

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
REGISTRATION DIVISION
(651) 296-6328

IN THE MATTER OF THE REGISTRATION OF:
PLANET BEACH FRANCHISING CORPORATION FRANCHISE AGREEMENT
By PLANET BEACH FRANCHISING CORPORATION

ORDER REINSTATING
REGISTRATION

WHEREAS, the annual report, exhibits and fee have been filed,
NOW, THEREFORE, IT IS ORDERED that the registration dated
February 7, 2003, which was canceled on April 30, 2011,
is reinstated as of the date set forth below.

A handwritten signature in black ink that reads "Mike Rothman". The signature is written in a cursive style and is positioned above the printed name and title.

MIKE ROTHMAN
Commissioner
Department of Commerce
85 7th Place East, Suite 500
St Paul, MN 55101

Date: October 3, 2011

F-4495

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
REGISTRATION DIVISION
(651) 296-6328

IN THE MATTER OF THE REGISTRATION OF:
PLANET BEACH FRANCHISING CORPORATION FRANCHISE AGREEMENT
By PLANET BEACH FRANCHISING CORPORATION

ORDER AMENDING
REGISTRATION

WHEREAS, an application to amend the registration and amendment fee have been filed,

IT IS HEREBY ORDERED that the registration dated October 3, 2011, is amended as of the date set forth below.



MIKE ROTHMAN
Commissioner
Department of Commerce
85 7th Place East, Suite 500
St Paul, MN 55101

Date: October 3, 2011

UNIFORM FRANCHISE REGISTRATION APPLICATION

File Number: F4495
Fee: \$200

State of Minnesota
Dept. of Commerce
SEP 15 2011
Rec'd \$200

APPLICATION FOR: (Check only one):

REGISTRATION OF AN OFFER AND SALE OF FRANCHISES

REGISTRATION RENEWAL STATEMENT OR ANNUAL REPORT

POST-EFFECTIVE AMENDMENT NUMBER TO APPLICATION FILED UNDER SECTION

PRE-EFFECTIVE DATED

1. Name of Franchisor.

Planet Beach Franchising Corporation

Name under which the Franchisor is doing or intends to do business.

Planet Beach

*7100.02
9-30-11*

2. Franchisor's principal business address.

5145 Taravella Road
Marrero, LA 70072

(Handwritten initials in a circle) Empower

Name and address of Franchisor's agent in the State of Minnesota authorized to receive process.

Department of Commerce
85th 7th Place East
Suite 500
St. Paul, MN 55101-2198

Name and address of Franchisor's agent in the State of Louisiana authorized to receive process.

Stephen P. Smith
5145 Taravella Road
Marrero, LA 70072

3. Name, address and telephone number of subfranchisors, if any, for this state.

None.

4. Name, address and telephone number of person to whom communications regarding this application should be directed.

Jennifer N. Frisard
5145 Taravella Road
Marrero, LA 70072
504-297-2575

*DI
I put this
in but it
should be a
RE-STATE
Dec*

*10-3-11
RE-STATE
FYE 12/31
153-11*



September 26, 2011

Daniel E. Sexton
Market Assurance Division
Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101

4011
State of Minnesota
Dept. of Commerce
SEP 30 2011
Rec'd \$ 100

RE: File Number: F-4495 Traditional

Dear Mr. Sexton:

In reference to the material changes in our franchise registration renewal, please see the enclosed Amendment fee of \$100.00.

Should you have any questions or need additional information, please do not hesitate to contact me.

Sincerely,

Jennifer N. Batiste
Legal Department
Planet Beach Franchising
5145 Taravella Rd.
Marrero LA 70072
504-297-2575



85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198
www.commerce.state.mn.us
651.295.4026 FAX 651.297.1959
An equal opportunity employer

September 15, 2011

Jennifer M. Frisard
5145 Taravella Road
Marrero LA 70072

Re: F-4495, Planet Beach Franchising Corporation

Dear Ms. Frisard:

The annual report (renewal) application for the above-referenced franchise registration has been examined. Please correct or otherwise address the following deficiencies:

We are in receipt of the Annual Report for the above-referenced franchise registration. In reviewing the red-lined changes submitted, we find that they are material to the offering as defined in 2860.2400 of the Rules for Chapter 80C. Therefore, an Amendment fee of \$100.00 must be submitted in addition to the Annual Report fee.

Please respond to this letter within a reasonable time. Applications may be withdrawn or canceled if not diligently pursued.

Sincerely yours,

MIKE ROTHMAN
Commissioner

BY:

DANIEL E. SEXTON
Commerce Analyst Supervisor
Market Assurance Division
dan.sexton@state.mn.us
(651) 296-4520
GW/DES/dw



September 12, 2011

Market Assurance Division
Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101

RE: File Number: F-4495 Traditional

To Whom It May Concern:

Planet Beach Franchising Corporation (PBFC) was currently registered in Minnesota. Our registration has expired, thus you will find the enclosed documents for our renewal application.

Enclosed you will find the following:

- A check in the amount of \$200 for the renewal fee for our Traditional FDD.
- The following Forms:
 - Form A – Application Facing Page
 - Form B – Supplemental Information
 - Form C – Certification
 - Form D – Uniform Consent to Service of Process
 - Form E – Sales Agent Disclosure Form
- A CD is enclosed with advertising information.
- Red-lined copy of the Traditional FDD.
- Clean copy of our Traditional FDD.

Should you have any questions or need additional information, please do not hesitate to contact me.

Sincerely,

Jennifer N. Frisard
Legal Department
Planet Beach Franchising
5145 Taravella Rd.
Marrero LA 70072
504-297-2575

RELAX • GLOW • RENEW

5145 Taravella Road Marrero, LA 70072

Phone: (504) 361-5550 Fax: (504) 297-2581 www.planetbeach.com

Form B – Supplemental Information

SUPPLEMENTAL INFORMATION

1. Disclose:

A. The states in which this proposed application is effective.

B. The states in which this proposed registration application is or will be shortly on file.

CA, MN, MI, IL, NY

C. The states that have refused to register this franchise offering.

None.

D. The states that have revoked or suspended the right to offer franchises.

None.

E. The states in which this proposed registration of these franchises has been withdrawn within the last five years, and the reasons for revocation or suspension.

None.

2. Source of Funds for Establishing New Franchises

Disclose franchisor's total costs for performing its pre-opening obligations to provide goods or services in connection with establishing each franchise, including real estate, improvements, equipment, inventory, training and other items states in the offering. State separately the sources of all required funds.

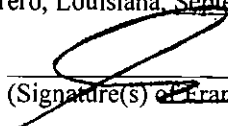
Total costs for pre-opening obligations: **S2,500**

The source of funds is general operating expenses which include income from royalties, franchise fees and sale of products and supplies.

Form C - Certification

I certify under penalty of law that I have read and know the contents of this application and the documents attached as exhibits and incorporated by reference and that the statements in all these documents are true and correct.

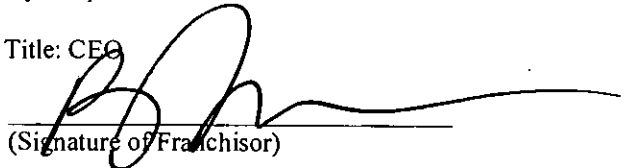
Executed at Marrero, Louisiana, September 12, 2011,



(Signature(s) of Franchisor)

By: Stephen P. Smith

(Seal)

Title: CEO


(Signature of Franchisor)

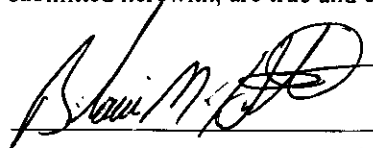
By: Richard L. Juka

Title: COO

STATE OF LOUISIANA

PARISH OF JEFFERSON

Personally appeared before me this 12th day of September 2011 the above-named agent of Planet Beach Franchising Corporation known to be the person who executed the foregoing application (as President and CEO, of the above-named applicant) and Stephen P. Smith, being first duly sworn, stated upon oath that said application, and all exhibits submitted herewith, are true and correct.



Blaine M. Hebert
(Notary)
LSBA # 26923
Life Commission

Form D

UNIFORM CONSENT TO SERVICE OF PROCESS

Planet Beach Franchising Corporation, a corporation organized under the laws of the State of Delaware, irrevocably appoints the Department of Commerce and the successors in office, its attorney in the State of Minnesota for service of notice, process or pleading in an action or proceeding against it arising out of or in connection with the sale of franchises, or a violation of the franchise laws of Minnesota, and consents that an action or proceeding against it may be commenced in a court of competent jurisdiction and proper venue within Minnesota by service of process upon this officer with the same effect as if the undersigned was organized or created under the laws of Minnesota and had lawfully been served with process in Minnesota.

It is requested that a copy of any notice, process or pleading served this consent be mailed to:

Planet Beach Franchising Corporation
5145 Taravella Road
Marrero, LA 70072

Dated: _____, 2011

By: Stephen P. Smith

Title: CEO

By: Richard L. Juka

Title: Vice President and COO

FRANCHISE DISCLOSURE DOCUMENT

PLANET BEACH FRANCHISING CORPORATION

5145 Taravella Road
Marrero, Louisiana 70072
(504) 361-5550
www.planetbeach.com



Planet Beach Franchising Corporation offers two franchise options:

Option 1-

As a franchisee, you will operate a Planet Beach ~~Contempo~~ Spa that offers automated spa services, ~~sunless~~ and ~~UV/UV-free~~ tanning. You will also sell related skin care products and other specialty items under the name and brand "Planet Beach." The franchise location will be approximately 1400 square feet. The total investment necessary to begin operation of a Planet Beach Spa franchise is from ~~\$135,560 to \$289,440~~ ~~\$118,200 to \$224,200~~. This initial investment includes your franchise fee, equipment, computer, and wholesale goods ranging from ~~\$105,200 to \$146,300~~ ~~\$82,600 to \$91,300~~ that must be paid to the franchisor or a designated vendor. See Items 5 and 7 of this Franchise Disclosure Document for an explanation of your initial investment.

Option 2-

~~As a franchisee, you have the option to operate a Planet Beach Spa that offers automated spa services, UV-free tanning, and UV tanning. You will also sell related skin care products and other specialty items under the name and brand "Planet Beach." The total investment necessary to begin operation of a Planet Beach Spa that includes UV tanning services is from \$201,800 to \$401,200. This initial investment includes your franchise fee, equipment, computer, and wholesale goods ranging from \$108,200 to \$208,300 that must be paid to the franchisor or a designated vendor. See Items 5 and 7 of this Franchise Disclosure Document for an explanation of your initial investment.~~

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Note, however, that no governmental agency has verified the information contained in this document.

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the Franchise Sales Department at 5145 Taravella Road, Marrero, Louisiana 70072, (504) 361-5550.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit A for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US ONLY IN LOUISIANA. OUT-OF-STATE DISPUTE RESOLUTION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO RESOLVE DISPUTES WITH US IN LOUISIANA THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT LOUISIANA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

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EXHIBITS

- Exhibit A - List of State Administrators
- Exhibit B - Agents for Service of Process
- Exhibit C - List of Franchisees
- Exhibit D - List of Former Franchisees
- Exhibit E - Financial Statements
- Exhibit F - Franchise Agreement
 - Exhibit 1 - Authorized Products and Services
 - Exhibit 2 - Approved Location and Territory Addendum
 - Exhibit 3 - Guaranty Agreement and Acknowledgment by Guarantor
 - Exhibit 4 - Rider to Lease
 - Exhibit 5 - Sublicense Agreement
 - Exhibit 6 - Confidentiality and Non-Competition Agreement
 - Exhibit 7 - Conditional Assignment of Telephone Numbers, Email Addresses, and URLs
 - Exhibit 8 - Statement of Prospective Franchisee
- Exhibit G - Transfer/Termination Release
- Exhibit H - Table of Contents of Operations Manual
- Exhibit I - Confidentiality Agreement
- Exhibit J - State Tanning Regulators
- Exhibit K - State Specific Disclosure Addenda
- Exhibit L - Information Relating to Area Representatives
- Exhibit M - Sample Lending Applications
- Exhibit N - Receipt

location. This is the general market for your products and services. ~~If you choose Option 1, then your Spa will be UV/UV-free and your Spa will not offer UV/UV-tanning services.~~

You will operate the Spa from an approved location ("Approved Location" or "Location") using our proprietary business format (the "System") and the trade name "Planet Beach" and such other trademarks, service marks, logos and other indicia of origin (our "Proprietary Marks") as we may designate for use in connection with the Spa. You will operate the Spa according to the Franchise Agreement (Exhibit F), and our confidential operations manual ("Operations Manual"), described in Item 11.

We also provide management services to GymMatrix Franchising Systems, LLC.

Market Competition

As a Planet Beach franchisee, your Spa will offer automated spa services, Sunless and UV/UV Ultra Violet-free tanning, skin care, tanning, nutritional- and related retail products, ~~and possibly UV-tanning~~ to the general public throughout the year. Your Spa will compete with other local, regional and national tanning salons, spas, and department and retail stores for which the market is well developed and highly competitive.

Industry Specific Regulations

Spas, Tanning, and Nutrition are regulated in certain states and counties, and regulations are constantly being updated and revised. We recommend that you research your state and county laws regulating the tanning, spa, and nutrition industry. State Tanning regulators are identified in Exhibit K of this disclosure document. You will also have to comply with state and local laws and regulations applicable to health and safety. Further, the Franchised Business will be subject to all laws and regulations that apply to businesses generally.

been a Planet Beach franchisee since November 2, 2009, and intends to open a GymMatrix franchise.

Senior Vice-President of International Franchising: David Mesa, Jr., CFE

Mr. Mesa served eight years in the United States Marine Corp as an Air Traffic Controller, receiving an honorable discharge. Additionally, Mr. Mesa served as Director of Business Operations for Allegis Group, a personnel staffing company, for eight years. In March of 2005, he received the designation of Certified Franchise Executive (CFE) by the International Franchising Association for his work and study in the franchise industry and has maintained that designation to date. Mr. Mesa is also a member of the International Institute for Franchise Education (IIFE) Mini MBA Club. In October of 2007, Mr. Mesa became the Director of Planet Beach International, LLC. He also serves as Vice-President of International Franchising for GymMatrix Franchising Systems, LLC. Mr. Mesa is a Planet Beach franchisee, and ~~a intends to open o-GymMatrix franchisee.~~

Chief Financial Officer: Craig M. Bemer

Mr. Bemer has served as our Chief Financial Officer since August 2007. Prior to that time, Mr. Bemer served as Associate Controller and Director of Accounting for Tulane University from October 1999 to August 2007, where his primary responsibilities included overseeing all financial reporting, developing and monitoring internal controls, managing the operations of the accounting office, and preparing cash forecasts and capital budgets. He was also Manager of Budgeting and Financial Reporting for Tidewater Inc. from March 1998 to October 1999, and was responsible in that position chiefly for all budgeting and financial reporting, preparing quarterly and annual SEC filings, supervision of accounting staff, and custody of corporation and insurance reserve general ledger accounts. Mr. Bemer, who is a Certified Public Accountant, has a B.S. in Accounting from the University of New Orleans and a M.B.A. from the A.B. Freeman School of Business at Tulane University, with a concentration in finance and management.

Vice President: Katie Moll, CFE

In March of 2000 Ms. Moll began working for PBFC and in February of 2003 she was promoted to Vice President. As of January 2010, Ms. Moll oversees the Consumer Products, Convention, and Customer Information Departments.

~~Director of Information Technology: Clarvie Stinson, III~~

~~As a U.S. Marine, Mr. Stinson began his computing education. After his tour of duty he entered the civilian job market as a computer technician. Receiving his Microsoft Certified System Engineering certification, he came onboard as a Help Desk Technician in 2005, eventually being promoted to Network Administrator. Mr. Stinson was promoted to the Director of Information Technology in March 2010.~~

Executive Director of Spa Performance and Education: Mandy Bryant Verges, CFE

Mrs. Verges has worked with PBFC since 1996 and has had an opportunity to work in several capacities in the organization. Mrs. Verges was a Spa Director and was promoted several times. She has served as Executive Director of Spa Performance and Education since July 2010 and consults area representatives, franchisees, spa performance consultants and retail. She is also a franchisee and opened her first Planet Beach location in 1999. Mrs. Verges has served as an area representative since December of 2004.

Franchise Marketing Director: Troy A. Wise

Planet Beach Franchising Corporation
Franchise Disclosure Document: ~~03-10 Amended 08-14-08/11~~
Registration and Non-Registration States

world-wide, and Elite Interactive Solutions, Inc., a privately held company located in Los Angeles, California, that offers software monitoring products and services for facilities. He also serves on the Advisory Boards of a number of technology and services companies in the United States and other countries. Mr. Wamer received his Juris Doctorate degree with honors from the New York University School of Law, where he was appointed as an editor of the Law Review, after receiving his Bachelor of Arts degree from Tulane University.

In certain regions, we have granted area development rights to qualified individuals ("Area Representatives"). Area Representatives are often engaged in the sales process and are contractually required to perform certain support services to our franchisees. Information about these Area Representatives is attached to this offering circular Franchise Disclosure Document as Exhibit M.

Item 3 LITIGATION

Pending Litigation

James R. Bamhill and Lara Bamhill v. Planet Beach Franchising Corporation (No. 04 CVS 011235, Superior Court Division in Wake County, State of North Carolina). On August 12, 2004, our franchisees, Mr. and Mrs. Bamhill filed an action in which they alleged breach of contract and specific performance arising from a purported award by PBFC of an Area Representative Agreement to the Bamhills. On November 24, 2004, Mr. and Mrs. Bamhill dismissed the action without prejudice. Thereafter, on or about December 7 of 2004, the parties reached an amicable resolution in which PBFC awarded Mr. and Mrs. Bamhill an Area Representative Agreement and granted them an option to acquire an additional franchise at a discounted price.

Planet Beach Franchising Corporation v. James Bamhill, et. ux., (No. 689095-N in the 24th Judicial District Court, Parish of Jefferson, State of Louisiana). On July 1, 2010, Planet Beach Franchising Corporation filed an Application for Temporary Restraining Order against its franchisees seeking to enforce the non-compete provision in the Franchise Agreement; restrain the use of PBFC's proprietary information, trademarks, copyrights, and trade dress; and restrain further communications within the Planet Beach system. On July 14, 2010, the parties entered into a Consent Judgment effective through the conclusion of the pending arbitration proceeding in which franchisee was ordered to immediately de-

filed an answer denying all allegations. The parties have settled all claims out of court. In May of 2003 PBFC paid to the Burks an amount of \$12,000 and agreed that for a period of two years from December 23, 2002 not to open or operate or permit a PBFC franchisee to open or operate a tanning salon at any location within a three mile radius from the Burk's tanning salon.

Melissa Smith, Bumell Smith and Vita Amoure, L.L.C. v. Planet Beach Franchising Corporation, (No. 366-02108-01, 366th District Court, Collin County, Texas). In October 2001, plaintiffs filed suit to recover a \$5,000 territory deposit fee paid for the right to open and operate a Salon. On April 1, 2001, PBFC defaulted and judgment was entered in favor of the plaintiffs in the amount of \$16,879. In November of 2002, PBFC paid the judgment in full and an Order Granting NonSuit was filed. In January of 2003 a Release of Judgment was signed by Bumell Smith, Melissa Smith and Vita Amore acknowledging payment of the default judgment.

~~Ramon R. Bamhill and Lore Bamhill v. Planet Beach Franchising Corporation (No. 01 CVS 011225, Superior Court Division in Wake County, State of North Carolina). On August 12, 2001, our franchisees, Mr. and Mrs. Bamhill filed an action in which they alleged breach of contract and specific performance arising from a purported award by PBFC of an Area Representative Agreement to the Bamhills. On November 24, 2004, Mr. and Mrs. Bamhill dismissed the action without prejudice. Thereafter, on or about December 7 of 2004, the parties reached an amicable resolution in which PBFC awarded Mr. and Mrs. Bamhill an Area Representative Agreement and granted them an option to acquire an additional franchise at a discounted price.~~

Jeffrey A. Brewer, individually, Bert R. Struck, individually, Robert F. Struck, individually and Sun King, L.L.C. v. Planet Beach Franchising Corporation and Planet Beach Tanning Salon Inc., Stephen P. Smith and Ronald Simmons (No. CV0406488, Circuit Court of Jefferson County, State of Alabama). On October 28, 2004, our franchisees, Mr. Jeffrey R. Brewer, Mr. Bert R. Struck and Mr. Robert F. Struck filed an action in which they alleged that PBFC purposely excluded information from PBFC's UFOC to induce the franchisees to purchase a franchise. They further alleged that PBFC omitted corporate financial information and that PBFC purposefully omitted information relating to a "National Advertising" fee. On December 16, 2004, PBFC filed a demand for arbitration. On December 16, 2004, PBFC filed a Motion to Slay Proceedings, Compel Arbitration or Dismiss. On January 21, 2005, the Circuit Court of Jefferson County compelled this matter to arbitration and stayed the state action pending the outcome of the arbitration. Thereafter, the plaintiffs filed a demand for arbitration asserting a claim for breach of contract. On or about January 17 of 2006, the parties reached an amicable resolution in which PBFC purchased the assets and rights to Claimant's franchise location. On January 27, 2006 the state action was dismissed with prejudice in the Circuit Court of Jefferson County, Alabama.

Corporate Development Outsourcing L.L.C. v. Planet Beach Franchising Corporation (AAA No. 51 110 00110 05). On January 19, 2005, Corporate Development Outsourcing, L.L.C. ("CDO"), a project management firm, filed an arbitration with the American Arbitration Association against PBFC alleging that PBFC breached a Construction Management Agreement between the parties. PBFC filed a counterclaim on February 16, 2005 asserting that CDO breached the Construction Management Agreement. On August 23, 2005, the Arbitrator, with the American Arbitration Association, found that the contract could be construed according to its terms without finding a breach by either party and awarded CDO \$18,400.00. The Arbitrator found that neither party was the "prevailing party" under the agreement.

David Osgood and OZTX Enterprises, Inc. v. Planet Beach Franchising Corporation and Planet Beach Real Estate, L.L.C. (AAA No. 69 114 00180 05). On June 9, 2005, Mr. Osgood and OZTX Enterprises, Inc., a franchisee, filed arbitration with the American Arbitration Association against PBFC and Planet Beach Real Estate, L.L.C. (PBRE) alleging that PBFC and PBRE breached the franchise

their franchise agreement by selling their Planet Beach Salon to a competitor. On September 15, 2006, Culbertson and Leetham filed an Answer and Counterclaim asserting that PBFC made misrepresentations and concealed material facts in inducing counter-claimants to execute the Franchise Agreement and Royalty Waiver Agreement. Culbertson and Leetham alleged that PBFC failed to provide adequate support and failed to honor its promise to assist with the sale of their Salon. They are contesting the Forum Selection Clause and the Choice of Law provision in the franchise agreement. Culbertson and Leetham alleged damages in the amount of \$150,000. They are requesting the return of their investment and additional money lost in supporting the business, interest, arbitration costs, attorney's fees and any other appropriate relief. On September 29, 2006, PBFC filed an Answer to the Counterclaim and Memo in Support of Forum Selection Clause and the Choice of Law Provision. In its Answer PBFC denies all factual averments made by Culbertson and Leetham and argues that the Forum Selection Clause and Choice of Law provisions should be upheld. On March 19, 2007 the parties reached a settlement in which Culbertson and Leetham agreed to pay \$25,000 towards future royalties to PBFC.

Arthur A. Lewis, III v. Planet Beach Franchising Corporation, (AAA No. 69 114 4300 07). On September 10, 2007, Arthur Lewis filed an action in the Superior Court in the state of California for Breach of the Franchise Agreement, Violation of the California Franchise Relations Act, Violation of the Louisiana Unfair Trade Practices and Consumer Protection Law. Lewis alleges damages in the amount of \$150,000. The parties subsequently agreed to arbitrate the matter in Louisiana pursuant to paragraph XXV of the franchise agreement. On December 28, 2007, Respondent PBFC answered the Demand for Arbitration, set forth defenses and PBFC and PBRE counterclaimed for Breach of the Franchise Agreement, Breach of Equipment Contract and Breach of Sublease entered into by plaintiff. PBFC and PBRE have requested damages in an amount to be determined at trial in addition to specified damages in the amount of \$49,585.52. On September 19, 2008 the arbitration/arbitration was suspended for nonpayment. On or about September 19 the parties reached an amicable settlement whereby PBFC agreed to pay \$40,000 to Lewis and the case was removed from arbitration.

Michael and Jeannine Ingraham v. Planet Beach Franchising Corporation, (No. 07-3555 In the United States District Court for the Eastern District of Louisiana). On July 2, 2007, franchisees Michael and Jeannine Ingraham filed an action alleging Breach of the Franchise Agreement, Unfair Trade Practices, Breach of Implied Covenants of Good Faith and Fair Dealing, Detrimental Reliance and Negligence. Plaintiffs allege an unspecified amount of damages. In August 2007, Planet Beach Franchising Corporation filed an Answer with Affirmative Defenses. Trial in this matter was set for April 20, 2009. On April 20, 2009 the parties reached a settlement whereby PBFC agreed to pay \$20,000 to the Ingrahams, \$100,000 in Royalty Abatement and \$50,000 in product credits invoiced directly from PBFC. The settlement agreement was executed on May 8, 2009.

~~Steadman Concepts, Inc. v. Planet Beach Franchising Corporation, (No. 2:09-cv-07008-CJB-JCW In the United States District Court for the Eastern District of Louisiana). On October 21, 2009, franchisee Steadman Concepts, Inc. filed an action alleging that Planet Beach Franchising Corporation breached the Franchise Agreement by failing to provide resources, products, and services. Plaintiff demands rescission of the contract or an unspecified amount of damages. Planet Beach Franchising Corporation filed an Answer and Affirmative Defenses on January 26, 2010. This case has been relatively inactive.~~

Frances Buyack v. William Olson, Sally Olson, Planet Beach Franchising Corporation, Black Corporations I-X, White Partnerships I-X, Red Limited Liability Entities I-X, (No. CV2009 093602 In the Superior Court of Arizona, Maricopa County). On November 9, 2009, franchisee filed an action alleging that her husband forged her signature to the Franchise Agreement. Plaintiff alleged that Planet Beach Franchising Corporation wrongfully converted the franchise fee of \$51,000.00 by failing to return that amount after learning that Plaintiff never signed her name to the Franchise Agreement. On or about February 17, 2010, Planet Beach Franchising Corporation entered into a Settlement Agreement with

~~Other than these 20 actions, no litigation is required to be disclosed in this disclosure document. Information relating to Area Representatives is attached as Exhibit M respectively.~~

Item 4 BANKRUPTCY

No person previously identified in Item 2 of this Disclosure Document has been involved as a debtor in proceedings under the U.S. Bankruptcy Code or has been a party to proceedings under the laws of foreign nations relating to bankruptcy required to be disclosed in this Item.

Item 5 INITIAL FEES

Single Unit Franchise Fee

California, Minnesota, North Dakota and Washington have imposed an impound requirement. The initial franchise fees of citizens of these States will be placed in an escrow account until their Planet Beach Spa location opens. The initial franchise fees for citizens of Hawaii and Virginia will be deferred until their Planet Beach location opens.

You will pay an initial franchise fee of ~~\$240,000 for a UV/UV-free Spa (Option-1)~~ or ~~\$30,000 for a single unit license Spa that includes UV/UV-tanning (Option-2)~~. This fee is deemed fully earned and non-refundable at the time the Franchise Agreement is executed. PBFC reserves the right to alter these prices as the market warrants at any time.

~~From time to time we offer special pricing for additional licenses and/or options to our existing franchisees that are compliant with all PBFC policies and procedures as stated in the Operations Manual and the Franchise Agreement.~~

Multi-Unit Option Fee

Upon execution of a Franchise Agreement, PBFC may elect to sign a Multi-Unit Option Agreement with qualified candidates. Franchisees with multiple options are required to adhere to a strict development schedule. These option fees areas follows: 2 additional options \$19,000 and for 4 additional options \$34,000.

VetFran Program

PBFC participates in the VetFran Program and qualified franchisees may receive a discount of \$2,500 on

TYPE OF FEE	AMOUNT	WHEN DUE	REMARKS
	Compliant Franchisees and 9% of Gross Sales/Gross Revenue for Non-Compliant Franchisees.	preceding month	
Brand Development Fee	2% of Gross Revenue/Sales	5 th of every month for the preceding month	Payment will be made through the Autodraft system.
Credit Card Processing Fees (I)	Amount of fee charged to PBFC from credit card processor.	5 th of every month for the preceding month	For any payments made by you to us or any purchases made by you from PBFC.
Annual Convention	\$400	Fees that are unpaid 14 days prior to convention will be automatically drafted.	Fee includes registration for 2 attendees. It does not include cost of travel, lodging, food, or entertainment.
Technology Technology Fee	\$0	5 th of every month for the preceding month	A fee may be imposed for additional technology upgrades but not to exceed \$100.
POS Software Fee	\$89.00	5 th of every month for the preceding month	Payment will be made directly to a third party vendor.

OPTIONAL FEES

TYPE OF FEE	AMOUNT	WHEN DUE	REMARKS
Additional-Email Account Location Mobile App	Franchisees on agreement shall receive email addresses plus additional addresses for spa management. Limit of 2 for spa management. Additional email addresses are \$100 per year. \$55.00	At creation of email address, annually on anniversary date 5 th of every month for the preceding month	Payment will be made through the Autodraft System. Payment will be made through the Autodraft System. Payment will be made directly to a third party vendor.

NON-COMPLIANCE FEES

Item 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Option 1. ~~UVUV Free Spa~~ (1)(14)(15)(16)(17)(18)

DESCRIPTION	ESTIMATED AMOUNT OR LOW-HIGH RANGE	Method of PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (3)	\$10,000	Lump Sum	Upon signing of Franchise Agreement	PBFC
Planet Beach Spa Equipment and Timer System with shipping, installation (3)	\$66,400 to \$74,000	Lump sum	As arranged	PBFC
Leasehold Improvements (4)	\$5,000 to \$70,000	As arranged	As arranged	General Contractor
Owner Furnished Items (5)	\$9,000 to \$12,000	As arranged	As arranged	Approved Vendors
Utility, phone and lease deposits (6)	\$2,500 to \$4,500	As arranged	As arranged	Landlord and Local providers
Insurance initial payment (7)	\$600 to \$1,200	As arranged	As arranged	Insurance Provider
Computer and Software (8)	\$3,200 to \$6,800	Lump sum	Upon ordering	PBFC and/or Approved Vendor
Printing & Marketing (9)	\$10,000 to \$20,000	As arranged	As arranged	Various
Wholesale Goods (10)	\$3,000 to \$3,500	Lump sum	Upon ordering	PBFC
Washer and Dryer (11)	\$0 to \$1,200	As arranged	As arranged	Local Provider
Permits, licenses (12)	-\$500 to \$1,000	As arranged	As arranged	Various

~~Note 9. You are required to invest this amount in marketing prior to your Spa opening and through the initial opening of your Spa. You may spend additional amounts with PBFC approval.~~

~~Note 10. You will be required to purchase a specified amount of wholesale goods for the initial inventory of products to be offered for sale based on the size of your Spa. A selection of PBFC's proprietary products and national brand products must be stocked.~~

~~Note 11. Zero dollars as a "Low" because not all Spas can accommodate a utility room due to size or layout restrictions. Therefore, the washer and dryer are optional.~~

~~Note 12. This figure includes inspection fees and occupational licenses.~~

~~Note 13. PBFC requires that you open upon the achievement of a \$12,500 membership draft for the first month your Spa is open. This figure does not necessarily mean that you will "break even" or that you will reach any certain financial position. This range is also based on costs for transportation, meals and other expenses associated with pre-opening training.~~

~~Note 14. PBFC relied on its experience in the tanning and day spa business to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.~~

~~Note 15. PBFC does not offer indirect and direct financing to franchisees.~~

~~Note 16. If you sign a Single Unit Franchise Agreement, your initial investment for your first Spa should be within the range disclosed in this Item 7 chart. The Initial Franchise Fee for each subsequent Spa is set forth in Item 5. You also should be aware that your initial investment for your second and subsequent Spas likely will be higher than the above estimates for your first Spa due to inflation and other economic factors that may vary over time.~~

~~Note 17. All payments are non-refundable unless otherwise agreed.~~

~~Note 18. Franchisor owned locations will have equal voting power on any fees imposed by cooperatives.~~

Option 2. UVUV Spa. (1) (1.1) (15) (16) (17) (18)

DESCRIPTION	ESTIMATED AMOUNT OR LOW-HIGH RANGE	Method of PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (3)	\$30,000	\$30,000 Lump Sum	Upon signing of Franchise Agreement	PBFC

Notes:

Note 1. Estimates are based on a single unit Spa. The difference in price is due to square footage, the number of services you offer, and the option to offer UV/UV tanning.

Note 2. You must pay us an initial franchise fee of \$30,000.00 for a Spa with UV/UV tanning. In California, Minnesota, North Dakota and Washington the initial franchise fee will be placed in an escrow account until the Spa opens. In Hawaii and Virginia the initial franchise fee will be deferred until the Spa opens.

Note 3. The low end represents the recommended equipment mix with UV/UV tanning. This estimated range does include T-Max Timer system or wiring, delivery and installation. All Spas are required to have a minimum of one (1) spray booth, and seven (7) pieces of spa equipment, which includes UV/UV tanning equipment. This amount may vary depending on unit mix and amount of equipment. You are responsible for any taxes due to your state.

Note 4. The low estimate is based on a Spa with an estimated 1200 to 1600 square foot space with

factors that may vary over time.

Note 17. All payments are non-refundable unless otherwise agreed.

Note 18. Franchisor-owned locations will have equal voting power on any fees imposed by cooperatives.

Item 7
ESTIMATED INITIAL INVESTMENT

Single Unit:

<u>DESCRIPTION</u>	<u>ESTIMATED AMOUNT OR LOW-HIGH RANGE</u>	<u>Method of PAYMENT</u>	<u>WHEN DUE</u>	<u>TO WHOM PAYMENT IS TO BE MADE</u>
<u>Initial Franchise Fee (2)</u>	<u>\$8,500 to \$20,000</u>	<u>Lump Sum</u>	<u>Upon signing of Franchise Agreement</u>	<u>PBFC</u>
<u>Planet Beach Spa Equipment and Timer System with shipping, installation (3)</u>	<u>\$81,700 to \$120,240</u>	<u>Lump sum</u>	<u>As arranged</u>	<u>PBFC</u>
<u>Leasehold Improvements (4)</u>	<u>\$5,000 to \$70,000</u>	<u>As arranged</u>	<u>As arranged</u>	<u>General Contractor</u>
<u>Owner Furnished Items (5)</u>	<u>\$9,000 to \$17,000</u>	<u>As arranged</u>	<u>As arranged</u>	<u>Approved Vendors</u>
<u>Utility, phone and lease deposits (6)</u>	<u>\$2,500 to \$4,500</u>	<u>As arranged</u>	<u>As arranged</u>	<u>Landlord and Local providers</u>
<u>Insurance initial payment (7)</u>	<u>\$600 to \$1200</u>	<u>As arranged</u>	<u>As arranged</u>	<u>Insurance Provider</u>
<u>Computer and Software (8)</u>	<u>\$3,200 to \$6,800</u>	<u>Lump sum</u>	<u>Upon ordering</u>	<u>PBFC and/or Approved Vendor</u>
<u>Printing & Marketing (9)</u>	<u>\$10,000 to \$20,000</u>	<u>As arranged</u>	<u>As arranged</u>	<u>Various</u>
<u>Wholesale Goods (10)</u>	<u>\$6,000 to \$7,500</u>	<u>Lump sum</u>	<u>Upon ordering</u>	<u>PBFC</u>

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Note 7. You will need to obtain Commercial General Liability (\$1 Million Minimum Coverage) insurance, Worker's Compensation, Business Interruption insurance, Flood, Life Insurance (equal to amount borrowed) and Construction Coverage insurance.

Note 8. Low end includes hardware and required software. The "high" figure includes the costs for two CPUs, monitors, keyboards, cash drawers, credit card swipes, receipt printers, and one laser printer.

Note 9. You are required to invest this amount in marketing prior to your Spa opening and through the initial opening of your Spa. You may spend additional amounts with PBFC approval.

Note 10. You will be required to purchase a specified amount of wholesale goods for the initial inventory of products to be offered for sale based on the size of your Spa. A selection of PBFC's proprietary products and national brand products must be stocked.

Note 11. Zero dollars as a "Low" because not all Spas can accommodate a utility room due to size or layout restrictions. Therefore, the washer and dryer are optional.

Note 12. This figure includes inspection fees and occupational licenses.

Note 13. PBFC requires that you open upon the achievement of a \$12,500 membership draft for the first month your Spa is open. This figure does not necessarily mean that you will "break even" or that you will reach any certain financial position. This range is also based on costs for transportation, meals and other expenses associated with pre-opening training.

Note 14. PBFC relied on its experience in the tanning and day spa business to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

Note 15. PBFC does not offer indirect and direct financing to franchisees.

Note 16. If you sign a Single Unit Franchise Agreement, your initial investment for your first Spa should be within the range disclosed in this Item 7 chart. The Initial Franchise Fee for each subsequent Spa is set forth in Item 5. You also should be aware that your initial investment for your second and subsequent Spas likely will be higher than the above estimates for your first Spa due to inflation and other economic factors that may vary over time.

Note 17. All payments are non-refundable unless otherwise agreed.

Where we agree or are deemed to be required to exercise our rights reasonably or in good faith, we will satisfy our obligations wherever we exercise Reasonable Business Judgment in making our decision or exercising our rights. A decision or action by PBFC will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes a financial or other individual interest of PBFC. Examples of items that will promote or benefit the System include enhancing the value of the Planet Beach mark, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System.

We must approve the location of the Spa. The location should consist of approximately ~~800 to 1,000~~ 1,400 square feet for the UV-Free Spa and approximately ~~1,400 to 2,000~~ 1,400 square feet for the a Spa that includes UV tanning, and be located in a high population center and highly visible area, such as a strip mall. Our approval of a location or lease does not constitute our representation that the location will be successful.

The Spa must be equipped, decorated and supplied in compliance with our specifications, which will be made available to you. After you acquire or lease a site for the Spa (either by signing a lease or purchasing real estate), you must employ a contractor to construct the Spa and to complete all improvements in accordance with approved plans. You must also employ licensed and professionally qualified individuals to modify such plans to conform to local legal requirements and specifications. You will be responsible for all costs connected with construction, including architectural plans and seals, leasehold improvements, fixtures and signs, and for all costs related to compliance with state or local ordinances, rules and regulations. You must submit to us a video taped presentation and/or digital camera photographs via e-mail of the finished build-out of the inside and outside of the Spa prior to opening.

You must procure and maintain public liability and property damage insurance covering the operation of the business and the location where the business is conducted, with insurance carriers reasonably acceptable to us in a minimum amount of \$1,000,000 combined single limit and real and personal property insurance including fire, products liability and extended coverage on an all risk replacement cost basis. You will agree to carry the insurance required by the lease of your location or by any lender or equipment lessor you select and worker's compensation insurance required by applicable law. You must add us and our affiliates to all insurance contracts as an additional insured under the insurance policies, the cost of which to be paid by you. You will also need to obtain Worker's Compensation insurance, Business Interruption insurance, Life insurance (equal to the amount borrowed), and Construction Coverage insurance.

We will derive revenue from your purchases to the extent that you purchase any item from us. In some instances, we will derive revenue from ~~assisting in the site selection process,~~ vendor royalties and referral payments. In the year ending December 31, ~~2009~~ 2010, our revenues from franchisee purchases including tenant placement fees, vendor royalties and referral payments was ~~\$937,480~~ \$93,856 or ~~10.7%~~ 6.74% of our total revenues of ~~\$8,745,468~~ \$13,269,120. We estimate that your required purchases will account for approximately ~~33.3%~~ of all purchases necessary to establish the Spa, and approximately ~~10.4%~~ of all costs necessary to operate the Spa after opening. You will not receive any material benefit from purchasing from approved or designated suppliers. There are purchasing or distribution cooperatives in existence for the System. PBFC does receive payments as a result of your required purchases from approved suppliers.

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
l.] Ongoing product/service purchases	ParagraphSection 9.3 of Franchise Agreement	Item 8
m.] Maintenance, appearance and remodeling requirements	ParagraphSections 4.2, 9.1, and 22 of Franchise Agreement	Item 11
n.] Insurance	ParagraphSection 14 of Franchise Agreement	Items 6, 7 and 8
o.] Advertising/Marketing	ParagraphSection 13 of Franchise Agreement	Items 6, 7 and 11
p.] Indemnification	ParagraphSection 19.2 of Franchise Agreement	Item 6
q.] Owner's participation/management/staffing	ParagraphSection 9.2 of Franchise Agreement	Item 15
r.] Records/reports	ParagraphSection 15 of Franchise Agreement	Item 6
s.] Inspections/audits	ParagraphSections 16.3 and 17 of Franchise Agreement	Items 6 and 11
l.] Transfer	ParagraphSection 21 of Franchise Agreement	Items 6 and 17
u.] Renewal	ParagraphSection 4.2 of Franchise Agreement	Item 17
v.] Post-termination obligations	ParagraphSection 24 of Franchise Agreement	Item 17
w.] Non-competition covenants	ParagraphSection 18 of Franchise Agreement	Item 17
x.] Dispute resolution	ParagraphSection 25 of Franchise Agreement	Item 17
y.] Other: Personal Guaranty of Franchisee's Obligations (Note 1)	ParagraphSection 27 of Franchise Agreement	Not Applicable
Notes: All partners in a limited partnership, shareholders in a corporate franchisee, or members and managers in a limited liability company franchisee must sign a Confidentiality and Non-Competition Agreement (Exhibit 6 of the Franchise Agreement) and a Guaranty Agreement (Exhibit 3 of the Franchise Agreement). All spouses who do not sign the Franchise Agreement must sign a Confidentiality and Non-Competition Agreement (Exhibit 6 of the Franchise Agreement) and a Guaranty Agreement (Exhibit 3 of the Franchise Agreement).		

Item 10
FINANCING

Comment [np1]: Check with vendors to confirm information is accurate

Neither we nor any agent or affiliate offers direct or indirect financing to you, guarantees any note, lease or obligation of yours, or has any practice or intent to sell, assign or discount to a third party all or any part of any financing arrangement of yours. However, PBFC has a working relationship with the following lending institutions:

1. Amerifund, Inc. offers equipment financing/leasing and will finance up to 100% of your equipment costs, including tanning, salon, outdoor signage, security, flooring, vending, point of sale etc. They offer both traditional leases that have buyout options ranging from \$1 to fair market value of the equipment. They also offer equipment finance agreements and working

6. Diamond Financial Services (Franchise Funding) has been servicing franchisors for over 12 years assisting their franchisees and prospects with a high success rate of financing mainly business loans (SBA 7A) nationwide. Diamond quickly reviews options and pre qualifies for loan or lease potential. More recently, they have added other funding programs including Equipment Leasing (FranchiseLeasing.com) \$5 – 150K, their well known UBLOC (Unsecured Business Line of Credit) program \$40 – 100K, S.T.A.R (short-term loans)\$20-100K, Retirement rollover services and their FranEquity (helping prospects to find angel investors, partners & capital). Diamond’s business loans cover expansions, refinance, working capital, start-up, acquisitions and partner buy – outs. Loan sizes from \$150K – 2 million (SBA). Diamond’s job is to always put their clients in the best position with their franchise financing needs.

7. BOEFLY

Planet Beach Franchising provides assistance for franchisees in accessing financing through a partnership with BoeFly.com, the online leader in financing for business borrowers.

BoeFly is an innovative service that offers U.S. franchisee and prospective franchisees access to a captive network of business lenders. With BoeFly, you can now connect directly with banks to find financing – with a single, universal loan application, all with unprecedented efficiency.

BoeFly positions you for success:

- Build a lender ready loan package
- BoeFly Support to prepare and guide you
- Connect with the growing network of BoeFly business lenders
- Invite your own banks to access your secure loan package on BoeFly

Use BoeFly to Find Financing For:

- New Store Development Projects -Acquisition of Existing Stores
- Store Remodel/Upgrades Unit Expansion Projects
- Equipment Only Purchases Working Capital Needs

To learn more about BoeFly, please visit www.BoeFly.com. To access the BoeFly/ Planet Beach website and begin the financing process, visit: <http://www.boefly.com/planetbeach>

Comment [np2]: Need to add Boefly

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How-to-Operate- & Mango-n-Planot-Beach Spa-Psychology-of Sales <u>Marketing Four</u> <u>Quadrants & Gift Sets</u> Awareness Campaign	9:00a.m. to 5:00p.m.	0	Planet Beach Headquarters, Marrero, LA
Marketing- & the Four Quadrants <u>Membership Sales</u> Process	9:00a.m. to 5:00p.m.	0	Planet Beach Headquarters, Marrero, LA
Circle-of-Suecess- & Tho Sales-Process	9:00am-to-5:00pm	0	Planet-Beach-Headquarters, Marrero, LA
Skin-Core, Nutrition- & Retail-Sales <u>On Site</u> Training	9:00am-to-5:00pm 9:00 am to 5:00 pm	08	Planot-Beach-Headquarters, Marrero, LA At located approved mv PBFC

Note 1: Instructors are subject to substitution at any time and at franchisor's discretion.

Prior to the opening of your spa, we are only obligated to provide you with the assistance or services specifically described in the Franchise Agreement.

B. Our obligations during the operation of the Franchised Business:

During the ongoing operation of your Planet Beach Spa, we will:

1. Provide such general advisory assistance and field support deemed helpful by PBFC in the areas of marketing and promotion of the Spa. (Paragraph Section 13 of Franchise Agreement).
2. Continue our efforts to establish and maintain high standards of quality, professionalism, cleanliness, safety, customer satisfaction and service. At a minimum, a PBFC employee (or designee) will consult with you on the performance-standards of your Spa on a periodic basis, usually-usually at least once every calendar quarter. (Paragraph Section 17 of Franchise Agreement).
3. Provide you with access to view updates, revisions and amendments to the Operations Manual (Paragraph Section 5 of Franchise Agreement).
4. Provide you with access to additional training programs and seminars at our discretion (Paragraph Section 7 of Franchise Agreement).
5. Provide you with access to our corporate Intranet which will allow you to communicate with other franchisees, commtunicate with the corporate office, and submit your Spa's Financial Reports to PBFC.
6. For your first Spa, PBFC or its Area Representative will provide you with a Grand Opening Specialist ("GOS"). The GOS will consult and provide sales and marketing techniques through the first month your Spa is open at your expense. After the first month, the GOS will turn over its consulting responsibilities to your assigned PBFC consultant or designee. We reserve the right to change your consultant as wee deem necessary.
7. PBFC will hold annual conferences for your benefit. There is an annual conference fee of no more than \$20059 per person and you must pay all your travel and living expenses. These conferences

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We do not require you to contribute more than 2% of Gross Revenue to the Regional Marketing Cooperative. Members of a Regional Marketing Cooperative may, however, upon a majority vote of its voting members, impose a one time or periodic contribution, which may result in total contributions, which may exceed the required 2 percent of Gross Sales Revenue. Although we will have membership rights in the Regional Marketing Cooperatives, we will abstain from voting on matters, which may result in contributions in excess of the required 2% of Gross Sales Revenue. See Item 6 of this offering circular Franchise Disclosure Document.

We must approve all marketing prior to first publication or use. All marketing or marketing concepts, which you develop and are approved by us, become our sole and exclusive property. (Paragraph Section 13.1 of Franchise Agreement)

Refer and Receive Program

Any Planet Beach franchisee can be awarded a credit to be used toward an outstanding debt owed to us for equipment and product purchases for referring a prospective franchisee that signs a Franchise Agreement. If the referral is made through your Spa, then you will receive a \$1,000 credit. If your employee, including the Spa Director or Consultant, makes the referral, then that employee will receive a referral fee of \$1,000. If a current customer/member of a Planet Beach Spa location refers a prospective franchisee that signs a Franchise Agreement that customer/member will receive a referral fee of \$1,000.

Any non-affiliated person who refers a new franchise prospect that signs a Franchise Agreement will receive a referral fee of \$1,000. (Such referrals may be made and documented through Planet Beach's website.)

PBFC may pay a referral fee of \$1,000 to real estate brokers, contractors and financial consultants who refer a prospective franchisee that signs a Franchise Agreement.

PBFC defines a referral to be qualified for the Refer and Receive Program once a name and contact information is submitted to PBFC's franchise sales department via email.

PBFC reserves the right to alter and/or cancel the "Refer and Receive Program" at any time.

Additional Items

Computer System

You will be required to maintain a proprietary software system as mandated by PBFC. The software assists our franchisees in reporting, record keeping, as well as collecting and retaining customer data. We will have independent access to the information and data collected by this computer system and there are no contractual limitations on our right to access this information. The customer database generated by the software is the sole property of PBFC. (Paragraph Section 9.4 of Franchise Agreement) You will receive an email address for each franchisee listed on your Franchise Agreement and two per Spa location. Each additional email address is \$100 per year.

Comment [np5]: Robyn Please confirm Desktop requirements

We have the right to require you to update or upgrade your computer software program and computer hardware components, as we deem necessary, but not more than three (3) times per year. Currently, to run the required software, you will need a minimum of one (1) recommended computer system, with a

Agreement, you will enter into our Approved Location and Territory Addendum, attached as Exhibit 2 to the Franchise Agreement, which will govern the site selection process. You may relocate the Spa only with our prior written approval.

During the term of the Franchise Agreement, if you are in compliance with the Franchise Agreement, we will neither establish nor operate nor license another to establish or operate a Spa location using the Proprietary Marks and System within the territory identified in the Data Sheet ("Territory"). Compliance includes compliance with PBFC's standards and specifications as stated in the Operations Manual, your best efforts in exploiting your Territory to increase your business, good customer service, and membership reciprocity with other Planet Beach Spas. The protection afforded under this paragraph relates solely to the operation of a Spa. We retain all other rights. Specifically, but not exclusively, we have the right to operate and license others the right to operate Spa businesses using the Proprietary Marks and System outside the Territory. In some instances, Spa territories may overlap. Moreover, we, our affiliates, our franchisees, licensees or designees, may distribute products, now existing or developed in the future, in your Territory, in such manner and through such channels of distribution as we, in our sole discretion, shall determine. Such channels of distribution shall include, but are not limited to, sales of any products offered by you under the Proprietary Marks at or through health clubs, beauty salons, spas, stores, boutiques, lotions and other products through fixed stores, the internet and mail order sales.

The Territory will generally be a circle, the center of which will be your location as defined by your signed lease and verified by you. The actual size and dimensions of your Territory may be less than stated below and will depend upon the specific variables of your site including population density, marketing and development trends, traffic flow and natural and man-made boundaries. A map plotting the Protected Territory will be attached to your Franchise Agreement. If a radius is used to determine your Territory, then the radius of the circle will be based on where the Spa is located and will range from:

- (i.) One-half of a mile (1/2 mile) if your Spa is located in a Downtown area or the Central Core of a large city; to
- (ii.) Two miles (2.0 miles) if your Spa is located in any other Area.

Your Protected Territory shall exclude; (i) any area that is across a state line, river, navigable waterway, highway, interstate, or other natural or manmade boundary; and (ii) regional shopping malls, train stations, bus stations and airports.

There shall be no geographic restrictions upon where customers may come from for any Spa. We do not restrict your right to service customers from outside of the Territory; however, we do not permit you to market or solicit customers outside of the Territory without our prior written consent, which will not be unreasonably withheld. You shall not distribute or publish advertising or otherwise market outside your territory except in compliance with this Agreement and the Operations Manual.

We have not as of the date of this document established any other franchises or company owned outlets or other channels of distribution for selling or offering similar products or services under a different trademark. The Franchise Agreement does not prohibit us from establishing these outlets or channels of distribution, and we expressly reserve the right to do so.

Our affiliate, GymMatrix Franchising Systems, LLC, may offer gym franchises using different trademarks and offering goods and services that do not compete with your Spa within your Territory.

Item 13

TRADEMARKS

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Comment [np10]: Steve- Need to confirm which new trademarks were filed since last year. i.e.- PBGLOW

or threatened infringement of the Proprietary Marks.

We will defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks. If we determine that you have used the Proprietary Marks in accordance with the Franchise Agreement, we will pay the cost of defending the action, including the cost of any judgment or settlement. If we determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement, you must pay for the defense or reimburse us for costs we incur in providing the defense, including the cost of any judgment or settlement. In any litigation relating to your use of the Proprietary Marks, you must sign all documents and assist us, as we deem necessary, to carry out the defense or prosecution including, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, we will reimburse you for your out-of-pocket costs in performing such acts. We may require you to discontinue, modify, or substitute any of the Proprietary Marks as a result of pending or threatened litigation involving your use of the Proprietary Marks; provided that we will indemnify you for your actual out of pocket costs incurred to effectuate such change.

We are not aware of any superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in any state; however, a federal trademark registration does not necessarily protect the use of the concerned mark against a prior user in a given relevant market area. Therefore, before entering into the Franchise Agreement, you should make every effort to ascertain that there are no existing uses of the Proprietary Marks or confusingly similar marks being used in the market area where you wish to do business. You should immediately notify us of any confusingly similar marks you discover.

You may use only the Proprietary Marks, which we designate, and may use them only in the manner we authorize and permit. You may use the Proprietary Marks only for the operation of the Spa and only at the Approved Location or in marketing for the Spa. Unless we otherwise authorize or require, you may operate and advertise the Spa and the Franchised Business only under the name "Planet Beach" and shall use all Proprietary Marks without prefix or suffix and in conjunction with the symbols "TM," "SM" or "R," as applicable. You may not use the Proprietary Marks in connection with the offer or sale of any products, which we have not authorized for use in connection with the System. You may not use the Proprietary Marks as part of your corporate or other legal name.

All of your marketing must prominently display the Proprietary Marks and must comply with our standards for using the Proprietary Marks. All such marketing is subject to our prior written approval, which we will not unreasonably withhold. We reserve the right to approve all signs, stationery, business cards, forms, and other materials and supplies bearing the Proprietary Marks. You may use the Proprietary Marks including, trade dress, color combinations, designs, symbols, and slogans, only in the manner and in the extent specifically permitted by the Franchise Agreement or by our prior written consent. You must submit to us and we must approve all marketing, publicity, signs, decorations, furnishings, equipment or other materials employing the Proprietary Marks, or related marks, prior to first publication or use. We will not unreasonably withhold our approval.

We may substitute different proprietary marks for use in identifying the System and the businesses. You must discontinue using all Proprietary Marks which we have notified you, in writing, have been modified or discontinued within 10 days of receiving written notice and must promptly begin using such additional, modified or substituted Proprietary Marks at your expense.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You must use the approved location only for the operation of a Planet Beach Spa, must keep the Spa open and in normal operation for the minimum hours and days that we specify or as required by your lease, must refrain from using or permitting the use of the location for any other purpose or activity at any time without first obtaining our written consent and must operate your Spa in strict conformity with the methods, standards and specifications that we require in the Operations Manual or otherwise in writing. You must not deviate from these standards, specifications and procedures without our written consent.

You must operate your Spa in strict conformity with all applicable federal, state and local laws, ordinances and regulations. These laws, ordinances and regulations vary from jurisdiction to jurisdiction. You are responsible for knowing of the existence and requirements of all laws, ordinances and regulations applicable to your Spa and for adhering to them.

You may not solicit customers and/or market outside your Territory, except to the extent that you have received our prior written authorization, which we will not unreasonably withhold. We may condition our authorization upon your agreement to offer System franchisees who are operating System Spas in surrounding territories to participate in, and share the expense of, the solicitation and/or marketing.

Item 17
RENEWAL, TERMINATION, TRANSFER AND
THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

PROVISION	SECTION IN FRANCHISE OR RELATED AGREEMENTS	SUMMARY
(a) Term of the franchise	Franchise Agreement, Paragraph Section 4	20 years.
(b) Renewal or extension of the term	Franchise Agreement, Paragraph Section 4	Perpetual renewal terms of 5 years each, if you are in good standing.
(c) Requirements for you to renew or extend	Franchise Agreement, Paragraph Section 4	Notice; compliance with franchise agreement and any other agreement between you and PBFC; right to remain in possession of premises; remodeling at PBFC's request; not in default of any required payments; execution of current franchise agreement; compliance with training programs; execution of release. If you seek to renew your franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights.
(d) Termination by you	None.	None.
(e) Termination by us without cause	None.	None.

PROVISION	SECTION IN FRANCHISE OR RELATED AGREEMENTS	SUMMARY
(m) Conditions for our approval of transfer	Franchise Agreement, Paragraph <u>Section 21.3</u>	On the condition that you satisfy all monetary obligations to PBFC, the buyer is qualified as a franchisee, the buyer is an existing franchisee, buyer upgrades the Spa, you provide to PBFC the sale agreement, buyer completes all training, you execute a general release, payment of a transfer fee equal to \$10,500.00.
(n) Our right of first refusal to acquire your business	Franchise Agreement, Paragraph <u>Section 21.5</u>	PBFC has the irrevocable first right and option to purchase your business on the same terms and conditions as any bona fide purchaser.
(o) Our option to purchase your business	Franchise Agreement, Paragraph <u>Section 21.5</u>	PBFC has the irrevocable first right and option to purchase your business on the same terms and conditions as any bona fide purchaser.
(p) Your death or disability	Franchise Agreement, Paragraph <u>Section 21.4</u>	Your legal representative has the right to continue operation of your Spa without a transfer fee. Your legal representative must complete all training within 90 days of your death or disability.
(q) Non-competition covenants during the term of the franchise	Franchise Agreement, Paragraph <u>Section 18.1</u>	Includes prohibition on owning or operating a business that sells similar products.
(r) Non-competition covenants after the franchise is terminated or expires	Franchise Agreement, Paragraph <u>Section 18.2</u>	No competing business for 2 years within 10 miles of your designated territory under the franchise agreement or within 10 miles of an existing Planet Beach Location.
(s) Modification of the agreement	Franchise Agreement, Paragraph <u>Sections 22 and 26.1</u>	Modifications must be in writing and signed by both PBFC and you. PBFC reserves the right to change PBFC's policies, procedures, standards, specifications or manuals.
(t) Integration/merger clause	Franchise Agreement, Paragraph <u>Section 26.1</u>	Only terms of the franchise agreement are binding. Any other promises may not be enforceable. Nothing in the Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document.
(u) Dispute resolution by arbitration or mediation	Franchise Agreement, Paragraph <u>Sections 25.2, 25.3 and 25.4</u>	You must first bring any claim or dispute between you and PBFC to your Area Representative if you have one or to PBFC's Legal Department. If there is no resolution, you must agree to a face to face meeting with you, your attorney if you have retained one, a PBFC representative and PBFC's General Counsel at a neutral site. If there is no resolution, at PBFC's option, you bring your claim or dispute to mediation under the auspices of the National Franchise Mediation Program. Finally to arbitration or litigation at PBFC's option.

example, by providing information about possible performance at a particular location or under particular circumstances.

PBFC does not have a company-owned Spa as of February 2011.

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The following is three sets of data that represent the gross revenues of our Top 10, 75 and 100 locations. The Top 10 locations are the locations that finished the year in the Top 10 of all locations. The Top 75 and 100 location monthly averages represent the top 75 or 100 locations as measured monthly for each of these categories. Some locations are new and emerging while others are mature locations that have settled into a normal sales cycle. The locations experience resurgence in their growth whenever they add new Spa services that are rolled out by PBFC. We launch new products that tie in to the new services as each service we offer has products that are either required or compliment the experience or results from the session.

~~The following are six sets of data that represent our three categories of locations (Contempe Spa, Spa-Basic and TanningUV Only). The chart also displays The first three charts include gross revenues for our Top 10, 75 and 100 locations. The monthly averages include all reporting locations in each category for that month. The last three charts show monthly and average revenues for all reporting locations. Some locations are new and ramping up emerging while others are mature locations that have settled into a normal sales cycle. The locations experience resurgence in their growth whenever they add new Spa services that are rolled out by PBFC. We launch new products that tie in to the new services as each service we offer has products that are either required or compliment the experience or results from the session.~~

The Top 10 locations averaged \$532,617 in gross revenues for 2010. These locations range in age from 20 months to 15 years in operation. The operators of these locations aggressively follow the system and participate in our Franchisee School, regional training and web based training seminars.

The Top 75 and Top 100 averaged \$374,690 and \$346,848 in gross revenues respectively. These locations ranged in age from less than 1 year to 13 years of operation. Many of these locations are still in the ramp up stage of the business and have further growth opportunities.

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Spa Results—Top Performing Locations Nationwide

PBFC compiled the annual gross revenues for the top ten (10) Spa locations for fiscal year 2010. These top ten (10) Spas had average gross revenues of \$532,617 for fiscal year 2010. On an annual gross revenue basis, revenues increased \$15,109 per location or 3% from 2009 to 2010 for these top ten (10) Spa locations.

The gross revenues were obtained from PBFC's point of sale software, which gathers location gross revenues and other data. These gross revenues are verified and submitted by the franchisee, or area representative to PBFC Spa performance personnel on a monthly basis.

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The chart below represents those locations that are in the Contempo Spa category. This category includes all locations that existed in that category for the months measured. The revenues are as reported by the franchisees to the Spa Performance department or the Area Representatives for that market.

The Spa Basic and Tanning only categories represent the locations that opened prior to introduction of franchise agreements that require full Contempo Spa. They have not added the equipment and services to meet the Contempo Spa classification. Their revenues are significantly lower than the Contempo Spa category.

Spa Criteria Spa Results— All Locations, By Category

For the purposes of this financial performance representation, a Planet Beach Contempo Spa is defined as having one (1) Mystic spray unit and at least three (3) pieces of equipment that provide an automated spa services. The Spa must have been either converted from a tanning salon to a Spa on or before January 1, 2009 or been opened initially as a full Spa and had Spa reported gross revenue for the entire 2-year period ended December 31, 2010.

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The chart below represents those locations that are in the Contempo Spa category. This category includes all locations that existed in that category for the months measured. The revenues are as reported by the franchisees to the Spa Performance department or the Area Representatives for that market.

The Spa Basic and UV Only categories represent the locations that opened prior to introduction of franchise agreements that require full Contempo Spa. They have not added the equipment and services to meet the Contempo Spa classification. Their revenues are significantly lower than the Contempo Spa category.

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	Jan	Feb	Mar	Apr	May	June
Contempo Spa	\$ 18,982	\$ 20,665	\$ 25,627	\$ 24,654	\$ 25,880	\$ 21,066
Spa Basic	\$ 15,076	\$ 17,177	\$ 22,248	\$ 20,268	\$ 18,079	\$ 15,229
UV Only	\$ 10,710	\$ 12,620	\$ 18,201	\$ 14,612	\$ 12,422	\$ 9,452

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	July	Aug	Sep	Oct	Nov	Dec	Avg.
Contempo Spa	\$ 24,615	\$ 17,425	\$ 17,402	\$ 17,274	\$ 16,455	\$ 17,272	\$ 248,218
Spa Basic	\$ 18,256	\$ 12,165	\$ 12,002	\$ 12,850	\$ 11,055	\$ 12,266	\$ 188,772
UV only	\$ 11,252	\$ 6,477	\$ 6,748	\$ 7,224	\$ 6,474	\$ 8,204	\$ 124,610

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of, or in areas suffering from economic downturns, inflation, unemployment, or other negative economic influences. In addition, historical costs do not necessarily correspond to future costs because of factors such as inflation, changes in minimum wage laws, location, financing, real estate-related costs and other variables. Finally, prospective franchisees must bear in mind that a newly opened business cannot be expected to achieve sales volumes or maintain expenses similar to those of an established business.

Other than as set forth in this Item 19 or in any supplemental financial performance representation, PBFC does not furnish, or authorize its salespersons (or anyone else) to furnish, and you should not rely on, any oral or written information concerning the actual or potential sales, income or profits of a Spa business. PBFC has not suggested, and it certainly cannot guarantee, that you will succeed in the operation of your business.

Your ultimate success will be a function of the following: (i) your skill and experience; (ii) the effort that you devote to your franchised business; (iii) your business acumen; (iv) the growth or shrinkage of the population in your territory; (v) prices you charge for products and services; (vi) the number and skill of the sales consultants you use; (vii) the amount you expend on advertising and promotion; (viii) general economic conditions; (ix) the enthusiasm of the population in your territory towards tanning and automated spa services; (x) the relative affluence of the population in your territory; (xi) other factors affecting supply and demand; and (xii) other factors affecting profitability, like your operating expenses, general and administrative expenses and other variables.

SUBSTANTIATION OF THE DATA USED IN PREPARING THIS FRANCHISE DISCLOSURE DOCUMENT WILL BE MADE AVAILABLE TO PROSPECTIVE FRANCHISEES UPON REASONABLE REQUEST

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

PBFC does have a company owned Spa as of October 1, 2009. This company owned Spa is set contained in this financial performance representation.

Spa Criteria

For the purposes of this financial performance representation, a Planet Beach Spa is defined as having one (1) Mystic spray unit and at least three (3) pieces of equipment that provide an automated spa service and UV tanning. The Spa must have been either converted from a tanning salon to a Spa on or before January 1, 2008 or been opened initially as a full Spa and had Spa reported gross revenue for the entire 2-year period ended December 31, 2009.

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~~devote to your franchised business; (iii) your business acumen; (iv) whether your territory is in a rural versus urban setting; (v) prices you charge for products and services; (vi) the number and skill of the sales consultants you use; (vii) the amount you expend on advertising and promotion; (viii) general economic conditions; (ix) the growth or shrinkage of the population in your territory; (x) the enthusiasm of the population in your territory towards tanning and automated spa services; (xi) the relative affluence of the population in your territory; (xii) other factors affecting supply and demand; and (xiii) other factors affecting profitability, like your operating expenses, general and administrative expenses and other variables.~~

~~SUBSTANTIATION OF THE DATA USED IN PREPARING THIS FRANCHISE DISCLOSURE DOCUMENT WILL BE MADE AVAILABLE TO PROSPECTIVE FRANCHISEES UPON REASONABLE REQUEST~~

**Item 20
Outlets and Franchisee Information**

Exhibit C of this disclosure document contains a list of our current franchisees, exited area representatives, and exited franchisees through transfers as of ~~August~~ December 31, 2010 along with contact information for each.

Table NO.1

System-wide Outlet Summary for Fiscal Years December 31, 20087 to 201009

<u>Outlet Type</u>	<u>Year</u>	<u>Outlets at the Start of the Year</u>	<u>Outlets at the End of the Year</u>	<u>Net Change</u>
Franchisee	2007	335	371	36+
	2008	371	385	14+
	2009	385	346	-39
	2010	346	307	-36
Company-Owned	2007	0	0	0
	2008	0	0	0
	2009	0	1+	1+++
	2010	1	0	-1
Total Outlets	2007	335	371	36+
	2008	371	385	14++
	2009	385	347	-38
	2010	347	307	-40

Table NO. 2
 TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN
 FRANCHISOR OR AN AFFILIATE) FOR YEARS ~~2007~~2008 TO ~~2010~~2009

State	Year	Number of Transfers
Alabama	2007	0
	2008	0
	2009	1
	2010	0
Arkansas	2007	0
	2008	0
	2009	0
	2010	0
Arizona	2007	1
	2008	0
	2009	2
	2010	1
California	2007	3
	2008	3
	2009	1
	2010	2
Colorado	2007	0
	2008	2
	2009	0
	2010	0
Connecticut	2007	0
	2008	0
	2009	0
	2010	0
Florida	2007	3
	2008	2
	2009	3
	2010	3
Georgia	2007	2
	2008	0
	2009	2
	2010	0
Iowa	2007	0
	2008	0
	2009	0
	2010	1
Idaho	2007	0
	2008	0
	2009	0

	2010	0
Illinois	2007	0
	2008	0
	2009	0
	2010	0
Indiana	2007	0
	2008	0
	2009	0
	2010	0
Kentucky	2010	0
	2007	4
	2008	0
	2009	0
Louisiana	2010	0
	2007	7
	2008	1
	2009	3
Massachusetts	2010	1
	2007	0
	2008	0
	2009	0
Maryland	2010	0
	2007	0
	2008	0
	2009	0
Michigan	2010	0
	2007	0
	2008	0
	2009	1
Minnesota	2010	0
	2007	2
	2008	0
	2009	2
Montana	2010	0
	2007	0
	2008	0
	2009	0
Mississippi	2010	0
	2007	0
	2008	0
	2009	1
North Carolina	2010	0
	2007	4
	2008	0
	2009	2
	2010	0

North Dakota	2007	0
	2008	0
	2009	0
	2010	0
Nebraska	2007	0
	2008	0
	2009	0
	2010	0
New Hampshire	2007	0
	2008	0
	2009	0
	2010	0
New Jersey	2007	2
	2008	1
	2009	0
	2010	0
Nevada	2007	0
	2008	0
	2009	0
	2010	0
New York	2007	0
	2008	0
	2009	0
	2010	0
Ohio	2007	0
	2008	0
	2009	0
	2010	0
Oklahoma	2007	0
	2008	0
	2009	0
	2010	0
Pennsylvania	2007	0
	2008	0
	2009	0
	2010	0
South Carolina	2007	0
	2008	0
	2009	1
	2010	0
Tennessee	2007	0
	2008	0
	2009	0
	2010	0

Texas	2007	5
	2008	2
	2009	1
	2010	1
Utah	2007	0
	2008	0
	2009	0
	2010	0
Virginia	2007	0
	2008	0
	2009	0
	2010	0
Washington	2007	0
	2008	0
	2009	0
	2010	0
Wisconsin	2007	0
	2008	0
	2009	0
	2010	0
Canada	2007	4
	2008	0
	2009	0
	2010	0
Western Australia	2007	0
	2008	0
	2009	0
	2010	0
Total	2007	34
	2008	11
	2009	20
	2010	9

TABLE NO. 3

STATUS OF FRANCHISED OUTLETS FOR YEARS 2007 TO 2010

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets At End of Year
AK	2007	0	0	0	0	0	0	0
	2008	0	1	0	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
AL	2007	4	4	4	0	0	0	4
	2008	4	2	0	0	0	0	6
	2009	6	0	2	0	0	0	4
	2010	4	1	0	0	0	0	5
AR	2007	0	0	4	0	0	0	0
	2008	0	0	0	0	0	0	0
	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
AZ	2007	23	2	4	0	0	0	24
	2008	24	5	6	0	0	0	23
	2009	23	1	6	0	0	0	18
	2010	18	0	0	0	0	0	18
CA	2007	28	5	0	0	0	0	33
	2008	33	7	7	0	0	0	33
	2009	33	2	5	0	1	0	31
	2010	31	0	34	0	0	0	287
CO	2007	4	2	0	0	0	0	6
	2008	6	0	0	0	0	0	6
	2009	6	0	0	0	0	0	6
	2010	6	0	0	0	0	0	6
CT	2007	0	4	0	0	0	0	4
	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	1	0	0	0	0
DE	2007	0	4	0	0	0	0	4
	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
FL	2007	37	45	4	0	0	0	54
	2008	51	11	6	0	0	0	56
	2009	56	5	10	0	0	0	51
	2010	51	2	7	0	0	0	46

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GA	2007	46	4	4	0	0	0	43
	2008	13	0	0	0	0	0	13
	2009	13	0	3	0	0	0	10
	2010	10	0	4	0	0	0	6
IA	2007	5	2	0	0	0	0	7
	2008	7	0	1	0	0	0	6
	2009	6	0	0	0	0	0	6
	2010	6	0	2	0	0	0	4
ID	2007	6	4	0	0	0	0	7
	2008	7	1	0	0	0	0	8
	2009	8	1	1	0	0	0	8
	2010	8	0	2	0	0	0	6
IL	2007	5	4	0	0	0	0	6
	2008	6	0	0	0	0	0	6
	2009	6	0	1	0	0	0	5
	2010	5	0	0	0	0	0	5
IN	2007	3	0	0	0	0	0	3
	2008	3	1	0	0	0	0	4
	2009	4	0	0	0	0	0	4
	2010	4	0	0	0	0	0	4
KY	2007	2	0	4	0	0	0	4
	2008	1	0	0	0	0	0	1
	2009	1	0	1	0	0	0	0
	2010	0	0	0	0	0	0	0
KS	2007	0	4	0	0	0	0	4
	2008	1	1	0	0	0	0	2
	2009	2	0	0	0	0	0	2
	2010	2	0	0	0	0	0	2
LA	2007	47	3	0	0	0	0	50
	2008	50	4	1	0	0	0	53
	2009	53	4	7	0	0	0	50
	2010	50	0	2	0	0	0	48
MA	2007	2	0	0	0	0	0	2
	2008	2	0	0	0	0	0	2
	2009	2	0	0	0	0	0	2
	2010	2	0	1	0	0	0	1
MD	2007	4	0	0	0	0	0	4
	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
MI	2007	5	4	0	0	0	0	6
	2008	6	0	0	0	0	0	6
	2009	6	0	0	0	0	0	6
	2010	6	0	1	0	0	0	5

MN	2007	46	5	0	0	0	0	21
	2008	21	0	4	0	0	0	17
	2009	17	0	0	0	0	0	17
	2010	17	0	4	0	0	0	13
MO	2007	4	0	0	0	0	0	4
	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
MS	2007	5	0	4	0	0	0	4
	2008	4	1	2	0	0	0	3
	2009	3	0	0	0	0	0	3
	2010	3	0	0	0	0	0	3
MT	2007	0	4	0	0	0	0	4
	2008	1	1	0	0	0	0	2
	2009	2	3	0	0	0	0	5
	2010	5	0	0	0	0	0	5
NC	2007	44	3	0	0	0	0	47
	2008	17	2	0	0	0	0	19
	2009	19	1	2	0	0	0	18
	2010	18	01	6	0	0	0	123
ND	2007	4	0	0	0	0	0	4
	2008	1	0	0	0	0	0	1
	2009	1	0	1	0	0	0	0
	2010	0	0	0	0	0	0	0
NE	2007	4	0	0	0	0	0	4
	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	1	0	0	0	0
NH	2007	4	0	0	0	0	0	4
	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
NJ	2007	42	2	0	0	0	0	44
	2008	14	1	1	0	0	0	14
	2009	14	0	5	0	0	0	9
	2010	9	0	3	0	0	0	6
NM	2007	2	0	0	0	0	0	2
	2008	2	0	0	0	0	0	2
	2009	2	0	0	0	0	0	2
	2010	2	1	0	0	0	0	3
NV	2007	2	4	4	0	0	0	2
	2008	2	2	0	0	0	0	4
	2009	4	2	0	0	0	0	6

	2010	6	0	2	0	0	0	4
NY	2007	40	4	5	0	0	0	6
	2008	6	0	3	0	0	0	3
	2009	3	0	1	0	0	0	2
	2010	2	1	0	0	0	0	3
OH	2007	2	0	4	0	0	0	4
	2008	1	0	1	0	0	0	0
	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
OK	2007	4	0	0	0	0	0	4
	2008	1	1	1	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
PA	2007	5	4	0	0	0	0	9
	2008	9	0	1	0	0	0	8
	2009	8	0	2	0	0	0	6
	2010	6	0	1	0	0	0	5
SC	2007	5	0	0	0	0	0	5
	2008	5	1	1	0	0	0	5
	2009	5	0	1	0	0	0	4
	2010	4	0	0	0	0	0	4
TN	2007	5	2	0	0	0	0	7
	2008	7	0	1	0	0	0	6
	2009	6	0	4	0	0	0	2
	2010	2	0	1	0	0	0	1
TX	2007	28	4	2	0	0	0	30
	2008	30	2	1	0	0	0	31
	2009	32	3	2	0	0	0	33
	2010	33	01	5	0	0	0	289
UT	2007	4	0	0	0	0	0	4
	2008	1	2	0	0	0	0	3
	2009	3	0	1	0	0	0	2
	2010	2	0	0	0	0	0	2
VA	2007	4	0	4	0	0	0	3
	2008	3	1	1	0	0	0	3
	2009	3	0	3	0	0	0	0
	2010	0	0	0	0	0	0	0
WA	2007	5	3	4	0	0	0	7
	2008	7	1	0	0	0	0	8
	2009	8	1	7	0	0	0	2
	2010	2	0	0	0	0	0	2
WI	2007	0	4	0	0	0	0	4
	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1

Canada	2007	47	4	0	0	0	0	48
	2008	18	0	1	0	0	0	17
	2009	17	3	2	0	0	0	18
	2010	18	3	0	0	0	0	21
Egypt	2008	0	0	0	0	0	0	0
	2009	0	0	0	0	0	0	0
	2010	40	01	0	0	0	0	1
Ireland	2007	0	0	0	0	0	0	0
	2008	0	1	0	0	0	0	1
	2009	1	0	0	0	0	0	1
	2010	1	0	01	0	0	0	40
South Africa	2007	0	0	0	0	0	0	0
	2008	0	0	0	0	0	0	0
	2009	0	1	0	0	0	0	1
	2010	1	0	0	0	0	0	1
United Kingdom	2007	0	0	0	0	0	0	0
	2008	0	0	0	0	0	0	0
	2009	0	1	0	0	0	0	1
	2010	1	0	1	0	0	0	0
Western Australia	2007	2	0	0	0	0	0	2
	2008	2	0	0	0	0	0	2
	2009	2	0	0	0	0	0	2
	2010	2	0	1	0	0	0	1
Totals	2007	335	58	22	0	0	2	374
	2008	371	54	40	0	0	0	385
	2009	385	28	67	0	1	0	347
	2010	347	8	48	0	0	0	307

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TABLE NO.4

STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS 20087 TO 201009

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
	2007	0	0	0	0	0	0
	2008	0	0	0	0	0	0
	2009	0	0	1	0	0	1
	2010	1	0	0	0	1	0
Totals	2007	0	0	0	0	0	0
	2008	0	0	0	0	0	0
	2009	0	0	1	0	0	1
	2010	1	0	0	0	1	0

TABLE NO.5

PROJECTED OPENINGS
AS OF DECEMBER 31, 20092010

State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year (20102011)	Projected New Company-Owned Outlets in the Next Fiscal Year (20102011)
Alabama	52	1	0
Alaska	1	0	0
Arizona	10	2	0
Arkansas	0	0	0
California	9	2	0
Colorado	1	0	0
Connecticut	1	0	0
Delaware	1	0	0
Florida	1820	33	0
Georgia	0	0	0
Idaho	24	10	0
Illinois	0	0	0
Indiana	2	0	0

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Iowa	0	0	0
Kansas	2	04	0
Kentucky	1	0	0
Louisiana	1	2	0
Massachusetts	3	0	0
Maryland	1	0	0
Michigan	2	0	0
Minnesota	1	0	0
Mississippi	1	2	0
Missouri	0	0	0
Montana	3	2	0
North Carolina	6	1	0
North Dakota	0	0	0
Nebraska	0	0	0
New Hampshire	0	0	0
New Jersey	1	0	0
Nevada	1	22	0
New Mexico	12	0	0
New York	34	1	0
Ohio	0	0	0
Oklahoma	1	10	0
Oregon	2	0	0
Pennsylvania	1	1	0
South Carolina	1	1	0
Tennessee	3	0	0
Texas	0	3	0
Utah	2	1	0
Virginia	3	0	0
Washington	2	2	0
Wisconsin	0	0	0
Canada-Alberta	46	4	0
Canada - British Columbia	1	1	0
Canada - Newfoundland	20	0	0
Canada - Ontario	1	0	0
Canada - Nova Scotia	1	1	0
Canada - Quebec	0	1	0
Canada - Saskatchewan	1	1	0
Egypt	1	1	0
Ireland	10	1	0
Kuwait	1	1	0
Saudi Arabia	2	2	0
South Africa	0	1	0
Western Australia	0	0	0
Totals	1036	40	0

Item 21
FINANCIAL STATEMENTS

Exhibit E of this disclosure document contains our audited financial statements dated December 31 for the years 2010, 2009 and 2008 and ~~2007~~.

Item 22
CONTRACTS

Exhibits F, G, and I of this disclosure document contain all contracts proposed for use in this state, including the following agreements:

Exhibit F - Franchise Agreement

- Exhibit 1 - Authorized Products and Services
- Exhibit 2 - Approved Location and Territory Addendum
- Exhibit 3 - Guaranty Agreement and Acknowledgment by Guarantor
- Exhibit 4 - Rider to Lease
- Exhibit 5 - Sublicense Agreement
- Exhibit 6 - Confidentiality and Non-Competition Agreement
- Exhibit 7 - Conditional Assignment of Telephone Numbers, Email Addresses, and URLs
- Exhibit 8 - Statement of Prospective Franchisee

Exhibit G - Transfer/Termination Release

Exhibit I - Confidentiality Agreement

Item 23
RECEIPT

Exhibit N of this disclosure document contains a detachable document, in duplicate, acknowledging receipt of this offering circular Franchise Disclosure Document by a prospective franchisee. You should sign both copies of the Receipt. You should retain one copy for your records and return the other signed copy to: Planet Beach Franchising Corporation, 5145 Taravella Road, Marrero, Louisiana 70072.

List of State Administrators

California Department of Corporations
320 West 4th Street
Los Angeles, California 90010-1105
(213) 576-7500

Florida Department of Agricultural
and Consumer Services
Division of Consumer Services
Mayo Building, Second Floor
Tallahassee, Florida 32399-0800
(904) 922-2770

Hawaii Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street
Room 203
Honolulu, HI 96813
(808) 586-2722

Illinois Office of Attorney General
Franchise Division
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

| Indiana Securities Division
302 West Washington Street
Room E-111
Indianapolis, Indiana 46204
(317) 232-6531

Kentucky Office of the Attorney General
Consumer Protection Division
P.O. Box 2000
Frankford, Kentucky 40602
(502) 573-2200

State of Maryland
Office of the Attorney General
Division of Securities
200 St. Paul Place, 20th Floor
Baltimore, Maryland 21202
(410) 576-6360

Michigan Attorney General's Office

Consumer Protection Division
Attn: Franchise Unit
670 Law Building
Lansing, Michigan 48913
(517) 373-7117

Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198
(651) 296-4026

Nebraska Department of Banking and Finance
1200 North Street, Suite 311
P.O. Box 95006
Lincoln, Nebraska 68509-5006
(402) 471-3445

New York State Department of Law
Bureau of Investor Protection and Securities
120 Broadway, 23rd Floor
New York, New York 10271
(212) 416-8211

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, Fifth Floor, Department 414
~~Bismarck~~Bismarck, North Dakota 58505-0510
(701) 328-4712

Oregon Department of Consumer and Business
Services
Division of Finance and Corporate Securities
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4387

Chief Securities Examiner
Rhode Island Department of Business
Regulation
Division of Securities
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, Rhode Island 02920
(401) 222-3048

South Dakota Department of Commerce and

Planet Beach Franchising Corporation
Franchise Disclosure Document 62440-Amended 08/10/11
Registration and Non-Registration States

EXHIBIT B

**PLANET BEACH FRANCHISING CORPORATION
FRANCHISE DISCLOSURE DOCUMENT**

AGENTS FOR SERVICE OF PROCESS

EXHIBIT C

PLANET BEACH FRANCHISING CORPORATION
FRANCHISE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

Loc Code	Franchisee 1	Franchisee 2	Address	City	St	Zip	Phone
AK0001	Richard Muhlenbruch	Elita Muhlenbruch	2001 East 88th Suite 101	Anchorage	AK	99507	907-346-7727
AL0005	Dale Johnson	Paula Johnson	629 Bear Creek Rd.	Tuscaloosa	AL	35404	205 344-5556
AL0012	Bushra Younus		2750 Cart T. Jones Suite 1210	Huntsville	AL	35802	256-883-7246
AL0013	Darrell Porter	Brooke/Chris Hansen	2135 McKenzie Street	Foley	AL	36535	251-971-7227
AL0014	Darrell Porter	Darlene Harris	325 South Greeno Road	Fairhope	AL	36532	251-990-0997
AL0016	John Bentley		3500 Ross Clark Circle #350	Dothan	AL	36303	334-671-7352
AZ0001	Carlene Franklin	Rochelle Long and Krysti Whittier	12112 North Rancho Vistoso	Oro Valley	AZ	85755	520-877-8266
AZ0002	Diana Moser		1840 West Chandler Blvd. Suite 8	Chandler	AZ	85225	480-821-4826
AZ0003	Bob Thomason	Sara Haynes	1841 E HWY 69	Prescott	AZ	86301	928-771-0200
AZ0004	Debbie Huskey	Brian Huskey	975 East Rias Rd. Suite 11	Chandler	AZ	85249	480-802-1583
AZ0011	David Marsch	Rachel Brumbaugh	1855 E. Guadalupe Rd. Unit A 111	Tempe	AZ	85283	480-456-0202
AZ0015	Sandy Harris	Jim Harris	6525 W. Happy Valley Rd. Suite C107	Glendale	AZ	85310	623-572-2525
AZ0016	Oscar Egly	Becky Ealy	2958 West Ina Rd., At Shannon & Ina	Tucson	AZ	85741	520-229-8910

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AZ0020	Heather Carpenter	Brad and Sally Olson	59th & Bethrus Lane	Glendale	AZ	85308	623-561-9100
AZ0022	Christy Vandermolen		16610 N. 75th. Ave. Suite 107	Peoria	AZ	85382	623-412-3224
AZ0025	Jeaninne Hurst		20283 North Lake Pleasant Rd. Suite 111	Peoria	AZ	85382	623-561-2080
AZ0028	Kim Lewis	Bill Lewis	2110 E. Baseline Rd. Suite 3	Mesa	AZ	85204	480-497-8999
AZ0040	Dawn Mougel		3668 W. Anthem Way Suite B154	Anthem	AZ	85086	623-551-6871
AZ0044	Jennifer Newcomb		15557 W. Bell Rd. Suite 410	Surprise	AZ	85379	623-975-4313
AZ0066	Kevin Carpenter	Heather Carpenter	13291 W. McDowell Rd. Suite E-6	Goodyear	AZ	85338	623-535-7TAN
AZ0074	Lee Noehring	Brad Moore	10101 E. Bell Road, Suite 115A	Scottsdale	AZ	85260	480-513-2772
AZ0079	Mick Petersen	Christina Peterson	2500 S. Woodlands Bldv.	Flagstaff	AZ	86001	928.226.1700
AZ0084	Susan Fowler	James Fowler	7385 S Houhton Road	Tuscon	AZ	85747	520-664-1772
AZ0088	Karen Williams	Koty Williams	4280 N. Oracle Road, PAD 5, Suite D	Tuscon	AZ	85705	520-23-3077
CA0003	Deanna Hitt	Nancy Hitt	1168 East Yosemite Ave.	Manteca	CA	95337	209-824-3TAN
CA0005	Kelly Sears	Casey Sears	1800 Oakdale Rd., Ste I	Modesto	CA	95355	209-863-8319
CA0006	Kelly Sears	Casey Sears	2441 Claribel Rd. Ste F	Riverbank	CA	95367	209-863-8320
CA0008	Marvls Gatto	Dan Gatto	1213 W. March Lane	Stockton	CA	95207	209-477-4726
CA0012	Christy Johnson	Perry Johnson	13890 Peyton Dr. Suite C, Albertsons Shp Ctr	Chino Hills	CA	91709	909-465-9911
CA0015	Hector Marquez	-	7661 Carson Bldv.	Lona Beach	CA	90808	562-627-8261
CA0019	Deanna Hitt	Nancy Hitt	1320 Standiford Ave. 10, Northtowne Center	Modesto	CA	95358	209-579-1330
CA0022	Sallie Hoae	-	787 E. Foothill Blvd.	San Luis Obispo	CA	93405	805-545-8267

CA0025	Julie Corbett	Rick Corbett	8154 Elk Grove Blvd. Suite 12	Elk Grove	CA	95758	916-209-8213
CA0029	Sue Dickman	Michael Dickman	2121 Natomas Crossing Dr. Suite 600	Sacramento	CA	95834	916-419-2600
CA003i	Susan Dickman	Michael Dickman	5535 H St. Suite 30	Sacramento	CA	95819	916 456-8266
CA004i	Patti Decena	Paul Decena	3988 Rivermark Pkwy	Santa Clara	CA	95054	408-986-1332
CA0042	Patti Decena	Paul Decena	109 Bernal Rd. Suite 20	San Jose	CA	95119	408-362-0551
CA0043	Patti Decena	Paul Decena	189 Curtner Ave. #60	San Jose	CA	95125	408-297-2772
CA0046	Kevin Nunes	-	4530 Balfour Rd. Suite A	Brentwood	CA	94513	925-634-9826
CA0048	Wayne Kamiya	Mariene Kamiya	1360 El Paso De Saratoga	San Jose	CA	95130	408-378-4826
CA0062	Anthony Gore	Tilton Gore	4548 Dublin Blvd.	Dublin	CA	94568	925-556-1230
CA0064	Rian Caton		90 Sunise Blvd., Suite 105	Roseville	CA	95661	530-520-942
CA0067	Sean Luk	Daniel Lin	21520-F Yorba Linda Blvd	Yorba Linda	CA	92887	714-693-9900
CA0072	Goerge Adams		973 Pleasant Grove Blvd. Ste 120	Roseville	CA	95678	916-772-8266
CA0080	Corporate		8687 Irvine Center Dr.	Irvine	CA	92618	949-502-8700
CA0083	Mike Schwartz		2019 Novate Blvd.	Novate		94947	415-209-9585
CA0086	Beth Payne		40250 Murietta Springs, Unit 112	Murietta	CA	92563	951-304-3337
CA0092	Christinan Muhic	Cintia de Oliveira	527 East Calaveras Blvd.	Milpitas	CA	95035	408-262-8772
CA0098	Philio Loechler	Kirsten Anderson	393 S. Lower Sacramento Rd.	Lodi	CA	95242	209-369-4SPA
CA0i0i	Mark Baz		Winchester Square, 747 South Winchester Blvd.	San Jose	CA	95128	408-261-0101
CA0i04	John Kofoed	Elaine Kofoed	3141 Crow Canyon Pl., Ste. G	San Ramon	CA	94583	925.866.1772

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CA0105	Todd Smith	Connie Smith	Theatre Square, 151 Petaluma Blvd. South, Ste. 137	Petaluma	CA	94952	707-981-7024
CO0001	Peggy Rae	Brad Rae	Lakewood City Commons 7660 W. Virginia Unit B	Lakewood	CO	80226	303-716-3000
CO0003	Peggy Rae		Bowles Village Shopping Center 7735 W. Long Dr. Unit 12	Littleton	CO	80123	720-922-8266
CO0007	Noreen Kelly	Gary Kelly	5494 Stetson Hills Blvd.	Colorado Springs	CO	80923	719-574-8817
CO0009	Sandra Whitton	Tim Whitton	16534 Keystone Blvd. Unit B	Parker	CO	80134	303-840-8444
CO0010	Sandra Whitton	Tim Whitton	6830 S. Liverpool Unit B	Aurora	CO	80016	303-766-7007
CO0013	Susan Muhlenkamo	-	1112 Oakridge Dr. Ste. 106	Fort Collins	CO	80525	970-225-2600
DE0002	Kimberly Kennedy		Governors Square 11 Shopping Center 1215 Quintillo Drive	Bear	DE	19701	302-834-2200
FL0001	Byron Price	-	865 N. Alafaya Trail Waterford Lakes Town centre	Oriando	FL	32828	407-207-2002
FL0002	Rob McLendon	Tonya Moore	1812 South Hwy. 77 Suite 122	Lynn Haven	FL	32444	850-277-1700
FL0008	Rich Spencer	Julie Soencer	17503-A Preserve Walk Lane	Tampa	FL	33647	813-971-9337
FL0009	Brad Potter	-	4300 West Lake Mary Blvd. Suite 1000	Lake Mary	FL	32746	407-333-1077
FL0010	Sheila Thompson	Joshua Martinez	10915 Baymeadows Rd. Suite 108	Jacksonville	FL	32256	904-519-1TAN
FL0011	Robert Driscoll	Stacey Driscoll	6240 N. Federal Hwy	Et. Lauderdale	FL	33308	954-202-8267
FL0012	Jeff Wilson		4650 N. Alafaya Trail	Orlando	FL	32826	407-249-2499

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FL0013	Wilder Ruffin	-	3545 SW. 34TH. ST., Suite E Stafford Square	Gainesville	FL	32608	352-395-6162
FL0014	Wilder Ruffin	-	3439 West University Ave. Westgate Regency S. Center	Gainesville	FL	32607	352-335-3123
FL0015	Wilder Ruffin	-	800 Ocala Rd. Suite 130	Tallahassee	FL	32304	850-580-7224
FL0018	Rich Spencer	Julie Spencer	9602 West Linebaugh Ave.	Tampa	FL	33626	813-926-5300
FL0019	Bill Wolfe	Joni Wolfe	4859 New Broad St. Baldwin Park Village center	Orlando	FL	32814	407.826.8685
FL0020	Julie Spencer	Rich Spencer	27607 State Rd. 56 #108	Wesley Chapel	FL	33543	813-991-4433
FL0021	Anne Stewart	-	1040 Bloomingdale Ave.	Valrico	FL	33594	813-657-2TAN
FL0022	Tony Pearson	-	3615 S. Florida Ave. Suite 1200	Lakeland	FL	33803	863-701-0700
FL0023	Chris Ginocchetti	Paul Kokesh	3830 W. Neptune Suite C-4	Tampa	FL	33629	813-258-2584
FL0024	Kathleen Thomas	Gerald Thomas	2151 Loche Rane Blvd. Suite 6	Orange Park	FL	32065	904-276-2688
FL0028	Eric Giesler	Jim Giesler	8319 Lockwood Ridge Rd.	Sarasota	FL	34243	941-358-8292
FL0031	Christina Pius	Timothy Comoataron	13820 St. Agustine Rd., Bartram Park, Suite 209	Jacksonville	FL	32258	904-880-4TAN
FL0034	Frank Santoro	-	3120 S. Kirkman Rd.	Oriando	FL	32811	407-942-0176
FL0041	Kym Burton	Clive Burton	13651 Hunter's Oak Dr. Suite 102	Oriando	FL	32837	407-251-1991
FL0043	Grea Crawford	Sherry Crawford	5006 East Fowler Ave. Suite E	Tampa	FL	33617	813-988-2200
FL0044	Greg Crawford	Sherry Crawford	17663 N. Dale Mabry Hwy	Lutz	FL	33548	813-960-0500

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FL0046	Chris Ginocchetti	Paul Kokesh	11023 Causeway Blvd. Lake Brandon Shoppes	Brandon	FL	33511	813-654-4141
FL0068	James Toro	Anne Toro	10641 Big Bend Rd.	Riverview	FL	33579	813-741-9280
FL0069	Sam Lawton	Caria Lavton	7813 Mitchell Blvd. #108	New Port Richey	FL	34655	727-372-7221
FL0072	Cassidy Corella	-	740 4th. St. North Roundlake Plaza	St. Petersburg	FL	33701	727-823-7680
FL0081	Michael Boyer	Ramiro Hernandez	9515 S. Dixie Hwy.	Miami	FL	33156	305-661-9760
FL0086	Heather Okeefe	-	11700 San Jose Blvd. #12	Jacksonville	FL	32223	904-288-0TAN
FL0093	Lynn Patterson	-	4434 Hoffner Ave.	Orlando	FL	32812	407-856-TAN1
FL0097	Julie McWilliams	Gilbert McWilliams	8346 Little Road	New Port Richey	FL	34654	727-847-3075
FL0101	David Hale	Teresa Hale	2611 Southwest 19th Ave. Rd. (Easy Street), Suite 500	Ocala	FL	34474	352-369-8266
FL0111	Jeff Wilson	Justine Wilson	15497 Stoneybrook West Parkway	Winter Garden	FL	34787	407-654-9956
FL0118	Marina Westover	Steve Healy	1551 South US Highway 1 Suite 103	Vero Beach	FL	32960	772.562.3826
FL0120	Nancy Kretz	-	2909 James L. Redman Pkwy Ste 9	Plant City	FL	33566	813-754-0212
FL0135	Tommy Lloyd	-	13740 Beach Blvd #403	Jacksonville	FL	32224	904.821.8752
FL0137	Clint Cone	Monica Cone	10437 Sorrento Rd., Unit 304	Pensacola	FL	32507	850-456-3099
FL0143	Millie Spruill	Jennifer Spruill	7246 Gall Blvd Unit 10	Zeohyrhills	FL	33541	813-715-4500
FL0144	Mendy Bowen - Nagy	Donna Styner	6611 Orion Drive #110	Ft Myers	FL	33912	239-433-7727
FL0151	Robert Williams	Pam Williams	Harbour Village, 13457 Atlantic Blvd., Suite 2	Jacksonville	FL	32225	904-221-0162
FL0154	Gregory Bloom	Ann Marie Bloom	11161 S. R. 70 E Suite 104	Bradenton	FL	34202	941-752-4772

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FL0157	Jennifer Cabrera		3503 N.E. 163rd Street	North Miami Beach	FL	33160	305.948.0461
FL0158	Bob Egger	Jeanette Egger	8530 SW 124th Ave. Ste. 105	Miami	FL	33183	305-271-1089
FL0159	Bob Egger	Jeanette Egger	959 West Ave - South Beach	Miami	FL	33139	305-271-1090
FL0173	Dustin Janis	Lacey Janis	10500 Ulmerton Road, Suite 850	Largo	FL	33771	727-586-4569
FL0176	Lora Barrett		4974 Ridgemoor Blvd	Palm Harbor	FL	34685	727-386-4146
GA0003	Cyd Novak	-	2250 Sandy Plains Rd. Suite 310	Marietta	GA	30066	770-321-8826
GA0014	Cyd Novak	-	1619 Collins Rd. Suite 100	Kennesaw	GA	30152	678-354-3826
GA0017	Don Padilla		1426 Towne Lake Pkwy Suite 103	Woodstock	GA	30189	770-926-7880
GA0020	Zennie Lynch	-	2625 Piedmont Rd. @ Sidney Marcus Blvd.	Atlanta	GA	30324	404-846-0110
GA0021	Zennie Lynch	-	650 Ponce De Leon Ave. Suite 670-A	Atlanta	GA	30308	404-817-7776
GA0030	Chuck Mangum	Amy Mangum	1475 Holcomb Bridge Rd. Suite 185	Roswell	GA	30076	770-649-4889
IA0001	Dennis Henderson	Jennifer Henderson	588 Boyson Rd. NE, Suite 118	Ceder Rapids	IA	52402	319-378-8700
IA0004	Leslie George		3245 William Pkwy. SW Suite 2	Ceder Rapids	IA	52404	319-365-4115
IA0012	Julie Gerber	Michael Smejkal	4700 Tama St. SE Suite 300	Ceder Rapids	IA	52403	319-373-1055
IA0014	Ryan Evans	-	1805 SE Delaware Ave. Suite 1200	Ankeny	IA	50021	515-965-8028
ID0002	Jim Barnes	Joan Barnes	1701 West State Street	Boise	ID	83702	208-342-7159
ID0003	Jim Barnes	Joan Barnes	979 East Parkcenter	Boise	ID	83706	208-345-8203
ID0004	Derek Pica	Vicki Pica	178 E. Maine Suite D	Nampa	ID	83686	208-465-6511
ID0005	Derek Pica	Vicki Pica	1756 W. Cherry Lane	Meridian	ID	83642	208.884.3140

ID0006	Derek Pica	Vicki Pica	8201 Overland Rd. Suite 120	Boise	ID	83709	208-323-7740
ID0017	Derek Pica		1471 Caldwell Blvd.	Nampa	ID	83651	208-467-4180
IL0007	Brad Ellertsen	Dana Ellertsen	20330 Deer Park Blvd. Suite 118	Deer Park	IL	60010	847-726-8262
IL0010	Frank Hofstедter	Jean Hofstедter	2208 N. Richmond Rd. Suite B	McHenry	IL	60050	815-385-9477
IL0013	Anthony Abate	Judy Abate	100 South Atkinson Road Suite 108/109	Grayslake	IL	60030	847-223-4386
IL0018	Aaron Spaid	Shannon Spaid	115 Krispy Kreme Dr. Suite 3	Bloomington	IL	61704	309-661-1418
IL0021	Fred Morgenthaler	Vic Scodius	211 East Butterfield Rd	Elmhurst	IL	60126	630-832-8826
IN0001	Cindy Chariton	Tom Chariton	8247 Wicker Ave	St. John	IN	46373	219-365-5885
IN0003	Cindy Chariton	Tom Chariton	714 North Main Street	Crown Point	IN	46307	219-662-5885
IN0004	Cindy Chariton	Tom Chariton	Silhavy Square Suite 501-503	Valparaiso	IN	46383	219-462-0770
IN0005	Don Lutton	Becky Lutton	Highpoint Commerce Center 8211-A Bell Oaks Dr.	Newburgh	IN	47630	812-490-8267
KS0001	Price Rauch	Sara Rauch	324-A Southwind Rd.	Manhattan	KS	66502	785-776-8267
KS0002	Melissa Hoist	Beckie Hoist	4987 W. 119th St.	Olathe	KS	66062	913-397-0158
LA0001	Steve Smith	-	5300 Tchoupitoulas Suite F-7	New Orleans	LA	70115	504-891-8267
LA0003	Bobbie Kuhn	-	2 Saint Ann Place Suite 4	Mandeville	LA	70471	985-727-4007
LA0004	Chuck Maveux	Judy Maveux, Rebecca Maveux	301 Burgundy Street	New Orleans	LA	70112	504-525-8266
LA0005	Cathy Blanchard	-	3501 Chateau Blvd. Suite E6	Kenner	LA	70065	504-468-8266
LA0006	Anthony Sequeira	Wendy Sequeira	3501 Severn Ave Suite 7	Metairie	LA	70002	504-456-6373
LA0010	Tanva Sholar		3025 Highway 51	Laplace	LA	70068	985-651-8267

LA0011	Jodi Mateu	Luis Mateu	1000 S. Clearview Pkwy Suite 1006	Harahan	LA	70123	504-736-0555
LA0012	Tim Normand	Teresa Normand	5720 Corporate Blvd.	Baton Rouge	LA	70808	225-927-4826
LA0013	Paula Haslauer		3901 General De Gaulle	New Orleans	LA	70114	504-363-8266
LA0014	Toby Normand	Jennifer Normand	1602 South Burnside Suite B	Gonzales	LA	70737	225-647-7851
LA0015	Helene Morse	Meghan Morse	1970 Ormond Blvd. Suite B-2	Destrehan	LA	70047	985-764-8266
LA0016	Nancy Price		1309 Barataria Blvd. Suite A	Marrero	LA	70072	504-340-8267
LA0019	Mike Chappuis		701 Metairie Rd. Suite 2A103	Metairie	LA	70005	504-836-2826
LA0020	Nicole Merrick		701 Dante St.	New Orleans	LA	70118	504-865-8266
LA0022	Loann Ledet	David Ledet Lauren Ledet	8615 Highway 23	Belle Chase	LA	70037	504-433-9040
LA0024	Leiand Wolf	Monica Wolf	5703 Essen Lane Suite A-1	Baton Rouge	LA	70809	225-761-4826
LA0025	Annie Possa		4710 O'Neal Lane Suite 112	Baton Rouge	LA	70817	225-751-4826
LA0026	Brandy Saibador	Justin Montano	9380 Old Hammond Hwy.	Baton Rouge	LA	70809	225-926-0156
LA0027	Carrie Buxton	James Buxton	4410 Highland Rd. Suite 4-A	Baton Rouge	LA	70808	225-769-4833
LA0030	Wendy Sequeira		6921 Veterans	Metairie	LA	70003	504-872-9525
LA0031	Paula McCrocklin	Mark McCrocklin	6360 Youree Drive	Shreveport	LA	71105	318-797-8826
LA0032	Jennifer Nonnand	Toby Normand	17188 Airline Hwy. Suite F	Prairieville	LA	70769	225-744-4826
LA0033	Robby Turner	Jeff Canady	4783 Secretary Dr.	Zachary	LA	70791	225-654-8826
LA0034	Tanva Chauvin		500 Corporate Dr. Suite M	Houma	LA	70360	985-580-4700
LA0039	Ann Patterson		1121 S. Range Ave. Suite A	Denham Springs	LA	70726	225-665-6193
LA0046	Kathy Hmidan		1600 Saint Charles Ave.	New Orleans	LA	70130	504-586-8267
LA0047	Lynn Bery		33875 La Hwy 16 - E	Denham Springs	LA	70706	225-791-6605

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LA0048	Daryl Terry	Fran Terry	4501 Jackson Street Suite B 11445	Alexandria	LA	71303	318-448-9010
LA0049	Tonee Rowley	-	Coursey Blvd. Suite B	Baton Rouge	LA	70816	225-292-9199
LA0050	Jameson Chauvin	Jennifer Chauvin	19970 Highland Rd. Suite B-2	Baton Rouge	LA	70809	225-751-8356
LA0051	Jodie Mateu	Luis Mateu	10162 Jefferson Hwy.	River Ridge	LA	70123	504-739-7960
LA0053	Tanya Chauvin	-	610 North Canal Blvd. Suite 10	Thibodaux	LA	70301	985-446-9969
LA0054	Lee Bozeman	Korri Bozeman	28050 Walker South Rd.	Walker	LA	70707	225-667-8262
LA0055	Regina Crawford	Patrick Crawford	14455 Wax Road Suite Q	Baton Rouge	LA	70818	225-262-4786
LA0057	Roxanne Minet	Paul Minet	12715-C Hwy 90 Suite 2	Luling	LA	70070	985-331-8266
LA0061	Fran Terry	Daryl Terry	4421 Hwy 165 North (Next to Red River Bank)	Pineville	LA	71360	318-640-3777
LA0062	Keith Griffen	-	709 Keyser Ave.	Natchitoches	LA	71458	318-354-1944
LA0063	Kathy Hmidan	-	2222 Clearview Pkwy H1	Metairie	LA	70001	504-218-4514
LA0067	Annie Slaven	Christine Slaven	2865 Ambassador Caffery Suite 129	Lafayette	LA	70506	337-984-4408
LA0075	Ryan Stansbury	Shannon Stansbury	70452 Hwy. 21 Suite 400	Covington	LA	70433	985-871-8267
LA0079	Michael Oubre	Jill Oubre	4445 Highway 1 South	Port Allen	LA	70767	225-749-8826
LA0083	Chris Marrione	Mindy Marrione	721 Veteran Blvd	Metairie	LA	70005	504-849-9188
LA0087	Keith Griffith	-	726 Celebrity Drive	Ruston	LA	71270	318-255-5552
LA0094	Karin St. Romain	Holly Sanchez	730 Brownswitch Rd. Suite 1	Slidell	LA	70458	985-649-9826
LA0095	Beau Blake	-	1800 East Judge Perez Drive	Chalmette	LA	70043	504-278-8990
LA0097	Paula McCrocklin	Mark McCrocklin	Airline Plaza, 2151 Airline Drive	Bossier City	LA	71111	318-549-1772
LA0099	Marcie McIntosh	Richard Juka	2701 Manhattan Blvd	Hanvey	LA	70058	504-361-1488

LA0103	Andra McNeil		867 Terry Pkwy Suite 1	Terrytown	LA	70056	504-324-8473
MA0002	Paul Iantosca		3 Roche Brothers Way Unit C	Easton	MA	2356	508-238-0772
MD0004	Russell Miller		35-37 East Cross St.	Baltimore	MD	21230	410-752-0023
MI0001	Nancy Maryniak		2107F South Cleved Ave	Saint Joseph	Mt	49085	269-982-2999
MI0003	Katrvnia Strikwerda	David Strikwerda	1545 S. Division Suite 117	Traverse City	MI	49684	231-946-7299
MI0004	Craig Baughman	Stephanie Baughman	7904 Oakland Dr.	Portage	MI	49024	269-321-9800
MI0005	Craig Baughman		3266 Stadium Drive	Kalamazoo	MI	49008	269-372-2900
MI0008	Sharl Bartos	Hank Bartos	31196 Beck Road	Novi	MI	48377	248-624-4826
MN0004	Marv Edam		7678 West 160th Street	Lakeville	MN	55044	952-891-5949
MN0006	Mike Whitelaw		7731 Flying Cloud Dr.	Eden Prairie	MN	55344	952-941-6050
MN0008	David Zaroff	Tom Hymanson	501 Washington Ave. S. Suite 150	Minneapolis	MN	55415	612-332-1600
MN0009	David Zaroff	Tom Hymanson	1221 West Lake Street Suite 110	Minneapolis	MN	55408	612-823-3377
MN0010	David Zaroff	Tom Hymanson	7920 Main Street North	Maple Grove	MN	55369	763 420-0035
MN0013	Rick Lovik	Kelly Lovik	14119 Highway 13 Suite 106	Savage	MN	55378	952-226-5826
MN0017	Tom Vaith	Grant Vaith	1514 Como Ave. S.E.	Minneapolis	MN	55414	612-331-1169
MN0031	Mike Whitelaw		7610 Lyndale Ave. South	Richfield	MN	55423	612-861-5555
MN0036	Nancy McMoran	Scott McMoran	Hastings Marketplace 1775 Market Blvd.	Hastings	MN	55033	651-438-6855
MN0039	Joan Stein	Larry Stein	1671 W. County Road C Rosedale Square shopping center	Roseville	MN	55113	651-636-6434
MN0045	Scott McMoran		1600 Wanen st. Suite 200	Mankato	MN	56001	507-344-8267
MN0049	Charlie Kaney	Rita Hathaway	780 Main St. Marketplace Lofts	Hopkins	MN	55343	952-938-2445

MN0065	David Zaroff	Tom Hymanson	1049 Grand Ave.	St. Paul	MN	55105	651-222-0400
MO0003	Thomas Lunnen	Sunny Gunnoe	213 SW Greenwich Dr	Lees Summit	MO	64082	816-623-3990
MS0003	Marie Porter		15238 Crossroads Pkwy	Gulfport	MS	39503	228-832-7724
MS0005	Marie Porter		2402 Pass Rd. Unit D	Biloxi	MS	39531	228-385-8550
MS0006	Shannon Aleman		653 Delaware Ave.	McComb	MS	39648	601-250-0091
MT0001	Brandon Price	Julie Price	2030 Cromwell Dixon Lane, Unit 1	Helena	MT	59601	406-449-6500
MT0002	Tom Burgess	Dawn Burgess	1928 N. 22nd, Unit 3	Bozeman	MT	59718	406-551-2078
MT0004	Kelli Cook		125 Northwest Bypass	Great Falls	MT	59404	406-727-7722
MT0005	Richard Reopelle	Jamie Reoelle	5050 Harrison Ave.	Butte	MT	59701	406-494-0772
MT0006	Amber Earp	Carie Keller	Plaza 24, 724 24th Street West, Suite 3	Billings	MT	59102	406-839-2300
NC0005	Henry Love	Suzanne Love	3241 Avent Ferry Rd, Suite 105	Raleigh	NC	27606	919-859-9600
NC0006	Henry Love	Suzanne Love	1201 Raieigh Rd, Suite D	Chapel Hill	NC	27517	919-929-2998
NC0009	Janet Grev	Robert Grev	1287 NW Maynard Rd.	Cary	NC	27513	919-463-9533
NC0014	Dave Downing	Brent Marek	8521 Brier Creek Pkwy Bldg. 23 Ste. 115	Raleigh	NC	27617	919-361-8826
NC0021	Randy Baier		800 W. Williams Suite 160	Apex	NC	27502	919-303-7003
NC0036	Brent Marek	Candace Marek	3415 Westgate Dr. Suite 104	Durham	NC	27707	919-419-8826
NC0037	Brent Marek	Candace Marek	4441 - 104B Sixforks Rd	Raleigh	NC	27609	919-571-8826
NC0038	Aq Marsonia	Pryia Marsonia	6807 Foyetteville Rd, Suite 119	Durham	NC	27713	919-572-7737
NC0042	Debbie Cross	Dale Cross	3000 Henderson Drive	Jacksonville	NC	28546	910-355-2826
NC0052	Brent Marek	Candace Marek	Cary Crossroads Area 280 Meeting St., Suite 106	Cary	NC	27518	919-233-7451

NC0063	Steve Ahearn	Valerie Ahearn	6660 Carmel Rd	Charlotte	NC	28226	206-650-0393
NC0064	Kristi Hanzel	Thomas Hanzel	280 Meeting St., Suite 106	Cary	NC	27518	919-233-7451
NH0001	Josee Lappinte	-	Nashua Mall 4 Coliseum Ave.	Nashua	NJ	3063	603-594-0500
NJ0001	Jessica Breitenbruck	Noele Breitenbruck	1157 State Route 35	Middletown	NJ	7748	732-671-8267
NJ0006	Russell Jacques	-	2101 Route 35 Holmdel Towne Centre	Holmdel	NJ	7733	732-796-0027
NJ0032	Steve Barsamain	-	Milltown Rd. & US Hwy 1 Suite 24	North Brunswick	NJ	7753	732-774-0051
NJ0035	Donald Lowery	Christina Lowery	820 Franklin Ave.	Franklin Lakes	NJ	7417	201-891-4555
NJ0037	Eric Siskin	-	4250 Dearborn Circle Village	Mt. Laurel	NJ	8054	856-778-0111
NJ0038	Donald Lowery	Christina Lowery	500 S. River St. (Riverfront Plaza)	Hackensack	NJ	7601	201-641-0544
NM0001	Bill Walters	Tammy Walters	8201 Golf Course Rd. NW	Albuquerque	NM	87120	505-890-4070
NM0004	Mona Jones	Scott Jones	701 Unser Blvd. SE, Unit 7	Rio Rancho	NM	87124	505-892-7772
NM0005	Mona Jones	Scott Jones	4009 E. Main Street	Farmincton	NM	87402	505-892-7772
NV0003	Eric Neville	-	55 S. Valle Verde Dr. Suite 400-D	Henderson	NV	89012	702-257-8267
NV0006	Keith Sama	Kevin Sarna	4632 S. Maryland Parkway Suite 16	Las Vegas	NV	89119	702-798-8826
NV0011	Lloyd Zellner	Russine Zellner	5785 Centennial Blvd.	Las Vegas	NV	89149	702.242.4772
NV0012	Steve Keifer	-	Apache Shopping Center, SWC of Ft. Apache & Reno	Las Vegas	NV	89148	702-982-1772
NY0008	Matthew James	Shannon James	Executive Woods 841 RL 146	Clifton Park	NY	12065	518-371-5700
NY0027	Randi Dessingue	-	1800 Western Ave.	Albanv	NY	12203	518-456-3003
NY0038	Jim Lyon	Johanna Lyon	592 New Loudon Road	Latham	NY	12110	518-361-4166

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OK0002	D'Lynn Bushyhead	Bow Bushyhead	Village at Woodland Hills, 6612 S. Memorial Drive	Tulsa	OK	74133	918-250-4772
OR0003	Dan Kowalski	Berit McClure	Tanasbourne Central Shopping Center, 1874 NW 188th Street	Hillsboro	OR	97124	503-746-6059
PA0003	Bryan Aten	Maddy Aten	The Shops at Blue Bell, 1738 DeKalb Pike	Blue Bell	PA	19422	610.272.6101
PA0005	Jeannine Ingraham	Mike Ingraham	127 East Swedesford Rd.	Exton	PA	19341	610-363-6907
PA0009	Paul Ross	Sandra Ross	121 Mulone Dr. South Pike Square	Sarver	PA	16055	724-295-9920
PA0016	Cherie Friedman		1075 West Chester Pike	West Chester	PA	19380	610-738-4772
PA0019	Ken Fetrow	Mary Fetrow	351 Loucks Rd.	York	PA	17404	717-843-4772
SC0001	Jeff Argenio	-	840-A Coleman Blvd.	Mt. Pleasant	SC	29464	843-856-1855
SC0002	Gary Lucca	Debbie Lucca	US 278 East at Buck Island Rd.	Bluffton	SC	29910	843-815-4826
SC0006	Bruce Burke		215 Pelham Rd. Suite B 209	Greenville	SC	29615	864-233-1003
SC0007	Cheryl Fox	Nick Fox	335 B Harrison Bridge Rd.	Simpsonville	SC	29680	864-963-1004
TN0011	Carta Steadman	-	130 Terrace Lane Ste. 4	Morris Town	TN	37814	423-318-1006
TX0002	Mack Cohn	Linda Cohn	3000 South Hulen Suite 113	Ft. Worth	TX	76109	817-737-3231
TX0006	Richard Hollis	-	960 N. Walnut Creek Dr. Suite 107	Mansfield	TX	76063	817-473-2786
TX0020	Richard Morton	-	8366 Westheimer Road Suite D	Houston	TX	77063	713-266-8267
TX0034	David Davidson	Remi Vallejo	1420 Cypress Creek Rd. Suite 800	Ceder Park	TX	78613	512-219-8267
TX0042	Peggy Pendleton	-	713 West Southwest Loop 323 Suite D	Tyler	TX	75701	903-581-1099

TX0046	Lori Housden	-	1409 South Main	Weatherford	TX	76086	817-594-2400
TX0050	Richard Morton	-	5182 Buffalo Speedway	Houston	TX	77005	713-667-1826
TX0055	Don Campbell	-	103 W. Loop 281 Suite 206	Longview	TX	75604	903-663-2010
TX0062	Amy Turner	-	6320 U.S. Hwy. 287 S. #106	Arlington	TX	76001	817-483-6633
TX0063	Clark Gregory	-	9324 Clifford Street	Ft. Worth	TX	76108	817-246-1311
TX0065	Lisa Loftis	-	5604 Colleyville Blvd. Unit D	Colleyville	TX	76034	817-849-1234
TX0080	Monty Glaze	Anita Glaze	17331 Interstate 35 N. Suite 106	Schertz	TX	78154	210-651-5826
TX0081	Norma Pedrero	Jose Gonzalez	1012 E. Ennis Ave. Suite 1	Ennis	TX	75119	972-875-1919
TX0082	Bill Artzberger	-	H.E.B. Bay Colony Town Center 1804 FM 646 W. Suite C	League City	TX	77573	281-534-4899
TX0087	Stehaine Whitlock	David Whitlock	6710 W. Virginia Parkway Suite 215	McKinney	TX	75071	972-540-2244
TX0099	Amy Turner	-	2881 Matlock Road #101	Mansfield	TX	76063	817-473-1922
TX0100	Sherilyn Carlisle	-	1200 WatersEdge Dr. Suite 118	Grandbury	TX	76048	817-573-9020
TX0105	Jenni Burns	James Burns	4410 19th St. Suite 110	Lubbock	TX	79407	806-792-1404
TX0106	Jenni Burns	James Burns	4505 98th Street Suite 160	Lubbock	TX	79424	806-687-9655
TX0110	Norma Pedrero	Jose Gonzalez	1035 N. Hwy #77 Suite 450	Waxahachie	TX	75165	972-937-9455
TX0111	Scott Fuqua	-	824 S. Crowley Rd. Suite 20	Crowley	TX	76036	817-297-0606
TX0112	Kathy Castle	-	900 N. Bluemound Rd. Ste. 124	Saginaw	TX	76131	817-232-7848
TX0115	Keith Griffith	Joey Southern	103 N. Brentwood Drive	Lufkin	TX	75901	936-637-2772
TX0126	Kevin Tankersley	Renee Tankersley	23144 Cinco Ranch Blvd., Suite E	Katy	TX	77494	281-574-5474

TX0136	Ranelle Humohries	Gary Humphries	W. Wood Village, F.M. 1488 & F.M. 2978	Magnolia	TX	77354	281-356-8909
TX0141	Buffy McClure	Kevin McClure	2001 Texas Ave. South, Suite 700	College Station	TX	77840	979-695-9250
TX0142	Cynthia Gans	Rick Joran	18130 US Hwy 281 North	San Antonio	TX	78232	210-499-4772
TX0143	Matt England		2805 Allen St, #411	Dallas	TX	75204	214-468-9008
JT0001	Richard Leisy	Mica Leisy	505 East 1400 North, Suite 160	Logan	UT	84341	435-753-9701
JT0002	Julie Empey	Jennifer Jackson	2376 E. Red Cliffs Dr.	St. George	UT	84790	435-627-2444
WA0015	Sean Nemeč	Charlotte Nemeč	509 N Sullivan Road, Suite E	Spokane	WA	99037	509-891-7671
WA0017	Marie Ropsethal		12908 N Highway 395	Spokane	WA	99218	509-464-4772
WI0001	Cindy Robbins		8201 S. Howell Avenue Ste. 300	Oak Creek	WI	53154	414-570-1826

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If you buy a franchise, your contact information may be disclosed to other buyers if and when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Planet Beach. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

I. LIST OF EXITED FRANCHISEES AND/OR LOCATIONS AS OF DECEMBER
31, 2010, AUGUST 15, 2010

Alabama

Armin & Melissa Tesvich
1916 Wildwood Pl.
Mobile, AZ 36609
251-533-6588
AL0007
AL0009 and Multi-Unit Option

Arizona

Bill and Lyn DeHaven
23142 W. Watkins St.
Buckeye AZ 85326
623-386-0768
AZ0080

Debbie Huskey
4405 East Ray Road
Suite 2
Phoenix, AZ 85044
480-857-1250
AZ0006

Charles and Judith Stansbury
15010 N. El Pueblo Blvd.
Fountain Hills, AZ 85268
602-996-1421
AZ0010

Bob & Candra Thompson
22336 E. Queen Creek Road
Queen Creek, AZ 85242
480-987-9309
AZ0009 and AZ0034

Michelle Tilton
20123 E. Chesnut Drive
Queen Creek, AZ 85242
480-888-0868
AZ0069

California

Sarah and Dion Davies
589 West A Street
Dixon, CA 95620
530-979-7616

CA0097

Kevin Delu
P.O. Box #3
Herald, CA 95638
209-748-2952
CA0064 and Multi-Unit Option

Anthony Gore
11872 Main Street
Sunol, CA 94586
925-862-0696
CA0061

Fred Rasuli
225 Sunnyhill Drive
Turlock, CA 95382
209-668-9567
CA0002 and CA0044

[REDACTED BY REQUEST]

Connecticut

Tim Stubbs & Alan Waitze
6 Susan Lane
Newton, CT 06470
203-364-9000
CT0001

Robert Burbach
16416 Tumbury Oak Dr.
~~Dixie~~ FL 33556
813-792-9279
FL0027 and FL0039-0040

David Cornelius
437 14th Ave. N.
St. Petersburg, FL 33701
727-892-6022
FL0116 and Multi-Unit Option

Dan & Jennifer Kniola
2190 Westwind Drive
Roswell, GA 30075
770-642-8063
GA0013

Melissa Marcantel
435 Arbor Creek Overlook
Rosewell, GA 30076
770-752-7267
GA0043

Jacques & Kerline Mathieu
1915 Princewill Dr.
Space Mountain GA 30087
678-620-0749
GA0046 - 55

Elisabel Suriel
1400 Herrington Rd.
Lawrenceville GA 30044
404-433-1415
GA0033

Idaho

Todd Small
8639 Kingston Way
Middleton, ID 83644
208-938-5066
ID0014, ID0015 and ID0016

James Barnes
1019 Augusta Dr.
Nampa, ID 83686
208-463-2892
ID0001

Daniel Crawford
2270 Ebbtide
Meridian, ID 83642
208-888-4456
ID0027

Illinois

David Beall & Luis Aguilan
4842 N. Magnolia Avenue
Chicago, IL 60640
773-769-1115

IL0004

Kansas

Rick Marsteller
17511 W 83rd Terrace
Lenexa KS 66219
913-894-1628
KS0003

Kentucky

Shane and Stephanie Rodabaugh
3412 Tuckerwood Lane
Louisville KY 40229
502-290-3309
KY0001

Louisiana

Kurt Bass
119 Nursery Ave.
Metairie, LA 70005
504-975-9220
LA0018 and Multi-Unit Option

Jon Bourgeois
225 St. Landry St.
Suite 3
Lafayette, LA 70506
337-303-3050
LA0082

Chris and Jennifer Cummins
35234 Beverly Hills Drive
Baton Rouge, LA 70817
225-313-6901
LA0060

Jeremy Helmer & Anthony Rockweiler
5104 Highland Drive
Marrero, LA 70072
504-340-3050
LA0072

Bobbie Kuhn
75413 Gotschalk
Covington, LA 70435
985-893-6123
LA0008

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Paramus, NJ 07652
201-843-8123
NJ0036 and Multi-Unit Option

Grey & Lori Merryman
99 Meadowbrook Road
Randolph, NJ 07869
973-442-0420
NJ0012

Adam & Neil Zebib
One Spring St. #1001
New Brunswick NJ 08901
732-469-2933
NJ0040

New York

Deborah Vrooman-Kempf and Bill Vrooman
15 Van Vorst Dr.
Burnt Hills, NY 12027
727-641-4163
NY0035

North Carolina

Mike Anderson
2618 Fines Creek Road
Statesville, NC 28625
704-872-9994
NC0031

Rob Athari
16311 Ranger Trail
Huntersville, NC 28078
704-892-5654
NC0017

James & Lara Bamhill
12827 Tee Time Way
Raleigh, NC 27614
919.841-0669
NC0008 and NC0039

Joseph P. Garvin
2215 Kilbome Drive Apt. D
Charlotte NC 28205
704-499-8945
NC0049 and Multi-Unit Option

John & Tamara Tyler

5625 Roan Mountain Place
Raleigh, NC 27613
919-957-4694
NC0052

Kate Weaver
148 Flanders Drive
 Mooresville, NC 28117
704-663-8288
NC0003

North Dakota

Jann and Keith Monson
2995 170th Ave. SE
Harwood, ND 58042
701-282-5048
ND0001

Pennsylvania

Mike and Jeannine Ingraham
505 Colfeh Ct.
Exton, PA 19341
610-363-9436
PA0004

Jamie & Stephanie Swain
3980 Commerce Ave #C-27
Willow Grove, PA 19090
330-889-2195
PA0013

Randy Wheeler
1214 Applejack Drive
Erie, PA 16509
814-825-8376
PA0001

South Carolina

Larry Burke
100 Jonathan Lane
Irmo, SC 29063
803-781-6910
SC0012

Tennessee

Debbie Bates
102 Jill Court

P.O. Box 21044
St. John's Newfoundland A1A2Y9
709-690-6016
NF0002

Ontario

Mike and Amy Hines
43 Crimson Ridge Road
Barrie, Ontario L4N 9S1
705-734-8875
ON0003

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If you buy a franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Planet Beach. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

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To the Board of Directors
Planet Beach Franchising Corporation
And Subsidiaries
Marrero, LA:

INDEPENDENT AUDITORS' CONSENT

Postlethwait & Netterville, A Professional Accounting Corporation, does hereby consent to the inclusion, only in their entirety, of the audited consolidated financial statements with all disclosures and footnotes, which we have audited, to wit: Planet Beach Franchising Corporation and Subsidiaries audited consolidated financial statements for the year ended December 31, 2009, as part of the franchise offering of Planet Beach Franchising Corporation.

Postlethwait & Netterville

Metsire, Louisiana
March 31, 2010





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To the Board of Directors
Planet Beach Franchising Corporation
New Orleans, Louisiana

We have audited the financial statements of Planet Beach Franchising Corporation (the Company) for the year ended December 31, 2010, and have issued our report thereon dated August 9, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 5, 2011. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Company are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2010. We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The Company's most significant accounting estimate relates to the allowance for doubtful accounts for trade accounts receivable and notes receivable. The estimate is based primarily on the age of the related accounts as well as management's evaluation of the individual accounts' financial condition and continuing business relationship with the Company.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

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PLANET BEACH FRANCHISING CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
		(As restated see Note 13)
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 53,810	\$ 60,068
Investments	-	288,614
Accounts receivable, net of allowance for doubtful accounts of \$733,518 and \$606,867, respectively	1,032,632	1,346,714
Due from employees	42,064	79,398
Inventory	479,264	727,116
Notes receivable	228,569	354,384
Prepaid expenses and other current assets	<u>89,657</u>	<u>87,813</u>
Total current assets	<u>1,925,996</u>	<u>2,944,177</u>
<u>PROPERTY, PLANT AND EQUIPMENT, NET</u>	<u>2,188,732</u>	<u>2,171,045</u>
<u>OTHER ASSETS</u>		
Notes receivable, net of allowance for doubtful accounts of \$511,805 and \$279,682, respectively	707,365	759,657
Other long-term assets	<u>111,519</u>	<u>91,118</u>
Total other assets	<u>818,884</u>	<u>850,775</u>
 <u>TOTAL ASSETS</u>	 <u>\$ 4,933,612</u>	 <u>\$ 5,965,997</u>

PLANET BEACH FRANCHISING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2009, 2008, AND 2007

	2009	2008	2007
		(As restated see Note 13)	(As restated see Note 13)
OPERATING REVENUES			
Sales of spa equipment and products	\$ 4,919,466	\$ 14,705,685	\$ 17,585,785
Franchise fees	1,257,067	3,067,123	2,745,360
Royalties and related fees	6,883,254	6,833,193	5,584,958
Other	209,333	399,831	539,917
Total operating revenues	<u>13,269,120</u>	<u>25,005,832</u>	<u>26,456,020</u>
OPERATING EXPENSES			
Cost of goods sold	3,692,991	11,131,834	13,369,056
Operating expenses	3,951,089	5,630,367	4,632,521
Salaries and bonuses	4,279,981	6,790,704	6,633,646
Commissions	1,579,631	2,013,114	2,012,692
Total operating expenses	<u>13,503,692</u>	<u>25,566,019</u>	<u>26,647,915</u>
LOSS FROM OPERATIONS	<u>(234,572)</u>	<u>(560,187)</u>	<u>(191,895)</u>
OTHER INCOME (EXPENSE)			
Interest and other income	34,871	12,818	12,395
Interest expense	(256,172)	(218,575)	(174,204)
Realized gain (loss) on investments	(252,519)	7,697	23,751
Total other income (expense)	<u>(473,820)</u>	<u>(198,060)</u>	<u>(137,858)</u>
LOSS BEFORE PROVISION FOR INCOME TAXES	<u>(708,392)</u>	<u>(758,347)</u>	<u>(329,753)</u>
Benefit for income tax	-	-	(4,651)
NET LOSS	<u>\$ (708,392)</u>	<u>\$ (758,347)</u>	<u>\$ (325,102)</u>
LOSS PER COMMON SHARE			
BASIC AND DILUTED	<u>\$ (0.05)</u>	<u>\$ (0.06)</u>	<u>\$ (0.03)</u>
WEIGHTED AVERAGE SHARES OUTSTANDING			
BASIC AND DILUTED	<u>12,998,739</u>	<u>12,971,046</u>	<u>12,961,815</u>

The accompanying notes are an integral part of these statements.

PLANET BEACH FRANCHISING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2009, 2008, AND 2007

	2009	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	\$ (708,392)	\$ (758,247)	\$ (325,102)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation expense	198,399	220,372	203,851
Bad debt expense and inventory allowance	590,124	505,652	129,430
Stock options compensation expense	117,933	34,769	16,970
Realized loss (gain) on investments	252,519	(7,697)	(23,751)
Changes in operating assets and liabilities:			
Deferred benefit expense	-	-	(4,651)
National advertising deposits	-	(386,356)	158,832
Accounts receivable	(79,512)	(318,999)	(130,529)
Other current assets	11,489	(90,341)	(23,339)
Inventory	164,852	549,585	(180,194)
Accounts payable	(569,761)	1,411,076	208,038
Customers' deposits	121,962	(922,351)	108,370
Deferred revenue	(186,002)	(500)	(24,442)
Accrued liabilities	152,882	27,842	(47,228)
Net cash provided by operating activities	<u>66,493</u>	<u>264,905</u>	<u>58,355</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash paid for acquisition of property, plant and equipment	(132,445)	(148,115)	(287,307)
Decrease in investments	255,618	7,697	68,375
Decrease (increase) in notes receivable, net	17,648	(717,483)	48,443
Net cash provided by (used in) investing activities	<u>140,821</u>	<u>(857,901)</u>	<u>(170,489)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net change in line of credit	(192,561)	(51,346)	67,659
Proceeds from long-term debt	363,345	59,476	498,978
Payments on long-term debt	(383,956)	(300,999)	(133,617)
Payments on capital lease	-	-	(29,028)
Common stock issuance	-	36,923	1,010
Payment of dividends	-	-	(8,055)
Purchase of treasury stock	-	-	(17,500)
Net cash provided by (used in) financing activities	<u>(213,172)</u>	<u>(255,946)</u>	<u>379,447</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(6,358)</u>	<u>(848,942)</u>	<u>267,313</u>
CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR	<u>60,068</u>	<u>909,010</u>	<u>641,697</u>
CASH AND CASH EQUIVALENTS-END OF YEAR	<u>\$ 53,710</u>	<u>\$ 60,068</u>	<u>\$ 909,010</u>
SUPPLEMENTAL DISCLOSURE OF CASH ACTIVITIES			
Cash paid for interest	<u>\$ 215,436</u>	<u>\$ 213,303</u>	<u>\$ 167,907</u>
Cash paid for income taxes	<u>\$ 8,497</u>	<u>\$ 5,980</u>	<u>\$ 46,500</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Non-cash property, plant & equipment acquired	<u>\$ 254,698</u>	<u>\$ -</u>	<u>\$ -</u>
Area developer fee financed	<u>\$ 310,608</u>	<u>\$ 377,000</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

PLANET BEACH FRANCHISING CORPORATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **Business Operations**

Organization

Planet Beach Franchising Corporation (the Company) was initially incorporated on September 26, 1996, under the laws of the State of Louisiana. On March 25, 2008, the Company reincorporated under the laws of the State of Nevada. In conjunction with the reincorporation, authorized common stock was increased from 15 million to 100 million shares, and the par value decreased from \$0.001 to \$0.0001 per common share. In addition, 10 million shares of preferred stock having a par value of \$0.0001 per share were authorized for issuance. Currently, the Company is engaged in the business of selling Planet Beach Contempo Spa franchises throughout the United States, Canada, Ireland, South Africa, and Australia. In addition, the Company has locations under development in Egypt, Saudi Arabia and Kuwait. The Company also sells spa equipment and products to new and existing franchisees.

The Company has two wholly-owned subsidiaries, Planet Beach Real Estate, LLC (PBRE) and Planet Beach International, LLC (PBI). PBRE has been largely inactive since 2005. PBI was established to recruit master franchisors in international locations under long-term contractual arrangements; whereby, the master franchisor would be given the right to sell Planet Beach Contempo Spa Franchises within the designed international region. Master franchisors would pay an initial master franchise fee upon entering the agreement. The master franchisor would also remit to the Company a percentage of the license fee, product and equipment sales, and royalties collected from the international franchise locations.

The Company has incurred losses of approximately \$708,000, \$758,000 and \$325,000 for its years ended December 31, 2009, 2008 and 2007, respectively. The losses have occurred due to the global economic downturn that began in 2007. The company and the franchisees have been impacted by an impaired ability to obtain credit on reasonable terms or at all. Decreased access to credit for franchisees has impaired their ability to meet their obligations when due and led to franchisee bankruptcies. A continued recession will have a negative impact on the Company's financial position.

Management believes that the Company will continue to operate as a going concern by reducing operating and salary costs and improving operating profitability, controlling inventory levels, working with vendors and other creditors to accept more favorable payment terms and through seeking additional capital for the Company's operations.

PLANET BEACH FRANCHISING CORPORATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in the Company's cash held in escrow accounts. The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Certain states require the initial franchise fee be deposited in escrow until the franchisee commences business. Once the location commences business, the state will release the funds. Until funds are released, the revenue for the franchise sale is deferred. At December 31, 2009 and 2008, funds held in escrow totaled \$30,020 and \$0, respectively.

Accounts Receivable

Accounts receivable consist primarily of amounts due for franchise royalties and product sales, which are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts.

Management determines the allowance for doubtful accounts by identifying overdue accounts and by reserving a percentage of the account's outstanding balance as uncollectible based on historical experience with collections in general or based on the account's specific circumstance. Accounts receivables are written off when deemed uncollectible. Recoveries of accounts receivables previously written off are recorded when received.

Inventory

The Company's inventory consists of spa and tanning lotions and promotional clothing. Inventory is valued at the lower of cost or market, computed on the first-in, first-out basis.

Investments

At December 31, 2008 investments consist primarily of mutual funds held at a national brokerage firm, are classified as available-for-sale, and carried in fair market value, unrealized gains and losses, net of tax, are included in the determination of comprehensive income (loss) and reported in shareholders' equity (deficit).

PLANET BEACH FRANCHISING CORPORATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Notes Receivable

Notes receivable consists principally of area developer fees, equipment vendor receivables, and spa purchase fees financed by the Company. The allowance for doubtful accounts is the Company's best estimate of the amount of credit losses in the Company's existing notes. The allowance is determined on an individual note basis upon review of any note that has a payment past due for over 60 days. A note is considered impaired if it is probable that the Company will not collect all principal and interest contractually due. The impairment is measured based on the present value of expected future cash flows discounted at the note's effective interest rate.

The Company does not accrue interest when a note is considered impaired. When ultimate collectability of the principal balance of the impaired note is in doubt, all cash receipts on impaired notes are applied to reduce the principal amount of such notes until the principal has been recovered and are recognized as interest income thereafter. Impairment losses are charged against the allowance and increases in the allowance are charged to bad debt expense. Notes are written off against the allowance when all possible means of collection have been exhausted and the potential for recovery is considered remote.

The notes have interest rates ranging from non-interest bearing to 7.0 percent and will mature upon sale of related franchises, or in accordance with scheduled maturities through September 2016.

Other long-term assets

Other long-term assets primarily consist of cost incurred in anticipation of an initial public offering of the Company's common stock, trademarks related to the Company's business and deposits.

Customers' Deposits

Customers' deposits represent advances from franchisees for the purchase of spa and tanning equipment. Equipment orders are normally shipped within 2-4 weeks of receipt of funds. Advance payment is required for all equipment purchases.

National Advertising and Brand Development

The Company collects National Advertising and Brand development royalty from its franchisees. Franchisees that were established before April 1, 2008 are required to contribute 1% of gross sales to the National Advertising Fund as a royalty for the development and distribution of national marketing efforts for the benefit of all franchisees within the Planet Beach system. The Company carries forward national advertising royalties that are not spent in the fiscal year collected to the following year, and records them as a deposit on the consolidated balance sheet. At December 31, 2009 and 2008, there were no carry forward deposits. The Company recognizes national advertising expenditures in the consolidated statements of operations as incurred.

Beginning April 1, 2008, franchisees entering the system must contribute 2% of gross sales for brand development. The Company has no obligation to carry forward any unspent brand development royalties for these franchisees to the following year. The Company recognizes brand development royalties in our consolidated statements of income in full as we accrue them, along with the brand development expenses.

**PLANET BEACH FRANCHISING CORPORATION
AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Foreign Currency Translation

Foreign currency translation relates to the differences from historical exchange rates and are reflected in Shareholders' Equity (Deficit) as part of accumulated other comprehensive income (loss). These adjustments were primarily related to a few Canadian transactions.

Income Tax

The Company accounts for income taxes under the liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. We include any estimated interest and penalties on tax related matters in income taxes payable. Valuation allowances are established when necessary to reduce net deferred income tax assets to the amount expected to be realized. (See Note 6)

Effective January 1, 2009, the Company recognized the effect of income tax positions only if those positions are more likely than not being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. Prior to the adoption of FIN 48, the Company recognized the effect of income tax positions only if such positions were probable of being sustained. The effect of the adoption of this standard was not material.

The Company records interest related to unrecognized tax benefits in interest expense and penalties in selling, general, and administrative expenses.

Stock-Based Compensation

The Company accounts for its stock-based compensation using the modified prospective adjustment method of measuring share based payments (see Note 7).

Earnings (loss) per Share

Basic earnings (loss) per share is computed by dividing income (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed in the same manner as basic earnings per share except that the denominator is increased to include the number of additional common shares that could have been outstanding assuming the exercise of stock options and the potential shares that would have a dilutive effect on earnings per share.

Stock options of approximately 1,794,000, 1,864,000 and 521,000 shares were excluded in the computation of diluted earnings per share for the years ended December 31, 2009, 2008 and 2007, respectively, as the effect would have been anti-dilutive due to the loss recorded for the years then ended.

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PLANET BEACH FRANCHISING CORPORATION
AND SUBSIDIARIES
MARRERO, LOUISIANA
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009



PLANET BEACH FRANCHISING CORPORATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. **Long-Term Debt**

The following is a summary of the Company's long-term debt as of December 31:

	<u>2009</u>	<u>2008</u>
Note Payable—Company, payable in monthly installments of \$6,837, including interest of 6.54%, through March 2027, secured by building; guaranteed by certain Company officers and shareholders.	\$ 840,008	\$ 866,108
Note Payable—Company, payable in monthly installments of 59,170, including interest of 8.25%, through June 2012, with final payment estimated to be \$459,755 on July 19, 2012, secured by accounts receivable and inventory; guaranteed by certain Company officers and shareholders.	619,305	675,485
Note Payable—SBA, payable in monthly installments ranging from \$5,553 through \$4,754, including interest of 5.79%, through June 2027, secured by building and building improvements; guaranteed by certain Company officers and shareholders.	591,280	610,269
Note Payable—Company, payable in monthly installments of \$771 including interest of 5.80%, through April 2009, secured by equipment.	-	2,866
Note Payable—Non-interest bearing, and payable in monthly installments of \$2,000 through, November 2011, secured by stock of the Company.	45,580	43,584
Note Payable—Vendor, payable in monthly installments of \$25,451, including interest of 7.00%, through April 2012, secured by majority shareholder's common stock.	515,739	639,846
Note Payable—Vendor, payable in monthly installments of 57,200, including interest of 7.00%, through January 2013, unsecured.	234,276	112,347
Note Payable—Vendor, payable in monthly installments of 55,236, beginning March 2010, including interest of 7.00%, through March 2013, unsecured.	173,787	121,737

**PLANET BEACH FRANCHISING CORPORATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

5. Long-Term Debt, continued

The following is a summary of principal maturities of long-term debt for each of the next five years and thereafter:

2010	\$ 448,742
2011	616,787
2012	850,973
2013	83,266
2014	60,695
Thereafter	<u>1,162,198</u>
	<u>\$ 3,222,661</u>

6. Income Taxes

Significant components of the Company's deferred income tax liabilities and assets as of December 31 are as follows:

	<u>2009</u>	<u>2008</u>
Deferred income tax liabilities:		
Accelerated depreciation	\$ 219,660	\$ 230,968
Accrued related party wages	3,543	3,543
Total deferred income tax liabilities	<u>223,203</u>	<u>234,511</u>
Deferred income tax assets:		
Bad debt allowance	488,406	354,754
Employee stock option	66,172	20,178
Deferred revenue	54,405	55,770
Employee tax credits carryforward	189,449	178,101
Net operating loss carryforward	174,923	114,939
Total deferred income tax assets	<u>973,355</u>	<u>714,743</u>
Valuation allowance	<u>(750,152)</u>	<u>(480,232)</u>
Net deferred income tax liabilities, net	<u>\$ -</u>	<u>\$ -</u>

Significant components of the provision for income taxes for the year ended December 31 are as follows:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Current tax expense (benefit)	\$ -	\$ -	\$ -
Deferred tax expense (benefit)	-	-	(4,651)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,651)</u>

**PLANET BEACH FRANCHISING CORPORATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

7. Stock Option Plan, continued

A summary of the Company's option activity under the plan for the year ended December 31, 2009 is as follows:

	2009		2008		2007	
	Number of Shares Underlying Options	Weighted Average Exercise Price	Number of Shares Underlying Options	Weighted Average Exercise Price	Number of Shares Underlying Options	Weighted Average Exercise Price
Outstanding at beginning of year	1,864,000	\$ 1.000	521,000	\$ 1.000	215,000	\$ 1.000
Granted	-	1.000	1,472,000	\$ 1.000	316,000	\$ 1.000
Exercised	-	-	-	-	-	-
Forfeited	(70,000)	1.000	(129,000)	\$ 1.000	(10,000)	\$ 1.000
Outstanding at end of year	<u>1,794,000</u>		<u>1,864,000</u>		<u>521,000</u>	
Exercisable at end of year	<u>639,600</u>	<u>\$ 1.000</u>	<u>285,550</u>	<u>\$ 1.000</u>	<u>172,500</u>	<u>\$ 1.000</u>
Weighted-average fair value of Options granted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 596,664</u>	<u>\$ 0.58</u>	<u>\$ 186,336</u>	<u>\$ 0.59</u>

The following summarizes the status of the Company's nonvested shares (in number of shares that may be purchased) as of December 31, 2009, and changes during the year ended December 31, 2009:

	Year Ended December 31, 2009	Weighted Average Grant Date Fair Value
Nonvested at January 1, 2009	1,578,450	\$ 937,198
Granted	-	-
Vested	(354,050)	(346,293)
Forfeited	(70,000)	(38,600)
Nonvested at December 31, 2009	<u>1,154,400</u>	<u>\$ 552,305</u>

On June 6, 2007, the Company granted 125,000 options conditional on the Company's successful completion of an IPO. Management did not consider an IPO probable in 2007 and 2008.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing method with the following assumptions used for grants issued:

	For the fiscal years ended	
	December 31, 2008	December 31, 2007
Volatility	180.00%	186.00%
Risk-free interest rate	3.05%	4.71%
Expected term (years)	5.67	5.83
Dividend yield	-	-

**PLANET BEACH FRANCHISING CORPORATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

10. Commitments and Contingencies, continued

Leases Guarantees

During 2002, the Company entered into lease agreements for franchise locations under noncancelable operating leases and subleased these locations, on terms similar to the primary operating lease, to franchisees. Rent expense paid by the Company associated with these leases amounted to \$29,424, \$138,174, and \$330,052 for 2009, 2008 and 2007, respectively. Rent income (recovery) recorded by the Company associated with these subleases amounted to \$ 7,219, \$29,149, and \$114,526 for 2009, 2008 and 2007, respectively. Net rent expense is recorded in operating expenses in the consolidated statements of operations.

At January 1, 2010, the Company is not paying rent on any of these leases, however, remains as guarantor on approximately three leases. Should any of these franchisees default on their subleases, the Company would be responsible for making rent payments as guarantor.

The Company's maximum theoretical future exposure at December 31, 2009, computed as the sum of all remaining lease payments through the expiration dates of the respective leases, was approximately \$267,000 as follows:

2010	\$ 87,000
2011	87,000
2012	87,000
2013	6,000
Total	<u>\$ 267,000</u>

This amount does not take into consideration any rent recovery from franchisees or other mitigating measures that the Company could take to reduce this exposure in the event of default, including re-leasing the locations or negotiating lump sum payments with landlords to terminate leases.

Purchase Agreements

During 2002, the Company entered into a product purchase agreement (Purchase Agreement) with its primary vendor (Vendor) for tanning beds and supplies requiring the Company to purchase exclusively from the Vendor all spa tanning equipment and all lamps, parts, accessories, lotions, skin and hair care products, cleaning equipment and other tanning related products used or sold in salons owned, operated, or franchised by the Company. In addition, the Company agreed to designate in existing and future franchise agreements the Vendor as the exclusive supplier of equipment and supplies to the Company. This Purchase Agreement is in effect through 2017. The Company purchased approximately \$2,981,000, \$4,860,000, and \$7,219,000 of its spa equipment and products from this Vendor in 2009, 2008 and 2007, respectively.

PLANET BEACH FRANCHISING CORPORATION
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Fair Value, continued

The recent fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

In accordance with this guidance, the Company groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

At December 31, 2009, the Company did not have any financial assets or liabilities to value. At December 31, 2008, the Company's investments of \$288,614 were a level 1.

Net unrealized (loss) on available-for-sale securities in the amount of -0-, (\$223,606), and (\$34,068) for the years ended 2009, 2008 and 2007, respectively, has been included in accumulated other comprehensive income (loss).

13. Restatement of 2008 and 2007 Financial Statements

In preparing its 2009 annual financial statements, the Company noted several items that need to be accounted for as restatements in its 2008 financial statements. The effect of the restatement adjustments on our previously issued consolidated financial statements is summarized below. The adjustments are with respect to several areas. Previously deferred costs associated with a deferred initial public offering of the Company's common stock increased operating expenses in fiscal 2008 by approximately \$132,000, with corresponding decrease to other assets. Decreases in the carrying value of the Company's accounts and notes receivables for fiscal 2008 of approximately \$149,000 and \$280,000, respectively resulted in an increase in fiscal 2008 bad debt expense of approximately \$429,000. Accrual of sales tax liabilities resulted in an increase in accrued liabilities of approximately \$160,000 as of December 31, 2008 and approximately \$13,000 and \$15,000 of increased interest expense related to that liability for fiscal years 2008 and 2007, respectively. Deferral of a previously recognized sale, prior to the reporting period, resulted in an increase in deferred revenues of approximately \$78,000 as of December 31, 2008, with an increase in revenues recognized of approximately \$1,000 and \$24,000 in fiscal 2008 and 2007, respectively. Compensation expense for stock options granted in fiscal 2008 and 2007 resulted in an increase in salaries and bonus expenses of approximately \$17,000, and \$8,000, respectively.

**PLANET BEACH FRANCHISING CORPORATION
& SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

13. Restatement of 2008 and 2007 Financial Statements, continued

	<u>As of December 31, 2007</u>	
	<u>Previously Reported</u>	<u>Restated</u>
Franchise Fees	2,720,918	2,745,360
Salaries and bonuses	6,616,676	6,633,646
Total operating expenses	29,351,863	26,647,915
Loss from operations	(2,920,285)	(191,895)
Interest expense	(174,204)	(174,204)
Loss before provision for income taxes	(3,036,257)	(329,753)
Net loss	(3,031,606)	(325,102)
Loss per common share		
Basic and diluted	(0.24)	(0.03)
Weighted average shares outstanding		
Basic and diluted	12,334,065	12,961,815

The effects of the restatement adjustments described above on the consolidated statements of cash flows for the fiscal years ended December 31, 2008 and 2007 are summarized in the following tables:

	<u>For the year ended December 31, 2008</u>	
	<u>Previously Reported</u>	<u>Restated</u>
Net loss	\$ (150,348)	\$ (758,247)
Net cash provided by operating activities	277,684	264,905
Net cash used in investing activities	(865,598)	(857,901)
Net cash used in financing activities	(261,028)	(255,946)

	<u>For the year ended December 31, 2007</u>	
	<u>Previously Reported</u>	<u>Restated</u>
Net loss	\$ (310,688)	\$ (325,102)
Net cash provided by operating activities	77,121	58,355
Net cash used in investing activities	(194,340)	(170,489)
Net cash provided by financing activities	384,432	379,447

14. Subsequent Events

On February 26, 2010, the Company borrowed \$250,000 from ETS, LLC for the development of prototype concept store in Irvine, California.



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Planet Beach Franchising Corporation
and Subsidiaries
Marrero, Louisiana:

We have audited the accompanying consolidated balance sheets of Planet Beach Franchising Corporation and Subsidiaries (the Company) as of December 31, 2010 and 2009, and the related consolidated statements of operations, stockholders' (deficit), and cash flows for each of the three years ended December 31, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2010 and 2009, and the consolidated results of operations and cash flows for each of the three years ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

Postlethwaite & Netterville
Metairie, Louisiana
August 9, 2011

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PLANET BEACH FRANCHISING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 56,828	\$ 23,790
Restricted cash	-	30,020
Accounts receivable, net of allowance for doubtful accounts of \$391,692 and \$733,518, respectively	881,791	1,069,404
Accounts receivable-related parties	63,237	39,783
Due from employees	9,632	42,064
Inventory	309,411	479,264
Notes receivable	151,602	225,569
Prepaid expenses and other assets	73,692	56,309
Total current assets	<u>1,576,193</u>	<u>1,966,203</u>
PROPERTY, PLANT AND EQUIPMENT, NET	<u>1,948,175</u>	<u>2,188,732</u>
OTHER ASSETS		
Notes receivable, net of allowance for doubtful accounts of \$676,387 and \$518,805, respectively	216,447	601,012
Notes receivable-related parties	107,252	109,353
Other long-term assets	107,300	144,867
Total other assets	<u>430,999</u>	<u>855,232</u>
TOTAL ASSETS	<u>\$ 3,955,367</u>	<u>\$ 5,010,167</u>

(continued)

PLANET BEACH FRANCHISING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008

	<u>2010</u>	<u>2009</u>	<u>2008</u>
OPERATING REVENUES			
Sales of spa equipment and products	\$ 2,734,581	\$ 4,919,466	\$ 14,705,685
Franchise fees	258,056	1,257,067	3,067,123
Royalties and related fees	5,583,119	6,883,254	6,833,193
Other	<u>169,712</u>	<u>209,333</u>	<u>399,831</u>
Total operating revenues	<u>8,745,468</u>	<u>13,269,120</u>	<u>25,005,832</u>
OPERATING EXPENSES			
Cost of goods sold	2,130,811	3,692,991	11,131,834
Operating expenses	3,361,506	3,951,089	5,630,367
Salaries and bonuses	2,975,396	4,279,981	6,790,704
Commissions	<u>1,070,049</u>	<u>1,579,631</u>	<u>2,013,114</u>
Total operating expenses	<u>9,537,762</u>	<u>13,503,693</u>	<u>25,566,019</u>
LOSS FROM OPERATIONS	<u>(792,294)</u>	<u>(254,572)</u>	<u>(560,187)</u>
OTHER INCOME (EXPENSE)			
Interest & other income	15,693	34,871	12,818
Interest expense	(234,920)	(256,172)	(218,575)
Realized initial public offering expenses	(780,412)	-	-
Realized gain (loss) on investments	<u>-</u>	<u>(252,519)</u>	<u>7,697</u>
Total other income (expense)	<u>(999,639)</u>	<u>(473,820)</u>	<u>(198,060)</u>
LOSS BEFORE PROVISION FOR INCOME TAXES	<u>(1,791,933)</u>	<u>(708,392)</u>	<u>(758,247)</u>
Provision for income tax	<u>-</u>	<u>-</u>	<u>-</u>
NET LOSS	<u>\$ (1,791,933)</u>	<u>\$ (708,392)</u>	<u>\$ (758,247)</u>

PLANET BEACH FRANCHISING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008

	COMMON STOCK		PAID-IN CAPITAL STOCK	RETAINED EARNINGS (DEFICIT)	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)		TREASURY STOCK		TOTAL
	SHARES	AMOUNT			SHARES	AMOUNT			
BALANCE, January 1, 2008	3,826,061	\$ 385	\$ 168,337	\$ (13,483)	\$ 4,889	122,685	\$ (75,000)	\$ (23,672)	
Other comprehensive income (loss):									
Net loss	-	-	-	(758,247)	-	-	-	(758,247)	
Net unrealized loss on investments	-	-	-	-	(222,616)	-	-	(222,616)	
Foreign currency translation adjustment, net of tax benefit	-	-	-	-	(806)	-	-	(806)	
Total comprehensive loss	-	-	-	-	(981,669)	-	-	(981,669)	
Stock options compensation			34,769	-	-	-	-	34,769	
Stock issuance	10,150	1	36,922	-	-	-	-	36,923	
BALANCE, December 31, 2008	3,836,611	384	211,826	(771,728)	(218,523)	122,686	(175,000)	(944,039)	
Other comprehensive income:									
Net loss	-	-	-	(708,392)	-	-	-	(708,392)	
Net realized loss on investments	-	-	-	-	219,822	-	-	219,822	
Foreign currency translation adjustment, net of tax benefit	-	-	-	-	(299)	-	-	(299)	
Total comprehensive loss	-	-	-	-	(488,869)	-	-	(488,869)	
Stock option compensation			117,933	-	-	-	-	117,933	
BALANCE, December 31, 2009	3,836,611	384	349,761	(1,480,120)	-	122,686	(175,000)	(1,304,979)	
Other comprehensive income:									
Net loss	-	-	-	(1,791,933)	-	-	-	(1,791,933)	
Total comprehensive loss	-	-	-	-	-	-	-	(1,791,933)	
Stock options compensation			111,436	-	-	-	-	111,436	
Stock issuance	8,549	1	10,258	-	-	-	-	10,259	
BALANCE, December 31, 2010	3,845,160	385	471,197	(3,272,053)	-	122,686	(175,000)	(2,953,069)	

PLANET BEACH FRANCHISING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2008 AND 2007

	2018	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	\$ (1,791,983)	\$ (798,392)	\$ (758,247)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation expense	231,600	191,299	220,372
Bad debt expense	341,517	554,124	495,652
Inventory allowance	40,000	36,000	10,000
Stock option compensation expense	111,456	117,533	34,769
Realized loss (gain) on investments	-	252,519	(7,667)
Changes in operating assets and liabilities:			
Accounts receivable	(290,130)	(76,512)	011,999
Inventory	129,853	164,852	349,585
Notes receivable	73,405	17,648	(711,483)
Other current assets	39,573	11,489	(90,241)
Accounts payable	(302,711)	(579,243)	1,411,076
Customers' deposits	(67,121)	121,962	(922,351)
National advertising deposits	169,792	9,524	(386,356)
Deferred revenue	(45,361)	(186,070)	(500)
Accrued liabilities	843,387	152,882	27,842
Net cash provided by (used in) operating activities	5,327	84,141	(452,578)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash paid for acquisition of property, plant and equipment	-	(132,845)	(148,115)
Decrease in investments	-	255,618	7,697
Decrease (increase) in received cash	30,020	(30,020)	-
Net cash provided by (used in) investing activities	30,020	92,753	(140,418)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net change in line of credit	-	(192,561)	(51,346)
Proceeds from long-term debt	299,720	363,345	59,476
Payments on long-term debt	(282,348)	(383,959)	(300,999)
Common stock issuance	10,359	-	31,921
Net cash provided by (used in) financing activities	27,661	(213,175)	(255,946)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	63,008	(36,278)	(344,942)
CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR	23,790	60,068	909,010
CASH AND CASH EQUIVALENTS-END OF YEAR	\$ 86,808	\$ 23,790	\$ 60,068
SUPPLEMENTAL DISCLOSURE OF CASH ACTIVITIES			
Cash paid for interest	\$ 157,237	\$ 215,036	\$ 213,303
Cash paid for income taxes	\$ 11,259	\$ 6,697	\$ 3,080
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Non-cash property, plant & equipment acquired	\$ -	\$ 254,694	\$ -
Area developed for financing	\$ 51,408	\$ 210,604	\$ 177,000

The accompanying notes are an integral part of these statements.

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EXHIBIT F

**PLANET BEACH FRANCHISING CORPORATION
FRANCHISE DISCLOSURE DOCUMENT
SINGLE AND MULTI UNIT FRANCHISE AGREEMENTS**

PLANET BEACH FRANCHISING CORPORATION
SINGLE UNIT FRANCHISE AGREEMENT

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Exhibits to Planet Beach Franchising Corporation's Single Unit Franchise Agreement

- Exhibit 1 -- Authorized Products and Services
- Exhibit 2 -- Approved Location and Territory Addendum
- Exhibit 3 -- Guaranty Agreement and Acknowledgment by Guarantor
- Exhibit 4 -- Rider to Lease
- Exhibit 5 -- Sublicense Agreement
- Exhibit 6 -- Confidentiality and Non-Competition Agreement
- Exhibit 7 -- Conditional Assignment of Telephone Numbers, Email Addresses, and URLs
- Exhibit 8 -- Statement of Prospective Franchisee

signed) to be identified, in the Data Sheet. If you have not yet secured a site for the Spa at the time you sign the Franchise Agreement, you will enter into our Approved Location and Territory Addendum, attached as Exhibit 2 to the Franchise Agreement, which will govern the site selection process.

2.2. Site Selection. You must obtain a site for the Spa within 120 days from the Effective Date set forth on the Data Sheet ("Site Selection Period") either by (i) entering into a lease or sublease with the owner of a site or the prime tenant having possession of a site which is mutually acceptable to you and PBFC; or (ii) purchasing real estate which is mutually acceptable to you and PBFC.

2.3. Lease. If you elect to lease premises for your Spa, you must submit a copy of your proposed lease for PBFC's approval prior to execution. You must deliver an executed copy of the lease to PBFC within 15 days after the execution of the lease. PBFC's acceptance of the lease terms does not constitute an expression of PBFC's opinion regarding the terms of the lease or the viability of the location.

2.4. Relocation. PBFC will permit you to relocate your Spa to a new approved location within the Territory, at your expense, if you lose the right to possess the premises through no fault of your own, or if the Spa is destroyed by vandalism, fire or act of God. PBFC will approve the new site if it meets PBFC's site selection criteria. You have no right to relocate the Spa without PBFC's prior written consent.

3. TERRITORY

3.1. Territory. We grant a Franchise based on our expectation that you will continuously and diligently follow all System requirements. Subject to the exclusions below, PBFC grants to you the right to establish and carry on a business within a protected territory that consists of a radius or boundary surrounding your Spa (the "Protected Territory"). Your Protected Territory generally will be a circle, the center of which will be your location as defined by your signed lease and verified by you. The actual size and dimensions of your Territory may be less than stated below and will depend upon the specific variables of your Site, including population density, marketing and development trends, traffic flow and natural and man-made boundaries. A map plotting the Protected Territory will be attached to this Agreement as Exhibit 2 upon securing a site for your location.

If a radius is used to determine your Territory, then the radius of the circle will be based on where the Spa site is located and will range from:

- (i) one-half of a mile (½ mile) if your Spa is located in a Downtown area or the Central Core of a large city; to
- (ii) two miles (2.0 miles) if your Spa is located in any other Area.

Your Protected Territory shall exclude: (i) any area that is across a state line, river, navigable waterway, interstate, highway or other natural or man-made boundary; and (ii) regional shopping malls, train stations, bus stations and airports.

3.2. Modification of Protected Territory. During the term of this Agreement, so long as you are in substantial compliance with the terms and conditions of this Agreement, PBFC will not establish or locate, or grant any third party the right to establish or locate, another Planet Beach Spa location using the System and Proprietary Marks within the Territory identified, or to be identified, in the Data Sheet or Exhibit 2 to this Agreement except as set forth in ~~paragraph~~Section 3.3 and 3.4 below. If you are in breach of this Agreement, or are not otherwise in Good Standing, we may reduce, eliminate or otherwise modify your rights in the Territory, including any right of first refusal. We do not make any representation or assurance that you can or will achieve any performance minimums. This Agreement does not grant you any other territorial rights.

- 4.2.3. You are in compliance with all other agreements between you and PBFC and/or its affiliates;
- 4.2.4. You have provided PBFC with written notice of your intention to renew the Franchise Agreement at least 90 days but not more than 180 days prior to expiration of the then-current term;
- 4.2.5. You have the right to remain in possession of the Spa premises, or you have secured other premises acceptable to PBFC for the renewal term;
- 4.2.6. At PBFC's request, you effectuate, at your expense, any changes in services, facility, items offered or business system so as to reflect Planet Beach's then-current image including interior and exterior design or offerings of Planet Beach ContempoTanning Spas;
- 4.2.7. You execute PBFC's then-current form of franchise agreement, which may vary materially from the terms of this Agreement and may include, without limitation, higher royalty and marketing fees. The renewal franchise agreement, when executed, will supersede this Agreement in all respects; and
- 4.2.8. You sign a general release in the form prescribed by PBFC, in favor of PBFC and its affiliates and their respective officers, directors, agents, and employees, for all claims arising out of or related to this Agreement or any related agreements with PBFC or its affiliates.

5. CONFIDENTIAL OPERATIONS MANUAL

You must operate your Spa in accordance with PBFC's confidential operations manual (the "Operations Manual"), which contains policies, procedures, standards, specifications and methods of operating a Planet Beach Contempo Spa. PBFC has the right to amend and supplement the Operations Manual from time to time in its discretion. You will make, at your sole expense, changes necessary to conform to the Operations Manual, including, but not limited to, upgrading and remodeling the Spa, including leasehold improvements, furniture, fixtures, equipment, signs, and software. You acknowledge these requirements are necessary and reasonable to preserve the identity, reputation and goodwill PBFC has developed and the value of the franchise. You agree to make repairs and updates and to pay all reasonable required costs within reasonable time periods that may be established. You will adhere to quality control standards prescribed in the Operations Manual or elsewhere with respect to the character or quality of the products sold and services performed in association with the Marks. The Operations Manual, as amended from time to time, is intended to further the purposes of this Agreement and is specifically incorporated into this Agreement. The contents of the Operations Manual are protected by the Copyright law of the United States and may not be disclosed to any person or entity not affiliated with PBFC and may not be duplicated, copied, reproduced or altered in any way.

6. CONSTRUCTION OF SPA

After you identify a site for the Spa and are approaching lease execution, you will construct and equip your Spa to the specifications contained in the Design and Construction Operations-Manual and open for business. You will remain responsible for all costs of and connected with design and construction, including, but not limited to construction drawings, architectural and/or engineering drawings, including stamps and seals, fees associated with obtaining building permits, leasehold improvements, equipment,

8. OPENING

8.1. Opening for Business. You must open the Spa for business within 275 days of execution of this Agreement. If you cannot open within 275 days due to vandalism, fire, act of God or other circumstances beyond your control, you must request an extension from PBFC immediately, which extension will not be unreasonably withheld. It is your sole responsibility to ensure that your Spa opens within 275 days of execution of this Agreement.

8.2. Pre-Sale Marketing. During the development of your Spa and through the initial opening of your Spa you must expend at least \$10,000 to \$20,000 on advertising and marketing within your Territory. You shall make such expenditure in accordance with PBFC's written requirements and specifications. Within 60 days of the Spa's opening, you shall supply PBFC with written evidence (by means of cancelled checks, paid invoices, copies of advertisements) of the purchase and publication of such opening advertising and marketing. You have the right, but are not required, to spend additional sums with respect to opening marketing.

8.3. Opening Approval Process. You may not open the Spa for business until you have achieved a satisfactory minimum membership base of ~~\$12,500~~ in monthly dues which will be drafted the first full month you open your Spa via Electronic Funds Transfer ("EFT"). (For example, if your average monthly dues equal \$79 per member, then you will have to enroll 159 members during the pre-sale period.) A PBFC Representative must provide you with written approval and authorization to open. If a PBFC Representative does not certify that you have achieved a satisfactory ~~\$12,500~~ membership base and 120 days from lease execution have expired, then you may apply for an exception to open. Whether PBFC approves your Spa opening prior to attaining ~~\$12,500~~ a satisfactory in monthly dues will depend upon an analysis of pre-sale marketing efforts and related facts.

9. YOUR OBLIGATIONS

9.1. Operations. You must operate your Spa in accordance with the Operations Manual which contains policies, procedures, standards, specifications and methods of operating a Planet Beach Spa. Policies include but are not limited to the daily hours of operation, Planet Beach's Membership Policy, Reciprocity Policy, etc.

9.2. Compliance with Applicable Laws. You shall operate your Spa in strict compliance with all applicable laws, regulations and ordinances including, without limitations, laws and regulations applicable to or affecting health and safety, registering your Spa with the appropriate authority where and when applicable, taxation issues, membership agreements, and employee contracts. You must obtain and maintain all permits, licenses, and registrations required for the lawful operation of your Spa and comply with all health and safety codes. If you are a corporation, partnership or limited liability company, then the name of your entity shall not include any portion of any of the Proprietary Marks; provided, however, you shall register for fictitious name usage in the jurisdiction in which the Spa is located and promptly provide Planet Beach a copy of the registration. Planet Beach is neither responsible nor liable for researching, knowing, acting on, and/or advising you and/or anyone on any state, city, county, parish, and/or local laws that will apply to the Spa's operations in that specific area. Planet Beach cannot provide you with any advice, legal or otherwise, on local issues. You must provide Planet Beach with copies of all permits, licenses and registrations within 30 days of opening your Spa.

9.3. Authorized Products and Services and Approved Suppliers. You shall not conduct any business or sell any products at the Spa other than the business and products approved by ~~Planet Beach~~ PBFC.

10.1. Initial Franchise Fee. In consideration of the rights granted under this Agreement, you have paid to PBFC an initial franchise fee ("Initial Franchise Fee") in the amount reflected on the Data Sheet. The initial franchise fee is deemed fully earned upon payment and non-refundable.

10.2. Royalty Fee. During the term of this Agreement, you will pay to PBFC a monthly Royalty Fee ("Royalty Fee") in an amount equal to 6% of your "~~Gross-Sales~~Gross Revenue" earned during the preceding month. If you are non-compliant and have been defaulted, you must pay a monthly Royalty Fee in an amount equal to 9% of your "~~Gross-Sales~~Gross Revenue" earned during the preceding month until you become compliant. Non-Compliant Franchisees are those who receive a default notice with a 30 day notice to cure letter and fail to cure the default. On the 31st day, PBFC will begin drafting royalties at 9% until the default is cured. Gross-SalesGross Revenue shall include all revenues from sales made by you from all business conducted at or from your Spa, including but not limited to amounts received from the sale of spa or tanning sessions, prepaid packages, memberships and any other goods and services and tangible property of any nature whatsoever. PBFC will sometimes refer to Gross-SalesGross Revenue as the sum of Cash, NET EFT and Retail. Gross-SalesGross Revenue shall not include the amount of sales tax imposed by any federal, state, municipal or other governmental authority and you agree to pay such amounts as and when they become due.

10.3. Brand Development Fee. During the term of this Agreement, you will pay to PBFC a monthly Brand Development Fee in an amount equal to 2% of your "~~Gross-Sales~~Gross Revenue" earned during the preceding month.

10.4. Credit Card Processing Fee. You shall pay to PBFC the amount of the credit card processing fee charged to PBFC from the credit card processor for any payments made by you to Planet-Beach-PBFC and/or any purchases made by you from-Planet-Beach-PBFC.

10.5. Payment Procedures. You must make all payments to PBFC through the AUTODRAFT system. All payments are due on the 1st and deemed late on 5th of every month for the preceding month. In the event that any payments are due on a national holiday, payment will be due on the first business day following such holiday. A late fee of \$100 will be assessed for each week that payment is delinquent. An insufficient funds fee of \$100 will be assessed for any AUTODRAFT payment rejected as a result of insufficient funds. In addition to the late fee and the overdue amount, interest will accrue on such amount from the date it was due until paid at 18% per annum or the maximum rate permitted by state law, whichever is less. Interest will be compounded monthly and shall be in addition to any other remedy PBFC may have under this Agreement or applicable law.

10.6. Refunds. All fees are fully earned when they become due and are not refundable.

11. PROPRIETARY MARKS AND COPYRIGHTS

11.1. License. During the term of this Agreement, you are granted a non-exclusive license to use the Proprietary Marks in connection with the operation of your Spa. You shall display the Proprietary Marks only in the manner that PBFC directs or permits. Your license to use the Proprietary Marks shall automatically cease upon termination or expiration of this Agreement.

11.2. Ownership. You acknowledge that the Proprietary Marks are valid and are PBFC's sole property. You will not, either during or after the term of this Agreement, do anything, or assist any other person to do anything, which would infringe upon, harm or contest Planet Beach's rights in any of the Proprietary Marks.

11.3. Goodwill. You acknowledge that all goodwill which may arise from your use of any of the

13.1. Generally. You must participate in all marketing programs required by Planet Beach in writing or contained in the Operations Manual. You may place or display at your Spa (interior and exterior) only the signs, emblems, lettering, logos and displays and marketing materials as Planet Beach approves in writing from time to time. You must submit to Planet Beach, at least 10 days prior to your use, samples of all sales promotional and marketing materials you desire to use for approval. Planet Beach's failure to approve or disapprove the materials within 10 days of receipt will be deemed a disapproval. You may not use any marketing or promotional materials for which Planet Beach has not given its prior written approval.

13.2. Territorial Marketing Restriction. You are not permitted to solicit customers and/or market outside your Territory, except to the extent that you have received Planet Beach's prior written authorization, which Planet Beach will not unreasonably withhold. Planet Beach may condition its authorization upon your agreement to offer System franchisees who are operating Spas in contiguous territories the opportunity to participate in, and share the expense of, such solicitation and/or marketing. You may not market your Spa or any products or services offered by the Spa via the Internet without Planet Beach's prior written consent, which may be given or withheld in Planet Beach's sole discretion.

13.3. Marketing Fund. Planet Beach may, in its discretion, establish local marketing cooperatives for the common benefit of Planet Beach's franchisees.

13.3.1. Local Cooperatives. Planet Beach has the right, in its discretion, to designate any geographical area for purposes of establishing a regional marketing and promotional cooperative ("Cooperative"), and to determine whether you must participate in a Cooperative. If a Cooperative has been established applicable to the Spa at the time you begin operating under this Agreement, you must immediately become a member of such Cooperative. If a Cooperative applicable to the Spa is established at any later time during the term of this Agreement, you must become a member of such Cooperative no later than 30 days after the date on which the Cooperative begins operation. Planet Beach has the right to change, combine or dissolve cooperatives. If the Spa is within the territory of more than one Cooperative, you are required to be a member of only one such Cooperative. The following provisions will apply to each Cooperative:

- a) Each Cooperative will be organized and governed in a form and manner, and will commence operation on a date, approved in advance by Planet Beach;
- b) Each Cooperative will be organized for the exclusive purpose of administering regional marketing programs and developing, subject to our approval, standardized marketing materials for use by the members in local marketing;
- c) All activities and contributions to the Cooperative shall be determined by a majority vote of the Spas in the Cooperative; and
- d) No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without our prior written approval. All such plans and materials shall be submitted to Planet Beach in accordance with the procedure set forth in ParagraphSection 15.1 hereof

14. INSURANCE

acceptable for tax reporting purposes. You must furnish to Planet Beach copies of federal, state and local sales, income or other tax returns filed in connection with the Spa by April 1 of the following year. Failure to submit on time will maximum late charge of \$300.00 per month, per occurrence

16. ACCOUNTING

16.1. Application of Payments. Planet Beach has the right to apply all payments as it deems appropriate in its discretion, regardless of the purpose for which such payment is designated; provided, however, Planet Beach shall not apply payment to any indebtedness that you have identified in writing as a disputed charge.

16.2. Interest. You must pay all bills, fees, charges and other obligations to Planet Beach in strict accordance with the applicable payment and credit terms. Any amount not paid when due, will bear interest from the due date at the rate of 18% per annum, or the maximum allowed by law, whichever rate shall be less. Interest will be compounded monthly. The payment of such interest or other amounts due shall not be deemed to constitute a waiver of any other rights available to Planet Beach.

16.3. Audits. Planet Beach or its designee may inspect or conduct an audit of your accounts, business and financial books and records, local marketing records, tax returns and other records during regular business hours. If the audit discloses an understatement of Gross Receipts for any period or periods, you must immediately pay to Planet Beach all Royalty Fees and any other sums due under this Agreement, plus interest on these monies at the rate set forth in this Agreement. If any audit reveals that you have underreported any amounts by more than 2% in any period or periods, or if you fail to timely submit complete, accurate and legible reports, then in addition to paying all monies due, you shall reimburse Planet Beach for the cost of the audit, including the charges of any independent certified public accountant, attorneys' fees, other legal costs and the travel expenses, room, board and compensation of Planet Beach's employees.

17. INSPECTIONS

Planet Beach or its designee has the right at any time during regular business hours, and without prior notice, to conduct a reasonable inspection of the Spa. Any such inspection will be at Planet Beach's expense, unless Planet Beach is required to make any additional inspections in connection with your failure to comply with this Agreement. In such event, Planet Beach has the right to charge you for the costs of making the additional inspections, including without limitation travel expenses, room and board and compensation of employees. You must promptly remedy at your sole expense any deficiency found during any inspection.

18. COVENANTS

18.1. During the Term of this Agreement. During the term of this Agreement, neither you nor any of your principals shall, directly or indirectly, through corporations, partnerships, limited liability companies, trusts, associations, joint ventures, or other unincorporated businesses, perform any services for, engage in or acquire, participate or have any financial or other interest in any other business or other entities offering spa or tanning services or other services or products offered by Planet Beach locations, provided, however, that this provision shall not apply to the operation of any other Planet Beach franchised business pursuant to a valid franchise agreement with Planet Beach.

18.2. After the Term of this Agreement. For a period of 2 years following termination or expiration of this Agreement, or the termination of any principal's interest in the Spa, neither you nor any of your principals shall, directly or indirectly, through corporations, partnerships, limited liability companies,

21.3.4. Your execution (or your principals' execution, as applicable) of a general release, in a form prescribed by Planet Beach, of all claims against Planet Beach and its officers, directors, agents, employees, and affiliates. Notwithstanding such release, you shall remain obligated under those provisions of this Agreement that expressly extend beyond the term hereof; and

21.3.5. The buyer's execution of Planet Beach's then-current Single Unit Franchise Agreement and payment to Planet Beach of a transfer fee of \$10,000.

21.4. **Death or Disability.** In the event of your death, disability or incapacitation (or the death, disability or incapacitation of your principals or personal guarantors if you are a partnership, corporation or limited liability company), your legal representative (or your principal's or guarantor's respective legal representative, as applicable) shall have the right to continue the operation of the Spa under this Agreement, without payment of a transfer fee, if: (i) within 90 days from the date of death, disability or incapacitation (the "90 day period"), such person has obtained Planet Beach's prior written approval; and (ii) such person successfully completes Planet Beach's required training programs (which Planet Beach will provide at its then-current tuition rate). Such assignment by operation of law will not be deemed in violation of this Agreement, provided such heirs or legatees accept the conditions imposed by this Agreement and are acceptable to Planet Beach.

21.5. **Right of First Refusal.** Planet Beach shall have the irrevocable first right and option to purchase your business on the same terms and conditions as any bona fide purchaser who wishes to become a Planet Beach franchisee. Planet Beach may exercise this right of first refusal by notifying you of Planet Beach's decision to do so in writing within 30 days after receipt of any third party offers that you provide. Any sale or attempted sale without first giving Planet Beach the right of first refusal shall be void and of no force or effect.

21.6. **Transfer to a Corporation or Limited Liability Company.** You have the right to assign your rights under this Agreement to a corporation or limited liability company provided:

21.6.1. The entity is newly organized and its activities are exclusively confined to operating the Planet Beach franchise;

21.6.2. You are, and at all times remain, the owner of 51% of the outstanding shares of the corporation or a controlling interest in the limited liability company;

21.6.3. The new entity delivers to Planet Beach a written assumption of your obligations under this Agreement;

21.6.4. All shareholders, members and/or managers of the new entity sign Planet Beach's Guaranty Agreement; and

21.6.5. The entity must adhere to the requirements set forth in this Agreement relating to management of the Spa.

22. CHANGES AND MODIFICATIONS

Franchisor reserves and shall have the sole right to make changes in the Manual, the System, and the Proprietary Marks at any time and without prior notice to Franchisee. Franchisee understands and agrees that due to changes in competitive circumstances, presently unforeseen changes in the needs of customers, and/or presently unforeseen technological innovations, the System must not remain static in order that it

to immediately cease or correct such use after receiving written or oral notification from Planet Beach;

23.2.9. You fail to find a site for your Spa and submit it to Planet Beach for approval within 60 days of the execution of this Agreement, and you fail to request in writing, and Planet Beach does not elect to grant you, an extension of this Site Selection Period;

23.2.10. You fail to open your Spa within 275 days of Planet Beach's execution of this Agreement;

23.2.11. You abandon your Spa (for purposes of this provision, the term "abandon" shall mean your failure to operate the Spa for 3 or more consecutive days);

23.2.12. You fail to cure any default of your lease or sublease for your Spa's location within the relevant cure period, if any, or to remedy any default under any note, lease, or sublease for the Spa's location, or for the equipment or inventory therein, or lose the right to possession of the Spa's location, provided however, that if any such loss of possession results through no fault of your own, and the premises are damaged or destroyed by fire, flood or other natural disaster such that they cannot, in Planet Beach's sole judgment, reasonably be restored, or you are not permitted under the lease or sublease to restore, then this Agreement shall not be terminated for that reason for a period of 60 days thereafter, provided that Planet Beach has approved (i) a site within that time to which you will relocate for the remainder of the term of this Agreement; and (ii) your schedule for reopening the Spa, which approval shall not be unreasonably withheld;

23.2.13. You purport to transfer any rights or obligations arising under this Agreement to any third party without Planet Beach's prior written consent, including the sale of the assets to a non-Planet Beach franchisee;

23.2.14. You violate the confidentiality/non-disclosure obligations of this Agreement;

23.2.15. The provisions contained in this Agreement for transfer by you upon death, disability or incompetence are not strictly followed;

23.2.16. You violate the covenant not to compete;

23.2.17. You fail to obtain Planet Beach's approval or consent as required by this Agreement; or

23.2.18. You violate any of the provisions of this Agreement and/or any other agreement with Planet Beach on 2 or more occasions within any 12-month period (notwithstanding the cure of any individual violation).

23.3. Termination by Planet Beach After a Thirty (30) Day Cure Period. Planet Beach has the right to terminate this Agreement, after providing you a 30-day cure period, if you fail to comply with any term of this Agreement not listed in Paragraph Section 22.2.

23.4. Cross-Default. If you are the owner of more than 25% of another Planet Beach franchise or corporate or limited liability company franchisee, then any breach of the franchise agreement for such additional franchise will constitute a breach of this Agreement, and be grounds for Planet Beach to terminate this Agreement. Moreover, a breach of this Agreement is grounds for termination of any other agreement you have with Planet Beach or its affiliates.

24.1.10. Provide Planet Beach, within 30 days after the effective date of termination or expiration, evidence satisfactory to Planet Beach of your compliance with the foregoing obligations; and

24.1.11. Comply with all provisions of this Agreement that by their nature survive the termination or expiration of this Agreement.

24.2. Security Interest in Personal Property. Planet Beach shall have a security interest in any equipment, supplies and other personal property on the site if Planet Beach has not received all funds due and owing from you and if Planet Beach is entitled by law to possession and a lien against such property.

24.3. Option to Purchase Personal Property. Planet Beach, its affiliate or its assignee also has the option, but is not obligated, to purchase any personal property used in connection with the operation of your Spa by providing you written notice of its election within 30 days after termination or expiration of this Agreement and paying you the book value for such personal property within 30 days of such notice. For purposes of this paragraph ~~Section~~, "book value" means the amount you actually paid for the personal property less depreciation (calculated by using the straight-line depreciation method on a 10 year depreciation schedule irrespective of the depreciation method or schedule you use for accounting purposes). Notwithstanding the foregoing, to the extent that Planet Beach exercises its right to purchase any personal property that is subject to a lease or finance agreement, the purchase price of such personal property shall equal the amount of your remaining obligations under the lease or finance agreement, as applicable. In the event that the amounts due are in excess of book value, then the purchase price shall be equal to the lesser of the amount due under the lease or finance agreement or book value. Planet Beach shall be entitled to offset the purchase price by the amount of money owed by you to Planet Beach for any payments necessary to acquire clear title to property or for any other debt. If Planet Beach exercises its option to purchase, pending the closing of such purchase, Planet Beach has the right to appoint a manager to maintain operation of the Spa, or Planet Beach may require that you close the Spa during such period without removing any assets. You are required to maintain in force all insurance policies required under this Agreement until the date of such closing.

25. CHOICE OF LAW; DISPUTE RESOLUTION

25.1. Governing Law. This Agreement shall be deemed to have been made in the State of Louisiana and shall be construed according to the laws of Louisiana without regard to its conflict of laws, La. CC Arts. 3515 et seq., and any amendments and/or revisions thereto.

25.2. Internal Dispute Resolution. Before commencing any legal action against Planet Beach or its affiliates with respect to any such claim or dispute, you must submit a notice of dispute which specifies, in detail, the precise nature and grounds of such claim or dispute to the Planet Beach's ~~Legal Department's~~ Counsel. If you are in a territory with an Area Representative, you must first submit the claim directly to your Area Representative prior to engaging PBFC's Legal Department. Resolution of your dispute may involve an external, neutral Ombudsman at Planet Beach's discretion. If your claim or dispute cannot be resolved you must agree to a face to face meeting between you, your attorney if you have retained one, a corporate representative from Planet Beach and the ~~General~~ PBFC's Counsel prior to engaging in mediation. This meeting may occur at a neutral meeting place. You must exhaust these internal dispute resolution procedures before proceeding to mediation.

25.3. Mediation. At Planet Beach's option, all claims or disputes between you and Planet Beach or its affiliates arising out of, or in any way relating to, this Agreement, or any of the parties' respective rights

in any action, proceeding or counterclaim, whether at law or equity, regardless of which party brings suit. This waiver shall apply to any matter whatsoever between the parties hereto which arises out of or is related in any way to this Agreement, the performance of either party, and/or your purchase from Planet Beach of the franchise and/or any goods or services.

25.9. Waiver of Punitive Damages. You waive to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which you the parties may have against Planet Beach, its affiliates, successors or assigns, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, recovery shall be limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

25.10. Class Action Waiver. You hereby agree to waive any class action proceeding or counterclaim against Planet Beach, its affiliates, successors or assigns, whether at law or equity, regardless of which party brings suit. This waiver shall apply to any matter whatsoever between the parties hereto which arises out of or is related in any way to this Agreement, the performance of either party, and/or your purchase from Planet Beach, its affiliates, successors or assigns of the franchise and/or any goods or services.

25.11. Attorneys' Fees. If either party institutes any judicial or arbitration proceeding to enforce any obligations under or to interpret the terms of this Agreement and Planet Beach prevails in the action or proceeding, you shall be liable to Planet Beach for all costs, including reasonable attorneys' fees, incurred in connection with such proceeding.

25.12. Nonwaiver. Planet Beach's failure to insist upon strict compliance with any provision of this Agreement shall not be a waiver of Planet Beach's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Planet Beach respecting any breach or default shall not affect Planet Beach's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Agreement shall be cumulative. Planet Beach's election to exercise any remedy available by law or contract shall not be deemed a waiver or preclude exercise of any other remedy.

26. CONSTRUCTION

26.1. Entire Agreement. This Agreement contains the entire agreement between the parties concerning the franchisee's franchise; no promises, inducements or representations not contained in this Agreement have been made, nor shall any be of any force or effect, nor binding on the parties. Modifications of this Agreement must be in writing and signed by both parties. Planet Beach reserves the right to change Planet Beach's policies, procedures, standards, specifications or manuals at Planet Beach's discretion. Nothing in the Agreement or in any related agreement is intended to disclaim the representation we made in the franchise disclosure document.

26.2. Survival. Any provisions of this Agreement which may be reasonably interpreted to impose any obligation after termination or expiration hereof, shall survive such termination or expiration and be binding upon the parties.

26.3. Severability. The parties agree that if any provisions of this Agreement may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision shall have the meaning, which renders it valid and enforceable. The language of all provisions of this Agreement shall be construed according to

REPRESENTATIONS, PROMISES, INDUCEMENTS, GUARANTEES OR WARRANTIES OF ANY KIND WERE MADE BY OR ON BEHALF OF PLANET BEACH, WHICH HAVE CAUSED YOU TO ENTER INTO THIS AGREEMENT. YOU UNDERSTAND THAT WHETHER YOU SUCCEED AS A FRANCHISEE IS DEPENDENT UPON YOUR EFFORTS, BUSINESS JUDGMENTS, THE PERFORMANCE OF YOUR EMPLOYEES, MARKET CONDITIONS AND VARIABLE FACTORS BEYOND THE CONTROL OR INFLUENCE OF PLANET BEACH. YOU FURTHER UNDERSTAND THAT SOME FRANCHISEES ARE MORE, OR LESS, SUCCESSFUL THAN OTHER FRANCHISEES AND THAT PBFC HAS MADE NO REPRESENTATIONS THAT YOU WILL DO AS WELL AS ANY OTHER FRANCHISEE.

28.3. Receipt. THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF PLANET BEACH'S FRANCHISE DISCLOSURE DOCUMENT, FINANCIAL STATEMENTS AND CONTRACTS FOR THE PLANET BEACH SPA FRANCHISE AT LEAST 14 CALENDAR DAYS PRIOR TO EXECUTION OF THIS AGREEMENT OR PAYMENT OF ANY MONIES FOR THE FRANCHISE. THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF THIS AGREEMENT, WITH ALL BLANKS COMPLETED AND WITH ANY AMENDMENTS AND EXHIBITS, AT LEAST 7 CALENDAR DAYS PRIOR TO EXECUTION OF THIS AGREEMENT.

28.4. Your Business Efforts. YOU, AS AN INDEPENDENT BUSINESS PERSON OR ENTITY, RECOGNIZE THAT THERE ARE ECONOMIC HAZARDS IN CONNECTION WITH THE OPERATION OF ANY BUSINESS, INCLUDING THE TYPE CONTEMPLATED BY YOU PURSUANT TO THIS AGREEMENT. YOU ACKNOWLEDGE THAT PLANET BEACH DOES NOT GUARANTEE YOUR SUCCESS, FINANCIAL OR OTHERWISE, EVEN THOUGH YOU MAY FOLLOW OR RELY ON PLANET BEACH'S ADVICE, RECOMMENDATIONS, PROGRAMS, POLICIES AND PROCEDURES. YOU ACKNOWLEDGE THAT YOU HAVE MADE AN INDEPENDENT INVESTIGATION OF THE FRANCHISED BUSINESS AND THAT NO REPRESENTATION HAS BEEN MADE BY PLANET BEACH REGARDING THE POTENTIAL OR FUTURE PROFITABILITY OF THE FRANCHISED BUSINESS, NOR OF THE FUTURE NUMBER OF PLANET BEACH SPAS AND ANY BENEFITS FLOWING THEREFROM. YOU UNDERSTAND THAT ANY INCOME OR PROFITS YOU MAY REALIZE WILL BE PRIMARILY THE RESULT OF YOUR EFFORTS AND LABORS, AND NOT THOSE OF PLANET BEACH OR THIRD PARTIES. THIS FRANCHISE IS NOT A SECURITY AND YOU AGREE NOT TO RELY ON PLANET BEACH OR ANY THIRD PARTY TO PRODUCE INCOME FOR YOU PURSUANT TO THIS AGREEMENT.

28.5. Opportunity to Review by Your Advisors. YOU ACKNOWLEDGE THAT PLANET BEACH HAS RECOMMENDED, AND THAT YOU HAVE HAD THE OPPORTUNITY TO OBTAIN, REVIEW OF THIS AGREEMENT AND PLANET BEACH'S FRANCHISE DISCLOSURE DOCUMENT BY YOUR LAWYER, ACCOUNTANT OR OTHER BUSINESS ADVISOR PRIOR TO EXECUTION HEREOF.

28.6. Execution Of Agreement. EACH OF THE UNDERSIGNED PARTIES WARRANTS THAT IT HAS THE FULL AUTHORITY TO SIGN AND EXECUTE THIS AGREEMENT. IF YOU ARE A PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY, THE PERSON EXECUTING THIS AGREEMENT ON BEHALF OF SUCH PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY WARRANTS TO PLANET BEACH, BOTH INDIVIDUALLY AND IN HIS CAPACITY AS PARTNER, OFFICER, MEMBER OR MANAGER, AS APPLICABLE, THAT ALL OF THE PARTNERS OF THE PARTNERSHIP, ALL OF THE SHAREHOLDERS OF THE CORPORATION, OR ALL OF THE MEMBERS AND MANAGERS OF THE LIMITED LIABILITY COMPANY, AS APPLICABLE, HAVE READ AND APPROVED THIS AGREEMENT, INCLUDING ANY RESTRICTIONS WHICH THIS AGREEMENT PLACES UPON RIGHTS TO TRANSFER THEIR INTEREST IN THE PARTNERSHIP, CORPORATION OR LIMITED

MULTI-UNIT OPTION AGREEMENT

This Multi-Unit Option Agreement ("Agreement") entered into this _____ day of _____, 2011, between Planet Beach Franchising Corporation, a Louisiana corporation, with an address at 5161 Taravella Road, Marrero, Louisiana 70072 (hereafter "Planet Beach"), and _____ (hereafter "you").

Background

- A. Contemporaneous with the execution of this Agreement, you and Planet Beach have entered into a Single Unit Franchise Agreement (the "First Franchise Agreement") for the right to establish and operate a single Planet Beach Contempo Spa (the "First Spa") and paid the Initial Franchise Fee.
- B. Planet Beach offers qualified franchisees the right and option to open and operate 2 or 4 additional Planet Beach Contempo Spas (the "Additional Spas") during the term of the option period (defined below) and otherwise upon the terms and conditions of this Agreement.
- C. You wish to purchase an option to establish and operate _____ Additional Spas under the terms and conditions set forth in this Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

Agreement

- 1. **Grant of Option.** In consideration of your payment to Planet Beach of a \$ _____ option fee (the "Option Fee"), which is due and payable upon your execution of this Agreement, Planet Beach grants you the right and option to establish and operate _____ Additional Spas under the terms and conditions of this Agreement. This Option Fee is deemed fully earned upon payment and is nonrefundable.
- 2. **Eligibility.** You must purchase this Option when you execute the First Franchise Agreement.
- 3. **Option Period.** You may not execute a lease for any Additional Spa prior to exercising your option pursuant to Section 4 below. Your option to establish 1 additional Spa will expire one year and one day from the date of the execution of this agreement. Your option to establish 2 additional Spas will expire three years and one day from the date of the execution of this agreement. Your option to establish 4 additional Spas will expire four years and one day from the date of the execution of this agreement. If you fail to meet the option period listed above you no longer have an option for those additional Spas for which you do not have opened and operating, unless you request in writing an extension which will be approved at Planet Beach's sole discretion.

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4.2. You are not in default under this Agreement, or any other agreement with Planet Beach and/or its affiliate, including any other franchise agreement or development agreement and have fully and faithfully performed all of your material obligations under any such agreements throughout their respective terms;

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mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Planet Beach. The parties shall each bear their own costs of mediation and shall share equally the filing fee imposed by NFMP and the mediator's fees. Planet Beach's rights to mediation, as set forth herein, may be specifically enforced by Planet Beach.

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arises out of or is related in any way to this Agreement, the performance of either party, and/or your purchase from Planet Beach of the franchise, option and/or any goods or services.

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23. Additional Documentation. You must from time to time, subsequent to the date first set forth above, at Planet Beach's request and without further consideration, execute and deliver such other documentation or agreement and take such other action as Planet Beach may reasonably require in order to effectuate the transactions contemplated in this Agreement. In the event that you fail to comply with the provisions of this Section, you hereby appoint Planet Beach as your attorney-in-fact to execute any and all documents on your behalf, reasonably necessary to effectuate the transactions contemplated herein.

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Australian Gold: for Australian Gold, Swedish Beauty, Designer Skin private label and co-branded products.

Whiter Image: for teeth whitening products.

Legacy: for private label candles.

Dream Time: for authorized retail products.

Matworks: for all Spa flooring covering needs including vinyl base, adhesives and transition materials.

Spa furniture vendors as approved by PBFC: for all Spa furniture including lobby and service room furniture.

ACIGI Relaxation – Cyber Relax Massage Chair

AMI – Aqua Massage: Massage and Hydrotherapy equipment and authorized accessories.

JTL Enterprises – HydroMassage (Dry Hydrotherapy Massage)

Ergoline – UVUV Equipment (International only)

ETS – UVUV Equipment (Domestic only)

JK Ergoline – Equipment (Domestic only)

Australian Gold - Autobronze Spray booth equipment and supplies. Mobile airbrush system and supplies.

MTI – Mystic Tan Booths: UVUV Free/Spray Tanning equipment and authorized retail products.

Photo Medex: Lumiere` (Facial Unit) and authorized retail products.

Sybaritic, Inc. – Hydration Station and SlimCapsule equipment and authorized products.

UMO – UMO Facial & Hand Spa

O2 Innovations – Oxygen Unit

Therasage – Far Infrared Massage Bed, Sauna and Chairs

Workflow One – Printed Materials

Pel Hughes – Printed Materials/Direct Mail

Professa Grafix – Printed Materials

Valpak – Marriage Mail

Spa Boom – Online Gift Certificates

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EXHIBIT 2
TO
PLANET BEACH FRANCHISING CORPORATION
SINGLE UNIT FRANCHISE AGREEMENT

APPROVED LOCATION AND TERRITORY ADDENDUM

The undersigned franchisee has the right to establish one Planet Beach Spa at the following Approved Location (as defined in Section 2 of the Franchise Agreement):

Your Protected Territory generally will be a circle, the center of which will be your location as defined by your signed lease and verified by you. The actual size and dimensions of your Territory may be less than stated below and will depend upon the specific variables of your Site, including population density, marketing and development trends, traffic flow and natural and man-made boundaries. A map plotting the Protected Territory will be attached hereto upon securing a site for your location.

If a radius is used to determine your Territory, then the radius of the circle will be based on where the Spa site is located and will range from:

- (i.) one-half of a mile (1/2 mile) if your Spa is located in a Downtown area or the Central Core of a large city; to
- (ii.) two miles (2.0 miles) if your Spa is located in any other Area.

Your Protected Territory shall exclude: (i) any area that is across a state line, river, navigable waterway, interstate, highway or other natural or man-made boundary; and (ii) regional shopping malls, train stations, bus stations and airports.

PLANET BEACH FRANCHISING CORPORATION

By: _____

FRANCHISEE

Witness

Witness

ACKNOWLEDGMENT BY GUARANTOR

WHEREAS, a Guaranty Agreement dated _____ is being entered into between Planet Beach Franchising Corporation and _____ ("Guarantor"), whereunder Guarantor has guaranteed the obligations of a corporate, limited partnership or limited liability company franchisee to Planet Beach Franchising Corporation, or is the spouse of an individual franchisee of Planet Beach Franchising Corporation, and

WHEREAS,—Planet Beach Franchising Corporation and Guarantor desire to clarify the relationship between them.

NOW, THEREFORE, Guarantor acknowledges that Guarantor has conducted an independent investigation of the Planet Beach Franchising Corporation franchise program and recognizes that the business venture contemplated by the franchisee involves business risk and success will be largely dependent upon the ability of the franchisee, Guarantor and other persons with an interest in the franchise as independent business persons. Planet Beach Franchising Corporation expressly disclaims the making of, and Guarantor acknowledges not receiving, any guaranty or warranty, express or implied, nor any representation as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement. Guarantor further represents that Guarantor is not a party to any agreement which might interfere with the performance required of persons with an interest in the franchise under the Planet Beach Franchising Corporation's Single Unit Franchise Agreement, and that entering into such agreement shall not in any way interfere with or constitute a breach of any prior existing contract to which Guarantor is a party.

Witness

Guarantor, Individually

Witness

Guarantor, Individually

II. TENANT'S FAILURE TO EXTEND THE LEASE TERM.

2.0 If the Lease contains the term renewal or extension right(s) and if Tenant allows the term to expire without exercising said right(s), Landlord will give Franchisor written notice thereof, and Franchisor will have the right and option to exercise the Tenant's renewal or extension right(s) on the same terms and conditions as are contained in the Lease by giving written notice to Landlord within thirty (30) days of receipt of Landlord's notice. If Franchisor exercises such right(s) Landlord and Franchisor will promptly execute a lease assumption agreement that will provide for Franchisor's assumption of the Lease effective at the commencement of the extension or renewal term.

III. TERMINATION OF A FRANCHISE AGREEMENT.

3.0 Franchisor will have the right and option to assume the Lease if any franchise agreement between Franchisor and Tenant is terminated for any reason during the term of the Lease. If any franchise agreement between Franchisor and Tenant is terminated and Franchisor desires to assume the Lease it may give written notice to Landlord requesting that Landlord specify any existing defaults by Tenant under the Lease. Within fifteen (15) days after receipt of such notice, Landlord will give Franchisor written notice specifying any existing defaults by Tenant under the Lease.

3.1 If any franchise agreement between Franchisor and Tenant is terminated, Tenant shall, within ten (10) days after written demand by Franchisor, assign all of its right, title and interest in the Lease to Franchisor. If Tenant fails to do so, Tenant hereby designates Franchisor as its agent to execute any and all documents, agreements and to take all action that may be necessary or desirable to effectuate the assignment of the Lease and the relinquishment of any and all of Tenant's right there under. Landlord consents to such assignment, subject to Franchisor executing an assumption of the Lease in form reasonably satisfactory to Landlord and curing all defaults of Tenant under the Lease before taking possession of the Premises. Tenant further agrees to promptly and peaceably vacate the Premises and to remove its personal property at the written request of Franchisor. Any property not so removed by Tenant within ten (10) days following receipt of such written request shall be deemed abandoned by Tenant.

3.2 Tenant agrees that termination of any franchise agreement for the Premises shall, at the option of Landlord, be a default under the Lease.

IV. ADDITIONAL PROVISIONS

4.0 Tenant shall remain hable to Landlord for all of its obligations under the Lease, notwithstanding any assignment of the Lease to Franchisor. Franchisor shall be entitled to recover from Tenant all amounts it pays to Landlord to cure Tenant's defaults under the Lease, including interest and reasonable collection costs.

4.1 Prior to taking possession of the Premises pursuant to its rights under this Rider to Lease, Franchisor will cure the default(s) specified by Landlord and execute and deliver to Landlord an assumption of the Tenant's right and obligation under the Lease. Franchisor corporation will pay, perform and be bound by all of the duties and obligations of the Lease applicable to Tenant, except that Franchisor may elect not to assume or be bound by the terms of any amendment to the Lease executed by Tenant without obtaining Franchisor's prior written approval, which shall not be unreasonably withheld.

4.2 After Franchisor assumes Tenant's interest in the Lease, Franchisor will not be subject to any provision of the Lease that requires the Tenant to continuously operate a business in the Premises during any period that the business in the Premises is closed for remodeling or while the Franchisor is seeking to obtain and train a new franchisee to operate a franchised business in the Premises.

IN WITNESS WHEREOF, THE PARTIES HERETO HAVE CAUSED THIS LEASE
OPTION RIDER TO BE EXECUTED AS OF THE DATE FIRST ABOVE WRITTEN.

Witness/Attest:

Landlord
By: _____
President

Individually

Tenant
By: _____
President

Individually

PLANET BEACH FRANCHISE CORPORATION

By: _____

any performance or functional evaluation of any portion of the Licensed Software to any third party without prior and express written approval of Planet Beach for each such release.

BACKUP AND TRANSFER. You may obtain a copy of the Licensed Software from Planet Beach for essential backup purposes, provided the copy is retained at Franchisee's approved location. *You may not* sublicense, assign, delegate, rent, lease, time-share or otherwise transfer this license or any of the related rights or obligations to any person or entity for any reason. Any attempt to make any such sublicense, assignment, delegation or other transfer by you shall be void and of no legal effect and shall automatically be deemed a material breach of this Agreement, which breach shall trigger an automatic termination of this Agreement.

If Planet Beach authorizes a sale of your franchise and transfer of your rights under your Franchise Agreement to a third party (the "Transferee") you must notify the Transferee that it will be obligated to enter into a new Sublicense Agreement with Planet Beach, and that a "Re-License Fee" of \$250.00 will be required to be paid to Planet Beach to secure Planet Beach's authorization to use the Licensed Software and the Documentation and to receive technical support.

OWNERSHIP. You own only the magnetic or other physical media on which the Licensed Software and related Documentation are recorded or fixed. All content accessed through the Licensed Software is the property of the applicable content owner and may be protected by applicable copyright law. This Sublicense gives you no rights whatsoever to such content.

TERM AND TERMINATION. The term of this Sublicense is concurrent with the term of your Planet Beach Franchise Agreement unless earlier terminated as provided herein. This Sublicense (and all of your rights hereunder) automatically terminates if you fail to comply with its terms and conditions. You agree that, upon such termination, in accordance with Planet Beach's direction, you will either destroy (or permanently erase) all copies of the Licensed Software and Documentation, or return the original Licensed Software and Documentation to Planet Beach, together with any other material you have received from Planet Beach in connection with the Licensed Software.

MAINTENANCE AND SUPPORT. During the term of this Sublicense, you will receive technical support services from Planet Beach.

- (a) **Exclusions.** Technical support does not include non-software related issues, provision of software upgrades, data recovery, after hours emergency support, and data restoration. If Harms determines that you have a problem with hardware such as a printer or computer, you may be required to contact the appropriate manufacturer directly. Warranties for hardware are provided by the hardware manufacturer, and not by Planet Beach.
- (b) **Data Backup.** Certain locations may be susceptible to power outages and/or fluctuations that can cause a computer to crash or shut down. You are strongly recommended to install and maintain battery backups to keep computers from being shutdown improperly. **WARNING:** Shutting down your computer while the Licensed Software is in use may damage the databases and potentially cause a loss of data. Planet Beach is not responsible for any such losses of data, nor does Planet Beach assume responsibility or liability for any losses or damages arising, directly, or indirectly, from your improper use or maintenance of the Software or your hardware. On occasion, data may be damaged to the extent that intervention by a Planet Beach programmer is necessary to recover or fix the databases. These types of services are NOT included in this Sublicense and the fees for such services are subject to the discretion of Planet Beach.

any remaining unexpired portion of the License Term, or (iii) equally suitable non-infringing software to replace the infringing Licensed Software.

INDEMNIFICATION. Franchisee shall indemnify and hold Planet Beach harmless from and against any and all losses, liabilities, obligations, damages, penalties, judgments, suits, costs, expenses or disbursements of any kind (including, without limitation, attorneys' fees and expenses) against, or incurred by, Planet Beach to the extent such claims, damages, liabilities or costs relate to, have arisen in connection with, or result directly or indirectly from the breach by Franchisee of any term or condition of this License.

CONFIDENTIALITY.

- (a) **Confidential Information.** Franchisee acknowledges that it is the policy of Planet Beach to maintain as confidential all information that should reasonably be understood by Franchisee to be confidential or proprietary, including, without limitation, information relating to the Licensed Software and the Documentation, the business methods, marketing strategies, tools, systems, procedures, products and services, customers, and potential customers of Planet Beach (the "Confidential Information"), and Franchisee further acknowledges that such Confidential Information is of great value to the respective party that disclosed it. Confidential Information shall not include information that (i) is now or subsequently becomes available to the public through no fault or breach of Franchisee, (ii) Franchisee rightfully possessed prior to disclosure to it, (iii) is independently developed or acquired by Franchisee without the use of any Confidential Information of the party disclosing it, or (iv) is rightfully obtained by Franchisee from a third party who has the right to disclose the information.
- (b) **Nondisclosure of Confidential Information.** Franchisee acknowledges that it has acquired and will acquire Confidential Information as a result of and in connection with the performance of its obligations under this Sublicense Agreement and that it is reasonably necessary to protect the goodwill of Planet Beach. Accordingly, it agrees not to directly or indirectly (except where authorized herein), disclose or divulge any Confidential Information to any third parties, or to use any Confidential Information for the furtherance of its own business or financial interests or those of anyone else. Franchisee further agrees that it will not permit, cause or authorize any third parties to divulge any Confidential Information that Franchisee lawfully disclosed to such third party.
- (c) **Compelled Disclosure.** In the event any Confidential Information is required to be disclosed by applicable law, subpoena or similar process or pursuant to a request by a government or regulatory agency, then, to the extent legally permitted, Franchisee shall, prior to any such disclosure, promptly notify Planet Beach of such request for disclosure in order to give the appropriate party the opportunity to object to or seek to limit the scope of such disclosure. Notwithstanding any provision herein to the contrary, Franchisee may disclose any Confidential Information to any regulatory agency having jurisdiction over it without the prior written approval of Planet Beach to such disclosure.
- (d) **Remedies for Breach of Confidentiality Obligations.** Any breach or threatened breach by Franchisee of any confidentiality provision of this Sublicense Agreement may, because of the unique nature of the Confidential Information, cause irreparable harm to the party disclosing the Confidential Information and shall entitle that party, in addition to any other legal remedies, to apply to any court of competent jurisdiction to enjoin such breach or threatened breach.

IN WFFNESS WHEREOF, the parties have executed this Agreement on the date first set forth above.

FRANCHISEE(S):

PLANET BEACH FRANCHISING CORPORATION

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: CEO or COO of Planet Beach Franchising Corporation

I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

7. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchise and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, and continuing for 2 years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business selling any product or products which are the same as, or substantially similar to, any of the products or services offered by a Planet Beach location (except at a Planet Beach location), which is or is intended to be, located within:

- 7.1. the Franchisee's Territory as defined in the Franchise Agreement;
- 7.2. 10 miles of Franchisee's Territory; or
- 7.3. 10 miles of any Planet Beach location operating under the System and the Proprietary Marks.

This restriction does not apply to my ownership of less than 5% beneficial interest in the outstanding securities of any publicly-held corporation.

8. I agree that each of the foregoing covenants shall be constructed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unenforceable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty by law, as if the resulting covenant were separately stated in and made part of this Agreement.

9. I understand and acknowledge that the Company shall have the right, in its sole discretion to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

10. The Company is an intended beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

11. This Agreement shall be construed under the laws of the State of Louisiana without regard to its conflict of laws, La. CC Arts. 3515 et seq., and any amendments and/or revisions thereto. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

EXHIBIT 7
TO
PLANET BEACH FRANCHISING CORPORATION
SINGLE UNIT FRANCHISE AGREEMENT

**CONDITIONAL ASSIGNMENT
OF FRANCHISEE'S TELEPHONE NUMBERS, E MAIL ADDRESSES, and URLs**

1. _____, doing business at _____ ("Assignor"), in exchange for valuable consideration provided by Planet Beach Franchising Corporation ("Assignee"), receipt of which is hereby acknowledged, hereby conditionally assigns to Assignee all telephone numbers, email addresses, and URLs utilized by Assignor in the operation of its Spa at Assignor's above-referenced address. Those numbers, email addresses, and URLs are as follows:

2. The conditional agreement shall become effective automatically upon termination of Assignor's franchise. Upon the occurrence of that condition, Assignor shall do all things required by the respective provider to assure the effectiveness of the assignment of telephone numbers, email addresses, and URLs as if the Assignee had been originally issued such telephone numbers, email addresses, URLs and the usage thereof.

3. Assignor agrees to pay the respective provider on or before the effective date of assignment all amounts owed for the use of the telephone number(s), email addresses, and URLs. Assignor further agrees to indemnify Assignee for any sums Assignee must pay the respective provider to effectuate this agreement, and agrees to fully cooperate in effectuating this assignment.

ASSIGNOR:

_____ Date: _____

_____ Date: _____

ASSIGNEE:

PLANET BEACH FRANCHISING CORPORATION

By: _____ Date: _____

Representations:

No promises, agreements, contracts, commitments, understandings, "side-deals", options, rights-of-first-refusal or otherwise have been made to or with me with respect to any matter (including but not limited to any representations or promises regarding advertising (television or otherwise), marketing, site location, operational assistance or otherwise) nor have I relied in any way on any such except as expressly set forth in the Franchise Agreement, written Option Agreement, or written addendum signed by me and the _____ President of _____ Franchisor except _____ as follows: _____

(If none, the prospective franchisee shall write NONE in his/her own handwriting and initial same.)
Franchisee's Initials _____

No oral, written or visual claim or representation, promise, agreement, contract, commitment, understanding or otherwise which contradicted, expanded upon or was inconsistent with the Disclosure Document or the Franchise Agreement was made to me by any person or entity, except as follows: _____

(If none, the prospective franchisee shall write NONE in his/her own handwriting and initial same.)
Franchisee's Initials _____

No oral, wrinen or visual claim or representation (including but not limited to charts, tables, spreadsheets or mathematical calculations) which stated or suggested any specific level or range of actual or potential sales, costs, income, expenses, protits, cash flow, tax effects or otherwise (or from which such items might be ascertained) was made to me by any person or entity, except as follows: _____

(If none, the prospective franchisee shall write NONE in his/her own handwriting and initial same.)
Franchisee's Initials _____

No contingency, condition, prerequisite, prior requirement, proviso, reservation, impediment, stipulation, provision or otherwise exists with respect to any matter (including but not limited to obtaining financing, selection, purchase, lease or otherwise of a site, operational matters or otherwise) and/or with respect to my fully performing all of my obligations under the Franchise Agreement and/or any other documents to be executed by me nor have I relied in any way on any such, except as expressly set forth in a writing signed by me and the CEO and COO of Franchisor, except as follows: _____

(If none, the prospective franchisee shall write NONE in his/her own handwriting and initial same.)
Franchisee's Initials _____

I hereby understand that there will be no refunds. Franchisee's Initials _____

Franchisor does not make or endorse nor does it allow any marketing representative, broker or other individual to make or endorse any oral, written, visual or other claim or representation (including

EXHIBIT G
PLANET BEACH FRANCHISING CORPORATION
FRANCHISE DISCLOSURE DOCUMENT
TERMINATION OF FRANCHISE AGREEMENT AND RELEASE
UPON TRANSFER TO AN AUTHORIZED FRANCHISEE

employees, shareholders, directors, agents, servants, representatives, affiliates, successors and assigns (the "PBFC Releases") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney's fees, actions or causes of action whatsoever, whether known or unknown, which it, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the PBFC Releases arising out of or related to the offer, sale and operation of the Spa, and the parties' rights or obligations under the Franchise Agreement.

5. This Agreement constitutes the entire integrated agreement of the parties with respect to the subject matter contained in this Agreement, and may not be subject to any modification without the written consent of the parties.
6. This Agreement shall be construed under the laws of the State of Louisiana, which laws shall control in the event of any conflict of law.
7. This Agreement shall be for the benefit of and binding upon the parties and their respective representatives, successors and assigns.
8. Each party acknowledges that the terms of this Agreement have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel. This Agreement is entered into after a full investigation by the parties, and the parties are not relying upon any statements or representations not embodied in this Agreement.
9. In the event that PBFC retains the services of legal counsel to enforce the terms of this Agreement, it shall be entitled to recover all costs and expenses, including reasonable attorney's fees, incurred in enforcing the terms of this Agreement.
10. Transferor agrees that it has and had a relationship with PBFC at its offices in Louisiana and that, with the exception of PBFC's right to seek injunctive relief in any appropriate jurisdiction, any action by or against PBFC arising out of or relating to this Agreement shall be commenced and concluded in the State of Louisiana pursuant to the mediation, arbitration, venue, and jurisdiction provisions of the Franchise Agreement.
11. This Agreement may be executed in multiple counterparts by the various parties and the failure to have the signatures of all parties on a single Agreement shall not affect the validity or enforceability of any part of this Agreement against any party who executes any counterpart of the Agreement. Executed facsimile copies of this Agreement shall be deemed to be effective as original signatures.

EXHIBIT H

**PLANET BEACH FRANCHISING CORPORATION
FRANCHISE DISCLOSURE DOCUMENT**

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CONFIDENTIALITY AGREEMENT

I, _____, in consideration of the approval by Planet Beach Franchising Corporation ("PBFC") to review certain confidential information including, without limitation, certain manuals and/or other information relating to the operation of a Planet Beach franchise ("Confidential Information") before completing my contemplated purchase of such franchise, hereby agree to maintain the confidentiality of all such Confidential Information in recognition that such information is confidential and is divulged only to Planet Beach franchisees. In the event that I am unable to consummate the contemplated purchase of the Planet Beach franchise or to otherwise become a Planet Beach franchisee, I shall not disclose any of this information to any other person. I further represent and warrant that I shall not use such information in any other capacity except as an authorized Planet Beach franchisee. I hereby acknowledge that I shall not reproduce any of the Confidential Information being entrusted to me today, nor shall I make any oral or written notes regarding any of the information contained therein.

I acknowledge and agree that disclosure or unauthorized use of any of the Confidential Information presented to me is likely to cause PBFC immediate and irreparable harm, which is not compensable in money damages. I hereby consent, in the event of my unauthorized use or disclosure of such Confidential Information, to the entry of injunctive relief in favor of PBFC, including temporary restraining orders and preliminary injunctions, without the requirement of bond, under the usual equity rules.

I HAVE READ THE ABOVE CONFIDENTIALITY AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND IT AND AGREE TO BE BOUND BY ITS TERMS.

Dated: _____

Dated: _____

State Tanning Regulators

ALABAMA

Department of Public Health
Contact: Kirk Whatley, Director
(334) 206-5391
201 Monroe St., Suite 700
Montgomery, AL 36104

Jefferson County, AL – (205) 930-1206
Contact James Archer. This County lets Spas know what they expect, and which regulations they will enforce, and then within 30 days comes out, performs inspection and gives Spa a score. No training requirements. Common citations are cleanliness, exceeding tanning time and errors on client records.

ALASKA

Department of Health and Social Services
Section of State Laboratories
Radiological Health Program
Contact: Clyde E. Pearce
(907) 334-2107
4500 Boniface Parkway
Anchorage, AK 99507-1270

ARIZONA

Radiation Regulatory Agency
Contact: John Lamb
(602) 255-4845
4814 S. 40th St.
Phoenix, AZ 85040
www.azstate.gov

ARKANSAS

Department of Health
Division of Radiation Control
Contact: Jared Thompson
(501) 661-2922
4815 W. Markam St.
Little Rock, AR 72205

CALIFORNIA

Department of Consumer Affairs
Barbering and Cosmetology Program
Enforcement Division
Contact: Cindy Walton, Asst Bureau Chief
(916) 445-0713
400 R St., Suite 4080
Sacramento, CA 95814

COLORADO

Department of Public Health and Environment
Consumer Protection Division
Contact: Barbara Hruska, Program Manager
(303) 692-3620
4300 Cherry Creek Drive, S.
Denver, CO 80222
<http://www.cdphe.state.co.us>

CONNECTICUT

Department of Environmental Protection
Radiation Division
Contact: Dr. Edward L. Wilds, Jr.
(860) 424-3029
79 Elm St.
Hartford, CT 06106

DELAWARE

Division of Public Health-HSP
Contact: Rob Brinsfield, Program Administrator,
Office of Radiation Control
(302) 739-3787
Jesse Cooper Building
P.O. Box 637
Dover, DE 19903

FLORIDA

Department of Health
Bureau of Facility Program
Contact: Ken Widergren, Environmental
Specialist
(850) 487-0004
2020 Capitol Circle, S.E., Bin #A08
Tallahassee, FL 32399-1710

GEORGIA

Governor's Office of Consumer Affairs
Contact: Barry W. Reid, Administrator
(404) 656-3790
2 Martin Luther King Jr. Drive, S.E.,
Suite 356
East Tower
Atlanta, GA 30334

HAWAII

Department of Health
Radiation Section
Contact: Russell Takata

Minneapolis, MN 55401

MISSISSIPPI

Division of Radiological Health
Contact: Herman Gaines, Health Physicist
Administrator
(601) 987-6893
3150 Lawson St.
Jackson, MS 39213

MISSOURI

Department of Health
Section for Environmental Public Health
Contact: Daryl Roberts
(573) 751-6090
P.O. Box 570
Jefferson City, MO 65102

MONTANA

Department of Public Health and Human
Sciences
Radiological Control Program
Contact: George Eicholtz
(406) 444-5266
P.O. Box 202951
Cogswell Building
Helena, MT 59620-2951

NEBRASKA

Department of Health & Human Services
Regulation and Licensure
Public Health Assessment Division
Contact: Julia Schmitt, Program Manager
(402) 471-0170
P.O. Box 95007
Lincoln, NE 68509

NEVADA

Department of Human Resources, Health
Division
Radiological Health Section
Contact: Stan Marshall, Supervisor
(702) 687-5394, ext. 276
1179 Fairview, Suite 102
Carson City, NV 89701-5405

NEW HAMPSHIRE

Department of Health and Human Services
Division of Public Health Services
Office of Health Management
Contact: Dianne Luby, director

(603) 271-4501
6 Hazen Drive
Concord, NH 03301

NEW JERSEY

Department of Health and Senior Services and
Consumer Environmental Services
Contact: James A. Brownlee, Director
(609) 588-3124
P.O. Box 369
Trenton, NJ 08625-0360

NEW MEXICO

Environmental Department
Hazardous and Radioactive Materials Bureau
Contact: Mark Garcia
(505) 827-1557
P.O. Box 26110
2044 Galisteo St., Building A
Santa Fe, NM 87502

NEW YORK

Department of Health
Bureau of Environmental Radiation Protection
Contact: Michael Dreibelbis,
Senior Radiological Health Specialist
(518) 458-6476
2 University Place, Room 325
Albany, NY 12203

NORTH CAROLINA

Department of Environment and Natural
Resources
Division of Radiation Protection
Contact: Amy Sawyer
(919) 571-4141
3825 Barrett Drive
Raleigh, NC 27609-7221

NORTH DAKOTA

Health Department Division of Environmental
Engineering
Radiation Control Program
Contact: Ken Wangler, Manager of Programs
(701) 328-5188
P.O. Box 5520
1200 Missouri Ave., Room 304
Bismarck, ND 58506-5520

OHIO

Board of Cosmetology

WEST VIRGINIA
Office of Environmental Health Services
Radiological Health Program
Contact: Beattie DeBord,
Chief of Radiological Health Program
(304) 558-2981
815 Quamier St., Suite 418
Charleston, WV 25301

WISCONSIN
Department of Health and Family Services
Division of Public Health
Radiation Protection Section

Contact: Mark Bunge
(608) 267-4784
P.O. Box 309
Madison, WI 53701-0309

WYOMING
Department of Agriculture
Consumer Health Services Section
Contact: Chuck Higgins, Manager
(307) 777-6594
2219 Carey Ave.
Cheyenne, WY 82002

**PLANET BEACH FRANCHISING CORPORATION
AMENDMENT TO FRANCHISE AGREEMENT AND
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
CONTAINING ADDITIONAL INFORMATION
REQUIRED BY THE STATE OF CALIFORNIA**

**THE PLANET BEACH FRANCHISING CORPORATION
FRANCHISE DISCLOSURE DOCUMENT ("FDD")
CONTAINS INFORMATION REQUIRED BY BOTH
THE FEDERAL TRADE COMMISSION AND THE STATE OF CALIFORNIA.
THIS ADDENDUM TO THE FDD CONTAINS INFORMATION
REQUIRED EXCLUSIVELY BY THE STATE OF CALIFORNIA
AND IS BEING PROVIDED TO YOU AT THE SAME TIME AS THE FDD.**

*** * ***

**THE INFORMATION CONTAINED HEREIN MUST BE
REVIEWED IN CONJUNCTION WITH THE FDD**

**ADDENDUM TO PLANET BEACH FRANCHISING CORPORATION
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF CALIFORNIA**

In recognition of the requirements of the California Franchise Investment Law, Cal. Corporations Code Sections 31000 *et seq.*, the Franchise Disclosure Document for Planet Beach Franchising Corporation for use in the State of California shall be amended as follows:

Item 3 of the FDD is supplemented to include the following:

Neither the franchisor nor any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such person from membership in such association or exchange.

Item 5 of the FDD is supplemented to include the following:

California Franchise Investment Law requires that Planet Beach deposit into an escrow account with a national bank located in the State of California. The initial franchise fee will be held in an escrow account with the U.S. Bank National Association until the opening of the Planet Beach location.

Item 10 of the FDD does not apply to California residents. Planet Beach is not offering financing in California.

Item 17 of the FDD shall be supplemented to include the following:

California Business & Professions Code Sections 20000 through 20043 provides rights to the franchisee concerning termination or nonrenewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will California Business & Professions Code Sections 20000 through 20043 provide rights control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 *et seq.*).

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement requires application of the law of the State of Louisiana. This provision may not be enforceable under California law.

The franchise agreement requires legal proceedings, including binding arbitration, to occur in Jefferson Parish, Louisiana with each party bearing its own cost of arbitration including, but not limited to, the fee for their respective arbitrator; provided, however, that the neutral or single arbitrator's fee shall be shared equally by both parties. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provision of a franchise agreement that restricts venue to a forum outside the State

**PLANET BEACH FRANCHISING CORPORATION
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
CONTAINING ADDITIONAL INFORMATION
REQUIRED BY THE STATE OF HAWAII**

**THE PLANET BEACH FRANCHISING CORPORATION
FRANCHISE DISCLOSURE DOCUMENT ("FDD")
CONTAINS INFORMATION REQUIRED BY BOTH
THE FEDERAL TRADE COMMISSION AND THE STATE OF HAWAII.
THIS ADDENDUM TO THE FDD CONTAINS INFORMATION
REQUIRED EXCLUSIVELY BY THE STATE OF HAWAII
AND IS BEING PROVIDED TO YOU AT THE SAME TIME AS THE FDD.**

*** * ***

**THE INFORMATION CONTAINED HEREIN MUST BE
REVIEWED IN CONJUNCTION WITH THE FDD**

**ADDENDUM TO PLANET BEACH FRANCHISING CORPORATION
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF HAWAII**

For franchises and franchisees subject to the Hawaii Franchise Disclosure Law the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Planet Beach Franchising Corporation Franchise Disclosure Document.

Item 5 and Item 7 of the disclosure document are amended to include the following disclosure:

The State of Hawaii requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement and the Planet Beach location has opened.

Item 21 of the disclosure document is amended to include the following disclosure: Craig please review

~~OVER THE LAST THREE FISCAL YEARS THE FRANCHISOR HAD A NET LOSS OF \$325,102 IN 2007, \$758,217 IN 2008 AND \$708,392 IN 2009 AND IN 2010 RESULTING IN NEGATIVE STOCKHOLDERS EQUITY OF \$1,301,975 AS OF 2009 FISCAL YEAR END.~~

OVER THE LAST THREE FISCAL YEARS THE FRANCHISOR HAD A NET LOSS OF \$758,247 IN 2008, \$708,392 IN 2009 AND \$1,791,933 IN 2010 RESULTING IN NEGATIVE STOCKHOLDERS EQUITY OF \$2,975,093 AS OF 2010 FISCAL YEAR END.

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**PLANET BEACH FRANCHISING CORPORATION
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
CONTAINING ADDITIONAL INFORMATION
REQUIRED BY THE STATE OF ILLINOIS**

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**PLANET BEACH FRANCHISING CORPORATION
FRANCHISE DISCLOSURE DOCUMENT ("FDD")
CONTAINS INFORMATION REQUIRED BY BOTH
THE FEDERAL TRADE COMMISSION AND THE STATE OF ILLINOIS.
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*** * ***

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**AMENDMENT TO PLANET BEACH FRANCHISING CORPORATION
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF ILLINOIS Legal must review**

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This Amendment shall pertain to franchises sold in the State of Illinois and shall be for the purpose of complying with Illinois statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement ("Agreement") to the contrary, the Agreement shall be amended as follows:

1. Section 25.1 of the Agreement shall be supplemented as follows:

However, the choice of law should not be considered a waiver of any right conferred upon you by the provisions of the Illinois Franchise Disclosure Act of 1987 and the Rules and Regulations under the Act with respect to the offer and sale of a franchise and the franchise relationship. As required under Illinois law, the laws of the State of Illinois will govern.

2. Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void." To the extent that any provision in the Agreement is inconsistent with Illinois law, Illinois law will control.
3. To the extent that the limitations period set forth in Section 24.1 of the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, the Act will control; it being the intent of the parties that Section 25.3 of the Franchise Agreement shall not prohibit Franchisee from instituting a private civil action under Section 26 of the Illinois Franchise Disclosure Act within the limitations periods set forth in Section 705/27 of the Act.

Franchisee's Initials/Date

Franchisor's initials/Date

	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
DE	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	1
	2008	1	1	0	0	0	0	0
	2009	0	0	0	0	0	0	0
FL	2006	5	0	0	0	0	0	6
	2007	7	0	0	0	0	1	6
	2008	6	1	0	0	0	0	5
	2009	5	0	0	0	0	0	5
GA	2006	1	1	0	0	0	0	0
	2007	0	0	0	0	0	0	0
	2008	0	0	0	0	0	0	2
	2009	2	2	0	0	0	0	0
IA	2006	1	0	0	0	0	0	1
	2007	1	0	0	0	0	1	0
	2008	0	0	0	0	0	0	0
	2009	0	0	0	0	0	0	0
ID	2006	1	0	0	0	0	0	1
	2007	1	0	0	0	0	0	1
	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
KY	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0
	2008	0	0	0	0	0	0	0
	2009	0	0	0	0	0	0	1
LA	2006	1	0	0	0	0	0	1
	2007	1	0	0	0	0	0	1
	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
MA	2006	0	0	0	0	0	0	1
	2007	1	0	0	0	0	0	1
	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
MN	2006	1	0	1	0	0	0	1
	2007	1	0	0	0	0	0	1
	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
MS	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0
	2008	0	0	0	0	0	0	0
	2009	0	0	0	0	0	0	0
MT	2006	1	0	0	0	0	0	1
	2007	1	0	0	0	0	0	1
	2008	1	0	0	0	0	0	1
	2009	1	0	0	0	0	0	1
NC	2006	1	0	0	0	0	0	2
	2007	2	0	1	0	0	0	2
	2008	2	0	0	0	0	0	2

Planet Beach Franchising Corporation
Franchise Disclosure Document 03/10 Amended 08/10
Registration and Non-Registration States

LA	0	0	0
NJ	0	0	0
NY	0	0	0
OH	0	0	0
OR	0	0	0
PA	0	0	0
UT	0	1	0
IN	0	0	0
TX	0	1	0
VA	0	0	0
WA	0	1	0
Total	0	5	0

~~Four (4) Area Representatives were terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Area Representative Agreement during our most recent fiscal year, or failed to communicate with us within 10 weeks of the date of this disclosure document. Exhibit D to this disclosure document lists these Area Representatives, which have exited our system.~~

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PLANET BEACH FRANCHISING CORPORATION
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF INDIANA

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1. AMENDMENT TO PLANET BEACH FRANCHISING CORPORATION FRANCHISE AGREEMENT REQUIRED BY THE STATE OF INDIANA
2. ADDENDUM TO PLANET BEACH FRANCHISING CORPORATION FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF INDIANA

Ind. Code §23-2-2.7-2(3) makes it unlawful for a franchisor to deny the surviving spouse, heirs, or estate of a deceased franchisee the opportunity to participate in the ownership of the franchise under a valid franchise agreement for a reasonable time after the death of the franchisee, provided that the surviving spouse, heirs or estate maintains all standards and obligations of the franchise.

Further, the term "6 months" shall replace any shorter term in Section 21.4.

7. Section 25.1 of the Agreement entitled "Governing Law" is supplemented by the following provision:

However, the foregoing choice of law should not be considered a waiver of any right conferred upon you by the provisions of the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Law with respect to the offer and sale of a franchise and the franchise relationship. Notwithstanding anything in this Agreement to the contrary, this Agreement shall be governed by the Indiana Franchise Disclosure Law Ind. Code § 23-2-2.5 and the Indiana Deceptive Franchise Practices Law Ind. Code § 23-2-2.7.

8. Sections 25.1 entitled "Governing Law" and 24.4 entitled "Arbitration" of the Agreement are both supplemented by the following provision:

Indiana franchisees are allowed access to Indiana courts. Any provision which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of Indiana with respect to any matter governed by the Indiana Deceptive Franchise Practices Law and Indiana Franchise Disclosure Law is void.

Franchisee's Initials/Date

Franchisor's Initials/Date

franchise agreement for a reasonable time after the death of the franchisee, provided that the surviving spouse, heirs or estate maintains all standards and obligations of the franchise. To the extent that the Franchise Agreement requires a surviving spouse, heirs or an estate representative to assume liability under the Franchise Agreement and to complete training, the Franchise Agreement has been amended in accordance with Indiana Law to provide that all such conditions must be met within 6 months of the franchisee's date of death.

Ind. Code §23-2-2.7-1(10) prohibits any provision in the Agreement which limits litigation brought for breach of the Agreement in any manner whatsoever. To the extent that any provision of the Agreement conflicts with Indiana law, Indiana law will control.

The choice of law provision contained in the Franchise Agreement should not be considered a waiver of any right conferred upon you by the provisions of the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Law with respect to the offer and sale of a franchise and the franchise relationship. Notwithstanding anything in this Agreement to the contrary, the Franchise Agreement shall be governed by the Indiana Franchise Disclosure Law IC §23-2-2.5 and the Indiana Deceptive Franchise Practices Law IC §23-2-2.7, under Ind. Code §23-2-2.7.

Indiana franchisees are allowed access to Indiana courts. Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of Indiana with respect to any matter governed by the Indiana Deceptive Franchise Practices Law and Indiana Franchise Disclosure Law is void.

The post term covenant not to compete is limited to your non-exclusive area under the Franchise Agreement pursuant to Ind. Code §23-2-2.7-1(9).

**AMENDMENT TO PLANET BEACH FRANCHISING CORPORATION
FRANCHISE AGREEMENT AND THE MULTI-UNIT OPTION AGREEMENT
REQUIRED BY THE STATE OF MARYLAND**

This Amendment shall pertain to franchises sold in the State of Maryland and shall be for the purpose of complying with Maryland statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement shall be amended as follows:

Pursuant to Code of Maryland Regulations section 02.02.08.16L, any general release required of the franchisee as a condition of renewal, sale, assignment and/or transfer shall not apply to any release from liability under the Maryland Franchise Registration and Disclosure Law. ~~Paragraph~~Section 4.2.8 of the Franchise Agreement is amended accordingly.

Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to agree to any release, estoppel or waiver of liability as a condition of purchasing a franchise. To the extent that the Franchise Agreement may require you to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law in order to purchase your franchise, it is hereby amended to state that such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

Section 14-227 of the Maryland Franchise Registration and Disclosure Law provides that any action brought under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law requires the franchisor to file an irrevocable consent to be sued in Maryland. Accordingly, section 25.1 of the Franchise Agreement is amended to provide that you may file a lawsuit alleging a cause of action arising under the Maryland Franchise Registration and Disclosure Law in any court of competent jurisdiction within the State of Maryland.

Section 23.2.1 of the Franchise Agreement provides that Planet Beach Franchising Corporation may terminate you if you file a petition in bankruptcy or bankruptcy proceedings are commenced naming you as debtor. These provisions may not be enforceable under federal bankruptcy law.

Franchisee's Initials/Date

Franchisor's Initials/Date

**PLANET BEACH FRANCHISING CORPORATION
ADDENDUM TO FRANCHISE
DISCLOSURE DOCUMENT FOR PLANET BEACH FRANCHISING CORPORATION
STORES CONTAINING ADDITIONAL INFORMATION
REQUIRED BY THE STATE OF MICHIGAN**

**PLANET BEACH FRANCHISING CORPORATION
FRANCHISE DISCLOSURE DOCUMENT ("FDD")
FOR PLANET BEACH FRANCHISING CORPORATION STORES
CONTAINS INFORMATION REQUIRED BY BOTH
THE FEDERAL TRADE COMMISSION AND THE
STATE OF MICHIGAN. THIS ADDENDUM TO THE FDD
CONTAINS INFORMATION REQUIRED EXCLUSIVELY BY THE
STATE OF MICHIGAN AND IS BEING PROVIDED
TO YOU AT THE SAME TIME AS THE FDD.**

*** * ***

**THE INFORMATION CONTAINED HEREIN MUST BE
REVIEWED IN CONJUNCTION WITH THE FDD**

NOTICE

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, ~~novation~~novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from sending any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that pennits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixmres, and fumishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and fumishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if : (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or htigation be conducted outside this state. This shall not preclude the franchises from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is competitor of the franchisor or subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with

**PLANET BEACH FRANCHISING CORPORATION
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
CONTAINING ADDITIONAL INFORMATION
REQUIRED BY THE STATE OF MINNESOTA**

**THE PLANET BEACH FRANCHISING CORPORATION
FRANCHISE DISCLOSURE DOCUMENT ("FDD")
CONTAINS INFORMATION REQUIRED BY BOTH
THE FEDERAL TRADE COMMISSION AND THE STATE OF MINNESOTA.
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**AMENDMENT TO PLANET BEACH FRANCHISING CORPORATION
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MINNESOTA**

This Amendment shall pertain to franchises sold in the State of Minnesota and shall be for the purpose of complying with Minnesota statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement shall be amended as follows:

1. Minnesota law provides franchisees with certain termination and nonrenewal rights. As of the date of this Agreement, Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of nonrenewal of the Franchise Agreement.
2. Planet Beach Franchising Corporation will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or will indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the marks to the extent required by Minnesota law.
3. Section 25.1 of the Agreement shall be supplemented by the following provision:

Pursuant to Minn. Stat. Sec. 80C.21, this Paragraph ~~Section~~ shall not in any way abrogate or reduce any of your rights as provided in Minnesota Statutes, Chapter 80C, including but not limited to the right to submit matters to the jurisdiction of the courts of Minnesota.
4. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit Planet Beach Franchising Corporation from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.
5. To the extent you are required to execute a general release in favor of Planet Beach Franchising Corporation, such release shall exclude liabilities arising under the Minnesota Franchises Act, Minn. Stat. §80C.01 *et seq.* as provided by Minn. Rule 2860.4400J.
6. The first sentence of ~~paragraph~~ Section 25.6 shall have no further force or effect and the following shall be substituted in lieu thereof:

Nothing herein contained shall prevent PBFC from applying to and seeking to obtain from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction, and/or other emergency relief available to safeguard and protect its interest prior to the filing of any arbitration proceeding or pending the trial or handing down of a decision or award pursuant to any arbitration proceeding conducted hereunder. Except as otherwise provided in this Agreement, any dispute between PBFC and Franchisee arising out of or relating to this Agreement shall, at PBFC's option, be determined by arbitration.

7. Any claims brought pursuant to the Minnesota Franchises Act, §80.C.01 *et seq.* must be brought within

**ADDENDUM TO PLANET BEACH FRANCHISING CORPORATION
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED FOR THE STATE OF MINNESOTA**

For franchises and franchisees subject to the Minnesota Franchise Act, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Planet Beach Franchising Corporation Franchise Disclosure Document.

Item 5.

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The State of Minnesota has imposed an escrow requirement of the initial franchise fee and other initial payments owed by franchisees to Planet Beach Franchising Corporation until Planet Beach Franchising Corporation has completed its pre-opening obligations under each franchise agreement. The initial franchise fee will be held in an escrow account with the U.S. Bank National Association until the opening of the Planet Beach location.

Item 13

Planet Beach Franchising Corporation will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or will indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the marks to the extent required by Minnesota law.

Item 17.

Minnesota law provides franchisees with certain termination and nonrenewal rights. As of the date of this Disclosure Document, Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the Franchise Agreement.

Minn. Stat. Sec. 80C.21 provides that any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of Minnesota or, in the case of a partnership or corporation, organized or incorporated under the laws of Minnesota, or purporting to bind a person acquiring any franchise to be operated in Minnesota to waive compliance or which has the effect of waiving compliance with any provision of §§80C.01 to 80C.22 of the Minnesota Franchises Act, or any rule or order thereunder, is void.

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit Planet Beach Franchising Corporation from requiring litigation to be conducted outside Minnesota. In addition, nothing in the offering circular, Franchise Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, form or remedies provided for by the laws of the jurisdiction.

To the extent you are required to execute a general release in favor of Planet Beach Franchising Corporation such release shall exclude liabilities arising under the Minnesota Franchises Act, Minn. Stat. §80C.01 *et seq.* as provided by Minn. Rule 2860.4400J.

PLANET BEACH FRANCHISING CORPORATION
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF NORTH DAKOTA

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2. AMENDMENT TO THE PLANET BEACH FRANCHISING CORPORATION FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF NORTH DAKOTA

**ADDENDUM TO PLANET BEACH FRANCHISING CORPORATION
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF NORTH DAKOTA**

For franchises and franchisees subject to the North Dakota Franchise Investment Law, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Planet Beach Franchising Corporation Franchise Disclosure Document.

1. Item 5 is amended by the addition of an escrow requirement of the initial franchise fee with the U.S. Bank National Association until the opening of the Planet Beach location.

2. Item 17 is amended by the addition of the following language to the original language that appears therein;

(a) Covenants not to compete upon termination or expiration of a franchise agreement are generally unenforceable in North Dakota, except in certain instances as provided by law.

(b) Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.

(c) Any provision in the Franchise Agreement which requires a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

(d) Any provision in the Franchise Agreement which requires a franchisee to sign a general release upon renewal of the franchise agreement has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

3. Section 25.4 of the Franchise Agreement is hereby amended by the addition of the following language to the original language that appears therein:

Covenant requiring North Dakota Franchisees to consent to a limitation of claim within one year may not be enforceable in North Dakota.

4. Section 25.8 of the Franchise Agreement is hereby amended by the addition of the following language to the original language that appears therein:

Covenant requiring North Dakota Franchisees to consent to waiver of trial by jury may not be enforceable in North Dakota.

5. Section 25.9 of the Franchise Agreement is hereby amended by the addition of the following language to the original language that appears therein:

Covenant requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages may not be enforceable in North Dakota.

Franchisee's Initials/Date

Franchisor's Initials/Date

PLANET BEACH FRANCHISING CORPORATION
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF NEW YORK

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1. STATEMENT REQUIRED BY THE STATE OF NEW YORK
2. AMENDMENT TO PLANET BEACH FRANCHISING CORPORATION FRANCHISE AGREEMENT REQUIRED BY THE STATE OF NEW YORK
3. ADDENDUM TO PLANET BEACH FRANCHISING CORPORATION FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF NEW YORK

**AMENDMENT TO PLANET BEACH FRANCHISING CORPORATION
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF NEW YORK**

In recognition of the requirements of the New York General Business Law, Article 33, the parties to the attached Planet Beach Franchising Corporation Franchise Agreement (the "Agreement") agree as follows:

- 1) ~~Paragraph~~Section 4.2.8 of the Agreement with respect to your execution of a general release shall be supplemented by the following provision:

Provided that all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the GBL of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the nonwaiver provisions of Sections 687.4 and 687.5 of New York's GBL be satisfied.

- 2) ~~Paragraph~~Section 19.2 of the Agreement shall be supplemented to include the following provision:

Notwithstanding the above, you shall indemnify PLANET BEACH FRANCHISING CORPORATION and hold PLANET BEACH FRANCHISING CORPORATION harmless from liabilities resulting from your breaches and civil wrongs only.

- 3) ~~Paragraph~~Section 21.1 of the Agreement shall be supplemented to include the following provision:

In the event of such an assignment, PLANET BEACH FRANCHISING CORPORATION will ascertain that its assignee, in PLANET BEACH FRANCHISING CORPORATION'S reasonable judgment, possesses the economic resources to fulfill PLANET BEACH FRANCHISING CORPORATION'S obligations to its franchisees.

- 4) ~~Paragraph~~Section 25.1 of the Agreement shall be supplemented by the following provision:

However, the foregoing choice of law shall not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the New York State General Business Law.

- 5) The first sentence of ~~Paragraph~~Section 25.6 of the Agreement, shall have no further force or effect and the following shall be substituted in lieu thereof:

Nothing herein contained in this Agreement shall bar either party's right to seek to obtain injunctive relief against threatened conduct that will cause a loss or damage, under the usual equity rules, including the applicable rules for seeking to obtain restraining orders and preliminary

**ADDENDUM TO PLANET BEACH FRANCHISING CORPORATION
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF NEW YORK**

In recognition of the requirements of the New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 201.16 the Franchise Disclosure Document for Planet Beach Franchising Corporation for use in the State of New York shall be amended as follows:

1. Item 3 shall be supplemented by the following:

Neither we, our predecessor, nor any person identified in Item 2 or an affiliate offering franchises under our principal trademark has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations.

Neither we, our predecessor, nor any person identified in Item 2 or an affiliate offering franchises under our principal trademark has been convicted of a felony or pleaded *nolo contendere* to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded *nolo contendere* to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

Neither we, our predecessor, any person identified in Item 2 or an affiliate offering franchises under our principal trademark is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, state or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

- 2) Item 5 shall be supplemented by the following:

All franchisee fees are applied to the franchisor's general operating fund. All obligations of franchisor, whether to franchisees or otherwise, are paid out of this fund.

- 3) Item 4 shall be supplemented by the following:

During the ~~20~~10-year period immediately before the application for registration, neither we nor our affiliate, any predecessor, current officers or general partner has: (a) filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a

**PLANET BEACH FRANCHISING CORPORATION
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
CONTAINING ADDITIONAL INFORMATION
REQUIRED BY THE STATE OF RHODE ISLAND**

**PLANET BEACH FRANCHISING CORPORATION
FRANCHISE DISCLOSURE DOCUMENT ("FDD")
CONTAINS INFORMATION REQUIRED BY BOTH
THE FEDERAL TRADE COMMISSION AND THE STATE OF RHODE ISLAND.
THIS ADDENDUM TO THE FDD CONTAINS INFORMATION
REQUIRED EXCLUSIVELY BY THE STATE OF RHODE ISLAND
AND IS BEING PROVIDED TO YOU AT THE SAME TIME AS THE FDD.**

*** * ***

**THE INFORMATION CONTAINED HEREIN MUST BE
REVIEWED IN CONJUNCTION WITH THE FDD**

**ADDENDUM TO PLANET BEACH FRANCHISING CORPORATION
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF RHODE ISLAND**

For franchises and franchisees subject to the Rhode Island statutes and regulations, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Planet Beach Franchising Corporation Franchise Disclosure Document.

Item 17:

§19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in the franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

PLANET BEACH FRANCHISING CORPORATION
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF VIRGINIA

Table of Contents

1. FRANCHISE AGREEMENT ADDENDUM
2. FRANCHISE DISCLOSURE DOCUMENT ADDENDUM

**PLANET BEACH FRANCHISING CORPORATION
FRANCHISE DISCLOSURE DOCUMENT ADDENDUM
REQUIRED BY THE STATE OF VIRGINIA**

Item 5

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

PLANET BEACH FRANCHISING CORPORATION
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF WASHINGTON

Table of Contents

1. FRANCHISE AGREEMENT ADDENDUM

**PLANET BEACH FRANCHISING CORPORATION
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
CONTAINING ADDITIONAL INFORMATION
REQUIRED BY THE STATE OF WISCONSIN**

**PLANET BEACH FRANCHISING CORPORATION
FRANCHISE DISCLOSURE DOCUMENT ("FDD")
CONTAINS INFORMATION REQUIRED BY BOTH
THE FEDERAL TRADE COMMISSION AND THE STATE OF WISCONSIN.
THIS ADDENDUM TO THE FDD CONTAINS INFORMATION
REQUIRED EXCLUSIVELY BY THE STATE OF WISCONSIN
AND IS BEING PROVIDED TO YOU AT THE SAME TIME AS THE FDD.**

*** * ***

**THE INFORMATION CONTAINED HEREIN MUST BE
REVIEWED IN CONJUNCTION WITH THE FDD**

**AMENDMENT TO PLANET BEACH FRANCHISING CORPORATION
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF WISCONSIN**

This Amendment shall pertain to franchises sold in the State of Wisconsin and shall be for the purpose of complying with the Wisconsin Fair Dealership Law. Notwithstanding anything which may be contained in the body of the Franchise Agreement to be contrary, the Agreement shall be amended as follows:

Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of this Agreement or a related document between Franchisor and Franchisee inconsistent with the Law.

Franchisee's Initials/Date

Franchisor's Initials/Date

EXHIBIT L

**PLANET BEACH FRANCHISING CORPORATION
FRANCHISE DISCLOSURE DOCUMENT**

INFORMATION RELATING TO AREA REPRESENTATIVES

Area Representative:

~~Greg Overhage: Santa Clara, San Mateo and Alameda Counties, CA~~

~~Mr. Overhage has been the Project Manager with Hensel Phelps Construction Company in San Jose, CA since January 1997. He became a Planet Beach Franchisee and Area Representative in July 2003.~~

Mandy Bryant and Mark Verges: Pinellas, Polk, Hardee, Highlands, DeSoto, Charlotte, Glades, Okeechobee, Martin, and Hillsborough Counties, FL

Ms. Bryant has been an Area Representative in Central Florida since 2005. She is also currently Executive Director of Spa Performance and Education for PBFC. From November of 2003 until 2006, Ms. Bryant was a Director of Salon Research and Development for Planet Beach Franchising Corporation in Louisiana. From April of 2000 until December of 2002, Ms. Bryant was the Director of Salon Performance, and from May of 1999 until March of 2000, Ms. Bryant was a Salon Performance Consultant and Grand Opening Specialist for Planet Beach Franchising Corporation. Since 2005, Mr Verges has been an Area Representative for Central Florida. From October 2008 until December 2009, he served as Director of International Operations for Planet Beach International, LLC. He is currently employed in a Regional position over the Community Coffee House Division. Mr. Verges was a Director and Media Representative for Circuit City of New Orleans. From February of 2000 until April of 2005, Mr. Verges was a Market Leader and a Location Manager for Circuit City. From March of 1998 until February of 2000, Mr. Verges was a Sales Manager/Market Trainer for Circuit City. From April of 1995 until March of 1998, Mr. Verges was a Sales Manager for Circuit City.

Richard and Julie Spencer: Pasco, Manatee and Sarasota Counties, FL and 5 licenses in Hillsborough County, FL

From February 1, 1990 until March of 2003, Mr. Spencer was a Unicenter Analyst Technician for Raymond James Financial in Saint Petersburg, Florida. From January 2000 until 2005, Mrs. Spencer worked as a physical therapist for Sullivan Rehabilitation in Brandon, Florida. Mr. and Mrs. Spencer became Area Representatives in January of 2005.

Brent and Candace Marek: Wake County, NC

From December 1995 until January 2006, Mr. Marek worked for Bayer Crop Science in North Carolina as the National Market Manager. From January of 2004 until the present Mr. and Mrs. Marek have been the owners of three Planet Beach locations in the North Carolina area. Mrs. Marek worked for National Life Group based out of Vermont from December 2002 until December 2004 at their local Raleigh, NC office. Mr. and Mrs. Marek became Area Representatives in June of 2007.

Matthew James: Albany and Saratoga Counties, NY

From April of 2004 until the present, Mr. Matthew James has been self-employed. From January of 2002 until February of 2004, Mr. James was the Owner and President of Park West Bar and Grill located in Lewiston, New York. From January of 2000 until December of 2001, Mr. James was a Parts Department Manager for Rensselaer Honda located in Troy, New York. Mr. James became an Area Representative effective March 31, 2005.

Richard Morton: Harris, Brazoria, Fort Bend, Galveston, and Montgomery Counties, TX

From October of 2001 until April of 2005, Mr. Richard Morton was a Real Estate Appraiser for Fox &

Planet Beach Franchising Corporation

Franchise Disclosure Document 02-10 Amended 08-1008/11

Registration and Non-Registration States

Lloyd and Russine Zellner, Clark County, NV

Mr. Zellner served as an information technology consultant from January 2000 through June 2004. From June 2004 until June 2006, he served as the Chief Information Officer for CWFUSA. Mrs. Zellner has been a performer for many years in the Las Vegas area. Mr. and Mrs. Zellner became Area Representatives in February 2007. ~~In August 2010, Mr. and Mrs. Zellner became GymMatrix Area Representatives.~~

~~Robert Athari, Anson, Burke, Cabarrus, Catawaba, Davidson, Davie, Forsyth, Guilford, Gaston, Iredell, Lincoln, Montgomery, Mecklenburg, Randolph, Rockingham, Richmond, Rowan, Stokes, Stanley, Surry, Union, and Yedkin Counties, NC; Sullivan and Washington Counties, TN; York County, South Carolina; Washington County, VA~~

~~Mr. Athari worked as a Senior Vice President of Investment Banking for Wachovia Corporation from October 1997 through March of 2001. He has been a Planet Beach franchisee since October 2003 and became an Area Representative in November 2006.~~

Kevin Nunes, Stanislaus, San Joaquin, and Contra Costa Counties, CA

From April 1, 1998 until July 2010, Mr. Nunes has worked for Minnesota based carrier Northwest Airlines as a Purser. Mr. Nunes became an Area Representative in May 2007.

Laura Beth Paine, San Diego County, CA

~~Mrs. Paine worked as a Sales Manager for Bonne Terre Nursery from March of 2007 until May of 2008. From January 2005 through May of 2006 she was a student and stylist for Aveda. From June of 2005 through December 2005 she was in sales for Pacific Sunwear. From January 2003 through December 2004 she was a sales receptionist for Pamper Me Please. Mrs. Paine became an Area Representative in June of 2008.~~

Mona Archuleta-Jones and James Jones, Sandoval and Bernalillo Counties, NM

Mr. Jones worked as a Production Manager for BHP San Juan Mine in Farmington, New Mexico from 2000 until 2007. From 2007 to the present he has been Vice President of Operations for BHP San Juan Mine in Farmington, New Mexico. Mrs. Archuleta-Jones worked as a Director of Sales and Marketing for Marrion Courtyard in Farmington, New Mexico from June 2001 until October 2002. She worked as a District Sales Manager for CellularOne of NE Arizona from January 2003 until December 2003. From January 2004 until February 2005 she worked as a Certified Travel Consultant for Discovery Travel in Farmington, New Mexico. Mr. and Mrs. Jones became Area Representatives in April 2008.

Scot Shewey and Thomas Senecal, Fayette County, KY

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Mr. Shewey worked as Front Desk Supervisor for Ponte Vedra Inn and Club from May 2004 until December 2004. From January 2005 to the present he has been the Director of Lodging at the Lodge and Club. Mr. Senecal held the positions of Office Manager and Marketer for Tauber Souza Group at Long and Foster Realty from January 2006 until September 2006. From October 2006 to the present Mr. Senecal has held the position of Sales Manager for Ocean Style Tile Inc. Mr. Shewey and Mr. Senecal became Area Representative in January 2009.

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EXHIBIT M

**PLANET BEACH FRANCHISING CORPORATION
FRANCHISE DISCLOSURE DOCUMENT**

SAMPLE LENDING APPLICATIONS

Planet Beach Franchising Corporation

Franchise Disclosure Document 63-30 Amended 08/10/11

Registration and Non-Registration States

Lease Application

Company Information

Company Name

Address

City State Zip Code

Business Phone Number of Years in Business

Personal Information on Principal Owner(s)
 Please include as much information as you can
 provide on all owners of the company.

Name Social Security Number

Home Address

City State Zip Code

Home Phone Ownership Percentage

Authorization for Release of Financial Information

The undersigned represents that all information provided with this Application is true and correct and hereby authorizes Beneficial Capital Leasing (BCL) to obtain from third parties, information it deems necessary to arrive at a decision regarding this Application. To help fight terrorism and money laundering, the information you provide will be verified. By signing below, the undersigned individual(s) as principal of and/or guarantor for the applicant, authorizes BCL, its designees, assigns or potential assigns, to review his/her personal credit profile provided by a national credit bureau in considering this Application and for the purpose of update, renewal, or extension of credit to the Applicant or the collection of any residual accounts. The undersigned authorizes all deposit, borrowing, financial and trade information to be released to BCL by telephone or fax. A photocopy or facsimile of this authorization shall be valid as the original.

Name Date

**FACTS & OPINIONS
 ABOUT
 LEASE FINANCING**

80% of U.S. Companies lease some or all of their equipment.

Leasing has clearly gained popularity with small firms...
 It is so much easier than going to the bank.
 --The Wall Street Journal --

Firms now lease everything but time.
 --U.S. News and World Report--

**WHY IS LEASING SO
 POPULAR...?**

100% Financing
 Can include installation, freight costs, % of inventory, and
 % of construction costs.

Simple...Hassle Free
 Our effortless one-page application reduces paperwork
 and saves time.

Fast Response Time
 We do the work for you! Our process allows you to spend your
 time running your business.

Less Risk
 When leasing, the only collateral pledged is the leased equipment.

Pay Fewer Taxes
 True leases can be structured to be tax deductible.

A Plan To Meet Your Needs
 Leasing affords you more flexible payment terms and more
 options at the end of the lease.



FINANCING



IN CONJUNCTION WITH OUR FINANCE PARTNER:



PRESENTS OUR:

**UNSECURED BUSINESS
LINES OF CREDIT PROGRAM**

UBLOC™

(Credit Lines from \$40K – 100K)

ESTABLISHING AND BUILDING YOUR CORPORATE CREDIT is critical for a successful business. We have the expertise to accomplish this quickly and easily. We help facilitate the funding process, so that you can focus on building your thriving business as rapidly as possible.



Interested in seeing if you qualify?

Please fill out the information on this page and submit it. If financials exist you may submit all documents below to qualify for larger amounts, lower APRs or to supplement average credit

Company Name	
Credit Guarantor's Name	
Phone Number ()	
Guarantor's Street Address	Guarantor's City, State, Zip
Guarantor's Date of Birth	Email Address

You **MUST** include **ONE** of the following TRI-MERGE reports:

1. Your own tri-merge credit report less than 30 days old, from a reputable mortgage pull or bank OR
2. Login code to the following online credit monitoring system (we prefer not to pull your tri-merge to avoid now inquiries)

Website used www.Truecredit.com or	Date
Username	Password

You **MUST** include the following information:

- Has the guarantor had a Bankruptcy? Yes/No. If 'Yes', you must provide a list of creditors defaulted on.
- Has the guarantor built business credit before? Yes/No.
 - If yes, you must include a list of banks and Credit limits provided.
- Have you built business credit on the corporation we are going to be using? Yes/No.
 - If yes, you must include a list of banks and Credit limits provided.

You **CAN** include the following to get better results. If you include these financials, it is all items listed or none.

- Personal financial statement – form available upon request
- Provide last 2 years complete business and personal tax returns
- Provide inform business financials
 - May consist of recent quarterly balance sheets and profit and Loss statements
- Provide last 3 months business bank statements

Will you be sending additional financials to be included with your application? Yes/No

Email these application pages and then mail any additional information to:

Diamond Financial Services

262 Highway 36 - West Keansburg, NJ 07734

Telephone: (732) 787-9191 Toll Free at: (877) 508-2274 Fax: (732) 495-7058

email: DonJ@easysha.com www.FranchiseFunding.net



Thank you for your interest in Diamond Financial Services / Franchise Leasing where most all equipment is eligible. After receiving the items listed below we will try to get you prequalified for an equipment lease package.

Leasing some or all of your company's equipment is a sound financial decision

Here is a list of what you will need:

- ✓ Completed Leasing Application (see attached)
- ✓ Completed Personal Financial Statement (see attached)
- ✓ 2 years personal tax returns
- ✓ 2 years business tax returns (if applicable)
- ✓ 6 months current personal bank statements
- ✓ 6 months current business bank statements (if applicable)
- ✓ Written Transaction Summary (Business Overview)
- ✓ Equipment list/buy orders
- ✓ Start-up questionnaire (if start-up)

To get started please only return the attached Leasing application and personal financial statement via email to DonJ@easysba.com or fax to the attention of Diamond Financial Leasing Department at 732-495-7056. Please do not fax tax returns; bank statements, equipment lists or the business plan. These additional items should be sent via regular mail to the following address:

Diamond Financial Services
Don Johnson
(Leasing Department)
262 Highway 36
West Keanburg, NJ 07734

Leasing options can provide cost-effective solutions that fit your specific needs, whether you're ready to lease or just interested in what we have to offer.

The attached applications do not commit you in any way, but with this information we can tell you whether you qualify and discuss the options that are available, so you can make a decision that's right for you.

Diamond Financial Services
262 Highway 36 - West Keanburg, NJ 07734
Telephone: (732) 787-9191 Toll Free at: (877) 508-2274 Fax: (732) 495-7058 email: DonJ@easysba.com
www.FranchiseFunding.net www.FranchiseLeasing.com

Personal Financial Statement

U.S. Small Business Administration: **As of (date)**

Complete this form for: (1) each proprietor; or (2) each limited partner who owns 20% or more interest and each general partner; or (3) each stockholder owning 20% or more of voting stock and each corporate officer and director; or (4) any other person or entity providing a guaranty on the loan.

Name: _____ Spouse's Name: _____
 Business Phone: _____ Residence Phone: _____
 Residence Address: _____
 Business Name of Applicant/Borrower: _____

Assets	Liabilities
Total Checking Account \$ _____	Total Credit Card Debt \$ _____ <small>Describe in Section 2</small>
Total Savings in Banks \$ _____	Auto Loan Balances \$ _____ <small>Describe in Section 2</small>
IRA / Retirement \$ _____	Student Loan Balances \$ _____ <small>Describe in Section 2</small>
Cash Value Of Life Insurance \$ _____ <small>Complete Section 5</small>	Home Equity Loan Balances \$ _____ <small>Describe in Section 2</small>
Total Value Stocks & Bonds \$ _____ <small>Describe in Section 2</small>	Real Est. Loan Balances \$ _____ <small>Describe in Section 4</small>
Total of all Real Estate Owned - Describe in Section 4 \$ _____	Other Liabilities \$ _____ <small>Describe in Section 7</small>
Automobile - Present Value \$ _____	Unpaid Past Due Taxes \$ _____ <small>Describe in Section 6</small>
Other Assets & Property - Business ownership, Franchise fee's, and Personal, etc. \$ _____ <small>Describe in Section 5</small>	Total Liabilities \$ 0
Total Assets \$ 0 <i>Equals</i>	Net Worth \$ 0
	Total \$ 0

Section 1

Current Salary \$ _____
 Current Spouse Salary \$ _____
 Real Estate Rental Income \$ _____
 Other Income \$ _____ Describe other income: _____

Section 2 Notes Payable to Bank and Others (use attachment A if necessary)

Name and address of Note Holder	Original Balance	Current Balance	Payment Amount	Frequency (Monthly, etc.)	How Secured or Endorsed Type of Collateral
	\$	\$	\$	Monthly	
	\$	\$	\$	Monthly	
	\$	\$	\$	Monthly	
	\$	\$	\$	Monthly	
	\$	\$	\$	Monthly	
	\$	\$	\$	Monthly	
	\$	\$	\$	Monthly	
	\$	\$	\$	Monthly	



Personal Family Budget

(Personal Financial Statement Attachment)

INCOME	MONTHLY	Yearly
Salary	\$	\$ 0
Spousal Salary	\$	\$ 0
Gross Rental Income	\$	\$ 0
Other Income	\$	\$ 0
New Business Manager Salary	\$	\$ 0
Total Income	\$ 0	\$ 0
EXPENSES		
Residence Payment (Mortgage or Rent)	\$	\$ 0
Rental Property Mortgage	\$	\$ 0
Rental Expenses (impounds, cash expenses)	\$	\$ 0
HELOC Payments	\$	\$ 0
Installment Payments (List all debts on Financial Statement)	\$	\$ 0
Auto Loan Payments (List all debts on Financial Statement)	\$	\$ 0
Credit Card Payments (List all debts on Financial Statement)	\$	\$ 0
Utilities & Phone	\$	\$ 0
Food, Clothing	\$	\$ 0
Income Tax	\$	\$ 0
Property Tax	\$	\$ 0
Alimony	\$	\$ 0
Child Care/Support	\$	\$ 0
Insurance Payments	\$	\$ 0
Miscellaneous (10% of Monthly Income)	\$	\$ 0
Total Expenses	\$ 0	\$ 0
Net Discretionary Income	\$ 0	\$ 0

I/we hereby certify that the above information is true and correct to the best of my/our knowledge and belief.

Not required at this time
Signature _____ Date: _____

Not required at this time
Signature _____ Date: _____



Please complete the following

1. What is the best telephone number to contact you?
2. What is the best email address to contact you?
3. What is the name of the franchise/business you are seeking equipment for?
4. What is your estimated Total Project?
5. What is the total cost of equipment only?
6. Provide a brief description of the equipment you plan to lease (add will self expand as you type)
7. What are your current credit scores? Spouse/partner credit scores (if co-applicant)?
Not sure? Visit either www.annualcreditreport.com or www.tmeecredit.com to find out!
8. Have you / spouse / partner filed for bankruptcy, within the last 10 years?
What year?
9. Will you and/or your spouse or partner be maintaining any present employment /income when the new business opens? You:
How much? (annually) Spouse How much? (annually)
Partner: How much (annually)?
10. Have any of the applicant's, ever been arrested? Yes No
Are they currently on probation? Yes No
Applicant's name:
What were they arrested for?
11. Do you have a 2nd mortgage or Home Equity Line Of Credit (HELOC) on any property(s)? Yes No
State address of the property(s) and the amount the line is open for (on each address):
12. In the event you are not qualified; can you obtain a co-signer (or partner)? Yes No
13. Answer the following, only if you presently own a business: Name of Business
 - a. How long in Business?
 - b. Estimated value of Business?
 - c. Is the business currently profitable?
 - d. What was your net profit last year?
 - e. Do you have a current SBA Loan on the business (provide balance/term/rate):
 - f. Other business loan (provide balance/term/rate):
 - g. What Bank(s) are the loans secured at?
14. Are you either a U.S. Citizen or Green Card holder? Yes No

Transaction Summary - Business Overview

What are the names of Lessee(s) and /or guarantors?
What type of business and what does the company do that you need equipment for?
If already open, how long have you been in business?
What is the purpose (benefit) of leasing equipment?
Detailed Equipment Description List to include Invoice, Vendor Name & Address, & cost breakdown
What terms are you interested in? (24 to 60 months)?

EXHIBIT N

**PLANET BEACH FRANCHISING CORPORATION
FRANCHISE DISCLOSURE DOCUMENT**

RECEIPT

Date: _____

Signature of Prospective Franchisee

Print Name

Complete Below for a Partnership, Corporation or Limited Liability Corporation:

Name: _____

Title: _____

Name of Company: _____

Address: _____

You may return the signed receipt either by signing, dating, and mailing it to the Attention of Franchise Sales Department at Planet Beach Franchising Corporation at 5145 Taravella Road, Marrero, LA 70072, or by faxing a copy of the signed and dated receipt page to PBFC at (504) 361-5540.

Date: _____

Signature of Prospective Franchisee

Print Name

Complete Below for a Partnership, Corporation or Limited Liability Corporation:

Name: _____

Title: _____

Name of Company: _____

Address: _____

You may return the signed receipt either by signing, dating, and mailing it to the Attention of Franchise Sales Department at Planet Beach Franchising Corporation at 5145 Taravella Road, Marrero, LA 70072, or by faxing a copy of the signed and dated receipt page to PBFC at (504) 361-5540.