outreach to potential financial sponsor participants and upcoming management presentations) and discussed various relevant financial information relating to MINDBODY and a potential transaction.

On December 3, 2018, the Transaction Committee met by telephone with members of MINDBODY senior management and representatives of Cooley for a status update on the strategic transaction process. Members of senior management discussed with the Transaction Committee the proposed timing for producing a draft of MINDBODY s 2019 internal operating plan and long-term financial plan (as part of the Company s customary annual financial outlook process), including projections (as would be customary for annual planning purposes at that time), and the considerations related thereto.

On December 7, 2018, the Board of Directors held a video meeting with members of MINDBODY management and representatives of Cooley for a status update from management with respect to MINDBODY s planning process for its 2019 internal operating plan and a status update from the Transaction Committee regarding discussions with potential strategic transaction participants and future meetings with certain participants scheduled for the week of December 10, 2018. Mr. Stollmeyer also previewed with the Board of Directors the broad outline of the management presentation that management was preparing with assistance from Qatalyst Partners for additional preliminary, high-level, business diligence meetings scheduled to take place the week of December 10, 2018.

On December 11, 2018, MINDBODY held a management presentation for Vista.

On December 14, 2018, the Transaction Committee held a telephonic meeting with members of MINDBODY management and representatives of Cooley and discussed an update provided by representatives of Qatalyst Partners to the Transaction Committee on the outreach to strategic companies and financial sponsor participants conducted to date.

On December 15, 2018, representatives of Qatalyst Partners, on behalf of MINDBODY, granted access to an electronic data room populated by MINDBODY with select business and legal diligence documents to Vista,

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Party A, Party B, and four other financial sponsors (two of which were working together with MINDBODY s consent) that expressed continued interest in the process, had executed confidentiality agreements with MINDBODY and had attended or were scheduled to attend management presentations. The other two parties that had executed confidentiality agreements with MINDBODY in connection with the transaction process (other than Party C, which received data room access on December 17, 2018, after first providing the list of its representatives to be granted such access) had declined to continue participating in the process.

On December 17, 2018, the Board of Directors held a telephonic meeting with members of MINDBODY senior management and representatives of Cooley. Senior management reviewed MINDBODY s preliminary 2019 internal operating plan with, and presented the long-term financial plan to, the Board of Directors, including projections extending for five years through calendar year 2023. The Board of Directors discussed with MINDBODY senior management certain aspects of the long-term financial plan and determined that the projections were, in the Board of Directors opinion, the most current and predictive forecasts of the future financial performance of MINDBODY and approved both the 2019 internal operating plan and long-term financial plan (the Management Projections). The Board of Directors (i) authorized management and Qatalyst Partners to share a subset of the Management Projections with all participants granted access to the electronic data room MINDBODY had established in connection with the strategic transaction process and (ii) approved Qatalyst Partners use of the Management Projections for its financial analysis. For more information regarding such projections, see the section titled The Merger Management Projections.

On December 17, 2018 and December 18, 2018, as requested by Vista following review of data room materials, members of the MINDBODY management team engaged in business, accounting and legal due diligence calls with representatives from Vista and Kirkland & Ellis LLP (Kirkland & Ellis), outside legal counsel to Vista. In addition, representatives of Party A participated in similar calls on December 17, 2018 and December 19, 2018, representatives of Party B participated in similar calls on December 19, 2018, and representatives of Party C were provided a product demo on December 19, 2018.

During the evening of December 18, 2018, Vista submitted a non-binding indication of interest to acquire MINDBODY for $35.00 per share (the $35 Per Share Proposal), which submission included an initial draft of the corresponding merger agreement, ancillary deal documents, an equity commitment for, in the aggregate, 100% of the purchase price, and an agreement requesting that MINDBODY grant exclusivity to Vista through the earliest to occur of (i) the execution of a definitive merger agreement with Vista, (ii) notice from Vista that it was no longer pursuing the contemplated transaction, and (iii) 11:59 p.m., Pacific time on Friday, December 21, 2018. The initial draft of the Merger Agreement contemplated, among other things, (a) a 30 day go-shop period, (b) a termination fee of 3.5% of the equity value of MINDBODY in the event of entry by MINDBODY into an alternative proposal, or 1.5% of the equity value of MINDBODY in the event of entry by MINDBODY into an alternative proposal during the go-shop period, (c) a limitation on Vista s liability in connection with the proposed acquisition of MINDBODY equal to 5.5% of the equity value of MINDBODY and (d) a limitation on MINDBODY s liability in connection with the proposed acquisition of MINDBODY equal to 3.5% of the equity value of MINDBODY. Along with the Merger Agreement, Vista provided drafts of (x) an equity commitment letter to be executed by Vista Fund VI and Vista Fund VII, (y) a limited guaranty from each of Vista Fund VI and Vista Fund VII, which, taken together, would guarantee the payment of all of the liabilities and obligations of Parent and Merger Sub under the Merger Agreement, subject to an aggregate cap equal to 5.5% of the equity value of MINDBODY, and (z) a voting and support agreement to be executed by certain stockholders of MINDBODY (to be mutually agreed). The non-binding indication of interest specified that any potential transaction between Vista and MINDBODY was not contingent on any individual at MINDBODY signing an employment agreement prior to Closing (and no discussions concerning any such potential employment agreements or arrangements occurred) and emphasized that Vista s confirmatory due diligence could be completed in 48 hours with the full cooperation of MINDBODY management. Vista advised that the $35 Per Share Proposal would expire by 11:59 p.m., Pacific time on December 19, 2018, if MINDBODY and Vista had not entered into the

exclusivity agreement prior to that time.

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The following morning, on December 19, 2018, at 8:00 a.m., Pacific time, the Transaction Committee held a telephonic meeting to discuss the indication of interest submitted by Vista and the tenor and cadence of other parties engaged in the diligence process. Senior management and representatives from Cooley and Qatalyst Partners also attended the meeting. Representatives from Qatalyst Partners provided a summary of the status of the strategic transaction process and updated the Transaction Committee on the scope and timing of diligence conducted by other financial sponsors and strategic company participants that expressed continued interest in a possible strategic transaction with MINDBODY. Representatives of Qatalyst Partners informed the Transaction Committee that Party A and Party B were still engaged in diligence, that representatives of Qatalyst Partners had indicated to Party A and Party B the highly competitive nature and timing of the process, and that in order to be competitive in such process, those parties would need to give an indication of value within the next 24-48 hours. Representatives of Qatalyst Partners also indicated that, except for Party C, no strategic parties remained engaged in the process. All strategic parties that had been approached in the process, except for Party C, had either (i) failed to respond to outreach, (ii) expressly declined to engage in the initial process, or (iii) entered into a confidentiality agreement with MINDBODY and then expressly declined to continue in the process. Party C, although it had not expressly declined to continue in the process, was still relatively early in its due diligence process and had not provided guidance on its valuation of MINDBODY or a timeline for producing a potential indication of interest. Following the update from representatives of Qatalyst Partners, the Transaction Committee then discussed with representatives of Qatalyst Partners financial aspects of Vista s $35 Per Share Proposal and discussed with representatives of Qatalyst Partners and Cooley certain material terms of Vista s proposed merger agreement, including the 30-day go-shop provision and the termination fees (including the lower fee amount if the fee is triggered during the go-shop period, instead of after its expiration), and the cap on Vista s liability for monetary damages under the draft merger agreement. The Transaction Committee then considered the potential responses to Vista, including a response to Vista s request for exclusivity. Following a discussion, the Transaction Committee requested that Qatalyst Partners (i) prepare to discuss further with the Transaction Committee and the full Board of Directors financial aspects of the $35 Per Share Proposal and (ii) communicate to the remaining parties in the process the need for prompt indications of interest and value in order for such parties to be competitive in the process. The Transaction Committee determined that, pending those further discussions, there would be no formal response to Vista s $35 Per Share Proposal.

Following such meeting, in accordance with the Transaction Committee s direction, Qatalyst Partners engaged with the other remaining strategic transaction participants, including Party A, Party B, and Party C, and those potential participants that had been previously contacted by representatives of Qatalyst Partners but had not responded to the initial outreach, to communicate the competitive nature of the process, accelerated timeline, and the need for prompt indications of interest. In connection with such conversations, the four financial sponsors that had received data room access, other than Vista, Party A and Party B, declined to continue participating in the transaction process.

On December 20, 2018, at 3:00 p.m., Pacific time, the Board of Directors held a telephonic meeting to discuss Vista s $35 Per Share Proposal and the status of the strategic transaction process. Members of MINDBODY senior management and representatives of Cooley and Qatalyst Partners also attended the meeting. Representatives of Qatalyst Partners provided an update on the status of conversations with potential strategic transaction participants, noting that (i) Party B had expressly declined to continue participation in the process for valuation reasons, (ii) Party C remained in the process but did not seem likely to produce an indication of value, concrete proposal or a timeline that would be competitive with Vista, and (iii) Party A remained interested and aimed to provide additional information on its position to Qatalyst Partners by the end of the following day. Representatives of Qatalyst Partners and Cooley provided a summary of the $35 Per Share Proposal and the corresponding exclusivity arrangement and merger agreement proposed by Vista, including the go-shop provision, the lack of employment agreement condition, the termination fee during the go-shop period versus after its expiration, the cap on Vista s liability for monetary damages under the merger agreement, the specific performance provisions, and the structure of the proposed voting and support agreements. Representatives of Qatalyst Partners discussed with the Board of Directors financial aspects

of the $35.00 per share price being offered by Vista. Following discussion, Qatalyst Partners left the meeting, and the Board of Directors continued

discussing the $35 Per Share Proposal and next steps. Following such discussion, the Board of Directors concluded that Qatalyst Partners should approach Vista with a request for a revised offer with an increase to the offer price to $40.00 per share, as well as a decreased termination fee of 3.0% for the period after expiration of the go-shop and an increased cap on Vista s liability of at least 6.0%. The Board of Directors instructed management to communicate that direction to Qatalyst Partners following the meeting.

That evening, on December 20, 2018, following negotiations with Vista by Qatalyst Partners on MINDBODY s behalf, Vista increased its original non-binding indication of interest from $35.00 in cash per share of MINDBODY common stock to $36.50 in cash per share of MINDBODY common stock, agreed to decrease the termination fee for the period after the expiration of the go-shop from 3.5% to 3.0% of the equity value of MINDBODY, to increase the cap on Vista s liability from 5.5% to 7.0% of the equity value of MINDBODY and to decrease the cap on MINDBODY s liability from 3.5% to 3.0% of the equity value of MINDBODY.

On December 21, 2018, the Board of Directors held a telephonic meeting with representatives from senior management, Cooley and Qatalyst Partners. Representatives of Qatalyst Partners provided an update on discussions with Vista, including Vista s revised proposal to acquire MINDBODY for $36.50 per share of MINDBODY common stock, with a decreased termination fee applicable to the period after expiration of the go-shop period, from 3.5% to 3.0% of the equity value of MINDBODY, an increased cap on Vista s liability from 5.5% to 7.0% of the equity value of MINDBODY and a decreased cap on MINDBODY s liability from 3.5% to 3.0% of the equity value of MINDBODY (such proposal, the Revised Proposal). Representatives of Qatalyst Partners relayed Vista s instruction that $36.50 per share price was the highest price Vista would be willing to offer. Representatives of Qatalyst Partners provided an update on the remaining parties engaged in the transaction process, noting that Party A had not responded to Qatalyst Partners with any update or clarity on the likelihood that Party A would be able to produce a proposal at a valuation and on a timeframe that would be competitive with Vista, and that if Party A did respond, it was likely to be with an estimate subject to additional due diligence that would require additional time, with the transaction requiring third party debt financing. Representatives from Qatalyst Partners left the meeting. Representatives from Cooley then reviewed the fiduciary duty obligations of the Board of Directors in the context of considering Vista s Revised Proposal and gave an overview of the deal protection provisions in Vista s proposed merger agreement. The Board of Directors then discussed Vista s Revised Proposal and the transaction process with members of management and representatives of Cooley. The members of management then left the meeting. Following further discussion, the Board of Directors considered Vista s Revised Proposal in the context of the $36.50 price per share proposed by Vista compared to various financial multiples, short and long-term historical trading prices of MINDBODY s common stock, various other financial aspects of the Revised Proposal discussed with representatives of Qatalyst Partners, the risks inherent in MINDBODY continuing as a stand-alone company, and general market risks. The Board of Directors also discussed Vista s request for exclusivity. Following such discussion, the Board of Directors determined that it was in the best interests of MINDBODY and its stockholders to pursue a transaction with Vista under the terms of the Revised Proposal, without executing an exclusivity agreement. Members of management returned to the meeting, and the Board of Directors directed MINDBODY management to negotiate for the best terms possible in the definitive agreements in accordance with the Revised Proposal, and not to execute an exclusivity agreement unless necessary.

Over the course of the following two days, representatives from Cooley and Kirkland & Ellis negotiated the terms of the merger agreement and other definitive deal documents. In parallel, Vista completed its confirmatory due diligence on technical, legal, accounting and tax matters.

On December 23, 2018, at 4:00 p.m., Pacific time, the Board of Directors held a telephonic meeting with representatives of MINDBODY senior management, Cooley and Qatalyst Partners, to consider the Revised Proposal from Vista and corresponding definitive deal documents, including the Merger Agreement. Representatives of Qatalyst Partners reviewed for the Board of Directors the current status of discussions regarding a possible strategic

transaction with Party A and Party C, informing the Board of Directors that Party A had indicated to representatives of Qatalyst Partners following the December 21 telephonic meeting of the Board

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of Directors that they would require several weeks to complete their due diligence and were in a value range of between $30 and $35 per share and that Party C had not provided an indication of valuation or timing with respect to a concrete proposal. Representatives of Qatalyst Partners then provided Qatalyst Partners financial analysis of the $36.50 in cash per share of MINDBODY common stock to be paid by Vista pursuant to the proposed final Merger Agreement. Qatalyst Partners orally rendered its opinion to the Board of Directors, subsequently confirmed by delivery of a written opinion, to the effect that, as of December 23, 2018 and based upon and subject to the various assumptions, qualifications, limitations and other matters set forth in such opinion, the $36.50 in cash per share to be received pursuant to, and in accordance with, the terms of the Merger Agreement by the holders of shares of MINDBODY Class A common stock, in their capacity as such holders (other than Vista or any affiliate of Vista), was fair, from a financial point of view, to such holders. For more information about Qatalyst Partners opinion, see below under the caption The Merger Opinion of Qatalyst Partners LP. Following that delivery, representatives of Cooley provided a review for the Board of Directors of its fiduciary duties, and reviewed certain material terms of the proposed final Merger Agreement, including (i) the 30-day go-shop provision that would allow MINDBODY to and, following such go-shop period, the fiduciary duty exceptions that would permit MINDBODY, in certain limited circumstances, to negotiate and accept an unsolicited superior proposal, (ii) the 1.5% termination fee to be paid by MINDBODY in the event MINDBODY were to terminate the Vista transaction in order to accept an Alternative Proposal with another party during the go-shop period, (iii) the 3.0% termination fee to be paid by MINDBODY in the event MINDBODY were to terminate the Vista transaction in order to accept an Alternative Proposal with another party after the go-shop period ended, (iv) the 7.0% cap on Vista liability under the Merger Agreement, and (v) the conditions to consummation of the Merger. Representatives from Cooley answered questions from members of the Board of Directors regarding the terms of the Merger Agreement and MINDBODY s ability to conduct its business during the Pre-Closing Period. After the presentation by Cooley, the Board of Directors continued to discuss the potential transaction with Vista and the reasons that the Board of Directors believed that the proposed merger with Vista, the Merger Agreement, and other transactions contemplated thereby, were advisable and in the best interests of MINDBODY and its stockholders (for more information concerning the recommendation of the Board of Directors, see the section titled The Merger Agreement Reasons for the Merger). Following such discussion, the Board of Directors unanimously determined that the Merger, the Merger Agreement and the other transactions contemplated thereby were advisable and in the best interests of MINDBODY and its stockholders, and authorized MINDBODY s management to execute the final Merger Agreement and related definitive documents with Vista.

Later that evening, MINDBODY and Vista executed the Merger Agreement and related agreements in connection with the transactions contemplated by the Merger Agreement. At the time of the signing of the Merger Agreement, Vista and MINDBODY had not engaged in any employment or retention-related discussions with regard to MINDBODY management.

The following morning, on December 24, 2018, the parties issued a joint press release announcing the execution of the Merger Agreement.

Since execution of the Merger Agreement, in connection with the Go Shop Period provided for in the Merger Agreement, which expired at 12:00 p.m., Pacific time on January 22, 2019, at the direction of the Board of Directors, representatives from Qatalyst Partners contacted 52 parties, comprised of 23 strategic parties and 29 financial sponsors to gauge interest in such parties providing an Alternative Proposal. Of those parties, MINDBODY executed confidentiality agreements with nine parties (two strategic parties and seven financial sponsors), six of which confidentiality agreements included a standstill with a standard fall-away provision and permission for the counterparty to privately and confidentially approach MINDBODY senior management, the Board of Directors or Qatalyst Partners during the standstill period. Each party that executed a confidentiality agreement with MINDBODY during the Go Shop Period that requested access was granted access to the same electronic data room populated by MINDBODY with the same documents to which Vista was provided access. Party A, Party B, and Party C declined to

continue discussions with the Company during the Go Shop Period. To date, the Company has not received an alternative Acquisition Proposal.

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Recommendation of the Board of Directors and Reasons for the Merger

Recommendation of the Board of Directors

The Board of Directors has unanimously: (i) determined that it is in the best interests of the Company and its stockholders, and declared it advisable, to enter into the Merger Agreement providing for the Merger in accordance with the DGCL upon the terms and subject to the conditions set forth therein; (ii) approved the execution and delivery of the Merger Agreement by the Company, the performance by the Company of its covenants and other obligations thereunder, and the consummation of the Merger upon the terms and subject to the conditions set forth therein; and (iii) resolved to recommend that the stockholders of the Company adopt the Merger Agreement and approve the Merger in accordance with the DGCL.

The Board of Directors unanimously recommends that you vote: (1) FOR the adoption of the Merger Agreement; (2) FOR , on an advisory (non-binding) basis, the Compensation Proposal; and (3) FOR the adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the Merger Agreement at the time of the Special Meeting.

Reasons for the Merger

In the course of reaching its determination and recommendation, the Board of Directors consulted with management, outside legal advisors at Cooley LLP and financial advisor Qatalyst Partners. The Board of Directors considered a number of factors, including those below (which are not listed in any relative order of importance), all of which it viewed as generally supporting its decision to (i) approve the Merger, the Merger Agreement, and the transactions contemplated thereby and (ii) recommend that our stockholders approve the Merger Agreement, the Merger and the transactions contemplated thereby:

- the current and historical trading price of MINDBODY s Class A common stock, including that the Per Share Merger Consideration constituted a premium of:
  - approximately 68% to $21.72, the closing price of MINDBODY s Class A common stock on December 21, 2018, the last full trading day prior to public announcement of MINDBODY s entry into the Merger Agreement; and
  - approximately 42% to the 30-day volume weighted average price of $25.68, ending on December 21, 2018;
- the fact that, during the course of negotiations with Vista (as described under the section titled The Merger Background of the Merger), Vista increased its initial offer from $35.00 per share on December 18, 2018, to $36.50 per share on December 20, 2018;
- the belief that the Per Share Merger Consideration represented the highest price that Vista was willing to pay (based on specific instruction from Vista) and the highest price per share value reasonably obtainable as of

the date of the Merger Agreement;

the robustness of the strategic transaction process conducted to date, including the fact that 15 different parties, including Vista, were contacted or solicited during the process in an effort to obtain the best value reasonably available to stockholders. Of these parties, Vista was the only one that made a formal offer to acquire MINDBODY;

the potential risk of losing the favorable opportunity with Vista in the event MINDBODY continued trying to obtain any additional offers at higher prices, especially in light of the go-shop provision Vista was willing to provide;

the belief that the all-cash Per Share Merger Consideration provides certainty of value and liquidity to stockholders, while eliminating the effect on stockholders of long-term business and execution risk, as well as risks related to the financial markets generally;

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the belief that the Per Share Merger Consideration is more favorable to stockholders than the potential value that would reasonably be expected to result from other strategic and financial alternatives reasonably available, which could include: (i) the continuation of MINDBODY s business plan as an independent enterprise, as assessed based on its historical results of operations, financial prospects and condition; (ii) modifications to MINDBODY s business and operations strategy; and (iii) potential expansion opportunities into new business lines through acquisitions and combinations of MINDBODY with other businesses;

the belief that the aforementioned other alternatives were not reasonably likely to create greater value for MINDBODY s stockholders than the Merger, taking into account, among other variables, execution risks as well as business, competitive, industry and market risks, particularly those in the SaaS and wellness services industries more generally;

the oral opinion of Qatalyst Partners, subsequently confirmed in writing, to the effect that, as of December 23, 2018, and based upon and subject to the assumptions, qualifications, limitations and other matters set forth in such written opinion, the Per Share Merger Consideration to be received pursuant to, and in accordance with, the Merger Agreement by the holders of shares of MINDBODY Class A common stock (other than Excluded Shares, which include, for example, shares of common stock owned by stockholders who have properly and validly exercised their statutory rights of appraisal under Section 262 of the DGCL), in their capacity as such holders (other than Parent or any affiliate of Parent), was fair, from a financial point of view, to such holders, as more fully described below under the section of this proxy statement captioned The Merger Opinion of Qatalyst Partners LP, which full text of the written opinion is attached as Annex B to this proxy statement and is incorporated by reference in this proxy statement in its entirety;

the terms of the Merger Agreement and the related agreements, including:

- the right, pursuant to a customary 30-day go-shop period beginning on December 23, 2018 and continuing until 12:00 p.m., Pacific time on January 22, 2019, to solicit alternative Acquisition Proposals from, and participate in discussions and negotiations with, third parties regarding any alternative Acquisition Proposals;

- the ability, under certain circumstances after the No Shop Period Start Date, to furnish information to, and conduct negotiations with, third parties regarding Acquisition Proposals;

- equity financing, as contemplated by the Equity Commitment Letter and, together with cash on hand at MINDBODY, sufficient to fund the aggregate purchase price and fees and expenses required to be paid at the Closing of the Merger and the fact that MINDBODY is a named third party beneficiary of the Equity Commitment Letter;

- the ability of the parties to consummate the Merger, including the fact that Parent s obligation to complete the Merger is not conditioned upon, nor limited by, the receipt of third-party debt financing

or the completion of any marketing period;

MINDBODY s entitlement to specific performance to cause the equity financing contemplated by the Equity Commitment Letter to be funded, whether or not Vista is able to procure any debt to finance the transaction;

MINDBODY s ability to terminate the Merger Agreement in order to accept a Superior Proposal, subject to certain conditions of the Merger Agreement and paying Parent a termination fee of either (i) $28.584 million if the Merger Agreement had been terminated prior to the No Shop Period Start Date or (ii) $57.168 million if the Merger Agreement is terminated after the No Shop Period Start Date;

the fact that the Board of Directors believed that the termination fee of either (i) $28.584 million if the Merger Agreement had been terminated prior to the No Shop Period Start Date or (ii) $57.168 million if the Merger Agreement is terminated after the No Shop Period Start Date, which is approximately 1.5% and 3%, respectively, of MINDBODY s implied equity value in the

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Merger, is reasonable, is within the market averages for such fees, and is not preclusive of, or a substantial impediment to, other offers;

MINDBODY s entitlement to specific performance to prevent breaches of the Merger Agreement; and

the fact that Vista Funds each provided a limited guaranty in favor of MINDBODY, which, taken together, guarantee the payment of all of the liabilities and obligations of Parent and Merger Sub under the Merger Agreement, subject to an aggregate cap equal to $133.393 million (as described in the below section captioned Financing of the Merger); and

the likelihood of satisfying the conditions to complete the Merger and the likelihood that the Merger will be completed.

The Board of Directors also considered a number of uncertainties and risks concerning the Merger, including the following (which factors are not necessarily presented in order of relative importance):

the fact that MINDBODY would no longer exist as an independent, publicly traded company, and stockholders would no longer participate in any future earnings or growth and would not benefit from any potential future appreciation in value of MINDBODY;

the risks and costs to MINDBODY if the Merger does not close, including the diversion of management and employee attention, and the potential effect on our business and relationships with customers, partners and employees;

the requirement that MINDBODY pay Parent a termination fee, under certain circumstances following termination of the Merger Agreement, including if the Board of Directors terminates the Merger Agreement to accept a Superior Proposal, of either (i) $28.584 million if the Merger Agreement had been terminated prior to the No Shop Period Start Date or (ii) $57.168 million if the Merger Agreement is terminated after the No Shop Period Start Date;

the restrictions on the conduct of MINDBODY s business prior to the consummation of the Merger, including the requirement that MINDBODY conduct its business in the ordinary course, subject to specific limitations, which may delay or prevent MINDBODY from undertaking business opportunities that may arise before the completion of the Merger and that, absent the Merger Agreement, MINDBODY might have pursued;

the fact that an all cash transaction would be taxable to MINDBODY s stockholders that are U.S. persons for U.S. federal income tax purposes;

the fact that under the terms of the Merger Agreement, MINDBODY is unable to solicit other Acquisition Proposals after the No Shop Period Start Date until the consummation of the merger;

the significant costs involved in connection with entering into the Merger Agreement and completing the Merger (many of which are payable whether or not the Merger is consummated) and the substantial time and effort of MINDBODY management required to complete the Merger, which may disrupt its business operations and have a negative effect on its financial results;

the risk that the Merger might not be completed and the effect of the resulting public announcement of termination of the Merger Agreement on the trading price of MINDBODY s Class A common stock;

the fact that the completion of the Merger will require antitrust clearance in the United States;

the fact that MINDBODY s directors and officers may have interests in the Merger that may be different from, or in addition to, those of MINDBODY s stockholders (see below under the caption Interests of MINDBODY s Directors and Executive Officers in the Merger); and

the possible loss of key management or other personnel of MINDBODY during the pendency of the Merger.

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The foregoing discussion of reasons for the recommendation to adopt the Merger Agreement and approve the Merger and the transactions contemplated thereby is not meant to be exhaustive but addresses the material information and factors considered by MINDBODY s Board of Directors in consideration of its recommendation. In view of the wide variety of factors considered by the Board of Directors in connection with its evaluation of the Merger and the complexity of these matters, the Board of Directors did not find it practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching its determination and recommendation. Rather, in considering the information and factors described above, individual members of the Board of Directors each applied his or her own personal business judgment to the process and may have given differing weights to differing factors. The Board of Directors based its unanimous recommendation on the totality of the information presented. The explanation of the factors and reasoning set forth above contain forward-looking statements that should be read in conjunction with the section of this proxy statement entitled Forward-Looking Statements.

Opinion of Qatalyst Partners LP

MINDBODY retained Qatalyst Partners to act as financial advisor to our Board of Directors in connection with a potential transaction such as the Merger and to evaluate whether the Merger Consideration to be received pursuant to, and in accordance with, the terms of the Merger Agreement by the holders of shares of MINDBODY Class A common stock, in their capacity as such holders (other than Parent or any affiliates of Parent), was fair, from a financial point of view, to such holders. MINDBODY selected Qatalyst Partners to act as MINDBODY s financial advisor based on Qatalyst Partners qualifications, expertise, reputation, its knowledge of MINDBODY s business and the industry in which MINDBODY operates. Qatalyst Partners has provided its written consent to the reproduction of its opinion in this proxy statement. At the meeting of our Board of Directors on December 23, 2018, Qatalyst Partners rendered to our Board of Directors its oral opinion, subsequently confirmed in writing, to the effect that, as of December 23, 2018 and based upon and subject to the various assumptions, qualifications, limitations and other matters set forth therein, the Merger Consideration to be received pursuant to, and in accordance with, the terms of the Merger Agreement by the holders of shares of MINDBODY Class A common stock, in their capacity as such holders (other than Parent or any affiliates of Parent), was fair, from a financial point of view, to such holders. Following the meeting, Qatalyst Partners delivered its written opinion, dated December 23, 2018, to our Board of Directors.

The full text of the opinion of Qatalyst Partners, dated as of December 23, 2018, is attached to this proxy statement as Annex B and is incorporated into this proxy statement by reference. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations and qualifications of the review undertaken by Qatalyst Partners in rendering its opinion. You should read the opinion carefully in its entirety. Qatalyst Partners opinion was provided to our Board of Directors and addresses only, as of the date of the opinion, the fairness, from a financial point of view, of the Merger Consideration to be received pursuant to, and in accordance with, the terms of the Merger Agreement by the holders of shares of MINDBODY Class A common stock, in their capacity as such holders (other than Parent or any affiliates of Parent), to such holders, and it does not address any other aspect of the Merger. It does not constitute a recommendation to any MINDBODY stockholder as to how to vote with respect to the Merger or any other matter and does not in any manner address the price at which the shares of MINDBODY common stock will trade at any time. The summary of Qatalyst Partners opinion set forth herein is qualified in its entirety by reference to the full text of the opinion, which is attached to this proxy statement as Annex B.

For purposes of the opinion set forth therein, Qatalyst Partners reviewed the Merger Agreement, certain related documents and certain publicly available financial statements and other business and financial information of MINDBODY. Qatalyst Partners also reviewed certain forward-looking information relating to MINDBODY prepared by senior management of MINDBODY, including the Management Projections, described more fully below. Additionally, Qatalyst Partners discussed the past and current operations and financial condition and the prospects of

MINDBODY with senior management of MINDBODY. Qatalyst Partners also reviewed the

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historical market prices and trading activity for MINDBODY Class A common stock and compared the financial performance of MINDBODY and the prices and trading activity of MINDBODY Class A common stock with that of certain other selected publicly-traded companies and their securities. In addition, Qatalyst Partners reviewed the financial terms, to the extent publicly available, of selected acquisition transactions and performed such other analyses, reviewed such other information and considered such other factors as it deemed appropriate.

In arriving at its opinion, Qatalyst Partners assumed and relied upon, without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise made available to, or discussed with, Qatalyst Partners by MINDBODY. With respect to the Management Projections, Qatalyst Partners was advised by MINDBODY s management, and Qatalyst Partners assumed, that the Management Projections had been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of MINDBODY of the future financial performance of MINDBODY and other matters covered thereby. Qatalyst Partners assumed that the Merger will be consummated in accordance with the terms set forth in the Merger Agreement, without any modification, waiver or delay. In addition, Qatalyst Partners assumed that in connection with the receipt of all the necessary approvals of the proposed Merger, no delays, limitations, conditions or restrictions will be imposed that could have an adverse effect on MINDBODY or the contemplated benefits expected to be derived in the proposed Merger. Qatalyst Partners did not make any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of MINDBODY or its affiliates, nor was Qatalyst Partners furnished with any such evaluation or appraisal. In addition, Qatalyst Partners relied, without independent verification, upon the assessment of the management of MINDBODY as to the existing and future technology and products of MINDBODY and the risks associated with such technology and products. Qatalyst Partners opinion has been approved by Qatalyst Partners opinion committee in accordance with its customary practice. Qatalyst Partners opinion does not constitute a recommendation as to how to vote with respect to the Merger or any other matter and does not in any manner address the price at which the shares of MINDBODY Class A common stock will trade at any time.

Qatalyst Partners opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to it as of, the date of the opinion. Events occurring after the date of the opinion may affect Qatalyst Partners opinion and the assumptions used in preparing it, and Qatalyst Partners did not assume any obligation to update, revise or reaffirm its opinion. Qatalyst Partners opinion did not address the underlying business decision of MINDBODY to engage in the Merger, or the relative merits of the Merger as compared to any strategic alternatives that may be available to MINDBODY. Qatalyst Partners opinion is limited to the fairness, from a financial point of view, of the Merger Consideration to be received pursuant to, and in accordance with, the terms of the Merger Agreement by the holders of shares of MINDBODY Class A common stock, in their capacity as such holders (other than Parent or any affiliates of Parent), and Qatalyst Partners expressed no opinion with respect to the fairness of the amount or nature of the compensation to any of the officers, directors or employees of MINDBODY or any of its affiliates, or any class of such persons, relative to such consideration at any time. Qatalyst Partners also expressed no opinion regarding the consideration to be received by any holder of MINDBODY Class B common stock under the Merger Agreement in such holder s capacity as a holder of MINDBODY Class B common stock.

The following is a summary of the material analyses performed by Qatalyst Partners in connection with its opinion dated December 23, 2018. The analyses and factors described below must be considered as a whole; considering any portion of such analyses or factors, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying Qatalyst Partners opinion. For purposes of its analyses, Qatalyst Partners utilized both the consensus of third-party research analysts projections (Analyst Projections) and the Management Projections. Some of the summaries of the financial analyses include information presented in tabular format. The tables are not intended to stand alone, and in order to more fully understand the financial analyses used by Qatalyst Partners, the tables must be read together with the full text of each summary. Considering the data set forth below without considering the full narrative description of the financial analyses, including the methodologies and

assumptions underlying the analyses, could create a misleading or incomplete view of Qatalyst Partners financial analyses.

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Discounted Cash Flow Analysis

Qatalyst Partners performed an illustrative discounted cash flow analysis, which is designed to imply a potential, present value of per share values for MINDBODY common stock as of December 31, 2018 by:

adding:

(a) the implied net present value of the estimated future unlevered free cash flows of MINDBODY, based on the Management Projections, for calendar year 2019 through calendar year 2022 (which implied present value was calculated by using a range of discount rates of 9.0% to 11.0%, based on an estimated weighted average cost of capital for MINDBODY);

(b) the implied net present value of a corresponding terminal value of MINDBODY, calculated by multiplying the estimated unlevered free cash flow in calendar year 2023 of approximately $107 million based on the Management Projections (assuming an effective tax rate of 21.0%, as provided by MINDBODY management, and which tax rate excludes the effect of MINDBODY s estimated remaining tax attributes for 2023 and beyond, as such tax attributes were separately valued, as described in item (c) below), by a range of multiples of enterprise value to next-twelve-months estimated unlevered free cash flow of 20.0x to 30.0x, selected by Qatalyst Partners based on its professional judgment drawn from its expertise and experience, and discounted to present value using the same range of discount rates used in item (a) above;

(c) the implied net present value of MINDBODY s forecasted tax attributes outstanding as of December 31, 2022 based on the Management Projections (which implied present value was calculated by using the same range of discount rates used in item (a) above and the statutory tax rate applicable to MINDBODY, as provided by MINDBODY s management); and

(d) MINDBODY s cash net of the face value of outstanding convertible debt and financing obligations, as of December 31, 2018, as provided by MINDBODY management; and

dividing the resulting amount by the number of fully-diluted shares of MINDBODY common stock (calculated utilizing the treasury stock method), adjusted for restricted stock units and stock options, outstanding as of December 20, 2018, but excluding an estimate of the number of shares of MINDBODY common stock subject to purchase on February 21, 2019 under MINDBODY s ESPP (as defined below), all of which amounts were provided by MINDBODY s management (the Fully Diluted Shares), assuming net share settlement of in-the-money convertible debt, and applying a dilution factor of approximately 15%, as projected by MINDBODY management, to reflect the dilution to current stockholders over the projected period due to the effect of future equity compensation grants.

Based on the calculations set forth above, this analysis implied a range of per share values for MINDBODY common stock of approximately $25.93 to $40.25.

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Selected Companies Analysis

Qatalyst Partners compared selected financial information and public market multiples for MINDBODY with publicly available information and public market multiples for selected companies. The companies used in this comparison are listed below and were selected by Qatalyst Partners in its professional judgment, based on factors including, among other things, that they are publicly traded companies in similar lines of business to MINDBODY, having a similar business model, having similar financial performance, or having other relevant or similar characteristics.

Selected SaaS Companies	CY19E Revenue Multiples
Five9, Inc.	8.4x
AppFolio, Inc.	8.3x
Avalara, Inc.	6.4x
SurveyMonkey Inc.	5.6x
Workiva Inc.	5.5x
The Ultimate Software Group, Inc.	5.2x
Benefitfocus, Inc.	5.1x
Dropbox, Inc.	4.7x
RealPage, Inc.	4.7x
Instructure, Inc.	4.5x
Box, Inc.	3.5x

Based upon the Analyst Projections as of December 21, 2018 for calendar year 2019, and using the closing prices as of December 21, 2018 for shares of the selected companies, Qatalyst Partners calculated, among other things, the implied fully-diluted enterprise value divided by the estimated consensus revenue for calendar year 2019 (the CY2019E Revenue Multiples) for each of the selected companies.

The CY2019E Revenue Multiple for MINDBODY was 3.8x based on the Analyst Projections, and the fully-diluted enterprise value of MINDBODY was calculated using the closing price of MINDBODY as of December 21, 2018.

Based on an analysis of the CY2019E Revenue Multiples for each of the selected companies, Qatalyst Partners selected a representative range of 3.5x to 6.5x and applied this range to MINDBODY s estimated calendar year 2019 revenue based on each of the Analyst Projections and the Management Projections. This analysis implied a range of per share values for MINDBODY common stock of approximately $20.04 to $36.84 based on the Analyst Projections and approximately $20.50 to $37.68 based on the Management Projections.

No company included in the selected companies analysis is identical to MINDBODY. In evaluating the selected companies, Qatalyst Partners made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters. Many of these matters are beyond the control of MINDBODY, such as the impact of competition on MINDBODY s business and the industry in general, industry growth and the absence of any material adverse change in MINDBODY s financial condition and prospects or the industry or in the financial markets in general. Individual multiples or mathematical analysis, such as determining the arithmetic mean, median, or the high or low, is not in itself a meaningful method of using selected company data.

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Selected Transactions Analysis

Qatalyst Partners compared 30 selected public SaaS transactions announced between January 2011 and November 2018. These transactions are listed below:

Announcement Date	Target	Acquiror	LTM Revenue Multiple	NTM Revenue Multiple
03/20/18	MuleSoft, Inc.	salesforce.com, inc.	21.8x	15.7x
10/15/18	SendGrid, Inc.	Twilio Inc.	14.3x	11.5x
09/18/14	Concur Technologies, Inc.	SAP SE	12.6x	10.2x
07/28/16	NetSuite Inc.	Oracle Corporation	11.8x	9.1x
06/01/16	Demandware, Inc.	salesforce.com, inc.	11.2x	8.9x
12/03/11	SuccessFactors, Inc.	SAP SE	10.2x	8.7x
01/29/18	Callidus Software Inc.	SAP SE	9.8x	8.3x
12/20/12	Eloqua, Inc.	Oracle Corporation	9.8x	8.2x
12/17/17	Aconex Limited	Oracle Corporation	9.4x	8.1x
05/22/12	Ariba, Inc.	SAP SE	8.8x	7.8x
11/11/18	Apptio, Inc.	Vista Equity Partners	8.1x	7.0x
12/20/13	Responsys, Inc.	Oracle Corporation	8.1x	6.9x
06/13/16	LinkedIn Corporation	Microsoft Corporation	8.1x	6.7x
04/18/16	Cvent, Inc.	Vista Equity Partners	8.0x	6.5x
06/04/13	ExactTarget, Inc.	salesforce.com, inc.	7.9x	6.5x
08/01/16	Fleetmatics Group PLC	Verizon Communications Inc.	7.6x	6.3x
10/24/11	RightNow Technologies, Inc.	Oracle Corporation	7.4x	6.2x
04/28/16	Textura Corporation	Oracle Corporation	7.6x	6.1x
05/31/16	Marketo, Inc.	Vista Equity Partners	7.5x	5.9x
02/09/12	Taleo Corporation	Oracle Corporation	6.3x	5.3x
05/30/17	Xactly Corporation	Vista Equity Partners	5.5x	4.5x
06/15/15	DealerTrack Technologies, Inc.	Cox Automotive, Inc.	4.9x	4.1x
11/11/18	athenahealth, Inc.	Veritas Capital & Elliott Management	4.3x	3.9x
05/18/16	inContact, Inc.	NICE-Systems Ltd.	4.2x	3.6x
05/02/16	Opower, Inc.	Oracle Corporation	3.6x	3.3x
08/27/12	Kenexa Corporation	International Business Machines Corporation	4.0x	3.3x
07/01/11	Blackboard Inc.	Providence Equity Partners LLC	3.7x	3.2x
08/31/16	Interactive Intelligence Group, Inc.	Genesys Telecommunications Laboratories, Inc.	3.4x	3.2x
12/06/16	Intralinks Holdings, Inc.	Synchronoss Technologies, Inc.	2.9x	2.7x
11/02/15	Constant Contact, Inc.	Endurance International Group Holdings, Inc.	2.6x	2.3x

For each of the transactions listed above, Qatalyst Partners reviewed, among other things, the implied fully-diluted enterprise value of the target company as a multiple of (a) the revenue of the target company for the last twelve-month period (LTM Revenue Multiple), and (b) the revenue of the target company for the next-twelve month period (NTM Revenue Multiple), as reflected in certain publicly available financial statements, research analyst reports and press

releases.

Based on an analysis of the LTM Revenue Multiple for each of the selected transactions, and the application of its professional judgment, Qatalyst Partners selected a representative range of 6.0x to 10.0x and applied that range to MINDBODY s revenue (pro forma for the acquisition of Booker Software Inc.) for the last twelve-month period ended on September 30, 2018. This analysis implied a range of per share values for MINDBODY common stock of approximately $28.18 to $45.97.

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Based on an analysis of the NTM Revenue Multiple for each of the selected transactions, and the application of its professional judgment, Qatalyst Partners selected a representative range of 5.0x to 8.5x and applied that range to MINDBODY s estimated revenue for the next twelve-month period ending on September 30, 2019 reflected in the Analyst Projections as of December 21, 2018. This analysis implied a range of per share values for MINDBODY common stock of approximately $27.46 to $45.70.

No company or transaction utilized in the selected transactions analysis is identical to MINDBODY or the Merger. In evaluating the selected transactions, Qatalyst Partners made judgments and assumptions with regard to general business, market and financial conditions and other matters, many of which are beyond MINDBODY s control, such as the impact of competition on MINDBODY s business or the industry generally, industry growth and the absence of any material adverse change in MINDBODY s financial condition and prospects or the industry or in the financial markets in general, which could affect the public trading value of the companies and the aggregate value of the transactions to which they are being compared. Individual multiples or mathematical analysis, such as determining the arithmetic mean, median, or the high or low, is not in itself a meaningful method of using selected company data. Because of the unique circumstances of each of these transactions and the Merger, Qatalyst Partners cautioned against placing undue reliance on this information.

Miscellaneous

In connection with the review of the Merger by our Board of Directors, Qatalyst Partners performed a variety of financial and comparative analyses for purposes of rendering its opinion. The preparation of a financial opinion is a complex process and is not necessarily amenable to a partial analysis or summary description. In arriving at its opinion, Qatalyst Partners considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor it considered. Qatalyst Partners believes that selecting any portion of its analyses, without considering all analyses as a whole, could create a misleading or incomplete view of the process underlying its analyses and opinion. In addition, Qatalyst Partners may have given various analyses and factors more or less weight than other analyses and factors, and may have deemed various assumptions more or less probable than other assumptions. As a result, the ranges of valuations resulting from any particular analysis described above should not be taken to be Qatalyst Partners view of the actual value of MINDBODY. In performing its analyses, Qatalyst Partners made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond MINDBODY s control. Any estimates contained in Qatalyst Partners analyses are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by such estimates.

Qatalyst Partners conducted the analyses described above solely as part of its analysis of the fairness, from a financial point of view, of the Merger Consideration to be received pursuant to, and in accordance with, the terms of the Merger Agreement by the holders of shares of MINDBODY Class A common stock, in their capacity as such holders (other than Parent or any affiliates of Parent), to such holders. This analysis does not purport to be an appraisal or to reflect the price at which MINDBODY common stock might actually trade at any time.

Qatalyst Partners opinion and its presentation to our Board of Directors was one of many factors considered by our Board of Directors in deciding to approve the Merger Agreement. Consequently, the analyses as described above should not be viewed as determinative of the opinion of our Board of Directors with respect to the Merger Consideration to be received pursuant to, and in accordance with, the terms of the Merger Agreement by the holders of shares of MINDBODY Class A common stock, in their capacity as such holders (other than Parent or any affiliates of Parent), or of whether our Board of Directors would have been willing to agree to different consideration. The Merger Consideration payable in the Merger was determined through arm s-length negotiations between MINDBODY and Parent and was unanimously approved by our Board of Directors. Qatalyst Partners provided advice to

MINDBODY during these negotiations. Qatalyst Partners did not, however, recommend any specific consideration to MINDBODY or that any specific consideration constituted the only appropriate consideration for the Merger.

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Qatalyst Partners provides investment banking and other services to a wide range of entities and individuals, domestically and offshore, from which conflicting interests or duties may arise. In the ordinary course of these activities, affiliates of Qatalyst Partners may at any time hold long or short positions, and may trade or otherwise effect transactions in debt or equity securities or loans of MINDBODY, Parent or certain of their respective affiliates. Other than as set forth below, during the two-year period prior to the date of Qatalyst Partners opinion, no material relationship existed between Qatalyst Partners or any of its affiliates and MINDBODY or Parent pursuant to which compensation was received by Qatalyst Partners or its affiliates, other than a fee of approximately $7 million received by an affiliate of Qatalyst Partners in connection with acting as financial advisor to Vista, an affiliate of Parent, in connection with Vista s acquisition of iCIMS, Inc. Qatalyst Partners and/or its affiliates may in the future provide investment banking and other financial services to MINDBODY, Parent or Vista and their respective affiliates for which Qatalyst Partners would expect to receive compensation.

Qatalyst Partners provided MINDBODY with financial advisory services in connection with the proposed Merger for which it will be paid approximately $33 million, $2 million of which was payable upon the delivery of its opinion (regardless of the conclusion reached in the opinion), and the remaining portion of which will be paid upon, and subject to, the consummation of the Merger. MINDBODY has also agreed to reimburse Qatalyst Partners for its expenses incurred in performing its services. MINDBODY has also agreed to indemnify Qatalyst Partners and its affiliates, their respective members, directors, officers, partners, agents and employees and any person controlling Qatalyst Partners or any of its affiliates against certain liabilities, including liabilities under federal securities law, and certain expenses related to or arising out of Qatalyst Partners engagement.

Management Projections

Other than MINDBODY s annual and quarterly guidance, MINDBODY does not, as a matter of course, publicly disclose forecasts or projections as to future performance, earnings or other results due to the inherent unpredictability of the underlying long-term assumptions, estimates and projections. However, MINDBODY is including a summary of certain previously nonpublic, unaudited prospective financial information prepared by its management for the calendar years 2019-2023 (the Management Projections) in order to provide MINDBODY stockholders with access to information that was made available to, and approved by, MINDBODY s Board of Directors in connection with its evaluation of the Merger and the Per Share Merger Consideration. A subset of the Management Projections was also made available to Vista in connection with its due diligence review, and the Management Projections were made available to Qatalyst Partners in connection with the rendering of Qatalyst Partners opinion to the Board of Directors.

The following table presents the Management Projections:

($MM)

	CY 2019E	CY 2020E	CY 2021E	CY 2022E	Terminal CY 2023E
Revenue (1)	$ 304	$ 372	$ 446	$ 528	$ 620
Non-GAAP Gross Profit (2)	$ 216	$ 276	$ 342	$ 412	$ 491
Adjusted EBITDA (2)	$ 1	$ 32	$ 76	$ 111	$ 151
Non-GAAP Operating Income (2)	$ (9)	$ 22	$ 64	$ 96	$ 131
Cash Taxes	$ (0)	$ (0)	$ (0)	$ (1)	$ (28)
Cash Tax Rate		2%	1%	1%	21%
Capital Expenditures	$ (10)	$ (12)	$ (14)	$ (17)	$ (20)

Depreciation	$ 10	$ 10	$ 12	$ 15	$ 20
Change in Working Capital	$ (8)	$ (5)	$ (2)	$ 3	$ 3
Unlevered Free Cash Flow (3)	$ (18)	$ 15	$ 59	$ 96	$ 107

(1) Revenue is shown net of fees paid to payment processors.
(2) Non-GAAP Gross Profit, Adjusted EBITDA and Non-GAAP Operating Income are calculated to exclude stock-based compensation expense, amortization of intangibles, and other non-recurring charges.

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(3) Unlevered Free Cash Flow is calculated as Non-GAAP Operating Income less (i) cash taxes, less (ii) capital expenditures, plus (iii) depreciation expense, less (iv) investment in working capital.

MINDBODY also projected federal net operating losses and tax credits of $413 million as of December 31, 2022, including $264 million of net operating losses generated prior to December 31, 2018.

The Management Projections were developed by MINDBODY management on a standalone basis without giving effect to the Merger and the other transactions contemplated by the Merger Agreement, or any changes to MINDBODY s operations or strategy that may be implemented after the consummation of the Merger, including any costs incurred in connection with the Merger and the other transactions contemplated by the Merger Agreement. Furthermore, the Management Projections do not take into account the effect of any failure of the transactions contemplated by the Merger Agreement to be completed and should not be viewed as accurate or continuing in that context. In the view of MINDBODY management, the Management Projections have been reasonably prepared by MINDBODY management on bases reflecting the best currently available estimates and judgments of MINDBODY management of the future financial performance of MINDBODY and other matters covered thereby.

Although the Management Projections are presented with numerical specificity, they were based on numerous variables and assumptions made by MINDBODY management with respect to industry performance, general business, economic, regulatory, market and financial conditions and other future events, as well as matters specific to MINDBODY s business, all of which are difficult or impossible to predict accurately and many of which are beyond MINDBODY s control. The Management Projections constitute forward-looking information and are subject to many risks and uncertainties that could cause actual results to differ materially from the results forecasted in the Management Projections, including, but not limited to, MINDBODY s performance, industry performance, general business and economic conditions, customer requirements, staffing levels, competition, adverse changes in applicable laws, regulations or rules, and the various risks set forth in MINDBODY s reports filed with the SEC. There can be no assurance that the Management Projections will be realized or that actual results will not be significantly higher or lower than forecast. The Management Projections cover several years, and such information by its nature becomes less reliable with each successive year. In addition, the Management Projections will be affected by MINDBODY s ability to achieve strategic goals, objectives and targets over the applicable periods. The Management Projections reflect assumptions as to certain business decisions that are subject to change and cannot, therefore, be considered a guarantee of future operating results, and this information should not be relied on as such. The inclusion of the Management Projections should not be regarded as an indication that MINDBODY, Qatalyst Partners, their respective officers, directors, affiliates, advisors, or other representatives or anyone who received this information then considered, or now considers, them a reliable prediction of future events, and this information should not be relied upon as such. The inclusion of the Management Projections in this proxy statement should not be regarded as an indication that the Management Projections will be necessarily predictive of actual future events. No representation is made by MINDBODY or any other person regarding the Management Projections or MINDBODY s ultimate performance compared to such information. The Management Projections should be evaluated, if at all, in conjunction with the historical financial statements and other information about MINDBODY contained in MINDBODY s public filings with the SEC. For more information, please see the section of this proxy statement captioned Where You Can Find More Information. In light of the foregoing factors, and the uncertainties inherent in the Management Projections, stockholders are cautioned not to place undue, if any, reliance on the Management Projections.

The Management Projections were not prepared with a view toward public disclosure or with a view toward complying with the published guidelines of the SEC regarding projections or accounting principles generally accepted in the United States (GAAP), or the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information. Neither MINDBODY s independent auditor nor any other independent accountant has compiled, examined or performed any procedures with respect to the Management Projections, nor have they expressed any opinion or any other form of assurance on such information or its

achievability.

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Non-GAAP Gross Profit, Adjusted EBITDA, Non-GAAP Operating Income and Unlevered Free Cash Flow contained in the Management Projections set forth above, are non-GAAP financial measures, which are financial performance measures that are not calculated in accordance with GAAP. These non-GAAP financial measures should not be viewed as a substitute for GAAP financial measures and may be different from non-GAAP financial measures used by other companies. Furthermore, there are limitations inherent in non-GAAP financial measures because they exclude charges and credits that are required to be included in a GAAP presentation. Accordingly, these non-GAAP financial measures should be considered together with, and not as an alternative to, financial measures prepared in accordance with GAAP. The summary of such information above is included solely to give stockholders access to the information that was made available to Qatalyst Partners, Vista and MINDBODY s Board of Directors, and is not included in this proxy statement in order to influence any stockholder to make any investment decision with respect to the Merger, including whether or not to seek appraisal rights with respect to their shares of MINDBODY common stock.

In addition, the Management Projections have not been updated or revised to reflect information or results after the date they were prepared or as of the date of this proxy statement, and except as required by applicable securities laws, MINDBODY does not intend to update or otherwise revise the Management Projections or the specific portions presented to reflect circumstances existing after the date when made or to reflect the occurrence of future events, even in the event that any or all of the underlying assumptions are shown to be in error.

Interests of MINDBODY s Directors and Executive Officers in the Merger

When considering the recommendation of the Board of Directors that you vote to approve the proposal to adopt the Merger Agreement, you should be aware that our directors and executive officers may have interests in the Merger that are different from, or in addition to, the interests of stockholders generally, as more fully described below. The Board of Directors was aware of and considered these interests, among other matters, to the extent that they existed at the time, in approving the Merger Agreement and the Merger and recommending that the Merger Agreement be adopted by stockholders. These interests are described in more detail and, where applicable, are quantified in the narrative below.

Arrangements with Parent

As of the date of this proxy statement, none of our executive officers has entered into any agreement with Parent or any of its affiliates regarding employment with, or the right to purchase or participate in the equity of, the Surviving Corporation or one or more of its affiliates. Except as approved by the Board of Directors, from the date of the Merger Agreement, to the earlier of the termination of the Merger Agreement or the Effective Time, Parent and Merger Sub covenant not to, and covenant to not permit any of their subsidiaries or respective affiliates to, authorize, make or enter into, any arrangements or understandings (formal or informal, binding or otherwise) with any executive officer of MINDBODY (1) regarding any continuing employment or consulting relationship with the Surviving Corporation, (2) pursuant to which any such executive officer would be entitled to receive consideration of a different amount or nature than MINDBODY stockholders, or (3) pursuant to which any such executive officer (directly or indirectly) would agree to provide equity investment to finance any portion of the Merger. Prior to and following the closing of the Merger, however, certain of our executive officers may have discussions, and following the closing of the Merger, may enter into agreements with, Parent or Merger Sub, their subsidiaries or their respective affiliates regarding employment with, or the right to purchase or participate in the equity of, the Surviving Corporation or one or more of its affiliates.

Insurance and Indemnification of Directors and Executive Officers

The Surviving Corporation and Parent will indemnify, defend and hold harmless, and advance expenses to current or former directors, officers and employees of MINDBODY with respect to all acts or omissions by them in their capacities as such at any time prior to the Effective Time (including any matters arising in connection with the Merger Agreement or the transactions contemplated thereby), to the fullest extent that MINDBODY

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would be permitted by applicable law and to the fullest extent required by the organizational documents of MINDBODY or its subsidiaries as in effect on the date of the Merger Agreement. Parent will cause the certificate of incorporation, bylaws or other organizational documents of the Surviving Corporation and its subsidiaries to contain provisions with respect to indemnification, advancement of expenses and limitation of director, officer and employee liability that are no less favorable to the current or former directors, officers and employees of MINDBODY and its subsidiaries than those set forth in MINDBODY s and its subsidiaries organizational documents as of the date of the Merger Agreement. The Surviving Corporation and its subsidiaries will not, for a period of six years from the Effective Time, amend, repeal or otherwise modify these provisions in the organizational documents in any manner that would adversely affect the rights of the current or former directors, officers and employees of MINDBODY and its subsidiaries.

The Merger Agreement also provides that prior to the Effective Time, MINDBODY may purchase a six-year prepaid tail policy on the same terms and conditions as Parent would be required to cause the Surviving Corporation and its subsidiaries to purchase as discussed below. MINDBODY s ability to purchase a tail policy is subject to a cap on the premium equal to 300% of the aggregate annual premiums currently paid by the MINDBODY for its existing directors and officers liability insurance and fiduciary insurance for its last full fiscal year. If MINDBODY does not purchase a tail policy prior to the Effective Time, for at least six years after the Effective Time, Parent will (1) cause the Surviving Corporation and its other subsidiaries to maintain in full force and effect, on terms and conditions no less advantageous to the current or former directors, officers and employees of MINDBODY and its subsidiaries, the existing directors and officers liability insurance and fiduciary insurance maintained by the MINDBODY as of the date of the Merger Agreement; and (2) not, and will not permit the Surviving Corporation or its other subsidiaries to, take any action that would prejudice the rights of, or otherwise impede recovery by, the beneficiaries of any such insurance, whether in respect of claims arising before or after the Effective Time. The tail policy will cover claims arising from facts, events, acts or omissions that occurred at or prior to the Effective Time, including the transactions contemplated in the Merger Agreement. The obligation of Parent or the Surviving Corporation, as applicable, is subject to an annual premium cap of 300% of the aggregate annual premiums currently paid by MINDBODY for such insurance, but Parent or the Surviving Corporation will purchase as much of such insurance coverage as possible for such amount. For more information, please see the section of this proxy statement captioned Proposal 1: Adoption of the Merger Agreement Indemnification and Insurance.

Treatment of Company Options and Company RSUs

The Company from time to time has granted awards under MINDBODY s 2009 Stock Option Plan or 2015 Equity Incentive Plan (the Company Equity Plans), of options to purchase shares of our common stock (a Company Option), and restricted stock units covering shares of our common stock (a Company RSU).

As of January 18, 2019, there were 1,433,497 shares of Class A common stock and 1,831,194 shares of Class B common stock subject to outstanding Company Options, and 2,761,465 shares of Class A common stock subject to outstanding Company RSUs.

At the Effective Time, each Company Option and Company RSU that is unexpired, unexercised, outstanding and vested as of immediately before the Effective Time or that vests solely as a result of the consummation of the transactions contemplated by the Merger Agreement (each, a Vested Award) will be cancelled and automatically converted into the right to receive a cash amount equal to the product of: (1) the total number of shares of common stock subject to the Vested Award, multiplied by (2) $36.50 (or, for each Company Option, the excess, if any, of $36.50 over the Company Option s per share exercise price), subject to any required tax withholdings (the Vested Award Cash-out Payment).

At the Effective Time, each Company Option, and Company RSU that is unexpired, unexercised, and outstanding as of immediately before the Effective Time that is not a Vested Award (each, an Unvested Award) will be cancelled and automatically converted into the right to receive the Cash Replacement Amount, subject to the vesting conditions described below. The Cash Replacement Amount will be equal to the product

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of: (1) the total number of shares of common stock subject to the Unvested Award, multiplied by (2) $36.50 (or, for each Company Option, the excess, if any, of $36.50 over the Company Option s per share exercise price), subject to any required tax withholdings. The Cash Replacement Amount will be subject to the same vesting conditions (including continued service requirements and any accelerated vesting on specific terminations of employment) that applied to the cancelled Unvested Award in effect immediately before the Effective Time, except for terms rendered inoperative by reason of the Merger or for any applicable administrative or ministerial changes. If the vesting conditions are satisfied, the Cash Replacement Amount generally will be paid at the same time(s) as the cancelled Unvested Award would have vested according to its terms subject to any applicable administrative or ministerial changes.

Any Company Options (whether vested or unvested) with a per share exercise price equal to or greater than $36.50 will be cancelled immediately upon the Effective Time without payment or consideration.

The Company Equity Plans will terminate as of the Effective Time.

Payments Upon Termination At or Following Change in Control

Executive Employment Agreements

Employment Agreement with Richard Stollmeyer

We entered into an employment agreement with Richard Stollmeyer, our chief executive officer, effective as of May 22, 2015. Mr. Stollmeyer s employment agreement provides that if his employment is terminated by us or our successor without cause (as defined in his employment agreement), by Mr. Stollmeyer for good reason (as defined in his employment agreement) or on account of death or disability (in each case, a qualifying termination), Mr. Stollmeyer will receive (i) continuing payments of severance pay equal to 18 months of Mr. Stollmeyer s annual base salary as then in effect; (ii) a lump-sum amount equal to Mr. Stollmeyer s target annual bonus, pro-rated for the days served during the year of his termination of employment; (iii) reimbursement of COBRA continuation premiums for up to 18 months for Mr. Stollmeyer and his eligible dependents (provided he is eligible for and timely elects COBRA continuation coverage), or, in the discretion of the Company, cash payments in lieu thereof; and (iv) acceleration of 100% of the then-unvested shares subject to Mr. Stollmeyer s equity awards granted prior to May 22, 2015. However, if the qualifying termination occurs during the period that commences upon a change in control (as defined in his employment agreement) and ends on the first anniversary following a change in control, then in addition to the benefits described above, 100% of Mr. Stollmeyer s equity awards granted on or after May 22, 2015 will vest, provided that if the vesting of any such equity awards is to be determined based on the achievement of performance criteria, then such equity award will vest assuming the performance criteria had been achieved at 100% of target levels for the relevant performance period or periods.

Prior to the closing of the Merger, our Compensation Committee is expected to grant Mr. Stollmeyer an ordinary course annual refresh equity award with a value equal to $3.5 million.

Employment Agreement with Michael Mansbach

We entered into an employment agreement with Michael Mansbach, our president, effective as of June 19, 2017. Mr. Mansbach s employment agreement provides that if his employment is terminated by us or our successor without cause (as defined in his employment agreement), by Mr. Mansbach for good reason (as defined in his employment agreement) or on account of death or disability (each, a qualifying termination), Mr. Mansbach will receive (i) continuing payments of severance pay equal to 12 months of Mr. Mansbach s annual base salary as then in effect;

(ii) reimbursement of COBRA continuation premiums for up to 12 months for Mr. Mansbach and his eligible dependents (provided he is eligible for and timely elects COBRA continuation coverage), or, in the discretion of the Company, cash payments in lieu thereof; and (iii) if we hire a new permanent chief executive officer after June 19, 2019, and Mr. Mansbach s termination occurs within 12 months after such hiring, acceleration of the then-unvested shares subject to Mr. Mansbach s time-based equity awards

as if he had completed an additional 18 months of service after such hiring. However, if the qualifying termination occurs during the period that commences upon a change in control (as defined in his employment agreement) and ends on the first anniversary following a change in control, then in addition to the benefits described above, 100% of Mr. Mansbach s equity awards will vest, provided that if the vesting of any such equity awards is to be determined based on the achievement of performance criteria, then such equity award will vest assuming the performance criteria had been achieved at 100% of target levels for the relevant performance period or periods.

Prior to the closing of the Merger, our Compensation Committee is expected to grant Mr. Mansbach an ordinary course annual refresh equity award with a value equal to $1.5 million.

Employment Agreement with Brett White

We entered into an employment agreement with Brett White, our chief financial officer and chief operating officer, effective as of May 22, 2015. Mr. White s employment agreement provides that if his employment is terminated by us or our successor without cause (as defined in his employment agreement), by Mr. White for good reason (as defined in his employment agreement) or on account of death or disability (each, a qualifying termination), Mr. White will receive (i) continuing payments of severance pay equal to 18 months of Mr. White s annual base salary as then in effect; (ii) reimbursement for all reasonable relocation costs directly related to his relocating away from the area of MINDBODY S headquarters; (iii) reimbursement of COBRA continuation premiums for up to 18 months for Mr. White and his eligible dependents (provided he is eligible for and timely elects COBRA continuation coverage), or, in the discretion of the Company, cash payments in lieu thereof; and (iv) acceleration of 100% of the then-unvested shares subject to Mr. White s equity awards granted prior to May 22, 2015. However, if the qualifying termination occurs during the period that commences upon a change in control (as defined in his employment agreement) and ends on the first anniversary following a change in control, then in addition to the benefits described above, 100% of Mr. White s equity awards granted on or after May 22, 2015 will vest, provided that if the vesting of any such equity awards is to be determined based on the achievement of performance criteria, then such equity award will vest assuming the performance criteria had been achieved at 100% of target levels for the relevant performance period or periods.

Prior to the closing of the Merger, our Compensation Committee is expected to grant Mr. White an ordinary course annual refresh equity award with a value equal to $1.8 million.

Employment Agreement with Mark Baker

We entered into an employment agreement with Mark Baker, our chief revenue officer, effective as of February 7, 2018. Mr. Baker s employment agreement provides that if his employment is terminated by us or our successor without cause (as defined in his employment agreement), by Mr. Baker for good reason (as defined in his employment agreement) or on account of death or disability (each, a qualifying termination), Mr. Baker will receive (i) continuing payments of severance pay equal to 6 months of Mr. Baker s annual base salary as then in effect and (ii) reimbursement of COBRA continuation premiums for up to 6 months for Mr. Baker and his eligible dependents (provided he is eligible for and timely elects COBRA continuation coverage), or, in the discretion of the Company, cash payments in lieu thereof. However, if the qualifying termination occurs during the period that commences upon a change in control (as defined in his employment agreement) and ends on the first anniversary following a change in control, then in addition to the benefits described above, 100% of Mr. Baker s equity awards will vest, provided that if the vesting of any such equity awards is to be determined based on the achievement of performance criteria, then such equity award will vest assuming the performance criteria had been achieved at 100% of target levels for the relevant performance period or periods.

Prior to the closing of the Merger, our Compensation Committee is expected to grant Mr. Baker an ordinary course annual refresh award with a value equal to $1.8 million.

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Each executive officer s employment agreement provides that, in the event any of the payments provided for under the employment agreement or otherwise payable to the executive officer would constitute parachute payments within the meaning of Section 280G of the Internal Revenue Code and could be subject to the related excise tax under Section 4999 of the Internal Revenue Code, he would be entitled to receive either full payment of benefits or such lesser amount that would result in no portion of the benefits being subject to the excise tax, whichever results in the greater amount of after-tax benefits to him.

Each executive officer s receipt of the severance benefits under his employment agreement is subject to his signing a standard separation agreement and release of claims with MINDBODY and provided that such release becomes effective and irrevocable no later than sixty (60) days following his separation from service (within the meaning of Section 409A of the Internal Revenue Code). Each executive officer is also subject to obligations related to non-solicitation of customers and employees of MINDBODY and its affiliates for a period of 12 months following the date his employment terminates for any reason, and the provisions of an employee confidentiality, non-disclosure, and assignment of inventions agreement.

For the purposes of each executive officer s employment agreement, cause generally means (i) the executive officer s conviction of, or plea of nolo contendere to, a felony (but excluding negligent driving offenses or driving offenses solely related to the speed limit) and which has an adverse effect on the business or affairs of the Company, (ii) the executive officer s gross and willful misconduct, (iii) the executive officer s unauthorized and intentional use or disclosure of any proprietary information or trade secrets of MINDBODY or any other party to whom the executive officer owes an obligation of nondisclosure as a result of his relationship with MINDBODY; (iv) the executive officer s willful breach of any material obligations under any material written agreement or covenant with MINDBODY; (v) the executive officer s refusal to perform his employment duties after he has received a written demand of performance from MINDBODY that specifically sets forth the factual basis for MINDBODY s belief that he has refused to perform his duties and has failed to cure such non-performance to MINDBODY s reasonable satisfaction within thirty (30) business days after receiving such notice or (vi) the executive officer s failure to cooperate in good faith with a governmental or internal investigation of MINDBODY or its directors, officers or employees, if MINDBODY has requested his cooperation. No termination for cause will be effective unless the executive officer is given written notice from the MINBODY Board of Directors of the condition that could constitute cause and, if capable of being cured, at least thirty (30) days to cure the condition.

For the purposes of each executive officer s employment agreement, good reason generally means the executive officer s resignation within thirty (30) days following the expiration of any cure period (discussed below) following the occurrence of one or more of the following, without the executive officer s express written consent: (i) a material reduction of the executive officer s duties, authority or responsibilities, or in the case of Mr. Stollmeyer, titles, without his prior consent, provided, however, that in the case of Messrs. Mansbach and Baker, any change in reporting structure will not be considered good reason ; (ii) a material reduction in the executive officer s base salary (except where there is a reduction applicable to the management team generally, not to exceed 15% of the aggregate base salary); or (iii) a material change in the geographic location of the executive officer s primary work facility or location; provided, that a relocation of less than thirty (30) miles from his then-present work location will not be considered a material change in geographic location. An executive officer will not resign for good reason without first providing MINDBODY with written notice of the acts or omissions constituting the grounds for good reason within ninety (90) days of the initial existence of the grounds for good reason and a reasonable cure period of thirty (30) days following the date MINDBODY receives such notice during which such condition must not have been cured, except in the case of Mr. Mansbach, the ninety (90) day time period does not apply if we hire a new permanent chief executive officer after June 19, 2019, and Mr. Mansbach has a qualifying termination within 12 months after such hiring, in the situation where there is an interim chief executive officer.

For the purposes of each executive officer s employment agreement, change in control is as defined in the Company s 2015 Equity Incentive Plan. The completion of the Merger will constitute a change in control under the employment agreements.

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Separation Agreement and Release and Consulting Agreement with Kimberly Lytikainen

Kimberly Lytikainen, our chief legal officer, corporate secretary and compliance officer, voluntarily resigned, effective January 18, 2019. In connection with her resignation, we entered into a separation agreement and release with Ms. Lytikainen, effective December 21, 2018, which supersedes and replaces all prior agreements and understandings relating to her employment, other than the provisions of her employee confidentiality, non-disclosure, and assignment of inventions agreement, and stock agreements, except as modified or superseded by her separation agreement. The separation agreement and release provides that MINDBODY will retain Ms. Lytikainen to perform services for MINDBODY as a consultant through March 31, 2019 pursuant to the terms of a consulting agreement, and that MINDBODY will pay Ms. Lytikainen the remainder of what she would otherwise have been paid under MINDBODY s 2018 Executive Bonus Plan had she remained employed by MINDBODY through the applicable bonus payment date, less applicable withholdings. The consulting agreement pursuant to which Ms. Lytikainen is providing the post-employment services described above provides that she will continue vesting in her Company equity awards held as of January 18, 2019 through the term of the consulting agreement, which ends on March 31, 2019. However, if MINDBODY terminates the consulting agreement prior to March 31, 2019 for convenience, then the unvested portion of Ms. Lytikainen s eligible equity awards that would have become vested had she continued to provide services under the consulting agreement through March 31, 2019 will immediately vest.

Pursuant to the terms of her separation agreement, Ms. Lytikainen is subject to obligations related to non-solicitation of employees of MINDBODY and its affiliates until December 21, 2019, non-disparagement and non-interference with respect to MINDBODY and the releasees covered by her separation agreement, and the provisions of her employee confidentiality, non-disclosure, and assignment of inventions agreement.

Quantification of Potential Payments to MINDBODY Named Executive Officers in Connection with the Merger

In accordance with Item 402(t) of Regulation S-K, the table below sets forth the compensation that is based on or otherwise relates to the Merger that will or may become payable to each of our named executive officers in connection with the Merger. Please see the section of this proxy statement captioned Payments Upon Termination At or Following Change in Control for further information regarding this compensation.

The table below assumes that: (i) for the purposes of this table only that, the closing of the Merger occurs on February 28, 2019; (ii) the employment of Messrs. Stollmeyer, Mansbach, White, and Baker will be terminated immediately following the closing of the Merger in a manner entitling the named executive officer to receive the severance benefits described in the section of this proxy statement captioned Payments Upon Termination At or Following Change in Control ; (iii) Ms. Lytikainen will receive the bonus payment contemplated by her separation agreement and her consulting agreement will be terminated by MINDBODY immediately following the closing of the Merger in a manner entitling her to receive the equity vesting acceleration benefits set forth in her consulting agreement, in each case as described in more detail in the section of this proxy statement captioned Payments Upon Termination At or Following Change in Control ; (iv) no named executive officer receives any additional equity grants on or prior to the closing of the Merger (other than a refresh equity award described in more detail in the section of this proxy statement captioned Payments Upon Termination At or Following Change in Control); and (v) no named executive officer enters into new agreements or is otherwise legally entitled to, prior to the closing of the Merger, additional compensation or benefits. Pursuant to applicable proxy disclosure rules, the value of the equity award acceleration below is calculated based on the number of shares covered by the applicable Company Option or Company RSU that are accelerating multiplied by $36.50 per share (less the applicable exercise price per share in the case of Company Options). The amounts shown in the table below do not include the value of payments or benefits that would have been earned, or any amounts associated with equity awards that would vest pursuant to their terms, on or prior to the closing of the Merger, or the value of payments or benefits that are not based on or otherwise related to

the Merger.

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In addition to the assumptions described in the preceding paragraph, the amounts set forth in the table below are based on certain other assumptions that are described in the footnotes accompanying the table below. The assumptions based upon which we have estimated the amounts in the table below may or may not actually occur. Accordingly, the ultimate amounts to be received by a named executive officer in connection with the Merger may differ from the amounts set forth below.

Golden Parachute Compensation

Name	Cash ($)(1)	Equity ($)(2)	Perquisites/ Benefits ($)(3)	Total ($)(4)
Richard Stollmeyer	$ 880,671	$ 40,981,156	$ 22,786	$ 41,884,613
Michael Mansbach	$ 425,000	$ 5,313,897	$ 17,740	$ 5,756,637
Brett White	$ 641,250	$ 11,043,053	$ 122,882	$ 11,807,185
Mark Baker	$ 171,200	$ 2,633,222	$ 7,595	$ 2,812,017
Kimberly Lytikainen	$ 138,502	$ 2,241,416	$ 0	$ 2,379,918

(1) The amounts listed in this column for Messrs. Stollmeyer, Mansbach, White and Baker represent the double-trigger cash severance payments to which each of these named executive officers may become entitled under his employment agreement, as described in more detail in the section of this proxy statement captioned Payments Upon Termination At or Following Change in Control. To be eligible for such double-trigger cash severance benefits, the employment of the named executive officer must terminate without cause or for good reason or on account of death or disability upon or during the period one (1) year after a change in control (as such terms are defined in the applicable employment agreement and as described in the section of this proxy statement captioned Payments Upon Termination At or Following Change in Control) (for the purposes of the table above, a Qualifying CIC Termination). The full amount listed in this column (or in the case of Mr. Stollmeyer, $795,000 of the amount listed in this column) represents salary severance based on the applicable named executive officer s salary in effect as of February 28, 2019. For Mr. Stollmeyer, $85,671 of the amount listed in this column represents the double-trigger cash bonus severance to which Mr. Stollmeyer may become entitled under his employment agreement, as described in more detail in the section of this proxy statement captioned Payments Upon Termination At or Following Change in Control, based on Mr. Stollmeyer s target bonus opportunity in effect as of February 28, 2019. To be eligible for such double-trigger cash bonus severance, the employment of Mr. Stollmeyer must terminate in a Qualifying CIC Termination. For Ms. Lytikainen, the full amount listed in this column represents the single-trigger cash bonus payment to which she is entitled to under her separation agreement and release, as described in more detail in the section of this proxy statement captioned Payments Upon Termination At or Following Change in Control, based on Ms. Lytikainen s target bonus opportunity in effect as of February 28, 2019.

(2) For each of Messrs. Stollmeyer, Mansbach, White, and Baker, the amount listed in this column represents, in part, the estimated value of double-trigger vesting acceleration benefits to which he may become entitled under his employment agreement, as described in more detail in the section of this proxy statement captioned Payments Upon Termination At or Following Change in Control, and which is as follows: $9,244,163 (of which $1,676,165 relates to Company Options and $7,567,998 relates to Company RSUs), $4,774,484 (of which $930,782 relates to Company Options and $3,843,702 relates to Company RSUs), $5,387,438 (of which $999,880 relates to Company Options and $4,387,558 relates to Company RSUs), and $2,607,071 (of which $78,458 relates to a Company Option and $2,528,613 relates to Company RSUs), respectively. To be eligible for such double-trigger benefits, the employment of Messrs. Stollmeyer, Mansbach, White, or Baker, as applicable, must terminate in a

Qualifying CIC Termination. For Ms. Lytikainen, $1,733,640 (of which $590,934 relates to Company Options and $1,142,706 relates to Company RSUs) of the amount listed in this column represents, in part, the estimated value of single-trigger vesting acceleration benefits to which she may become entitled under her consulting agreement, as described in more detail in the section of this proxy statement captioned Payments Upon Termination At or Following Change in Control. To be eligible for such single-trigger benefits, MINDBODY must

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terminate Ms. Lytikainen s consulting agreement for its convenience prior to March 31, 2019. For each of the named executive officers, the amount listed in this column also represents, in part, the aggregate of the Vested Award Cash-out Payments that will be paid in cancellation of the outstanding vested Company Options and vested Company RSUs held by the named executive officer immediately prior to the closing of the Merger, determined as described in the section of this proxy statement captioned Treatment of Company Options and Company RSUs, and which are as follows: $31,736,993, $539,413, $5,655,615, and $26,151 for Messrs. Stollmeyer, Mansbach, White, and Baker, respectively, and $507,776 for Ms. Lytikainen, in each case all of such value relates to Company Options. In addition, the amounts listed in this column assume the annual refresh equity award that each of Messrs. Stollmeyer, Mansbach, White and Baker is expected to receive will be granted prior to the closing of the Merger for purposes of the table above.

(3) The amounts listed in this column represent the estimated value of the double-trigger reimbursement of continued health coverage under COBRA benefits (and reasonable relocation costs following a termination of employment benefits in the case of Mr. White) to which each of Messrs. Stollmeyer, Mansbach, White, and Baker may become entitled under his employment agreement, as described in more detail in the section of this proxy statement captioned Payments Upon Termination At or Following Change in Control. To be eligible for such double-trigger COBRA reimbursement benefits, the employment of the named executive officer must terminate in a Qualifying CIC Termination. The full amount (or in the case of Mr. White, $22,882 of the amount listed in this column) represents the value of reimbursement of continued health coverage under COBRA based on the applicable named executive officer s estimated cost for such coverage as of February 28, 2019. For Mr. White, $100,000 of the amount listed in this column represents the double-trigger reasonable relocation cost benefits to which Mr. White may become entitled under his employment agreement if he has a Qualifying CIC Termination, as described in more detail in the section of this proxy statement captioned Payments Upon Termination At or Following Change in Control, based on a good faith estimate of what Mr. White s reasonable relocation expenses would be as of February 28, 2019.

(4) Under the employment agreements of Messrs. Stollmeyer, Mansbach, White, and Baker, amounts are subject to reduction in the event the named executive officer would be better off on an after-tax basis being cut back than paying the excise tax under Section 4999 of the Code. This amount assumes no such reductions will be applied.

Equity Awards Held by MINDBODY s Executive Officers and Non-employee Directors

As discussed above, at the Effective Time, each Vested Award (including those held by our executive officers and non-employee directors) will be cancelled and automatically converted into the right to receive the applicable Vested Award Cash-out Payment, and each Unvested Award (including those held by our executive officers) will be cancelled and automatically converted into the right to receive the Cash Replacement Amount, subject to the vesting conditions (including any accelerated vesting on specific terminations of employment) and payment terms described above.

Each of our executive officers is eligible to receive the applicable vesting acceleration benefits with respect to his or her equity awards described above under the heading Payments Upon Termination At or Following Change in Control.

By operation of the terms of our 2015 Equity Incentive Plan, each non-employee director s Cash Replacement Amount(s) will fully vest if on the date of or following the closing of the Merger, his or her status as a nonemployee director of MINDBODY is terminated other than by a voluntary resignation by the non-employee director (unless the non-employee director resigns at the request of Parent).

Equity Interests of MINDBODY s Executive Officers and Non-employee Directors

The following table sets forth the number of shares of common stock and the number of shares of common stock underlying equity awards held by each of MINDBODY s executive officers and non-employee directors that are

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outstanding as of January 18, 2019. The table also sets forth the values of these shares and equity awards, determined as the number of shares multiplied by the Per Share Merger Consideration (minus the applicable per share exercise price for any Company Options). No additional shares of common stock or equity awards were granted to any executive officer or non-employee director in contemplation of the Merger.

Equity Interests of MINDBODY s Executive Officers and Non-employee Directors

Name	Shares (#)(1)	Shares ($)	Company Options (#)(2)	Company Options ($)	Company RSUs (#)(3)(4)	Company RSUs ($)	Total ($)
Richard Stollmeyer	529,251	19,317,661.50	1,267,340	33,413,157.46	146,644	5,352,506.00	58,083,324.96
Michael Mansbach	3,705	135,232.50	133,464	1,470,194.80	74,285	2,711,402.50	4,316,829.80
Brett White	19,074	696,201.00	348,832	6,943,415.41	95,424	3,482,976.00	11,122,592.41
Kimberly Lytikainen			84,436	1,098,710.15	41,101	1,500,186.50	2,598,896.65
Mark Baker	300	10,950.00	34,298	104,608.90	26,615	971,447.50	1,087,006.40
Katherine Blair Christie	19,987	729,525.50	60,000	1,320,240.00	4,609	168,228.50	2,217,994.00
Court Cunningham	3,234	118,041.00			14,314	522,461.00	640,502.00
Gail Goodman	22,513	821,724.50			17,136	625,464.00	1,447,188.50
Cipora Herman	14,423	526,439.50			14,043	512,569.50	1,039,009.00
Eric Liaw	7,996	291,854.00			4,609	168,228.50	460,082.50
Adam Miller	9,328	340,472.00			15,280	557,720.00	898,192.00
Graham Smith	29,987	1,094,525.50	70,000	1,541,680.00	4,609	168,228.50	2,804,434.00

(1) This number includes shares of common stock beneficially owned, excluding shares of common stock issuable upon exercise of Company Options or settlement of Company RSUs.

(2) The number of shares of common stock subject to Company Options includes both vested and unvested Company Options. The number of shares subject to the vested and unvested portions of the Company Options, and the value (determined as the aggregate number of underlying shares multiplied by the Per Share Merger Consideration minus the aggregate exercise price with respect to such shares) of those portions of the Company Options are as follows:

Name	Vested Company Options (#)	Vested Company Options ($)	Unvested Company Options (#)	Unvested Company Options ($)
Richard Stollmeyer	1,082,518	31,291,422.07	184,822	2,121,735.39
Michael Mansbach	34,074	458,295.30	99,390	1,011,899.50
Brett White	255,615	5,738,322.86	93,217	1,205,092.55
Kimberly Lytikainen	26,743	364,938.22	57,693	733,771.93
Mark Baker			34,298	104,608.90

Katherine Blair Christie	58,750	1,292,735.00	1,250	27,505.00
Court Cunningham				
Gail Goodman				
Cipora Herman				
Eric Liaw				
Adam Miller				
Graham Smith	68,542	1,509,569.01	1,458	32,110.99

(3) This number reflects the number of shares of common stock subject to Company RSUs that were not vested as of January 18, 2019.

(4) The Company also anticipates granting equity awards to certain executive officers in February 2019 as part of its ordinary course equity award grant process with the following values (with the number of shares in parentheses representing approximately the number of shares subject to each award assuming each award is a full value award without any exercise price equal to the applicable value, divided by the Per Share Merger Consideration (rounded down to the nearest share)): (i) Richard Stollmeyer, $3,500,000 (approximately 95,890 shares); (ii) Michael Mansbach, $1,500,000 (approximately 41,095 shares); (iii) Brett White, $1,800,000 (approximately 49,315 shares); and (iv) Mark Baker, $1,800,000 (approximately 49,315 shares).

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Financing of the Merger

The obligation of Parent and Merger Sub to consummate the Merger is not subject to any financial condition.

We anticipate that the total amount of funds necessary to complete the Merger and the related transactions, and to pay the fees and expenses required to be paid at the Closing of the Merger by Parent and Merger Sub under the Merger Agreement, will be approximately $1.9 billion. This amount includes the funds needed to: (1) pay stockholders the amounts due under the Merger Agreement and (2) make payments in respect of our outstanding equity-based awards pursuant to the Merger Agreement.

Equity Financing

Pursuant to the Equity Commitment Letter, each of Vista Fund VI and Vista Fund VII has agreed to provide Parent with an equity commitment of $865 million (taken together, $1.73 billion) which, together with cash on hand at MINDBODY, will be available to fund the aggregate purchase price and pay the fees and expenses required to be paid at the Closing of the Merger by Parent and Merger Sub contemplated by, and subject to the terms and conditions of, the Merger Agreement.

The Equity Commitment Letter provides, among other things, that: (1) MINDBODY is an express third party beneficiary thereof in connection with MINDBODY s exercise of its rights related to specific performance under the Merger Agreement; and (2) none of Parent or the Vista Funds will oppose the granting of an injunction, specific performance or other equitable relief in connection with the exercise of such third party beneficiary rights. The Equity Commitment Letter may not be waived, amended or modified except by a written instrument signed by Parent, the Vista Funds and MINDBODY.

Guaranties

Pursuant to the Guaranties, each of Vista Fund VI and Vista Fund VII has agreed to guarantee the due, punctual and complete payment of all of the liabilities and obligations of Parent or Merger Sub under the Merger Agreement, including, but limited to: (1) the indemnification obligations of Parent and Merger Sub in connection with any costs, expenses or losses incurred or sustained by MINDBODY in connection with its cooperation with the arrangement of any potential debt financing; and (2) the documented and reasonable out-of-pocket costs and expenses incurred by MINDBODY in connection with the cooperation of MINDBODY with the potential arrangement of any potential debt financing. We refer to the obligations set forth in the preceding sentence as the Guaranteed Obligations.

The obligations of each of Vista Fund VI and Vista Fund VII under its respective limited guaranty are subject to a cap equal to $66.6965 million, for an aggregate cap of $133.393 million collectively between the Guaranties.

Subject to specified exceptions, each limited guaranty will terminate upon the earliest of:

- immediately following the Effective Time and the deposit of the Merger consideration with the designated payment agent;
- the valid termination of the Merger Agreement by mutual written consent of Parent and MINDBODY;

the valid termination of the Merger Agreement by MINDBODY in certain circumstances in connection with a Superior Proposal;

with respect to Vista Fund VI, the indefeasible payment by Vista Fund VI, Parent or Merger Sub of an amount of the Guaranteed Obligations equal to the liability cap applicable to Vista Fund VI:

with respect to Vista Fund VII, the indefeasible payment by Vista Fund VII, Parent or Merger Sub of an amount of the Guaranteed Obligations equal to the liability cap applicable to Vista Fund VII; and

one year after the valid termination of the Merger Agreement in accordance with its terms, other than a termination in the scenarios described in the second and third bullet above (and, if MINDBODY has

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made a claim under the Guaranteed Obligations prior to such date, such limited guaranty will terminate on the date that such claim is finally satisfied or otherwise resolved).

Irrevocable Proxies

The following summary describes the material provisions of the irrevocable proxies. The description of the irrevocable proxies in this summary and elsewhere in this proxy statement is not complete and is qualified in its entirety by reference to the irrevocable proxies, the form of which is attached to this proxy statement as Annex D and incorporated into this proxy statement by reference. We encourage you to read the form of irrevocable proxy carefully and in its entirety because this summary may not contain all the information about the irrevocable proxies that is important to you. **The rights and obligations of the signatories to the irrevocable proxies are governed by the express terms of the irrevocable proxies and not by this summary or any other information contained in this proxy statement.** Concurrently with the execution of the Merger Agreement, Richard Stollmeyer, the Company s Chief Executive Officer and Chairman of the Board of Directors, certain parties related to Richard Stollmeyer (together with Richard Stollmeyer, the Stollmeyer Group) and Institutional Venture Partners XIII, L.P. (together with the Stollmeyer Group, the Signing Stockholders) have granted irrevocable proxies (the Irrevocable Proxies) to certain members of the Board of Directors, as the exclusive attorneys and proxies of the Signing Stockholders with respect to the matters set forth in the Irrevocable Proxies (the Proxies). As of the Record Date, the Signing Stockholders held, in the aggregate, approximately 32.1% of the voting power of the outstanding shares of MINDBODY s common stock (and approximately 46.2% when taking into account Company Options, and Company RSUs held, in the aggregate, by the Signing Stockholders).

Voting Instructions

Under the Irrevocable Proxies, the Signing Stockholders have irrevocably instructed the Proxies, during the term of the Irrevocable Proxies, to vote the Signing Stockholders shares of common stock (i) in favor of the adoption of the Merger Agreement and the approval of the Merger and the other transactions contemplated by the Merger Agreement and/or (ii) against any acquisition proposal or any action or agreement which would reasonably be expected to result in any of the conditions to the Company s obligations to consummate the Merger as specified in the Merger Agreement not being fulfilled.

Restrictions on Transfer

Pursuant to the Irrevocable Proxy, the Signing Stockholders have agreed that until the expiration date of the Irrevocable Proxy, the Signing Stockholders will not, Transfer (or cause or permit the Transfer of) any of the Shares, or enter into any agreement relating thereto. For the purposes of the foregoing sentence, a Transfer occurs if such Signing Stockholder, directly or indirectly (i) Transfers (as defined in the Amended and Restated Certificate of Incorporation of the Company as in effect on the date hereof) such share or any interest in such share, (ii) sells, pledges, encumbers, hypothecates, assigns, grants an option with respect to (or otherwise enters into a hedging arrangement with respect to), transfers, tenders or disposes (by merger, by testamentary disposition, by the creation of a lien, by operation of law or otherwise) of such share or any interest in such share, (iii) deposits any shares into a voting trust or enters into a voting agreement or arrangement or grant any proxy or power of attorney with respect thereto that is inconsistent with the Irrevocable Proxy, or (iv) agrees or commits (whether or not in writing) to take any of the actions referred to in the foregoing clauses (i), (ii) or (iii).

Termination

The Irrevocable Proxies terminate automatically upon the earliest to occur of: (a) the Effective Time, (b) the termination of the Merger Agreement, and (c) a Company Board Recommendation Change that is in accordance with

the terms of the Merger Agreement and is due to receipt by the Company of a Superior Proposal.

Closing and Effective Time

The closing of the Merger will take place no later than the second business day following the satisfaction or waiver in accordance with the Merger Agreement of all of the conditions to closing of the Merger (as described

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under the caption, Proposal 1: Adoption of the Merger Agreement Conditions to the Closing of the Merger), other than conditions that by their terms are to be satisfied at the closing, but subject to the satisfaction or waiver of such conditions.

Appraisal Rights

If the Merger is consummated, stockholders who continuously hold shares of common stock through the Effective Time, who do not vote in favor of the adoption of the Merger Agreement and who properly demand appraisal of their shares and who do not withdraw their demands or otherwise lose their rights of appraisal will be entitled to seek appraisal of their shares in connection with the Merger under Section 262 the DGCL (Section 262). The following discussion is not a complete statement of the law pertaining to appraisal rights under the DGCL and is qualified in its entirety by the full text of Section 262, which is attached to this proxy statement as Annex C and incorporated herein by reference. The following summary does not constitute any legal or other advice and does not constitute a recommendation that stockholders exercise their appraisal rights under Section 262. All references in Section 262 and in this summary to a stockholder are to the record holder of shares of common stock unless otherwise expressly noted herein. Only a holder of record of shares of common stock is entitled to demand appraisal of the shares registered in that holder s name. A person having a beneficial interest in shares of common stock held of record in the name of another person, such as a bank, broker, trust or other nominee, must act promptly to cause the record holder to follow the steps summarized below properly and in a timely manner to perfect appraisal rights. **If you hold your shares of our common stock through a bank, broker or other nominee and you wish to exercise appraisal rights, you should consult with your bank, broker or the other nominee.**

Under Section 262, if the Merger is completed, holders of shares of common stock who: (1) submit a written demand for appraisal of their shares, (2) do not vote in favor of the adoption of the Merger Agreement; (3) continuously are the record holders of such shares through the Effective Time; and (4) otherwise exactly follow the procedures set forth in Section 262 may be entitled to have their shares appraised by the Delaware Court of Chancery and to receive payment in cash of the fair value of the shares of common stock, exclusive of any element of value arising from the accomplishment or expectation of the Merger, together with interest to be paid on the amount determined to be fair value, if any, as determined by the court. However, after an appraisal petition has been filed, the Delaware Court of Chancery will dismiss appraisal proceedings as to all stockholders who have asserted appraisal rights unless (a) the total number of shares for which appraisal rights have been pursued and perfected exceeds 1% of the outstanding shares of common stock as measured in accordance with subsection (g) of Section 262; or (b) the value of the aggregate Per Share Merger Consideration in respect of the shares of common stock for which appraisal rights have been pursued and perfected exceeds $1 million (conditions (a) and (b) referred to as the ownership thresholds). Unless the Delaware Court of Chancery, in its discretion, determines otherwise for good cause shown, interest on an appraisal award will accrue and compound quarterly from the Effective Time through the date the judgment is paid at 5% over the Federal Reserve discount rate (including any surcharge) as established from time to time during such period. However, at any time before the Delaware Court of Chancery enters judgment in the appraisal proceedings, the Surviving Corporation may voluntarily pay to each stockholder entitled to appraisal an amount in cash pursuant to subsection (h) of Section 262, in which case such interest will accrue after the time of such payment only on an amount that equals the difference, if any, between the amount so paid and the fair value of the shares as determined by the Delaware Court of Chancery, in addition to any interest accrued prior to the time of such voluntary cash payment, unless paid at such time. The Surviving Corporation is under no obligation to make such voluntary cash payment prior to such entry of judgment.

Under Section 262, where a Merger Agreement is to be submitted for adoption at a meeting of stockholders, the corporation, not less than 20 days prior to the meeting, must notify each of its stockholders who was such on the record date for notice of such meeting with respect to shares for which appraisal rights are available that appraisal

rights are available and include in the notice a copy of Section 262. This proxy statement constitutes MINDBODY s notice to stockholders that appraisal rights are available in connection with the Merger, and the

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full text of Section 262 is attached to this proxy statement as Annex C. In connection with the Merger, any holder of shares of common stock who wishes to exercise appraisal rights, or who wishes to preserve such holder s right to do so, should review Annex C carefully. Failure to strictly comply with the requirements of Section 262 in a timely and proper manner may result in the loss of appraisal rights under the DGCL. A stockholder who loses his, her or its appraisal rights will be entitled to receive the Merger consideration described in the Merger Agreement. Moreover, because of the complexity of the procedures for exercising the right to seek appraisal of shares of common stock, MINDBODY believes that if a stockholder considers exercising such rights, that stockholder should seek the advice of legal counsel.

Stockholders wishing to exercise the right to seek an appraisal of their shares of common stock must do **ALL** of the following:

- the stockholder must not vote in favor of the proposal to adopt the Merger Agreement;
- the stockholder must deliver to MINDBODY a written demand for appraisal before the vote on the Merger Agreement at the Special Meeting;
- the stockholder must continuously hold the shares from the date of making the demand through the Effective Time (a stockholder will lose appraisal rights if the stockholder transfers the shares before the Effective Time); and
- the stockholder (or any person who is the beneficial owner of shares of common stock held either in a voting trust or by a nominee on behalf of such person) or the Surviving Corporation must file a petition in the Delaware Court of Chancery requesting a determination of the fair value of the shares within 120 days after the Effective Time. The Surviving Corporation is under no obligation to file any petition and has no intention of doing so.

In addition, one of the ownership thresholds must be met.

Because a proxy that does not contain voting instructions will, unless revoked, be voted in favor of the adoption of the Merger Agreement, a stockholder who votes by proxy and who wishes to exercise appraisal rights must vote against the adoption of the Merger Agreement, abstain or not vote its shares.

Filing Written Demand

Any holder of shares of common stock wishing to exercise appraisal rights must deliver to MINDBODY, before the vote on the adoption of the Merger Agreement at the Special Meeting at which the proposal to adopt the Merger Agreement will be submitted to stockholders, a written demand for the appraisal of the stockholder s shares, and that stockholder must not vote or submit a proxy in favor of the adoption of the Merger Agreement. A holder of shares of common stock exercising appraisal rights must hold of record the shares on the date the written demand for appraisal is made and must continue to hold the shares of record through the Effective Time. A proxy that is submitted and does not contain voting instructions will, unless revoked, be voted in favor of the adoption of the Merger Agreement, and it will constitute a waiver of the stockholder s right of appraisal and will nullify any previously delivered written demand for appraisal. Therefore, a stockholder who submits a proxy and who wishes to exercise appraisal rights must submit a

proxy containing instructions to vote against the adoption of the Merger Agreement or abstain from voting, or otherwise fail to vote, on the adoption of the Merger Agreement. Neither voting against the adoption of the Merger Agreement nor abstaining from voting or failing to vote on the proposal to adopt the Merger Agreement will, in and of itself, constitute a written demand for appraisal satisfying the requirements of Section 262. The written demand for appraisal must be in addition to and separate from any proxy or vote on the adoption of the Merger Agreement. A proxy or vote against the adoption of the Merger Agreement will not constitute a demand. A stockholder s failure to make the written demand prior to the taking of the vote on the adoption of the Merger Agreement at the Special Meeting of MINDBODY stockholders will constitute a waiver of appraisal rights.

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Only a holder of record of shares of common stock is entitled to demand appraisal rights for the shares registered in that holder s name. A demand for appraisal in respect of shares of common stock must be executed by or on behalf of the holder of record, and must reasonably inform MINDBODY of the identity of the holder and state that the person intends thereby to demand appraisal of the holder s shares in connection with the Merger. If the shares are owned of record in a fiduciary or representative capacity, such as by a trustee, guardian or custodian, such demand must be executed by or on behalf of the record owner, and if the shares are owned of record by more than one person, as in a joint tenancy and tenancy in common, the demand must be executed by or on behalf of all joint owners. An authorized agent, including an authorized agent for two or more joint owners, may execute a demand for appraisal on behalf of a holder of record; however, the agent must identify the record owner or owners and expressly disclose that, in executing the demand, the agent is acting as agent for the record owner or owners.

STOCKHOLDERS WHO HOLD THEIR SHARES IN BROKERAGE OR BANK ACCOUNTS OR OTHER NOMINEE FORMS AND WHO WISH TO EXERCISE APPRAISAL RIGHTS SHOULD CONSULT WITH THEIR BANK, BROKER OR OTHER NOMINEES, AS APPLICABLE, TO DETERMINE THE APPROPRIATE PROCEDURES FOR THE BANK, BROKER OR OTHER NOMINEE TO MAKE A DEMAND FOR APPRAISAL OF THOSE SHARES. A PERSON HAVING A BENEFICIAL INTEREST IN SHARES HELD OF RECORD IN THE NAME OF ANOTHER PERSON, SUCH AS A BANK, BROKER OR OTHER NOMINEE, MUST ACT PROMPTLY TO CAUSE THE RECORD HOLDER TO FOLLOW PROPERLY AND IN A TIMELY MANNER THE STEPS NECESSARY TO PERFECT APPRAISAL RIGHTS.

All written demands for appraisal pursuant to Section 262 should be mailed or delivered to:

MINDBODY, Inc.

Attention: Investor Relations

4051 Broad Street, Suite 220

San Luis Obispo, CA 93401

Any holder of shares of common stock who has delivered a written demand to MINDBODY and who has not commenced an appraisal proceeding or joined that proceeding as a named party may withdraw his, her or its demand for appraisal and accept the consideration offered pursuant to the Merger Agreement by delivering to MINDBODY a written withdrawal of the demand for appraisal. However, any such attempt to withdraw the demand made more than 60 days after the Effective Time will require written approval of the Surviving Corporation. No appraisal proceeding in the Delaware Court of Chancery will be dismissed as to any stockholder without the approval of the Delaware Court of Chancery, and such approval may be conditioned upon such terms as the Delaware Court of Chancery deems just; provided, however, that this shall not affect the right of any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party to withdraw such stockholder s demand for appraisal and to accept the Per Share Merger Consideration within 60 days after the Effective Time. If an appraisal proceeding is commenced and MINDBODY, as the Surviving Corporation, does not approve a request to withdraw a demand for appraisal when that approval is required, or, except with respect to any stockholder who withdraws such stockholder s demand in accordance with the proviso in the immediately preceding sentence, if the Delaware Court of Chancery does not approve the dismissal of an appraisal proceeding with respect to a stockholder, the stockholder will be entitled to receive only the appraised value determined in any such appraisal proceeding, which value could be less than, equal to or more than the per share merger consideration being offered pursuant to the Merger Agreement.

Notice by the Surviving Corporation

If the Merger is completed, within 10 days after the Effective Time, the Surviving Corporation will notify each holder of shares of common stock who has properly made a written demand for appraisal pursuant to Section 262, and who has not voted in favor of the adoption of the Merger Agreement, that the Merger has become effective and the effective date thereof.

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Filing a Petition for Appraisal

Within 120 days after the Effective Time, but not thereafter, the Surviving Corporation or any holder of shares of common stock who has complied with Section 262 and is entitled to seek appraisal under Section 262 (including for this purpose any beneficial owner of the relevant shares) may commence an appraisal proceeding by filing a petition in the Delaware Court of Chancery, with a copy served on the Surviving Corporation in the case of a petition filed by a stockholder (or beneficial owner), demanding a determination of the fair value of the shares held by all dissenting stockholders entitled to appraisal. The Surviving Corporation is under no obligation, and has no present intention, to file a petition, and stockholders should not assume that the Surviving Corporation will file a petition or initiate any negotiations with respect to the fair value of the shares of common stock. Accordingly, any holders of shares of common stock who desire to have their shares appraised should initiate all necessary action to perfect their appraisal rights in respect of their shares of common stock within the time and in the manner prescribed in Section 262. The failure of a holder of common stock to file such a petition within the period specified in Section 262 could nullify the stockholder s previous written demand for appraisal.

Within 120 days after the Effective Time, any holder of shares of common stock who has complied with the requirements of Section 262 and who is entitled to appraisal rights thereunder will be entitled, upon written request, to receive from the Surviving Corporation a statement setting forth the aggregate number of shares not voted in favor of the adoption of the Merger Agreement and with respect to which MINDBODY has received demands for appraisal, and the aggregate number of holders of such shares. The Surviving Corporation must mail this statement to the requesting stockholder within 10 days after receipt by the Surviving Corporation of the written request for such a statement or within 10 days after the expiration of the period for delivery of demands for appraisal, whichever is later. A beneficial owner of shares of common stock held either in a voting trust or by a nominee on behalf of such person may, in such person s own name, file a petition seeking appraisal or request from the Surviving Corporation the foregoing statements. As noted above, however, the demand for appraisal can only be made by a stockholder of record.

If a petition for an appraisal is duly filed by a holder of shares of common stock and a copy thereof is served upon the Surviving Corporation, the Surviving Corporation will then be obligated within 20 days after such service to file with the Delaware Register in Chancery a duly verified list containing the names and addresses of all stockholders who have demanded payment for their shares and with whom agreements as to the value of their shares have not been reached. Upon the filing of any such petition, the Delaware Court of Chancery may order that notice of the time and place fixed for the hearing on the petition be mailed to the Surviving Corporation and all of the stockholders shown on the written statement described above at the addresses stated therein. Such notice will also be published at least one week before the day of the hearing in a newspaper of general circulation published in the City of Wilmington, Delaware, or in another publication determined by the Court. The costs of these notices are borne by the Surviving Corporation. After notice to stockholders as required by the court, the Delaware Court of Chancery is empowered to conduct a hearing on the petition to determine those stockholders who have complied with Section 262 and who have become entitled to appraisal rights thereunder. The Delaware Court of Chancery may require the stockholders who demanded payment for their shares to submit their stock certificates (if any) to the Register in Chancery for notation thereon of the pendency of the appraisal proceedings and, if any stockholder fails to comply with the direction, the Delaware Court of Chancery may dismiss that stockholder from the proceedings. The Delaware Court of Chancery will dismiss appraisal proceedings as to all stockholders who have asserted appraisal rights if neither of the ownership thresholds is met.

Determination of Fair Value

After determining the holders of common stock entitled to appraisal and that at least one of the ownership thresholds described above has been satisfied as to stockholders seeking appraisal rights, the appraisal proceeding will be conducted in accordance with the rules of the Delaware Court of Chancery, including any rules specifically governing appraisal proceedings. Through such proceeding, the Delaware Court of Chancery will determine the fair value of the shares of common stock, exclusive of any element of value arising from the

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accomplishment or expectation of the Merger, together with interest, if any, to be paid upon the amount determined to be the fair value. In determining fair value, the Delaware Court of Chancery will take into account all relevant factors. Unless the court in its discretion determines otherwise for good cause shown, interest from the Effective Time through the date of payment of the judgment will be compounded quarterly and will accrue at 5% over the Federal Reserve discount rate (including any surcharge) as established from time to time during the period between the Effective Time and the date of payment of the judgment. However, at any time before the Delaware Court of Chancery enters judgment in the appraisal proceedings, the Surviving Corporation may pay to each stockholder entitled to appraisal an amount in cash, in which case such interest will accrue after the time of such payment only on an amount that equals the difference, if any, between the amount so paid and the fair value of the shares as determined by the Delaware Court of Chancery, in addition to any interest accrued prior to the time of such voluntary payment, unless paid at such time.

In *Weinberger v. UOP, Inc.*, the Supreme Court of Delaware discussed the factors that could be considered in determining fair value in an appraisal proceeding, stating that proof of value by any techniques or methods which are generally considered acceptable in the financial community and otherwise admissible in court should be considered, and that [f]air price obviously requires consideration of all relevant factors involving the value of a company. The Delaware Supreme Court stated that, in making this determination of fair value, the court must consider market value, asset value, dividends, earnings prospects, the nature of the enterprise and any other facts that could be ascertained as of the date of the Merger that throw any light on future prospects of the merged corporation. Section 262 provides that fair value is to be exclusive of any element of value arising from the accomplishment or expectation of the Merger. In *Cede & Co. v. Technicolor, Inc.*, the Delaware Supreme Court stated that such exclusion is a narrow exclusion [that] does not encompass known elements of value, but which rather applies only to the speculative elements of value arising from such accomplishment or expectation. In *Weinberger*, the Supreme Court of Delaware also stated that elements of future value, including the nature of the enterprise, which are known or susceptible of proof as of the date of the Merger and not the product of speculation, may be considered. In addition, the Delaware courts have decided that the statutory appraisal remedy, depending on factual circumstances, may or may not be a dissenting stockholder s exclusive remedy.

Stockholders considering seeking appraisal should be aware that the fair value of their shares as so determined by the Delaware Court of Chancery could be more than, the same as or less than the consideration they would receive pursuant to the Merger if they did not seek appraisal of their shares and that an opinion of an investment banking firm as to the fairness from a financial point of view of the consideration payable in a Merger is not an opinion as to, and does not in any manner address, fair value under Section 262. **No representation is made as to the outcome of the appraisal of fair value as determined by the Delaware Court of Chancery, and stockholders should recognize that such an appraisal could result in a determination of a value higher or lower than, or the same as, the Per Share Merger Consideration**. Neither MINDBODY nor Parent anticipates offering more than the Per Share Merger Consideration to any stockholder exercising appraisal rights, and each of MINDBODY and Parent reserves the rights to make a voluntary cash payment pursuant to subsection (h) of Section 262 and to assert, in any appraisal proceeding, that for purposes of Section 262, the fair value of a share of common stock is less than the Per Share Merger Consideration. If a petition for appraisal is not timely filed, or if neither of the ownership thresholds described above has been satisfied as to stockholders seeking appraisal rights, then the right to an appraisal will cease. The costs of the appraisal proceedings (which do not include attorneys fees or the fees and expenses of experts) may be determined by the Delaware Court of Chancery and charged upon the parties as the Delaware Court of Chancery deems equitable under the circumstances. Upon application of a stockholder, the Delaware Court of Chancery may also order that all or a portion of the expenses incurred by a stockholder in connection with an appraisal proceeding, including, without limitation, reasonable attorneys fees and the fees and expenses of experts, be charged pro rata against the value of all the shares entitled to be appraised. In the absence of such determination or assessment, each party bears its own expenses.

If any stockholder who demands appraisal of his, her or its shares of common stock under Section 262 fails to perfect, or effectively loses or withdraws, such holder s right to appraisal, the stockholder s shares of common

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stock will be deemed to have been converted at the Effective Time into the right to receive the Per Share Merger Consideration, without interest. A stockholder will fail to perfect, or effectively lose or withdraw, the holder s right to appraisal if no petition for appraisal is filed within 120 days after the Effective Time, if neither of the ownership thresholds described above has been satisfied as to stockholders seeking appraisal rights or if the stockholder delivers to the Surviving Corporation a written withdrawal of the holder s demand for appraisal and an acceptance of the Per Share Merger Consideration in accordance with Section 262.

From and after the Effective Time, no stockholder who has demanded appraisal rights will be entitled to vote such shares of common stock for any purpose or to receive payment of dividends or other distributions on the stock, except dividends or other distributions on the holder s shares of common stock, if any, payable to stockholders as of a time prior to the Effective Time. If no petition for an appraisal is filed, if neither of the ownership thresholds described above has been satisfied as to the stockholders seeking appraisal rights, or if the stockholder delivers to the Surviving Corporation a written withdrawal of the demand for an appraisal and an acceptance of the Merger, either within 60 days after the Effective Time or thereafter with the written approval of the Surviving Corporation, then the right of such stockholder to an appraisal will cease. Once a petition for appraisal is filed with the Delaware Court of Chancery, however, the appraisal proceeding may not be dismissed as to any stockholder without the approval of the court, and such approval may be conditioned upon such terms as the Court deems just; provided, however, that the foregoing shall not affect the right of any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party to withdraw such stockholder s demand for appraisal and to accept the terms offered upon the Merger within 60 days after the Effective Time.

Failure to comply strictly with all of the procedures set forth in Section 262 may result in the loss of a stockholder s statutory appraisal rights. Consequently, any stockholder wishing to exercise appraisal rights is encouraged to consult legal counsel before attempting to exercise those rights.

Accounting Treatment

The Merger will be accounted for as a purchase transaction for financial accounting purposes.

Material U.S. Federal Income Tax Consequences of the Merger

The following discussion is a summary of material U.S. federal income tax consequences of the Merger that may be relevant to U.S. Holders and Non-U.S. Holders (each as defined below) of shares of common stock whose shares are converted into the right to receive cash pursuant to the Merger. This summary is general in nature and does not discuss all aspects of U.S. federal income taxation that may be relevant to a stockholder in light of its particular circumstances. In addition, this summary does not describe any tax consequences arising under the laws of any state, local or non-U.S. jurisdiction and does not consider any aspects of U.S. federal tax law other than income taxation. This discussion is based upon the Internal Revenue Code of 1986, as amended (the Code), Treasury Regulations promulgated under the Code, court decisions, published positions of the Internal Revenue Service (the IRS), and other applicable authorities, all as in effect on the date of this proxy statement and all of which are subject to change or differing interpretations at any time, possibly with retroactive effect. This discussion is limited to holders who hold their shares of common stock as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment purposes).

This discussion is for general information only and does not address all of the tax consequences that may be relevant to holders in light of their particular circumstances. For example, this discussion does not address:

tax consequences that may be relevant to holders who may be subject to special treatment under U.S. federal income tax laws, such as banks or other financial institutions; tax-exempt organizations; retirement or other tax deferred accounts; S corporations, partnerships or any other entities or arrangements treated as partnerships or pass-through entities for U.S. federal income tax purposes (or

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an investor in a partnership, S corporation or other pass-through entity); insurance companies; mutual funds; dealers in stocks and securities; traders in securities that elect to use the mark-to-market method of accounting for their securities; regulated investment companies; real estate investment trusts; entities subject to the U.S. anti-inversion rules; certain former citizens or long-term residents of the United States; or, except as noted below, holders that own or have owned (directly, indirectly or constructively) five percent or more of MINDBODY s common stock (by vote or value);

tax consequences to holders holding the shares as part of a hedging, constructive sale or conversion, straddle or other risk reduction transaction;

tax consequences to holders whose shares constitute qualified small business stock within the meaning of Section 1202 of the Code;

tax consequences to holders that received their shares of common stock in a compensatory transaction, through a tax qualified retirement plan or pursuant to the exercise of options or warrants;

tax consequences to holders who own an equity interest, actually or constructively, in Parent or the Surviving Corporation following the Merger;

tax consequences to U.S. Holders whose functional currency is not the U.S. dollar;

tax consequences to holders who hold their common stock through a bank, financial institution or other entity, or a branch thereof, located, organized or resident outside the United States;

tax consequences arising from the Medicare tax on net investment income;

tax consequences to holders subject to special tax accounting rules as a result of any item of gross income with respect to the shares of common stock being taken into account in an applicable financial statement (as defined in the Code);

the U.S. federal estate, gift or alternative minimum tax consequences, if any, as a result of the Merger;

any state, local or non-U.S. tax consequences as a result of the Merger; or

tax consequences to holders that do not vote in favor of the Merger and properly demand appraisal of their shares under Section 262 of the DGCL or that entered into a non-tender and support agreement as part of the

transaction described in this proxy statement.

If a partnership (including an entity or arrangement, domestic or non-U.S., treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of shares of common stock, then the tax treatment of a partner in such partnership will generally depend upon the status of the partner and the activities of the partner and the partnership. Partnerships holding shares of common stock and partners therein should consult their tax advisors regarding the consequences of the Merger.

We have not sought, and do not intend to seek, any ruling from the IRS with respect to the statements made and the conclusions reached in the following summary, and no assurance can be given that the IRS will agree with the views expressed herein, or that a court will not sustain any challenge by the IRS in the event of litigation.

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THE FOLLOWING SUMMARY IS FOR GENERAL INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE. WE URGE YOU TO CONSULT YOUR OWN TAX ADVISOR WITH RESPECT TO THE SPECIFIC TAX CONSEQUENCES TO YOU IN CONNECTION WITH THE MERGER IN LIGHT OF YOUR OWN PARTICULAR CIRCUMSTANCES, INCLUDING FEDERAL ESTATE, GIFT AND OTHER NON-INCOME TAX CONSEQUENCES, AND TAX CONSEQUENCES UNDER STATE, LOCAL OR NON-U.S. TAX LAWS.

U.S. Holders

For purposes of this discussion, a U.S. Holder is a beneficial owner of shares of common stock that is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States or any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust (1) that is subject to the primary supervision of a court within the United States and the control of one or more United States persons as defined in Section 7701(a)(30) of the Code; or (2) that has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

The receipt of cash by a U.S. Holder in exchange for shares of common stock pursuant to the Merger will be a taxable transaction for U.S. federal income tax purposes. In general, such U.S. Holder s gain or loss will be equal to the difference, if any, between the amount of cash received and the U.S. Holder s adjusted tax basis in the shares surrendered pursuant to the Merger. Gain or loss must be determined separately for each block of shares (that is, shares acquired at the same cost in a single transaction). A U.S. Holder s adjusted tax basis generally will equal the amount that such U.S. Holder paid for the shares. Such gain or loss will be capital gain or loss and will be long-term capital gain or loss if such U.S. Holder s holding period in such shares is more than one year at the time of the completion of the Merger. A reduced tax rate on capital gain generally will apply to long-term capital gain of a non-corporate U.S. Holder (including individuals). The deductibility of capital losses is subject to limitations.

Non-U.S. Holders

The following is a summary of the material U.S. federal income tax consequences that will apply to you if you are a Non-U.S. Holder. The term Non-U.S. Holder means a beneficial owner of common stock that is, for U.S. federal income tax purposes, not a U.S. Holder.

Special rules, not discussed herein, may apply to certain Non-U.S. Holders, such as:

- certain former citizens or long-term residents of the United States;

controlled foreign corporations;

passive foreign investment companies;

corporations that accumulate earnings to avoid U.S. federal income tax; and

pass-through entities, or investors in such entities.

Any gain realized by a Non-U.S. Holder pursuant to the Merger generally will not be subject to U.S. federal income tax unless:

the gain is effectively connected with a trade or business of such Non-U.S. Holder in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment or

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fixed base maintained by such Non-U.S. Holder in the United States), in which case such gain generally will be subject to U.S. federal income tax at rates generally applicable to U.S. persons, and, if the Non-U.S. Holder is a corporation, such gain may also be subject to the branch profits tax at a rate of 30% (or a lower rate under an applicable income tax treaty);

such Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of that disposition, and certain other specified conditions are met, in which case such gain will be subject to U.S. federal income tax at a rate of 30% (or a lower rate under an applicable income tax treaty), which gain may be offset by certain U.S. source capital losses of such Non-U.S. Holder; or

MINDBODY is or has been a United States real property holding corporation as such term is defined in Section 897(c) of the Code (USRPHC), at any time within the shorter of the five-year period preceding the Merger or such Non-U.S. Holder s holding period with respect to the applicable shares of common stock (the Relevant Period) and, if shares of common stock are regularly traded on an established securities market (within the meaning of Section 897(c)(3) of the Code), such Non-U.S. Holder owns directly or is deemed to own pursuant to attribution rules more than 5% of our common stock at any time during the relevant period, in which case such gain will be subject to U.S. federal income tax at rates generally applicable to U.S. persons (as described in the first bullet point above), except that the branch profits tax will not apply. Although there can be no assurances in this regard, we believe that we are not, and have not been, a USRPHC at any time during the five-year period preceding the Merger.

Information Reporting and Backup Withholding

Information reporting and backup withholding (currently, at a rate of 24%) may apply to the proceeds received by a holder pursuant to the Merger. Backup withholding generally will not apply to (1) a U.S. Holder that furnishes a correct taxpayer identification number and certifies that such holder is not subject to backup withholding on IRS Form W-9 (or a substitute or successor form) or (2) a Non-U.S. Holder that (i) provides a certification of such holder s foreign status on the appropriate series of IRS Form W-8 (or a substitute or successor form) or (ii) otherwise establishes an exemption from backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against the holder s U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

The foregoing summary does not discuss all aspects of U.S. federal income taxation that may be relevant to particular holders of common stock. Stockholders should consult their own tax advisors as to the particular tax consequences to them of exchanging their common stock for cash pursuant to the Merger under any federal, state, local or non-U.S. tax laws.

Withholding on Foreign Entities

Sections 1471 through 1474 of the Code (FATCA), impose a U.S. federal withholding tax of 30% on certain payments made to a foreign financial institution (as specially defined under these rules) unless such institution enters into an agreement with the U.S. government to withhold on certain payments and to collect and provide to the U.S. tax authorities substantial information regarding certain U.S. account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners) or an exemption applies. FATCA also generally will impose a U.S. federal withholding tax of 30% on certain payments made to a non-financial foreign entity unless such entity provides the withholding agent a certification identifying certain direct and indirect U.S. owners of the entity or an exemption applies. An intergovernmental

agreement between the United States and an applicable foreign country may modify these requirements. Under certain circumstances, a Non-U.S. Holder might be eligible for refunds or credits of such taxes. Subject to the recently released proposed Treasury Regulations described below, FATCA will apply to gross proceeds from sales or other dispositions of common stock after December 31, 2018. The

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Treasury Department recently released proposed regulations which, if finalized in their present form, would eliminate the federal withholding tax of 30% applicable to the gross proceeds of a sale or other disposition common stock. In its preamble to such proposed regulations, the U.S. Treasury Department stated that taxpayers may generally rely on the proposed regulations until final regulations are issued.

Prospective investors are encouraged to consult with their own tax advisors regarding the possible implications of FATCA on the disposition of common stock pursuant to the Merger.

Regulatory Approvals Required for the Merger

General

MINDBODY and Parent have agreed to take all action necessary to comply with all regulatory notification requirements, and, subject to certain limitations, to obtain all regulatory approvals required to consummate the Merger and the other transactions contemplated by the Merger Agreement. These approvals include, for example, approval under, or notifications pursuant to, the HSR Act and any other applicable antitrust laws (whether domestic or foreign).

HSR Act and U.S. Antitrust Matters

Under the HSR Act and the rules promulgated thereunder, certain acquisitions may not be completed until information has been furnished to the Antitrust Division of the U.S. Department of Justice (DOJ) and the Federal Trade Commission (FTC), and the applicable HSR Act waiting period requirements have been satisfied. The waiting period under the HSR Act is 30 calendar days, unless the waiting period is terminated earlier or extended by a second request for additional information. The Merger is subject to the provisions of the HSR Act and therefore cannot be completed until MINDBODY and Vista Funds file a notification and report form with the FTC and the DOJ under the HSR Act and the applicable waiting period has expired or been terminated. MINDBODY and Vista Funds made the necessary filings with the FTC and the Antitrust Division of the DOJ on January 3, 2019.

At any time before or after consummation of the Merger, notwithstanding the termination or expiration of the waiting period under the HSR Act, the FTC or the DOJ could take such action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the completion of the Merger, seeking divestiture of substantial assets of the parties, or requiring the parties to license or hold separate assets or terminate existing relationships and contractual rights. At any time before or after the completion of the Merger, and notwithstanding the termination or expiration of the waiting period under the HSR Act, any state or foreign jurisdiction could take such action under the antitrust laws as it deems necessary or desirable in the public interest. Such action could include seeking to enjoin the completion of the Merger or seeking divestiture of substantial assets of the parties. Private parties may also seek to take legal action under the antitrust laws under certain circumstances. We cannot be certain that a challenge to the Merger will not be made or that, if a challenge is made, we will prevail.

Other Regulatory Approvals

One or more governmental agencies may impose a condition, restriction, qualification, requirement or limitation when it grants the necessary approvals and consents. Third parties may also seek to intervene in the regulatory process or litigate to enjoin or overturn regulatory approvals, any of which actions could significantly impede or even preclude obtaining required regulatory approvals. There is currently no way to predict how long it will take to obtain all of the required regulatory approvals or whether such approvals will ultimately be obtained and there may be a substantial period of time between the approval by stockholders and the completion of the Merger.

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Although we expect that all required regulatory clearances and approvals will be obtained, we cannot assure you that these regulatory clearances and approvals will be timely obtained, obtained at all or that the granting of these regulatory clearances and approvals will not involve the imposition of additional conditions on the completion of the Merger, including the requirement to divest assets, or require changes to the terms of the Merger Agreement. These conditions or changes could result in the conditions to the Merger not being satisfied.

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PROPOSAL 1: ADOPTION OF THE MERGER AGREEMENT

The following summary describes the material provisions of the Merger Agreement. The descriptions of the Merger Agreement in this summary and elsewhere in this proxy statement are not complete and are qualified in their entirety by reference to the Merger Agreement, a copy of which is attached to this proxy statement as Annex A and incorporated into this proxy statement by reference. You should carefully read and consider the entire Merger Agreement, which is the legal document that governs the Merger, because this summary may not contain all the information about the Merger Agreement that is important to you. ***The rights and obligations of the parties are governed by the express terms of the Merger Agreement and not by this summary or any other information contained in this proxy statement.***

The representations, warranties, covenants and agreements described below and included in the Merger Agreement (1) were made only for purposes of the Merger Agreement and as of specific dates; (2) were made solely for the benefit of the parties to the Merger Agreement; and (3) may be subject to important qualifications, limitations and supplemental information agreed to by MINDBODY, Parent and Merger Sub in connection with negotiating the terms of the Merger Agreement. In addition, the representations and warranties have been included in the Merger Agreement for the purpose of allocating contractual risk between MINDBODY, Parent and Merger Sub rather than to establish matters as facts, and may be subject to standards of materiality applicable to such parties that differ from those applicable to investors. Stockholders are not third-party beneficiaries under the Merger Agreement and should not rely on the representations, warranties, covenants and agreements or any descriptions thereof as characterizations of the actual state of facts or condition of MINDBODY, Parent or Merger Sub or any of their respective affiliates or businesses. Moreover, information concerning the subject matter of the representations and warranties may change after the date of the Merger Agreement. In addition, you should not rely on the covenants in the Merger Agreement as actual limitations on the respective businesses of MINDBODY, Parent and Merger Sub, because the parties may take certain actions that are either expressly permitted in the confidential disclosure letter to the Merger Agreement or as otherwise consented to by the appropriate party, which consent may be given without prior notice to the public. The Merger Agreement is described below, and included as Annex A, only to provide you with information regarding its terms and conditions, and not to provide any other factual information regarding MINDBODY, Parent, Merger Sub or their respective businesses. Accordingly, the representations, warranties, covenants and other agreements in the Merger Agreement should not be read alone, and you should read the information provided elsewhere in this document and in our filings with the SEC regarding MINDBODY and our business.

Effects of the Merger; Directors and Officers; Certificate of Incorporation; Bylaws

The Merger Agreement provides that, subject to the terms and conditions of the Merger Agreement, and in accordance with the DGCL, at the Effective Time: (1) Merger Sub will be merged with and into MINDBODY, with MINDBODY becoming a wholly owned direct subsidiary of Parent; and (2) the separate corporate existence of Merger Sub will thereupon cease. From and after the Effective Time, the Surviving Corporation will possess all properties, rights, privileges, powers and franchises of MINDBODY and Merger Sub, and all of the debts, liabilities and duties of MINDBODY and Merger Sub will become the debts, liabilities and duties of the Surviving Corporation.

At the Effective Time, the board of directors of the Surviving Corporation will consist of the directors of Merger Sub as of immediately prior to the Effective Time, to hold office in accordance with the certificate of incorporation and bylaws of the Surviving Corporation until their successors are duly elected or appointed and qualified. From and after the Effective Time, the officers of Merger Sub at the Effective Time will be the officers of the Surviving Corporation, until their successors are duly appointed. At the Effective Time, the certificate of incorporation of MINDBODY as the Surviving Corporation will be amended to read substantially identically to the certificate of incorporation of Merger

Sub as in effect immediately prior to the Effective Time, and the bylaws of Merger Sub, as in effect immediately prior to the Effective Time, will become the bylaws of the Surviving Corporation, until thereafter amended.

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Closing and Effective Time

The closing of the Merger will take place no later than the second business day following the satisfaction or waiver of all conditions to closing of the Merger (described below under the caption, Conditions to the Closing of the Merger) (other than those conditions to be satisfied at the closing of the Merger) or such other time agreed to in writing by Parent, MINDBODY and Merger Sub. On the Closing Date, the parties will file a certificate of merger with the Secretary of State for the State of Delaware as provided under the DGCL. The Merger will become effective upon the filing of the certificate of merger, or at such later time as is agreed by the parties and specified in the certificate of merger.

Merger Consideration

Common Stock

At the Effective Time, and without any action required by any stockholder, each share of common stock (other than Excluded Shares, which include, for example, shares of common stock owned by stockholders who have properly and validly exercised their statutory rights of appraisal under Section 262 of the DGCL) outstanding as of immediately prior to the Effective Time will be cancelled and extinguished, and automatically converted into the right to receive the Per Share Merger Consideration, without interest thereon and less any applicable withholding taxes.

Outstanding Company Options and Company RSUs

At the Effective Time, each Vested Award (other than vested Company Options with a per share exercise price equal to or greater than $36.50) will be cancelled and automatically converted into the right to receive the Vested Award Cash-out Payment.

At the Effective Time, each Unvested Award will be cancelled and automatically converted into the right to receive the Cash Replacement Amount, subject to the vesting conditions described below. The Cash Replacement Amount will be equal to the product of: (1) the total number of shares of common stock subject to the Unvested Award, multiplied by (2) $36.50 (or, for each Company Option, the excess, if any, of $36.50 over the Company Option s per share exercise price), subject to any required tax withholdings. The Cash Replacement Amount will be subject to the same vesting conditions (including continued service requirements and any accelerated vesting on specific terminations of employment) that applied to the cancelled Unvested Award in effect immediately before the Effective Time, except for terms rendered inoperative by reason of the Merger or for any applicable administrative or ministerial changes. If the vesting conditions are satisfied, the Cash Replacement Amount generally will be paid at the same time(s) as the cancelled Unvested Award would have vested according to its terms subject to any applicable administrative or ministerial changes.

Any Company Options (whether vested or unvested) with a per share exercise price equal to or greater than $36.50 will be cancelled immediately upon the Effective Time without payment or consideration.

The Company Equity Plans will terminate as of the Effective Time.

Treatment of Purchase Rights under the Employee Stock Purchase Plan

The Merger Agreement generally provides that no new offering periods or purchase periods will begin under MINDBODY s 2015 Employee Stock Purchase Plan (the ESPP) after December 23, 2018, and no individual will be allowed to begin participating in the ESPP after December 23, 2018. After December 23, 2018, each ESPP participant

will not be allowed to increase his or her payroll contribution rate from the rate in effect as of December 23, 2018, or make separate non-payroll contributions to the ESPP, except as required by applicable law. Any offering period that would otherwise be outstanding at the Effective Time will end no later than five days before the Effective Time. All outstanding purchase rights under the ESPP will be exercised no later than

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one business day before the Effective Time (with such purchase rights subject to any pro rata adjustments that may be necessary if the current offering period in progress is shortened), and the ESPP will terminate as of the Effective Time. Each share of Class A common stock purchased under the ESPP that remains outstanding as of immediately before the Effective Time will be cancelled at the Effective Time and converted into the right to receive $36.50, without interest thereon.

Exchange and Payment Procedures

Prior to the closing of the Merger, Parent will designate a bank or trust company reasonably acceptable to MINDBODY (the Payment Agent) to make payments of the Merger consideration to stockholders. At or prior to the Effective Time, Parent will deposit or cause to be deposited with the Payment Agent cash sufficient to pay the aggregate Per Share Merger Consideration to stockholders.

Promptly following the Effective Time (and in any event within three business days), the Payment Agent will send to each holder of record a letter of transmittal in customary form and instructions for use in effecting the surrender of such holder s shares of common stock represented by such holder s book-entry shares in exchange for the Per Share Merger Consideration payable in respect of such shares. The amount of any Per Share Merger Consideration paid to stockholders may be reduced by any applicable withholding taxes.

If any cash deposited with the Payment Agent is not claimed within one year following the Effective Time, such cash will be returned to Parent, upon demand, and any holders of common stock who have not complied with the exchange procedures in the Merger Agreement will thereafter look only to Parent as general creditor for payment of the Per Share Merger Consideration. Any cash deposited with the Payment Agent that remains unclaimed two years following the Effective Time will, to the extent permitted by applicable law, become the property of the Surviving Corporation free and clear of any claims or interest of any person previously entitled thereto.

Representations and Warranties

The Merger Agreement contains representations and warranties of MINDBODY, Parent and Merger Sub.

Some of the representations and warranties in the Merger Agreement made by MINDBODY are qualified as to materiality or Company Material Adverse Effect. For purposes of the Merger Agreement, Company Material Adverse Effect means, with respect to MINDBODY, any change, event, violation, inaccuracy, effect or circumstance that, individually or in the aggregate have occurred prior to the date of determination of the occurrence of the Company Material Adverse Effect (1) is or would reasonably be expected to be materially adverse to the business, financial condition or results of operations of MINDBODY and its subsidiaries, taken as a whole or (2) would reasonably be expected to prevent or materially impair or delay the consummation by the Company of the Merger, except that, with respect to clause (1) only, none of the following (by itself or when aggregated) will be deemed to be or constitute a Company Material Adverse Effect or will be taken into account when determining whether a Company Material Adverse Effect has occurred or may, would or could occur:

- changes in general economic conditions in the United States or any other country or region in the world, or changes in conditions in the global economy generally;

changes in conditions in the financial markets, credit markets or capital markets in the United States or any other country or region in the world, including (1) changes in interest rates or credit ratings in the United States or any other country; (2) changes in exchange rates for the currencies of any country; or (3) any suspension of trading in securities (whether equity, debt, derivative or hybrid securities) generally on any securities exchange or over-the-counter market operating in the United States or any other country or region in the world;

changes in conditions in the industries in which MINDBODY and its subsidiaries generally conduct business, including changes in conditions in the software industry;

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changes in regulatory, legislative or political conditions in the United States or any other country or region in the world;

any geopolitical conditions, outbreak of hostilities, acts of war, sabotage, terrorism or military actions (including any escalation or general worsening of any such hostilities, acts of war, sabotage, terrorism or military actions) in the United States or any other country or region in the world;

earthquakes, hurricanes, tsunamis, tornadoes, floods, mudslides, wild fires or other natural disasters, weather conditions and other force majeure events in the United States or any other country or region in the world;

any change, event, violation, inaccuracy, effect or circumstance resulting from the announcement of the Merger Agreement or the pendency of the Merger, including the impact thereof on the relationships, contractual or otherwise, of MINDBODY and its subsidiaries with employees, suppliers, customers, partners, vendors or any other third person;

the compliance by Parent, Merger Sub or MINDBODY with the terms of the Merger Agreement, including any action taken or refrained from being taken pursuant to or in accordance with the Merger Agreement;

any action taken or refrained from being taken, in each case to which Parent has expressly approved, consented to or requested in writing following the date of the Merger Agreement;

changes or proposed changes in GAAP or other accounting standards or in any applicable laws or regulations (or the enforcement or interpretation of any of the foregoing);

changes in the price or trading volume of our common stock, in and of itself (it being understood that any cause of such change may be deemed to constitute, in and of itself, a Company Material Adverse Effect and may be taken into consideration when determining whether a Company Material Adverse Effect has occurred);

any failure, in and of itself, by MINDBODY and its subsidiaries to meet (1) any public estimates or expectations of MINDBODY s revenue, earnings or other financial performance or results of operations for any period; or (2) any internal budgets, plans, projections or forecasts of its revenues, earnings or other financial performance or results of operations (it being understood that any cause of any such failure may be deemed to constitute, in and of itself, a Company Material Adverse Effect and may be taken into consideration when determining whether a Company Material Adverse Effect has occurred);

the availability or cost of equity, debt or other financing to Parent or Merger Sub;

any transaction litigation or other legal proceeding threatened, made or brought by any of the current or former stockholders of MINDBODY (on their own behalf or on behalf of MINDBODY) against MINDBODY, any of its executive officers or other employees or any member of the Board of Directors arising out of the Merger or any other transaction contemplated by the Merger Agreement; and

any matters expressly disclosed in the confidential disclosure letter to the Merger Agreement.

In the Merger Agreement, MINDBODY has made customary representations and warranties to Parent and Merger Sub that are subject, in some cases, to specified exceptions and qualifications contained in the Merger Agreement. These representations and warranties relate to, among other things:

due organization, valid existence, good standing and authority and qualification to conduct business with respect to MINDBODY and its subsidiaries;

MINDBODY s corporate power and authority to enter into and perform the Merger Agreement, the enforceability of the Merger Agreement and the absence of conflicts with laws, MINDBODY s organizational documents and MINDBODY s contracts;

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the organizational documents of MINDBODY and specified subsidiaries;

the necessary approval of the Board of Directors;

the rendering of Qatalyst Partners opinion to the Board of Directors;

the inapplicability of anti-takeover statutes to the Merger;

the necessary vote of stockholders in connection with the Merger Agreement;

the absence of any conflict, violation or material alteration of any organizational documents, existing contracts, applicable laws to MINDBODY or its subsidiaries or the resulting creation of any lien upon MINDBODY s assets due to the performance of the Merger Agreement;

required consents, approvals and regulatory filings in connection with the Merger Agreement and performance thereof;

the capital structure of MINDBODY as well as the ownership and capital structure of its subsidiaries;

the absence of any undisclosed exchangeable security, option, warrant or other right convertible into common stock of MINDBODY or any of MINDBODY s subsidiaries;

the absence of any contract relating to the voting of, requiring registration of, or granting any preemptive rights, anti-dilutive rights or rights of first refusal or other similar rights with respect to any of MINDBODY s securities;

the accuracy and required filings of MINDBODY s SEC filings and financial statements;

MINDBODY s disclosure controls and procedures;

MINDBODY s internal accounting controls and procedures;

MINDBODY s and its subsidiaries indebtedness;

the absence of specified undisclosed liabilities;

the conduct of the business of MINDBODY and its subsidiaries in the ordinary course consistent with past practice and the absence of any change, event, development or state of circumstances that has had or would be reasonably expected to have, individually or in the aggregate, a Company Material Adverse Effect, in each case since October 1, 2018;

the existence and enforceability of specified categories of MINDBODY s material contracts, and any notices with respect to termination or intent not to renew those material contracts therefrom;

real property leased or subleased by MINDBODY and its subsidiaries;

environmental matters;

trademarks, patents, copyrights and other intellectual property matters including data security requirements and privacy;

tax matters;

employee benefit plans;

labor matters;

MINDBODY s compliance with laws, card network rules, standards and requirements and possession of necessary permits;

litigation matters;

insurance matters;

absence of any transactions, relations or understandings between MINDBODY or any of its subsidiaries and any affiliate or related person;

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payment of fees to brokers in connection with the Merger Agreement; and

export controls matters and compliance with the Foreign Corrupt Practices Act of 1977.

In the Merger Agreement, Parent and Merger Sub have made customary representations and warranties to MINDBODY that are subject, in some cases, to specified exceptions and qualifications contained in the Merger Agreement. These representations and warranties relate to, among other things:

due organization, good standing and authority and qualification to conduct business with respect to Parent and Merger Sub and availability of these documents;

Parent s and Merger Sub s corporate authority to enter into and perform the Merger Agreement, the enforceability of the Merger Agreement and the absence of conflicts with laws, Parent s or Merger Sub s organizational documents and Parent s or Merger Sub s contracts;

the absence of any conflict, violation or material alteration of any organizational documents, existing contracts, applicable laws or the resulting creation of any lien upon Parent or Merger Sub s assets due to the performance of the Merger Agreement;

required consents and regulatory filings in connection with the Merger Agreement;

the absence of litigation, orders and investigations;

ownership of capital stock of MINDBODY;

payment of fees to brokers in connection with the Merger Agreement;

operations of Parent and Merger Sub;

the absence of any required consent of holders of voting interests in Parent or Merger Sub;

delivery and enforceability of the Guaranties;

matters with respect to Parent s financing and sufficiency of funds;

the absence of agreements between Parent and members of the Board of Directors or MINDBODY management;

the absence of any stockholder or management arrangements related to the Merger;

the solvency of Parent and the Surviving Corporation following the consummation of the Merger and the transactions contemplated by the Merger Agreement; and

the exclusivity and terms of the representations and warranties made by MINDBODY.

The representations and warranties contained in the Merger Agreement will not survive the consummation of the Merger.

Conduct of Business Pending the Merger

The Merger Agreement provides that, except as: (1) expressly contemplated by the Merger Agreement; (2) approved by Parent (which approval will not be unreasonably withheld, conditioned or delayed); or (3) as disclosed in the confidential disclosure letter to the Merger Agreement, during the period of time between the date of the signing of the Merger Agreement and the Effective Time, MINDBODY will, and will cause each of its subsidiaries to:

use its respective commercially reasonable efforts to maintain its existence in good standing pursuant to applicable law;

subject to the restrictions and exceptions in the Merger Agreement, conduct its business and operations in the ordinary course of business; and

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use its commercially reasonable efforts to preserve intact its current business organization, to keep available the services of its current officers and employees, and to preserve its present relationships with customers, vendors, distributors and other persons with which it has material business relationships.

In addition, MINDBODY has also agreed that, except as (1) expressly contemplated by the Merger Agreement; (2) approved by Parent (which approval will not be unreasonably withheld, conditioned or delayed); or (3) as disclosed in the confidential disclosure letter to the Merger Agreement, during the period of time between the date of the signing of the Merger Agreement and the Effective Time, MINDBODY will not, and will cause each of its subsidiaries not to, among other things:

amend the organizational documents of MINDBODY or any of its subsidiaries;

liquidate, dissolve or reorganize;

issue, sell, deliver or grant any shares of capital stock or any options, warrants, commitments, subscriptions or rights to purchase any similar capital stock or securities of MINDBODY or any of its subsidiaries;

adjust, split, combine, pledge, encumber or modify the terms of capital stock of MINDBODY or any of its subsidiaries;

declare, set aside or pay any dividend or other distribution;

incur, assume or suffer any indebtedness or issue any debt securities;

purchase or sell any asset in excess of $250,000;

(A) enter into, adopt, amend (including accelerating the vesting), modify or terminate any compensation or benefit plan or arrangement of any director, officer or employee, (B) increase the compensation payable or to become payable or benefits or other similar arrangements provided or pay any special bonus or special remuneration or pay any benefit not required by (or accelerate the time of payment or vesting of any payment becoming due under) any employee plan as in effect as of the date of the Merger Agreement to directors, officers or employees of MINDBODY or its subsidiaries (other than, in each case of (A) and (B): (1) as may be required by applicable law or the terms of the applicable employee plan in effect; (2) in connection with any new employee hires in the ordinary course of business and consistent with past practices and whose annual salary is less than $150,000; or (3) for increases in compensation for employees below the level of vice president and whose annual salary is less than $150,000 in the ordinary course of business and consistent with past practice); or (C) enter into any change in control, severance or similar arrangement or any retention or similar agreement with any officer, employee, director or independent contractor or other individual service provider;

effect certain layoffs without complying with applicable laws;

settle litigation involving MINDBODY;

change accounting practices;

change tax elections or settle any tax claims;

make capital expenditures in excess of $1 million individually or $5 million in the aggregate, other than to the extent that such capital expenditures are otherwise reflected in MINDBODY s capital expenditure budget, as previously disclosed to Parent;

enter into Material Contracts (as defined in the Merger Agreement);

make any acquisitions by Merger, consolidation or acquisition of stock or assets or enter into any joint ventures or similar arrangements, but not including strategic relationships, alliances, reseller agreements and similar commercial relationships;

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enter into any collective bargaining agreement;

adopt or implement any stockholder rights plan or similar arrangement; or

enter into agreements to do any of the foregoing.

The Go Shop Period Solicitation of Other Offers

Under the Merger Agreement, from the date of the Merger Agreement until 12:00 p.m., Pacific time on January 22, 2019 (the No Shop Period Start Date), MINDBODY and its Representatives had the right to, among other things: (1) solicit, initiate, propose or induce or knowingly encourage, facilitate or assist any inquiries regarding any Acquisition Proposal, (2) engage in discussions or negotiations regarding, or provide any non-public information to, any person relating to, or that would reasonably be expected to lead to, an Acquisition Proposal (as defined below), or (3) subject to entering into an Acceptable Confidentiality Agreement (as defined below), furnish to any person (other than to Parent, Merger Sub or any designees of Parent or Merger Sub) any nonpublic information relating to MINDBODY or any of its subsidiaries or afford to any person access to the business, properties, assets, books, records or other non-public information, or to any personnel, of MINDBODY or any of its subsidiaries (other than Parent, Merger Sub or any designees of Parent or Merger Sub), in any such case with the intent to induce the making, submission or announcement of, or to knowingly encourage, facilitate or assist, any proposal or inquiry that constitutes, or is reasonably expected to lead to, an Acquisition Proposal or any inquiries or the making of any proposal that would reasonably be expected to lead to an Acquisition Proposal, provided, that MINDBODY must, within 24 hours, provide to Parent, or provide Parent access to, any such non-public information that has not been previously provided to Parent or its representatives.

MINDBODY is not entitled to terminate the Merger Agreement for the purpose of entering into an agreement in respect of a Superior Proposal, unless it complies with certain procedures in the Merger Agreement, including, but not limited to, negotiating with Parent in good faith over a two business day period in an effort to amend the terms and conditions of the Merger Agreement, so that such Superior Proposal no longer constitutes Superior Proposal relative to the transactions contemplated by the Merger Agreement, as amended pursuant to such negotiations.

If MINDBODY had terminated the Merger Agreement for the purpose of entering into an agreement in respect of a Superior Proposal prior to the No Shop Period Start Date, MINDBODY would have been required to pay a termination fee of $28.584 million to Parent. For more information, please see the section of this proxy statement captioned The Board of Directors Recommendation; Company Board Recommendation Change.

For purposes of this proxy statement and the Merger Agreement:

Acceptable Confidentiality Agreement means an agreement with MINDBODY that contains customary provisions requiring the counterparty thereto (and any of its affiliates and representatives named therein) that receive material non-public information of or with respect to MINDBODY to keep such information confidential, provided that the provisions contained therein are no less restrictive in any material respect to such counterparty (and any of its affiliates and representatives named therein) than the terms of the confidentiality agreement entered into between MINDBODY and Vista (except that such agreement need not contain any standstill or similar provision or otherwise prohibit the making of any Acquisition Proposal).

Acquisition Proposal means any offer or proposal (other than an offer or proposal by Parent or Merger Sub) to engage in an Acquisition Transaction.

Acquisition Transaction means any transaction or series of related transactions (other than the Merger) involving:

(1) any direct or indirect purchase or other acquisition by any person or group (as defined pursuant to Section 13(d) of the Exchange Act) of persons, whether from MINDBODY or any other person(s), of securities

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representing more than 15% of the total outstanding voting power of MINDBODY after giving effect to the consummation of such purchase or other acquisition, including pursuant to a tender offer or exchange offer by any person or group of persons that, if consummated in accordance with its terms, would result in such person or group of persons beneficially owning more than 15% of the total outstanding voting power of MINDBODY after giving effect to the consummation of such tender or exchange offer;

(2) any direct or indirect purchase, license or other acquisition by any person or group (as defined pursuant to Section 13(d) of the Exchange Act) of persons of assets constituting or accounting for more than 15% of the consolidated assets, revenue or net income of MINDBODY and its subsidiaries taken as a whole (measured by the fair market value thereof as of the date of such purchase or acquisition); or

(3) any Merger, consolidation, business combination, recapitalization, reorganization, liquidation, dissolution or other transaction involving MINDBODY pursuant to which any person or group (as defined pursuant to Section 13(d) of the Exchange Act) of persons would hold securities representing more than 15% of the total outstanding voting power of MINDBODY outstanding after giving effect to the consummation of such transaction.

Superior Proposal means any bona fide written Acquisition Proposal for an Acquisition Transaction on terms that the Board of Directors (or a committee thereof) has determined in good faith (after consultation with its financial advisor and outside legal counsel) is reasonably likely to be consummated in accordance with its terms, taking into account all legal, regulatory and financing aspects of the proposal (including certainty of closing) and the identity of the person making the proposal and other aspects of the Acquisition Proposal that the Board of Directors (or a committee thereof) deems relevant, and if consummated, would be more favorable, from a financial point of view, to MINDBODY stockholders (in their capacity as such) than the Merger (taking into account any revisions to the Merger Agreement made or proposed in writing by Parent prior to the time of such determination). For purposes of the reference to an Acquisition Proposal in this definition, all references to 15% in the definition of Acquisition Transaction will be deemed to be references to 50%.

The No Shop Period No Solicitation of Other Offers

From the date of the No Shop Period Start Date until the earlier to occur of the termination of the Merger Agreement and the Effective Time, MINDBODY has agreed not to, and to cause its subsidiaries and its and their respective Representatives not to:

- solicit, initiate, propose or induce or knowingly encourage, facilitate or assist any inquiries regarding any proposal or offer that constitutes or would reasonably be expected to lead to an Acquisition Proposal;

- engage in discussions or negotiations regarding, or provide any non-public information to, any person relating to, or that would reasonably be expected to lead to, an Acquisition Proposal;

- furnish to any person (other than to Parent, Merger Sub or any designees of Parent or Merger Sub) any non-public information relating to MINDBODY or any of its subsidiaries or afford to any person access to the business, properties, assets, books, records or other non-public information, or to any personnel, of MINDBODY or any of its subsidiaries (other than Parent, Merger Sub or any designees of Parent or Merger Sub), in any such case with the intent to induce the making, submission or announcement of, or to

knowingly encourage, facilitate or assist, any proposal or inquiry that constitutes, or is reasonably expected to lead to, an Acquisition Proposal or any inquiries or the making of any proposal that would reasonably be expected to lead to an Acquisition Proposal;

approve, endorse or recommend any proposal that constitutes, or is reasonably expected to lead to, an Acquisition Proposal; or

enter into any letter of intent, memorandum of understanding, Merger Agreement, acquisition agreement or other contract relating to an Acquisition Transaction (as defined below), other than certain permitted confidentiality agreements.

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In addition, MINDBODY has agreed to request the prompt return or destruction of all non-public information concerning MINDBODY or its subsidiaries furnished to any person with whom a confidentiality agreement was entered into at any time within the six month period immediately preceding the No Shop Period Start Date was executed and will cease providing any further information with respect to MINDBODY or any Acquisition Proposal to any such persons or their respective Representatives and will terminate all access granted to any such persons or their respective Representatives to any physical or electronic data room.

Notwithstanding these restrictions, under certain circumstances, after the No Shop Period Start Date and prior to the adoption of the Merger Agreement by MINDBODY stockholders, MINDBODY may, among other things, provide information to, and engage or participate in negotiations or substantive discussions with, a person in respect of an Acquisition Proposal, and otherwise facilitate such Acquisition Proposal or assist such person (and its Representatives and financing sources) with such Acquisition Proposal (in each case, if requested by such person and such Acquisition Proposal did not result from any material breach of MINDBODY s obligations, as described in the immediately preceding paragraph) if (and only if), subject to complying with certain procedures described in the subsequent paragraph, the Board of Directors (or a committee thereof) determines in good faith (after consultation with its financial advisor and its outside legal counsel) that such Acquisition Proposal either constitutes a Superior Proposal or is reasonably likely to lead to a Superior Proposal, and, in each case, the failure to act in respect of such Acquisition Proposal would be inconsistent with the Board of Directors fiduciary duties to stockholders under applicable law.

MINDBODY is not entitled to terminate the Merger Agreement after the No Shop Period Start Date for the purpose of entering into an agreement in respect of a Superior Proposal, unless it complies with certain procedures in the Merger Agreement, including, but not limited to, negotiating with Parent in good faith over a two business day period in an effort to amend the terms and conditions of the Merger Agreement, so that such Superior Proposal no longer constitutes a Superior Proposal relative to the transactions contemplated by the Merger Agreement, as amended pursuant to such negotiations.

If MINDBODY terminates the Merger Agreement after the No Shop Period Start Date but prior to the adoption of the Merger Agreement by MINDBODY stockholders for the purpose of entering into an agreement in respect of a Superior Proposal, MINDBODY must pay a $57.168 million termination fee to Parent.

The Board of Directors Recommendation; Company Board Recommendation Change

As described above, and subject to the provisions described below, the Board of Directors has made the recommendation that the holders of shares of common stock vote **FOR** the proposal to adopt the Merger Agreement. The Merger Agreement provides that the Board of Directors will not effect a Company Board Recommendation Change except as described below.

Prior to the adoption of the Merger Agreement by stockholders, the Board of Directors may not take any action described in the following (any such action, a Company Board Recommendation Change):

withhold, withdraw, amend, qualify or modify, or publicly propose to withhold, withdraw, amend, qualify or modify, the MINDBODY recommendation in a manner adverse to Parent in any material respect;

adopt, approve, endorse, recommend or otherwise declare advisable an Acquisition Proposal;

fail to publicly reaffirm the MINDBODY recommendation within ten business days after Parent so requests in writing (it being understood that MINDBODY will have no obligation to make such reaffirmation on more than three separate occasions);

take or fail to take any formal action or make or fail to make any recommendation or public statement in connection with a tender or exchange offer, other than a recommendation against such offer or a

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stop, look and listen communication by the Board of Directors (or a committee thereof) to MINDBODY stockholders pursuant to Rule 14d-9(f) promulgated under the Exchange Act (or any substantially similar communication) (it being understood that the Board of Directors (or a committee thereof) may refrain from taking a position with respect to an Acquisition Proposal until the close of business on the tenth business day after the commencement of a tender or exchange offer in connection with such Acquisition Proposal without such action being considered a violation of the Merger Agreement); or

fail to include the MINDBODY recommendation in this proxy statement.

Notwithstanding the restrictions described above, prior to the adoption of the Merger Agreement by stockholders, the Board of Directors may effect a Company Board Recommendation Change if (1) there has been an Intervening Event (as defined below); or (2) MINDBODY has received a bona fide Acquisition Proposal, whether before or after the No Shop Period Start Date, that the Board of Directors has concluded in good faith (after consultation with its financial advisor and outside legal counsel) is a Superior Proposal, in each case, to the extent a failure to effect a Company Board Recommendation Change would be inconsistent with the Board of Directors fiduciary obligations under applicable law.

The Board of Directors may only effect a Board of Directors Recommendation Change for an Intervening Event if:

MINDBODY has provided prior written notice to Parent at least two business days in advance to the effect that the Board of Directors (or a committee thereof) has (1) so determined; and (2) resolved to effect a Company Board Recommendation Change pursuant to Merger Agreement, which notice must specify the applicable Intervening Event in reasonable detail; and

prior to effecting such Company Board Recommendation Change, MINDBODY and its Representatives, during such two business day period, must have (1) negotiated with Parent and its Representatives in good faith (to the extent that Parent desires to so negotiate) to make such adjustments to the terms and conditions of the Merger Agreement so that the Board of Directors (or a committee thereof) no longer determines that the failure to make a Company Board Recommendation Change in response to such Intervening Event would be inconsistent with its fiduciary obligations pursuant to applicable law; and (2) permitted Parent and its Representatives to make a presentation to the Board of Directors regarding the Merger Agreement and any adjustments with respect thereto (to the extent that Parent requests to make such a presentation).

In addition, the Board of Directors may only effect a Company Board Recommendation Change or authorize MINDBODY to terminate the Merger Agreement to enter into an agreement with respect to an Acquisition Proposal in response to a bona fide Acquisition Proposal that the Board of Directors has concluded in good faith (after consultation with its financial advisor and outside legal counsel) is a Superior Proposal, in each case if and only if:

the Board of Directors (or a committee thereof) has determined in good faith (after consultation with its financial advisor and outside legal counsel) that the failure to do so would be inconsistent with its fiduciary obligations pursuant to applicable law;

MINDBODY has provided prior written notice to Parent at least two business days in advance to the effect that the Board of Directors (or a committee thereof) has (1) received a bona fide Acquisition Proposal that has not been withdrawn; (2) concluded in good faith that such Acquisition Proposal constitutes a Superior Proposal; and (3) resolved to effect a Company Board Recommendation Change or to terminate the Merger Agreement absent any revision to the terms and conditions of the Merger Agreement, which notice will specify the basis for such Company Board Recommendation Change or termination, including the identity of the person of group of persons making such Acquisition Proposal (unless such disclosure is prohibited pursuant to the terms of any confidentiality agreement

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with such person or group of persons that was in effect on the date of the Merger Agreement), the material terms thereof and copies of all relevant documents relating to such Acquisition Proposal;

prior to effecting such Company Board Recommendation Change or termination, MINDBODY and its Representatives, during the two business day notice period describe above, has: (1) negotiated with Parent and its Representatives in good faith (to the extent that Parent desires to so negotiate) to make such adjustments to the terms and conditions of the Merger Agreement so that such Acquisition Proposal would cease to constitute a Superior Proposal; and (2) permitted Parent and its Representatives to make a presentation to the Board of Directors regarding the Merger Agreement and any adjustments with respect thereto (to the extent that Parent requests to make such a presentation);

in the event of any termination of the Merger Agreement in order to cause or permit MINDBODY or any of its subsidiaries to enter into an acquisition agreement with respect to such Acquisition Proposal, MINDBODY will have validly terminated the Merger Agreement in accordance with the terms of the Merger Agreement, including paying to Parent a termination fee of either (1) $28.584 million if the Merger Agreement had been terminated prior to the No Shop Period Start Date or (2) $57.168 million if the Merger Agreement is terminated after the No Shop Period Start Date; and

MINDBODY has otherwise complied in all material respects with its obligations pursuant to the Merger Agreement with respect to such Acquisition Proposal.

For purposes of this proxy statement and the Merger Agreement, an Intervening Event means any positive material event or development or material change in circumstances with respect to MINDBODY (other than in connection with a bona fide Acquisition Proposal that constitutes a Superior Proposal) that was (1) not actually known to, or reasonably expected by, the Board of Directors as of the date on which the Merger Agreement was executed; or (2) does not relate to (a) any Acquisition Proposal; or (b) the mere fact, in and of itself, that MINDBODY meets or exceeds any internal or published projections, forecasts, estimates or predictions of revenue, earnings or other financial or operating metrics for any period ending on or after the date of the Merger Agreement, or changes after the date of the Merger Agreement in the market price or trading volume of MINDBODY s common stock or credit rating, it being understood that the underlying cause of any of the foregoing in clause (b) may be considered and taken into account).

Employee Benefits

The Merger Agreement provides that Parent will cause the Surviving Corporation to honor all of the terms of MINDBODY s benefit plans and compensation and severance arrangements following the Merger in accordance with their terms as in effect immediately before the Effective Time, unless otherwise required pursuant to applicable law. In addition, from and after the Effective Time until December 31, 2019, each employee who continues employment following the Merger (a Continuing Employee) will be provided with employee benefit plans or other compensation and severance arrangements (other than equity-based benefits and individual employment agreements, except as provided in the first sentence of this paragraph) at benefit levels that are substantially comparable in the aggregate to those provided to the Continuing Employee immediately before the Effective Time, in each case, either through (i) MINDBODY s benefit plans and arrangements in existence immediately before the Effective Time, (ii) comparable plans, or some combination of (i) and (ii). In each case, base compensation and target incentive compensation opportunity will not be decreased from and after the Effective Time until December 31, 2019 for any Continuing Employee employed during that period. From and after the Effective Time until December 31, 2019, eligible

employees will receive severance benefits according to MINDBODY s severance plans, guidelines and practices as in effect on December 23, 2018 that were made available to Parent prior to the Closing Date.

The Surviving Corporation will grant any Continuing Employee credit for all service with MINDBODY and its subsidiaries before the Effective Time for purposes of eligibility to participate, vesting and entitlement to benefits where length of service is relevant (including for purposes of vacation accrual and severance pay

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entitlement), except where the service credit would result in duplication of coverage or benefits. Each Continuing Employee will be immediately eligible to participate, without any waiting period, in any and all employee benefit plans sponsored by the Surviving Corporation and its subsidiaries (other than MINDBODY s benefit plans and arrangements in existence immediately before the Effective Time) to the extent that coverage under any of the employee benefit plans sponsored by the Surviving Corporation and its subsidiaries replaces coverage under a comparable MINDBODY benefit plan or arrangement in which the Continuing Employee participates immediately before the Effective Time. For purposes of each employee benefit plan sponsored by the Surviving Corporation or any of its subsidiaries that provides medical, dental, pharmaceutical, vision or disability benefits to any Continuing Employee, all waiting periods, pre-existing condition exclusions, evidence of insurability requirements and actively-at-work or similar requirements of the plan will be waived for the Continuing Employee and his or her covered dependents, and full credit will be given for any eligible expenses incurred by the Continuing Employee and his or her covered dependents during the portion of the plan year of the comparable MINDBODY benefit plan or arrangement in which the Continuing Employee participates immediately before the Effective Time that ends on the date that the Continuing Employee s participation in the corresponding employee benefit plan sponsored by the Surviving Corporation or its subsidiary begins for purposes of satisfying all deductible, coinsurance, co-pay, offsets and maximum out-of-pocket requirements applicable to the Continuing Employee and his or her covered dependents for the applicable plan year as if the amounts had been paid according to the employee benefit plan of the Surviving Corporation or its subsidiary. The account of each Continuing Employee under any flexible spending plan sponsored will be credited by the Surviving Corporation or any of its subsidiaries with any unused balance in the account of the Continuing Employee. Any vacation or paid time off accrued but unused by a Continuing Employee as of immediately before the Effective Time will be credited to the Continuing Employee following the Effective Time, and will not be subject to accrual limits or other forfeiture and will not limit future accruals (except to the extent that the limits or forfeitures applied under MINDBODY s benefit plans and arrangements in effect as of December 23, 2018).

Efforts to Close the Merger

Under the Merger Agreement, Parent, Merger Sub and MINDBODY agreed to use reasonable best efforts to take all actions and assist and cooperate with the other parties, in each case as necessary, proper and advisable pursuant to applicable law or otherwise to consummate the Merger.

Cooperation with Debt Financing, Convertible Notes and Capped Call Transactions

Although the obligation of Parent and Merger Sub to consummate the Merger is not subject to any financing condition (including, without limitation, consummation of any debt financing), MINDBODY has agreed that it will, and will cause its subsidiaries to, and will use its reasonable best efforts to, and to cause its subsidiaries and their respective representatives to, among other things:

provide Parent and Merger Sub with such reasonable cooperation as may be reasonably requested by Parent or Merger Sub to assist them in arranging the debt financing (if any) to be obtained by Parent, Merger Sub or their respective affiliates in connection with the Merger (the Debt Financing);

participate (and cause senior management of MINDBODY and its representatives with appropriate seniority and expertise to participate) in a reasonable number of meetings and presentations with actual or prospective lenders, road shows and due diligence sessions, drafting sessions and sessions with rating agencies, and otherwise cooperate with the marketing and due diligence efforts for any of the Debt Financing;

assist Parent and Parent s financing sources with the timely preparation of customary (A) rating agency presentations, bank information memoranda, confidential information memoranda, lender presentations and similar documents required in connection with the Debt Financing; and (B) pro forma financial statements and forecasts of financial statements of the Surviving Corporation for one or more periods following the Effective Time;

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assist Parent in connection with the preparation, registration, execution and delivery of definitive financing documents and related documentation as may be reasonably requested by Parent or its financing sources and otherwise facilitate the pledging of collateral and the granting of security interests in respect of the Debt Financing;

furnish Parent, Merger Sub and their financing sources, as promptly as practicable, with (A) financial and other pertinent and customary regarding MINDBODY and its subsidiaries as may be reasonably requested by Parent or Parent s financing sources to the extent that such information is of the type and form customarily included in a bank confidential information memorandum in connection with the arrangement of financing similar to the Debt Financing or in rating agency presentations, lender presentations or other customary marketing materials, and (B)(1) audited consolidated balance sheets and related statements of income and cash flows of MINDBODY and its subsidiaries on a consolidated basis for the fiscal years ended December 31, 2015, 2016 and 2017, and for any subsequent fiscal year ending at least 120 days prior to the Closing Date and (2) in respect of any subsequent fiscal quarter ending at least 45 days prior to the Effective Time, unaudited consolidated balance sheets and related statements of income and cash flows of MINDBODY and its subsidiaries for such fiscal quarter;

cooperate with Parent to obtain corporate and facilities ratings, consents, landlord waivers and estoppels, non-disturbance agreements, non-invasive environmental assessments, non-imputation affidavits, legal opinions, surveys and title insurance as reasonably requested by Parent;

facilitate the granting of security interests (and perfection thereof) in collateral or the reaffirmation of the pledge of collateral on or after the Effective Time; (vii) facilitate the payoff, discharge and termination in full at the closing of all indebtedness required to be repaid, and the release of all liens required to be released, at the closing;

deliver notices of prepayment within the time periods required by the relevant agreements governing indebtedness and obtain customary payoff letters, lien terminations and instruments of discharge to be delivered at the Effective Time, give any other necessary notices to allow for the payoff, discharge and termination in full of all indebtedness required to be repaid at the Effective Time, and cooperate in the replacement, backstop, or cash collateralization of any outstanding letters of credit;

provide customary authorization letters, confirmations and undertakings to Parent s financing sources in connection with the distribution of information to prospective lenders;

facilitate and assist in the preparation, execution, and delivery of credit agreements, guarantees, certificates, and other definitive financing documents;

ensure that the Debt Financing benefits from MINDBODY s existing lending relationships;

take all corporate and other actions, subject to the occurrence of the closing, reasonably requested by Parent to (A) permit the consummation of the Debt Financing; and (B) cause the direct borrowing or incurrence of all of the proceeds of the Debt Financing by the Surviving Corporation or any of its subsidiaries concurrently with or immediately following the Effective Time;

promptly furnish Parent and Parent s financing sources with all documentation and other information about MINDBODY and its subsidiaries as is reasonably requested by Parent or Parent s financing sources relating to applicable know your customer and anti-money laundering rules and regulations;

cooperate in satisfying the conditions precedent set forth in the definitive agreements relating to the Debt Financing to the extent satisfaction thereof requires the cooperation, or is within the control, of MINDBODY, its subsidiaries or their respective representatives;

give any notices and take all other actions that may be required under or in connection with MINDBODY s 0.375% Convertible Senior Notes due 2023 (the Convertible Notes) or the capped call transactions entered into in connection therewith (the Capped Call Transactions) or under applicable law, including the giving of any notices that may be required in connection therewith prior to the Effective Time;

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take all actions required to facilitate the settlement of the Capped Call Transactions; and

not amend, modify, supplement or terminate the documentation governing the Capped Call Transactions or the Convertible Notes provided to Parent prior to the date of the signing of the Merger Agreement without the prior written consent of Parent (other than any modification or adjustment made unilaterally by counterparties to such documentation pursuant to the terms of such documentation).

Notwithstanding the foregoing, MINDBODY and its subsidiaries are not required to (i) waive or amend any terms of the Merger Agreement or agree to pay any fees or reimburse any expenses prior to the Effective Time for which they have not received prior reimbursement or are not otherwise indemnified by or on behalf of Parent; (ii) enter into any definitive agreement or distribute any cash (except to the extent subject to concurrent reimbursement by Parent) that will be effective prior to the Effective Time; (iii) give any indemnities in connection with the cooperation requirements described herein that are, in each case, effective prior to the Effective Time; (iv) take any action that, in their good faith determination would unreasonably interfere with the conduct of their business or create an unreasonable risk of damage or destruction to any of their property or assets; or (v) take any action that will conflict with or violate their respective organizational documents or any applicable laws or would result in a material violation or breach of, or default under, any material agreement to which MINDBODY or any of its subsidiaries is a party. In addition, (A) no action, liability or obligation of MINDBODY or any of its subsidiaries or any of its or their respective representatives pursuant to any certificate, agreement, arrangement, document or instrument relating to the Debt Financing or any of the actions required to be taken by MINDBODY or any of its subsidiaries pursuant to the cooperation requirements described herein (other than customary representation letters, authorization letters and undertakings) will be effective until the Effective Time, and MINDBODY and its subsidiaries will not be required to take any action pursuant to any certificate, agreement, arrangement, document or instrument (other than customary representation letters, authorization letters and undertakings) that is not contingent on the occurrence of the closing or that must be effective prior to the Effective Time; (B) any bank information memoranda required in relation to the Debt Financing will contain disclosure reflecting the Surviving Corporation or its subsidiaries as the obligor; and (C) neither MINDBODY nor its subsidiaries will be required to provide any information or assistance with respect to the preparation of pro forma financial statements and forecasts of financing statements relating to (x) the determination of the proposed aggregate amount of the Debt Financing, the interest rates thereunder or the fees and expenses relating thereto, (y) the determination of any post-closing or pro forma cost savings, synergies, capitalization, ownership or other pro forma adjustments desired to be incorporated into any information used in connection with the Debt Financing; or (z) any financial information related to Parent or any of its subsidiaries or any adjustments that are not directly related to the acquisition of MINDBODY. No officer or representative of MINDBODY or its subsidiaries shall be required to deliver any certificate or opinion or take any other action pursuant to the cooperation requirements described herein that could reasonably be expected to result in personal liability to such officer or representative and MINDBODY s board of directors shall not be required to approve any financing or agreements related thereto, that are, in each case, effective prior to the Effective Time.

In addition, Parent shall (a) reimburse MINDBODY for any documented and reasonable out-of-pocket costs and expenses (including attorneys fees) incurred by MINDBODY or its subsidiaries in connection with the cooperation requirements described herein and (b) indemnified MINDBODY, its subsidiaries, and its and their representatives from and against any and all liabilities, losses, damages, claims, costs, expenses (including attorneys fees), interest, awards, judgments, penalties and amounts paid in settlement suffered or incurred by them in connection with any cooperation described herein.

Indemnification and Insurance

The Merger Agreement provides that all existing rights to exculpation, indemnification and the advancement of expenses for acts or omissions occurring at or prior to the Effective Time existing as of the signing of the Merger Agreement in favor of the current or former directors, officers or employees of MINDBODY or MINDBODY s subsidiaries (in each case, as provided in the respective organizational documents of MINDBODY or such

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subsidiary) or in any indemnification agreement between MINDBODY or any of its subsidiaries, on the one hand, and the current or former directors, officers or employees of MINDBODY or MINDBODY s subsidiaries, on the other hand, as in effect on the date on which the Merger Agreement was signed, will survive the Merger and will continue in full force and effect for a period of six years from the Effective Time, in each case, except as otherwise required by applicable law.

In addition, the Merger Agreement provides that, during the six-year period commencing at the Effective Time, the Surviving Corporation will (and Parent must cause the Surviving Corporation to) indemnify and hold harmless each current or former director, officer or employee of MINDBODY or MINDBODY s subsidiaries, to the fullest extent permitted by law, from and against all costs, fees and expenses (including attorneys fees and investigation expenses), judgments, fines, losses, claims, damages, liabilities and amounts paid in settlement or compromise in connection with any legal proceeding arising, directly or indirectly, out of or pertaining, directly or indirectly, to (1) any action or omission, or alleged action or omission, in such indemnified person s capacity as a director, officer, employee or agent of MINDBODY or MINDBODY s subsidiaries or other affiliates to the extent that such action or omission, or alleged action or omission, occurred prior to or at the Effective Time; and (2) the Merger, as well as any actions taken by MINDBODY, Parent or Merger Sub with respect thereto. The Merger Agreement also provides that the Surviving Corporation will (and Parent must cause the Surviving Corporation to) advance all fees and expenses (including fees and expenses of any counsel) as incurred by any such indemnified person in the defense of such legal proceeding.

In addition, without limiting the foregoing, unless MINDBODY has purchased a tail policy prior to the Effective Time (which MINDBODY may purchase, provided that the premium for such insurance does not exceed 300% of the aggregate annual premiums currently paid), the Merger Agreement requires Parent to cause the Surviving Corporation to maintain, on terms no less advantageous to the indemnified parties, MINDBODY s directors and officers insurance policies for a period of at least six years commencing at the Effective Time. Neither Parent nor the Surviving Corporation will be required to pay premiums for such policy to the extent such premiums exceed, on an annual basis, 300% of the aggregate annual premiums currently paid by MINDBODY, and if the premium for such insurance coverage would exceed such amount Parent shall be obligated to cause the Surviving Corporation to obtain the greatest coverage available for a cost equal to such amount.

For more information, please refer to the section of this proxy statement captioned The Merger Interests of MINDBODY s Directors and Executive Officers in the Merger.

Other Covenants

Stockholders Meeting

MINDBODY has agreed to take all necessary action (in accordance with applicable law and MINDBODY s organizational documents) to establish a record date for, duly call, give notice of, convene and hold a special meeting of the stockholders as promptly as reasonably practicable after the date of the Merger Agreement for the purpose of voting upon the adoption of the Merger Agreement, and approval of the Merger.

Stockholder Litigation

MINDBODY will: (1) provide Parent with prompt notice of all stockholder litigation relating to the Merger Agreement; (2) keep Parent reasonably informed with respect to status thereof; (3) give Parent the opportunity to participate in the defense, settlement or prosecution of any such litigation; and (4) will consult with Parent with respect to the defense, settlement or prosecution of such litigation. MINDBODY may not settle any such litigation without Parent s prior written consent (such consent not to be unreasonably withheld, delayed or conditioned).

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Conditions to the Closing of the Merger

The obligations of Parent and Merger Sub, on the one hand, and MINDBODY, on the other hand, to consummate the Merger is subject to the satisfaction or waiver (where permitted by applicable law) of each of the following conditions:

- the adoption of the Merger Agreement by the requisite affirmative vote of stockholders;
- the expiration or termination of the applicable waiting period under the HSR Act; and
- the consummation of the Merger not being restrained, enjoined, rendered illegal or otherwise prohibited by any law or order of any governmental authority.

In addition, the obligations of Parent and Merger Sub to consummate the Merger are subject to the satisfaction or waiver (where permitted by applicable law) of each of the following additional conditions:

- the representations and warranties of MINDBODY relating to organization, good standing, corporate power, enforceability, anti-takeover laws, certain aspects of MINDBODY s capitalization, brokers and the absence of any Company Material Adverse Effect being generally true and correct in all material respects as of the date on which the closing occurs as if made at and as of such time;
- the representations and warranties of MINDBODY relating to certain aspects of MINDBODY s capitalization being generally true and correct in all respects as of the date on which the closing occurs, except where the failure to be so true and correct in all respects would not reasonably be expected to result in additional cost, expense or liability to MINDBODY, Parent and their affiliates, individually or in the aggregate, that is more than $5 million;
- the other representations and warranties of MINDBODY set forth elsewhere in the Merger Agreement being true and correct as of the date on which the closing occurs as if made at and as of such time, except for such failures to be true and correct that would not have a Company Material Adverse Effect;
- MINDBODY having performed and complied in all material respects with all covenants, obligations and conditions of the Merger Agreement and complied with by MINDBODY, and the absence of any breach or breaches of the interim operating covenants that results or would be expected to result in additional cost, expense or liability to MINDBODY, Parent or their Affiliates that is more than $3 million in the aggregate;
- the receipt by Parent and Merger Sub of a certificate of MINDBODY, validly executed for and on behalf of MINDBODY and in its name by a duly authorized executive officer thereof, certifying that the conditions set described the preceding four bullets have been satisfied; and

the absence of any Company Material Adverse Effect having occurred after the date of Merger Agreement that is continuing as of the Effective Time.

In addition, the obligation of MINDBODY to consummate the Merger is subject to the satisfaction or waiver (where permitted by applicable law) of each of the following additional conditions:

the representations and warranties of Parent and Merger Sub set forth in the Merger Agreement being true and correct on and as of the date on which the closing occurs with the same force and effect as if made on and as of such date, except for any failure to be so true and correct that would not, individually or in the aggregate, prevent or materially delay the consummation of the Merger or the ability of Parent and Merger Sub to fully perform their respective covenants and obligations pursuant to the Merger Agreement;

Parent and Merger Sub having performed and complied in all material respects with all covenants, obligations and conditions of the Merger Agreement required to be performed and complied with by Parent or Merger Sub at or prior to the Effective Time; and

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the receipt by MINDBODY of a certificate of Parent and Merger Sub, validly executed for and on behalf of Parent and Merger Sub and in their respective names by a duly authorized executive officer thereof, certifying that the conditions described in the preceding two bullets have been satisfied.

Termination of the Merger Agreement

The Merger Agreement may be terminated at any time prior to the Effective Time, whether before or after the adoption of the Merger Agreement by stockholders, in the following ways:

by mutual written agreement of MINDBODY and Parent;

by either MINDBODY or Parent if:

prior to the Effective Time, (1) any permanent injunction or other legal or regulatory restraint or prohibition preventing the consummation of the Merger is in effect, that, prohibits, makes illegal or enjoins the consummation of the Merger and has become final and non-appealable; or (2) any statute, rule, regulation or order is enacted, entered, enforced or deemed applicable to the Merger that prohibits, makes illegal or enjoins the consummation of the Merger;

the Merger has not been consummated by 11:59 p.m., Pacific time, on June 23, 2019 (the Termination Date); or

stockholders fail to adopt the Merger Agreement at the Special Meeting or any adjournment or postponement thereof;

by MINDBODY if:

Parent or Merger Sub has breached or failed to perform any of its respective representations, warranties, covenants or other agreements set forth in the Merger Agreement such that certain conditions set forth in the Merger Agreement are not satisfied, and such breach is not capable of being cured, or is not cured, before the earlier of the Termination Date or the date that is 45 calendar days following MINDBODY s delivery of written notice of such breach (or such shorter period of time as remains prior to the Termination Date); or

prior to the adoption of the Merger Agreement by stockholders and so long as MINDBODY is not then in material breach of its obligations related to Acquisition Proposals and Superior Proposals, in order to enter into a definitive agreement with respect to a Superior Proposal in accordance with the terms of the Merger Agreement, subject to MINDBODY paying to Parent a termination fee of either (1) $28.584 million if the Merger Agreement had been terminated prior to the No Shop Period Start Date or (2) $57.168 million if the Merger Agreement is terminated after the No Shop Period Start Date; and

by Parent if:

MINDBODY has breached or failed to perform any of its representations, warranties, covenants or other agreements set forth in the Merger Agreement such that certain conditions set forth in the Merger Agreement are not satisfied and such breach is not capable of being cured, or is not cured, before the earlier of the Termination Date or the date that is 45 calendar days following Parent s delivery of written notice of such breach (or such shorter period of time as remains prior to the Termination Date); or

prior to the adoption of the Merger Agreement by stockholders, the Board of Directors effects a Company Board Recommendation Change (except that such right to terminate will expire at 5:00 p.m., Pacific time, on the 10th business day following that Company Board Recommendation Change).

In the event that the Merger Agreement is terminated pursuant to the termination rights above, the Merger Agreement will be of no further force or effect without liability of any party to the other parties, as applicable,

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except certain sections of the Merger Agreement will survive the termination of the Merger Agreement in accordance with their respective terms, including terms relating to reimbursement of expenses and indemnification. Notwithstanding the foregoing, nothing in the Merger Agreement will relieve any party from any liability for any willful and material breach of the Merger Agreement. In addition, no termination of the Merger Agreement will affect the rights or obligations of any party pursuant to the confidentiality agreement between Vista and MINDBODY or the Guaranties, which rights, obligations and agreements will survive the termination of the Merger Agreement in accordance with their respective terms.

Termination Fee

If MINDBODY had terminated the Merger Agreement prior to the No Shop Period Start Date for the purposes of entering into a definitive agreement in respect of a Superior Proposal, MINDBODY would have been required to pay a $28.584 million termination fee to Parent. If the Merger Agreement is terminated (1) after the No Shop Period Start Date but prior to the adoption of the Merger Agreement by MINDBODY stockholders for the purposes of entering a definitive agreement in respect of a Superior Proposal or (2) under specified circumstances including the instances described below, MINDBODY must pay a $57.168 million termination fee to Parent.

Parent will be entitled to receive a $57.168 million termination fee from MINDBODY if the Merger Agreement is terminated:

(a) by either Parent or MINDBODY because (i) the Merger closing has not occurred by the Termination Date; or (ii) the stockholders fail to adopt the Merger Agreement; or (b) by Parent because MINDBODY has materially breached its representations, warranties, covenants or agreements in the Merger Agreement; (2) any person has made (since the date of the Merger Agreement and prior to its termination) an Acquisition Proposal that is not withdrawn or otherwise abandoned; and (3) MINDBODY enters into an agreement relating to, or consummates, an Acquisition Transaction within 12 months of such termination (provided that, for purposes of the termination fee, all references to 15% in the definition of Acquisition Transaction are deemed to be references to 50%);

by Parent, because the Board of Directors has effected a Company Board Recommendation Change (which termination must occur by 5:00 p.m., Pacific time, on the 10th business day following the date on which such right to terminate first arose); or

by MINDBODY, to enter into a definitive agreement in respect of a Superior Proposal after the No Shop Period Start Date.

Specific Performance

Parent, Merger Sub and MINDBODY are entitled to an injunction, specific performance and other equitable relief to prevent breaches (or threatened breaches) of the Merger Agreement and to enforce the terms of the Merger Agreement, in addition to any other remedy to which they are entitled at law or in equity. In addition, MINDBODY is also entitled to seek an injunction, specific performance or other equitable relief to cause the equity financing to be funded on the terms and subject to the conditions set forth in the Equity Commitment Letters.

Limitations of Liability

The maximum aggregate monetary damages of Parent and Merger Sub for breaches under the Merger Agreement, the Guaranties or the Equity Commitment Letters will not exceed, in the aggregate for all such breaches, an amount equal to $133.393 million. The maximum aggregate monetary damages of MINDBODY for breaches under the Merger Agreement (taking into account the payment of the termination fee, if applicable) will not exceed $57.168 million in the aggregate for all such breaches and any indemnification. The maximum aggregate monetary damages of MINDBODY for termination of the Merger Agreement during the go-shop

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period will not exceed $28.584 million. Notwithstanding such limitations on liability for monetary damages, Parent, Merger Sub and MINDBODY may be entitled to an injunction, specific performance or other equitable relief as provided in the Merger Agreement.

Fees and Expenses

Except in specified circumstances, whether or not the Merger is completed, MINDBODY, on the one hand, and Parent and Merger Sub, on the other hand, are each responsible for all of their respective costs and expenses incurred in connection with the Merger and the other transactions contemplated by the Merger Agreement.

Amendment

The Merger Agreement may be amended in writing at any time before or after adoption of the Merger Agreement by stockholders. However, after adoption of the Merger Agreement by stockholders, no amendment that requires further approval by such stockholders pursuant to the DGCL may be made without such approval.

Governing Law

The Merger Agreement is governed by Delaware law.

The Board of Directors unanimously recommends that you vote FOR this proposal.

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PROPOSAL 2: THE MINDBODY COMPENSATION PROPOSAL

Under Section 14A of the Exchange Act and the applicable SEC rules issued thereunder, MINDBODY is required to submit a proposal to our stockholders to approve, on an advisory (non-binding) basis, the compensation that may be paid or become payable to MINDBODY s named executive officers that is based on or otherwise relates to the Merger Agreement and the transactions contemplated by the Merger Agreement. This compensation is summarized in the section captioned The Merger Interests of MINDBODY s Directors and Executive Officers in the Merger beginning on page 44 of this proxy statement. The Board of Directors encourages you to review carefully the named executive officer merger-related compensation information disclosed in this proxy statement. Accordingly, the Company is asking you to approve the following resolution:

RESOLVED, that the stockholders of MINDBODY approve, on a non-binding, advisory basis the compensation that will or may become payable to MINDBODY s named executive officers that is based on or otherwise relates to the merger as disclosed pursuant to Item 402(t) of Regulation S-K in the section entitled The Merger Interest of MINDBODY s Directors and Executive Officers in the Merger.

The vote on this Compensation Proposal is a vote separate and apart from the vote on the proposal to adopt the Merger Agreement. Accordingly, you may vote to approve the proposal to adopt the Merger Agreement and vote not to approve this Compensation Proposal and vice versa. Because the vote on the Compensation Proposal is advisory only, it will not be binding on MINDBODY. Accordingly, if the Merger Agreement is adopted and the Merger is completed, the compensation will be payable, subject only to the conditions applicable thereto, regardless of the outcome of the vote on this Compensation Proposal.

Vote Required and Board of Directors Recommendation

Approval, on an advisory (non-binding) basis, of the Compensation Proposal requires the affirmative vote of the outstanding shares of MINDBODY s common stock representing a majority of the voting power of such outstanding shares present at the meeting in person or by proxy, provided a quorum is present. Assuming a quorum is present, (i) a failure to vote in person or by proxy at the Special Meeting will have no effect on the outcome of the Compensation Proposal, (ii) abstentions will be treated as votes cast and, therefore, will have the same effect as a vote against the Compensation Proposal and (iii) broker non-votes (if any) will have no effect on the outcome of the Compensation Proposal. Shares of MINDBODY common stock represented by properly executed, timely received and unrevoked proxies will be voted in accordance with the instructions indicated thereon. If a MINDBODY stockholder returns a signed proxy card without indicating voting preferences on such proxy card, the shares of MINDBODY common stock represented by that proxy will be counted as present for purposes of determining the presence of a quorum for the Special Meeting and all of such shares will be voted as recommended by the Board of Directors.

The Board of Directors unanimously recommends that you vote FOR this proposal.

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PROPOSAL 3: ADJOURNMENT OF THE SPECIAL MEETING

We are asking you to approve a proposal to adjourn the Special Meeting to a later date or dates if necessary or appropriate to solicit additional proxies if there are insufficient votes to adopt the Merger Agreement at the time of the Special Meeting. If stockholders approve the adjournment proposal, we could adjourn the Special Meeting and any adjourned session of the Special Meeting and use the additional time to solicit additional proxies, including solicitation proxies from stockholders that have previously returned properly executed proxies voting against adoption of the Merger Agreement. Among other things, approval of the adjournment proposal could mean that, even if we had received proxies representing a sufficient number of votes against adoption of the Merger Agreement such that the proposal to adopt the Merger Agreement would be defeated, we could adjourn the Special Meeting without a vote on the adoption of the Merger Agreement and seek to convince the holders of those shares to change their votes to votes in favor of adoption of the Merger Agreement. Additionally, we may seek to adjourn the Special Meeting if a quorum is not present or otherwise at the discretion of the chairman of the Special Meeting.

The Board of Directors unanimously recommends that you vote FOR this proposal.

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MARKET PRICES AND DIVIDEND DATA

Our Class A common stock is listed on Nasdaq under the symbol MB. There is no public trading market for our Class B common stock. As of January 18, 2019, there were 45,643,595 shares of Class A common stock outstanding held by approximately 46 stockholders of record, and 2,372,938 shares of Class B common stock outstanding held by approximately 43 stockholders of record. The actual number of stockholders is greater than this number of record holders and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers and other nominees. We have never declared or paid any cash dividends on our common stock.

On January 22, 2019, the latest practicable trading day before the printing of this proxy statement, the closing price for our Class A common stock on Nasdaq was $36.60 per share. You are encouraged to obtain current market quotations for our Class A common stock.

Following the Merger, there will be no further market for our Class A common stock and it will be delisted from Nasdaq and deregistered under the Exchange Act. As a result, following the Merger we will no longer file periodic reports with the SEC.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the beneficial ownership of our capital stock as of January 18, 2019 by:

- each person or group of affiliated persons, who we know to beneficially own more than 5% of our Class A common stock or Class B common stock;
- each of our named executive officers;
- each of our directors; and
- all of our current named executive officers and directors as a group.

The percentage ownership information shown in the table is based on 45,643,595 shares of our Class A common stock and 2,372,938 shares of our Class B common stock outstanding as of our Record Date, January 18, 2019, for a total of 48,016,533 shares of common stock outstanding.

We have determined beneficial ownership in accordance with the rules of the SEC. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities. In addition, the rules include (i) shares of common stock issuable pursuant to the exercise of stock options that are currently exercisable or are exercisable within 60 days of January 18, 2019, and (ii) shares of Class A common stock issuable upon vesting of RSUs within 60 days of January 18, 2019. These shares are deemed to be outstanding and beneficially owned by the person holding those options for the purpose of computing the percentage ownership of that person, but they are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated, the persons or entities identified in this table have sole voting and investment power with respect to all shares shown as beneficially owned by them, subject to applicable community property laws.

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Unless otherwise noted below, the address of each of the individuals and entities named in the table below is c/o MINDBODY, Inc., 4051 Broad Street, Suite 220, San Luis Obispo, California 93401. The information provided in the table is based on our records, information filed with the SEC and information provided to us, except where otherwise noted.

	Shares Beneficially Owned	
	Class A Common Stock	Class B Common Stock