

**Item 1**  
**The Franchisor, Its Predecessors and Affiliates**

To simplify the language in this Offering Circular "PBFC," "us" and "we" mean Planet Beach Franchising Corporation, the franchisor. The term "you" means the person who buys the franchise, or the franchisee. The person buying the franchise may be a natural person, partnership, corporation, or limited liability company. If the franchisee is a partnership, corporation, or limited liability company the term "you" does not include the entity's partners, officers, directors, shareholders, members or managers unless otherwise stated.

The Franchisor, Its Predecessors and Affiliates

We were formed on September 26, 1996, as a Louisiana corporation, and do business under our corporate name and as Planet Beach Tanning Salons. Our principal business address is 5161 Taravella Road, Marrero, Louisiana 70072. Our agents for service of process are identified in Exhibit 2 of this offering circular.

We have been offering franchises of the type being offered in this offering circular since April 1996. We have never offered franchises in any other line of business.

We have been offering Area Representative development rights since January 1997. Area Representatives operate at least one spa and sell additional spas to others in their territories. Area Representative rights are offered through a separate registration as well as a separate Uniform Franchise Offering Circular.

Our affiliate, Planet Beach Real Estate, LLC ("PBRE") was formed on February 1, 2002 as a Louisiana limited liability company, with a principal place of business of 5161 Taravella Road, Marrero, Louisiana 70072. PBRE has never offered franchises in this or any other line of business nor has it ever operated a business of the type being franchised in this offering circular.

Our affiliate, Planet Beach Tanning Salons, Inc. was formed on April 1, 1996 as a Louisiana corporation. Its principal place of business is located at 5300 Tchoupitoulas Street, #F-7, New Orleans, Louisiana 70115. Planet Beach Tanning Salons, Inc. has never offered franchises in this or any other line of business nor has it ever operated a business of the type being offered in this offering circular. PBTS owns all of the Marks and has licensed the Marks to us and has given us the right to sublicense the Marks to our franchisees.

Our affiliate, Planet Beach Franchising, LLC ("PBF") was formed on August 20, 1998 as a Louisiana limited liability company. PBF is no longer engaged in business in any capacity. From August 1998 until June 1999, PBF sold 13 franchises of the type being offered in this offering circular. PBFC has assumed the obligations of PBF under the outstanding franchise agreements, and all renewals will be through PBFC.

Other than as set forth above we have no other predecessors or affiliates.

The Franchised Business

We grant franchises to qualified individuals for the right to operate a tanning Spa with a minimum of 7 pieces of equipment, a lesser amount of equipment may be approved at PBFC's sole discretion (the "Franchised Business" or "Spa"). You will operate the Franchised Business from an approved location ("Approved 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 Franchised Business. You will operate the Franchised Business according to the form of franchise agreement ("Franchise Agreement") included in this offering circular as Exhibit 6, and our confidential operations manual ("Operations Manual"), described in Item 11 of this offering circular.

### Market Competition

As a System franchisee, you will be offering and selling tanning and spa services and products. The general market for the type of business that we are marketing is well developed and competitive. The Franchised Business will compete with other local, regional and national tanning salons, spas, department and retail stores for which the market is well developed and highly competitive. We plan to continue controlled expansion to improve name recognition and the reputation of the system.

### Industry Specific Regulations

Tanning Spas are regulated in certain states and counties and regulations are constantly being updated and revised. We urge you to research your state and county laws regulating the tanning industry. State regulators are identified in Exhibit 10 of this offering circular. 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.

## **Item 2 Business Experience**

### President and Chief Executive Officer: Stephen P. Smith, CFE

Mr. Smith is one of our founders. Since April 1996, Mr. Smith has served as President and CEO of PBFC. Mr. Smith is a franchisee of one Planet Beach Spa in New Orleans.

### Senior Vice-President, Franchise Sales: Nancy M. Price, CFE

Since April 1996, she has served as our Vice President of Franchise Sales. Ms. Price is a franchisee of one Planet Beach Spa in Marrero, Louisiana.

### Senior Vice-President, Chief Operations Officer: Richard L. Juka, CFE

Since July 1996, Mr. Juka has served as our Vice President and Chief Operating Officer.

### Vice-President, Franchise Sales: David Mesa, Jr., CFE

Mr. Mesa was the Director of Business Operations for Allegis Group from February 1995 until November 2003. He joined PBFC in December 2003.

### Vice-President, Franchise Relations: Kathleen Moll, CFE

Ms. Moll began her career with Planet Beach while attending Tulane University in New Orleans as a salon associate in the fall of 1996. Upon graduating from Tulane she became the General Manager of the Planet Beach tanning salon in Marrero, LA in September of 1999. In March of 2000 she began working for PBFC and in February of 2003 she was promoted to the executive position she now holds.

Chief Information Officer: Toby R. Kendall

Mr. Kendall was the Director of Product Development for Interactive Design, Inc. in Atlanta, GA from July 1995 to September 1998. From September of 1998 until the present Mr. Kendall has been the Chief Information Officer for Planet Beach Franchising Corporation.

Director of Education & Executive Development: Kim H. Dowell, CFE

Ms. Dowell began working with Planet Beach in March 1998 as a Salon Manager, continuing on as a District Manager and Grand Opening Specialist. From February 2001 through January 2002, she worked as a Franchise Sales Representative for PBFC, and then resumed the position of Equipment & Lamp Specialist, which she held through December 2003. Ms. Dowell was the Director of Education & Research in 2004, Franchise Performance Director in 2005 and currently oversees the Education and Executive Development Departments for PBFC.

Director of Leasing: Chad Calongne

Mr. Calongne was employed by Property One, Inc. where he concentrated on leasing office and retail space for landlords from February 2000 to October 2001. From October 2001 until November 2002, Mr. Calongne was Director of Leasing and Property Management for Orthodontic Centers of America, Inc. There he focused on working with affiliated orthodontist and pediatric dentist to strategically locate their practices and maximize revenue. From November 2002 until October 2004, Mr. Calongne was hired by Sizeler Real Estate Management Company, Inc., subsidiary of Sizeler Property Investors, Inc., to lease two regional malls and seven strip centers consisting of over 1.5 million square feet of retail space. From October 2004 until August 2005, Mr. Calongne worked as Director of Leasing and Property Management for Orthodontic Centers of America, Inc. In August of 2005, Mr. Calongne became Planet Beach Franchising Corporation's Director of Leasing.

Franchise Finance Coordinator: Tracey S. Rogers

Prior to joining the PBFC family in June 2005 as Franchise Finance Coordinator, Ms. Rogers served as an Accounting/Finance Consultant for the Offshore Marine Service Association (OMSA), from September 2003 to August 2004. In addition, Ms Rogers served as the Finance Consultant for the retired President of OMSA for his personal business, Alario and Associates, LLC from September 2003 to May 2005. From August 1997 to January 2001, she worked as Senior Accountant for the Citizens Utilities Company, formerly known as Louisiana Gas Company. Ms. Rogers received her Bachelors of Science degree in Accounting from the University of New Orleans in May 1997. She also received her Masters of Business Administration (MBA) with a concentration in Human Resources from the University of New Orleans in May 2003.

Director of Product Sales and Development: Jo Marie Evans, CFE

Ms. Jo Marie Evans was employed by the New Orleans Metropolitan Convention and Visitors Bureau in membership sales until October 2000. She worked as a product sales representative with Planet Beach Franchising Corporation from October 2000 through December 2001. From December 2001 through the present Ms. Evans has held the position of Director of Product Sales and Development.

Marketing Manager, April Grandbouche

Mrs. Grandbouche began her marketing career while attending Louisiana State University in Baton Rouge, Louisiana with Red Bull Energy Drink from 1999-2001. Upon graduating from Louisiana State University, she joined Simon Property Group, Inc. where she worked in a branch office marketing department from 2001-2003. Two years later, she became employed by Progressive Home Health Care and worked in marketing and sales from 2003-2004. Mrs. Grandbouche has served in the Planet Beach Marketing Department since April of 2004. She was hired as the Planet Beach Marketing Coordinator. In August of 2004 she was promoted to the executive position she holds now, Marketing Manager.

Director of In House Franchise Performance: Jessica Matherne

Ms. Matherne started at Planet Beach Marrero, LA in 1998 as an associate and was promoted to assistant manager in October of 2000 and in December of 2001 she was again promoted to manager. In August 2002, she became the Grand Opening Specialist Director for PBFC. In April of 2004, Ms. Matherne became Director of In House Salon Performance. In September of 2004 Salon Performance was combined with the Education Department and the department was renamed to Franchise Performance and her title changed to Director of In House Franchise Performance.

We also employ independent franchise brokers ("Franchise Brokers"). Information about these Franchise Brokers is attached to this offering circular as Exhibit 12.

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 as Exhibit 13.

**Item 3  
Litigation**

Seiler and Associates, L.L.C. and Michelle Seiler, individually and d/b/a Planet Beach West Esplanade v. Stephen P. Smith, Nancy Price, Richard L. Juka, Planet Beach Franchising Corporation, Planet Beach Franchising, L.L.C. and Solarware, L.L.C., (No. 2002-649, Civil District Court for the Parish of Orleans, State of Louisiana, Division "K"). In March 2001, PBFC discovered that Ms. Seiler breached her fiduciary duty to PBFC as an Area Developer. PBFC terminated her as an Area Developer and sued for a temporary restraining order barring her from contact with PBFC and PBFC franchisees. In the fall of 2001, Ms. Seiler filed a counter suit claiming PBFC breached its contractual duties pursuant to the Area Development Agreement. PBFC holds claims for actual damages in excess of \$150,000 for refunds that were made to franchisees that claimed Ms. Seiler made claims of misrepresentation. Ms. Seiler did not specify an amount of damages. This case is pending and the parties are currently engaging in discovery.

Stephen P. Smith and Planet Beach Franchising Corporation v. Kelly Langley, Sun Musk Tanning, L.L.C. and Mandeville Tan, L.L.C., (No. 2002-10581, 22nd Judicial District Court for the Parish of St. Tammany, State of Louisiana, Division "A"). Mr. Smith is 49% owner of the Mandeville tanning salon and Ms. Langley is the 51% owner. In the summer of 2001, Mr. Smith filed suit because of Ms. Langley's refusal to make any lease payments to PBFC for tanning equipment and for recovery of his 49% interest in the equity and profits of the salon. On September 24, 2002, Ms. Langley then filed a counter suit claiming 100% ownership. Unspecified amount of damages to be determined at trial. This case is pending and the parties are currently engaging in discovery.

Bryce and Neda Burk v. Planet Beach Franchising Corporation, (No. 017-190429-01, 17th District Court, Tarrant County, Texas). In the fall of 2001, Mr. and Mrs. Burk filed a breach of contract suit to recover a

\$15,000 franchise fee paid for the right to open and operate a second Salon. Plaintiffs won summary judgment in the amount of \$15,000 plus attorneys' fees, costs and interest. PBFC appealed this judgment and the Burks, on behalf of their corporation, Nani Kai, Inc., filed a subsequent suit alleging business disparagement, deceptive trade practices and civil conspiracy (Nani Kai, Inc. v. Planet Beach Franchising Corporation and Don Campbell, No. 048-196553-02, 48<sup>th</sup> District Court, Tarrant County, Texas). PBFC 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, Burnell Smith and Vita Amoure, L.L.C. v. Planet Beach Franchising Corporation, (No. 366-02108-01, 366<sup>th</sup> 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 Burnell Smith, Melissa Smith and Vita Amore acknowledging payment of the default judgment.

James R. Barnhill and Lara Barnhill 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. Barnhill 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 Barnhills. On November 24, 2004, Mr. and Mrs. Barnhill 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. Barnhill 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 Stay 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 plaintiff's 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 agreement between the parties and fraudulently induced Osgood to sign a sublease. PBFC and PBRE filed an answer on July 5, 2005 asserting that Osgood's claims are without merit. Osgood seeks damages as a result of the alleged breach and fraudulent inducement in the amount of \$237,500. This matter is presently scheduled for arbitration. On March 10, 2006, David Osgood filed bankruptcy under Chapter 13 of the United States Bankruptcy Code. On March 17, 2006, OZTX Enterprises, Inc. filed bankruptcy under Chapter 11 of the United States Bankruptcy Code. Pursuant to the U.S. Bankruptcy Code, the case is stayed pending resolution of plaintiff's bankruptcy.

Other than these 8 actions, no litigation is required to be disclosed in this offering circular. Information relating to Franchise Brokers and Area Representatives are attached as Exhibits 13 and 14 respectively.

#### **Item 4 Bankruptcy**

No person previously identified in Items 1 or 2 has been involved as a debtor in proceedings under the U.S. Bankruptcy Code required to be disclosed in this Item.

Information relating to Franchise Brokers and Area Representatives are attached as Exhibits 13 and 14 respectively.

#### **Item 5 Initial Franchise Fee**

##### Single Unit Franchise Fee

Franchisees pay a lump sum initial franchise fee when they sign the franchise agreement. The initial franchise fee for a Traditional Planet Beach with a minimum of 7 pieces of equipment is \$30,000. The initial franchise fee for an Express Planet Beach with 5 to 6 pieces of equipment is \$30,000. PBFC reserves the right to alter these prices as the market warrants at any time. This fee is deemed fully earned upon receipt and is non-refundable.

In honor of Planet Beach's 10 Year Anniversary, Franchisees may pay a lump sum initial franchisee fee of \$30,000 for a Traditional or Express Planet Beach and get an option for \$1,000. Franchisees may be awarded 1 franchise license and 2 options for \$51,000 and receive up to two more options for \$1,000 each. Franchisees must have scheduled an appointment no later than May 11, 2006.

##### Multi-Unit Option Agreement Fee

Franchisees who sign a Multi-Unit Option Agreement will pay the following: for 3 Spas, they will pay the franchise fee of \$30,000 for 1 Spas and at the same time, pay an option fee of \$21,000 for 2 additional Spas; for 5 Spas, they will pay the franchise fee of \$30,000 for 1 Spas and at the same time, pay an option fee of \$35,000 for 4 additional Spas; and for 10 Spas, they will pay the franchise fee of \$30,000 and at the same time, pay an option fee of \$70,000 for 9 additional Spas. These fees are deemed fully earned upon receipt and are non-refundable.

Effective August 1, 2006 Franchisees who sign a Multi-Unit Option Agreement will pay the following: for 3 Spas, they will pay the franchise fee of \$30,000 for 1 Spa and at the same time, pay an option fee of \$29,000 for 2 additional Spas; for 5 Spas, they will pay the franchise fee of \$30,000 for 1 Spa and the same time, pay an option fee of \$43,000 for 4 additional Spas.

VetFran Program

PBFC participates in the VetFran Program and qualified franchisees may receive a discount in the initial franchise fee.

Area Representative Agreement

PBFC may offer Area Representative Agreements to accelerate the development of certain markets. The Representative Agreement may vary from market to market, depending on the population of the market and the number of salons that may be opened in a market. In some markets, the Area Representative will provide some or all of the services to be provided to you by PBFC. Information regarding our Area Representatives is attached as Exhibit 13 to this offering circular. An offer for an Area Representative Agreement can only be made by way of a separate UFOC.

**Item 6  
Other Fees (3)**

The following table describes other recurring or isolated fees or payments that you must pay to us, or which we impose or collect on behalf of a third party, in whole or in part. All fees and payments are non-refundable unless otherwise stated.

TYPE OF FEE	AMOUNT	WHEN DUE	REMARKS
Transfer (1)	35% of current franchise fee	On closing of transfer.	There is no transfer fee when an individual transfers to his/her corporation or L.L.C. Franchisee's may transfer only to existing Planet Beach Franchisees.
Education & Training Fees (1)	\$69.95 per month per location	5 <sup>th</sup> of every month following lease execution	Payment will be made through the Autodraft System.
Royalty Fees (1) (2)	6% of Gross Sales	5 <sup>th</sup> of every month for the preceding month	Payment will be made through the Autodraft System.
Information Technology Fees (1)	\$49.95 per month	5 <sup>th</sup> of every month for the preceding month	Payment will be made through the Autodraft System.
National Marketing Fees (1) (2)	1% of Gross Sales never to exceed 2% of Gross Sales	5 <sup>th</sup> of every month for the preceding month	
Credit Card Processing Fees (1)	3%	5 <sup>th</sup> of every month for the preceding month	For any payments made by you to us or any purchases made by you from PBFC.

TYPE OF FEE	AMOUNT	WHEN DUE	REMARKS
Late Payment Fee (1)	\$100 per week	Whenever any of the above fees are late	Interest is also charged on any overdue amounts at 18% per annum or the maximum rate permitted by state law, whichever is less.
NSF Fee (1)	\$100		
Audit Fees (1)	Cost of audit plus interest on underpayment at 18% per annum or the maximum rate permitted by state law, whichever is less	When audit shows an understatement of 2% or more	
Daily Production and Monthly Spa Financial Report Late Fees (1)	Upto \$300	When PBFC does not receive DPR by the 3 <sup>rd</sup> of the month for the preceding month	
Indemnification	Amount of judgment or claim	When incurred	You must defend, indemnify and hold us harmless from all fines, suits, proceedings, claims, demands, obligations or actions of any kind arising in whole or in part from the operation of your Franchised Business.
Annual Convention Registration Fee	\$200 per person	When incurred	This fee does not include travel and lodging, only convention registration.
Annual Convention	\$800-\$2,000	When incurred	This includes cost of travel and lodging. It does not take into account miscellaneous expenses such as food and entertainment. Prices may vary depending on where you are traveling from.

**Notes:**

**Note 1:** All fees are imposed by and are payable to PBFC. All fees are non-refundable. PBFC is charged a credit card processing fee by various credit card companies. PBFC will charge you the credit card processing fee that it is required to pay to the credit card company when you make purchases from PBFC.

**Note 2:** "Gross Sales" is defined as all revenues from sales including the sale of tanning sessions, prepaid tanning packages, memberships and any goods and services. PBFC refers to this as the sum of "Cash," "Net EFT" and "Retail." Gross Sales does not include sales tax imposed by any federal, state or governmental authority.

**Note 3:** Franchisor-owned outlets have no voting power on any fees imposed by franchisee cooperatives.



**Item 7  
Initial Investment (1) (19)**

<b>DESCRIPTION</b>	<b>ESTIMATED AMOUNT OR LOW-HIGH RANGE</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
<b>Initial Franchise Fee (2)</b>	\$30,000	Lump Sum	On signing	PBFC
<b>Architectural Fee (3)</b>	\$2,500 to \$8,000	As arranged	As arranged	Approved Architect
<b>Planet Beach Tanning/Spa Equipment (4)</b>	\$68,168 to \$182,191	Lump sum	As arranged	PBFC
<b>Leasehold Improvements (5)</b>	\$15,000 to \$120,000	As arranged	As arranged	General Contractor
<b>Owner Furnished Items (6)</b>	\$45,800 to \$70,000	As arranged	As arranged	Approved Vendors
<b>Utility, phone and lease deposits (7)</b>	\$2,000 to \$7,500	As arranged	As arranged	Landlord and Local providers
<b>Insurance initial payment (8)</b>	\$600 to \$1500	As arranged	As arranged	Insurance Provider
<b>Computer and Software (9)</b>	\$3,500 to \$4,200	Lump sum	Upon ordering	PBFC and Approved Vendor
<b>Shipping and Handling of Equipment (10)</b>	\$3,695 to \$8,045	As arranged	As arranged	PBFC
<b>Equipment Set-up (11)</b>	\$2,100 to \$5,650	As arranged	As arranged	PBFC
<b>Timer System (12)</b>	\$1,250 to \$1,650	As arranged	As arranged	PBFC
<b>Furniture</b>	\$1,450 to \$4,400	As arranged	As arranged	Approved Vendor
<b>Posters/Frames</b>	\$40 to \$100	As arranged	As arranged	Approved Vendor
<b>Banners</b>	\$200 to \$400	As arranged	As arranged	Approved Vendor
<b>Printing (13)</b>	\$1,000 to \$1,500	As arranged	As arranged	Approved Vendor
<b>Grand Opening Advertising (14)</b>	\$3,000	As arranged	As arranged	Various
<b>Phone and Fax</b>	\$200 to \$400	As arranged	As arranged	Local Provider
<b>Office Supplies</b>	\$400 to \$600	As arranged	As arranged	Local Provider
<b>Wholesale Goods (15)</b>	\$2,900 to \$4,700	Lump sum	Upon ordering	Approved vendor
<b>Washer and Dryer (16)</b>	\$0 to \$1,700	As arranged	As arranged	Local Provider

DESCRIPTION	ESTIMATED AMOUNT OR LOW-HIGH RANGE	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Permits, licenses and miscellaneous (17)	\$1,000 to \$3,500	As arranged	As arranged	Various
Working Capital (18)	\$10,000 to \$50,000	As arranged	As arranged	N/A
Totals (19)	\$194,803 to \$509,036			

**Notes:**

**Note 1.** Estimates are based on a single unit, both Traditional and Express Spas. Traditional Spas feature 7 – 12 pieces of equipment. Express Spas feature 5 - 6 pieces of equipment.

**Note 2.** The initial franchise fee and certain expenses are discussed in detail in Item 5. This fee is non-refundable.

**Note 3.** The low estimate is for drawings prepared by PBFC only. The architectural fee will vary depending on your state and local municipality requirements. PBFC drawings consist of existing and proposed floor plans, reflected ceiling plans, fixture schedules and wall details. Any additional stamps or upgrades to the drawings that the city or county requires will be the responsibility of the franchisee.

**Note 4.** The low end represents a basic 5 unit mix for an Express Spa, including 1 Mystic Tan spray booth and 1 Spa unit. The high end represents a 12 unit mix, which includes 1 Mystic Tan spray booth, 1 Elite lay-down bed, 1 Elite stand-up bed and 2 Spa units. This estimated range does not include T-Max Timer system or wiring. All Express Spas are required to have a minimum of 1 Mystic Tan spray booth and 1 Spa unit. All Traditional Spas are required to have a minimum of 1 Mystic Tan spray booth, 2 Spa units (1 of each type of Planet Beach approved Spa equipment). This does not include costs for set-up, shipping, handling and tax. This amount may vary depending on unit mix and amount of equipment. You are responsible for any taxes due to your state.

**Note 5.** The low estimate is based on an Express Spa with an estimated 600 to 800 square foot space with landlord participation and no demolition. This estimated range will vary depending on the location, necessary leasehold improvements and landlord participation.

**Note 6.** Owner Furnished Items (OFIs) consist of interior modular wall and door systems, millwork (including retail fixtures, various shelving and counter), interior signage, exterior signage, flooring and light fixtures.

**Note 7.** Some landlords may require a deposit of first and last month's rent. Deposits on utilities will also vary. Deposits will vary based on the market rental rates for your market.

**Note 8.** You will need to obtain Commercial General Liability (\$1 Million Minimum Coverage) insurance, Worker's Compensation, Business Interruption insurance, Life insurance (equal to the amount borrowed) and Construction Coverage insurance.

**Note 9.** This figure includes the costs for the monitor, keyboard, cash drawer, credit card machine, receipt printer, printer and the installation of PBFC's software and credit card software.

**Note 10.** Shipping is based on several factors, including weight of shipment and destination.

**Note 11.** Set-up of equipment includes the crew meeting the delivery truck at your location, offloading and carrying equipment into your Spa and assembling the equipment. This price is based on the type of tanning and spa equipment.

**Note 12.** Timer System includes T-Max Manager, Communication Cables, RJ22 Couplers and UV Meter and price is based on the specific layout of your Spa.

**Note 13.** Printing includes Guest Passes, Lead Boxes, Sign-up slips, Membership contracts, Freeze Forms, Termination Forms, Boutique Bags, Business Cards, Postcards, Gift Cards, Gift Card Deluxe Package (Thank You Cards, PB Envelopes, Gift Cards, PB Gold Seals), and Tattoos.

**Note 14.** You are required to spend this amount on grand opening advertising. You may spend additional amounts with PBFC approval.

**Note 15.** You will be required to purchase a specified amount based on the size of your Spa for the initial inventory of products to be offered for sale. A selection of PBFC's proprietary lotion and national brand products must be stocked.

**Note 16.** 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 17.** This figure includes inspection fees, occupational licenses, and the costs for transportation, meals and other expenses associated with pre-opening training.

**Note 18.** PBFC suggests that your working capital be approximately 3 to 6 months worth of expenses. This figure may vary depending on the season in which your Spa opens. This 3 to 6 month period does not necessarily mean that you will "break even" or that you will reach any certain financial position. This figure may also change as required by a lender.

**Note 19.** PBFC relied on its 10 years experience in the tanning business to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

**Note 20.** PBFC does offer indirect financing to franchisees for some of these items.

**Item 7**  
**Initial Investment for a 3 pack Multi Unit Option (1)(19)**

DESCRIPTION	ESTIMATED AMOUNT OR LOW-HIGH RANGE	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Multi-Unit Option Fee (2)	\$10,500 After August 1, 2006 increases to \$14,500	Lump Sum	On signing	PBFC
Architectural Fee (3)	\$2,500 to \$8,000	As arranged	As arranged	Approved Architect

DESCRIPTION	ESTIMATED AMOUNT OR LOW-HIGH RANGE	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Planet Beach Tanning/Spa Equipment (4)	\$68,168 to \$182,191	Lump sum	As arranged	PBFC
Leasehold Improvements (5)	\$15,000 to \$120,000	As arranged	As arranged	General Contractor
Owner Furnished Items (6)	\$45,800 to \$70,000	As arranged	As arranged	Approved Vendors
Utility, phone and lease deposits (7)	\$2,000 to \$7,500	As arranged	As arranged	Landlord and Local providers
Insurance initial payment (8)	\$600 to \$1,500	As arranged	As arranged	Insurance Provider
Computer and Software (9)	\$3,500 to \$4,200	Lump sum	Upon ordering	PBFC and Approved Vendor
Shipping and Handling of Equipment (10)	\$3,695 to \$8,045	As arranged	As arranged	PBFC
Equipment Set-up (11)	\$2,100 to \$5,650	As arranged	As arranged	PBFC
Timer System (12)	\$1,250 to \$1,650	As arranged	As arranged	PBFC
Furniture	\$1,450 to \$4,400	As arranged	As arranged	Approved Vendor
Posters/Frames	\$40 to \$100	As arranged	As arranged	Approved Vendor
Banners	\$200 to \$400	As arranged	As arranged	Approved Vendor
Printing (13)	\$1,000 to \$1,500	As arranged	As arranged	Approved Vendor
Grand Opening Advertising (14)	\$3,000	As arranged	As arranged	Various
Phone and Fax	\$200 to \$400	As arranged	As arranged	Local Provider
Office Supplies	\$400 to \$600	As arranged	As arranged	Local Provider
Wholesale Goods (15)	\$2,900 to \$4,700	Lump sum	Upon ordering	Approved vendor
Washer and Dryer (16)	\$0 to \$1,700	As arranged	As arranged	Local Provider
Permits, licenses and miscellaneous (17)	\$1,000 to \$3,500	As arranged	As arranged	Various
Working Capital (18)	\$10,000 to \$50,000	As arranged	As arranged	N/A
Totals (19)	\$545,409 to \$1,488,108 After August 1, 2006 increases to \$553,409 to \$1,496,108			

## **Notes:**

**Note 1.** Estimates are based on a single unit, both Traditional and Express Spas. Traditional Spas feature 7 – 12 pieces of equipment. Express Spas feature 5 - 6 pieces of equipment. This Initial Investment range will be the same for your 2<sup>nd</sup> Spa and 3<sup>rd</sup> Spa.

**Note 2.** The multi unit option fee and certain expenses are discussed in detail in Item 5. This fee is non-refundable. This option fee will be the same for the 2<sup>nd</sup> Spa and the 3<sup>rd</sup> Spa. After August 1, 2006, the Multi-Unit Option fee will increase to \$29,000 for two (2) additional spas.

**Note 3.** The low estimate is for drawings prepared by PBFC only. The architectural fee will vary depending on your state and local municipality requirements. PBFC drawings consist of existing and proposed floor plans, reflected ceiling plans, fixture schedules and wall details. Any additional stamps or upgrades to the drawings that the city or county requires will be the responsibility of the franchisee.

**Note 4.** The low end represents a basic 5 unit mix for an Express Spa, including 1 Mystic Tan spray booth and 1 Spa unit. The high end represents a 12 unit mix, which includes 1 Mystic Tan spray booth, 1 Elite lay-down bed, 1 Elite stand-up bed and 2 Spa units. This estimated range does not include T-Max Timer system or wiring. All Express Spas are required to have a minimum of 1 Mystic Tan spray booth and 1 Spa unit. All Traditional Spas are required to have a minimum of 1 Mystic Tan spray booth, 2 Spa units (1 of each type of Planet Beach approved Spa equipment). This does not include costs for set-up, shipping, handling and tax. This amount may vary depending on unit mix and amount of equipment. You are responsible for any taxes due to your state.

**Note 5.** The low estimate is based on an Express Spa with an estimated 600 to 800 square foot space with landlord participation and no demolition. This estimated range will vary depending on the location, necessary leasehold improvements and landlord participation.

**Note 6.** Owner Furnished Items (OFIs) consist of interior modular wall and door systems, millwork (including retail fixtures, various shelving and counter), interior signage, exterior signage, flooring and light fixtures.

**Note 7.** Some landlords may require a deposit of first and last month's rent. Deposits on utilities will also vary. Deposits will vary based on the market rental rates for your market.

**Note 8.** You will need to obtain Commercial General Liability (\$1 Million Minimum Coverage) insurance, Worker's Compensation, Business Interruption insurance, Life insurance (equal to the amount borrowed) and Construction Coverage insurance.

**Note 9.** This figure includes the costs for the monitor, keyboard, cash drawer, credit card machine, receipt printer, printer and the installation of PBFC's software and credit card software.

**Note 10.** Shipping is based on several factors, including weight of shipment and destination.

**Note 11.** Set-up of equipment includes the crew meeting the delivery truck at your location, offloading and carrying equipment into your Spa and assembling the equipment. This price is based on the type of tanning and spa equipment.

**Note 12.** Timer System includes T-Max Manager, Communication Cables, RJ22 Couplers and UV Meter and price is based on the specific layout of your Spa.

**Note 13.** Printing includes Guest Passes, Lead Boxes, Sign-up slips, Membership contracts, Freeze Forms, Termination Forms, Boutique Bags, Business Cards, Postcards, Gift Cards, Gift Card Deluxe Package (Thank You Cards, PB Envelopes, Gift Cards, PB Gold Seals), and Tattoos.

**Note 14.** You are required to spend this amount on grand opening advertising. You may spend additional amounts

with PBFC approval.

**Note 15.** You will be required to purchase a specified amount based on the size of your Spa for the initial inventory of products to be offered for sale. A selection of PBFC's proprietary lotion and national brand products must be stocked.

**Note 16.** 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 17.** This figure includes inspection fees, occupational licenses, and the costs for transportation, meals and other expenses associated with pre-opening training.

**Note 18.** PBFC suggests that your working capital be approximately 3 to 6 months worth of expenses. This figure may vary depending on the season in which your Spa opens. This 3 to 6 month period does not necessarily mean that you will "break even" or that you will reach any certain financial position. This figure may also change as required by a lender.

**Note 19.** PBFC relied on its 10 years experience in the tanning business to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

**Note 20.** PBFC does offer indirect financing to franchisees for some of these items.

**Item 7**  
**Initial Investment for a 5 pack Multi Unit Option (1)(19)**

<b>DESCRIPTION</b>	<b>ESTIMATED AMOUNT OR LOW-HIGH RANGE</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
<b>Multi-Unit Option Fee (2)</b>	\$8,750 After August 1, 2006 increases to \$10,750	Lump Sum	On signing	PBFC
<b>Architectural Fee (3)</b>	\$2,500 to \$8,000	As arranged	As arranged	Approved Architect
<b>Planet Beach Tanning/Spa Equipment (4)</b>	\$68,168 to \$182,191	Lump sum	As arranged	PBFC
<b>Leasehold Improvements (5)</b>	\$15,000 to \$120,000	As arranged	As arranged	General Contractor
<b>Owner Furnished Items (6)</b>	\$45,800 to \$70,000	As arranged	As arranged	Approved Vendors
<b>Utility, phone and lease deposits (7)</b>	\$2,000 to \$7,500	As arranged	As arranged	Landlord and Local providers
<b>Insurance initial payment (8)</b>	\$600 to \$1500	As arranged	As arranged	Insurance Provider
<b>Computer and Software (9)</b>	\$3,500 to \$4,200	Lump sum	Upon ordering	PBFC and Approved Vendor

DESCRIPTION	ESTIMATED AMOUNT OR LOW-HIGH RANGE	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Shipping and Handling of Equipment (10)	\$3,695 to \$8,045	As arranged	As arranged	PBFC
Equipment Set-up (11)	\$2,100 to \$5,650	As arranged	As arranged	PBFC
Timer System (12)	\$1,250 to \$1,650	As arranged	As arranged	PBFC
Furniture	\$1,450 to \$4,400	As arranged	As arranged	Approved Vendor
Posters/Frames	\$40 to \$100	As arranged	As arranged	Approved Vendor
Banners	\$200 to \$400	As arranged	As arranged	Approved Vendor
Printing (13)	\$1,000 to \$1,500	As arranged	As arranged	Approved Vendor
Grand Opening Advertising (14)	\$3,000	As arranged	As arranged	Various
Phone and Fax	\$200 to \$400	As arranged	As arranged	Local Provider
Office Supplies	\$400 to \$600	As arranged	As arranged	Local Provider
Wholesale Goods (15)	\$2,900 to \$4,700	Lump sum	Upon ordering	Approved vendor
Washer and Dryer (16)	\$0 to \$1,700	As arranged	As arranged	Local Provider
Permits, licenses and miscellaneous (17)	\$1,000 to \$3,500	As arranged	As arranged	Various
Working Capital (18)	\$10,000 to \$50,000	As arranged	As arranged	N/A
<b>Totals (19)</b>	<b>\$889,015 to \$2,460,180 After August 1, 2006 increases to \$897,015 to \$2,468,180</b>			

**Notes:**

**Note 1.** Estimates are based on a single unit, both Traditional and Express Spas. Traditional Spas feature 7 – 12 pieces of equipment. Express Spas feature 5 - 6 pieces of equipment. This Initial Investment range will be the same for your 2<sup>nd</sup> Spa, 3<sup>rd</sup> Spa, 4<sup>th</sup> Spa and 5<sup>th</sup> Spa.

**Note 2.** The multi unit option fee and certain expenses are discussed in detail in Item 5. This fee is non-refundable. This option fee will be the same for the 2<sup>nd</sup> Spa, 3<sup>rd</sup> Spa, 4<sup>th</sup> Spa and 5<sup>th</sup> Spa. After August 1, 2006, the Multi-Unit Option fee will increase to \$43,000 for four (4) additional spas.

**Note 3.** The low estimate is for drawings prepared by PBFC only. The architectural fee will vary depending on

your state and local municipality requirements. PBFC drawings consist of existing and proposed floor plans, reflected ceiling plans, fixture schedules and wall details. Any additional stamps or upgrades to the drawings that the city or county requires will be the responsibility of the franchisee.

**Note 4.** The low end represents a basic 5 unit mix for an Express Spa, including 1 Mystic Tan spray booth and 1 Spa unit. The high end represents a 12 unit mix, which includes 1 Mystic Tan spray booth, 1 Elite lay-down bed, 1 Elite stand-up bed and 2 Spa units. This estimated range does not include T-Max Timer system or wiring. All Express Spas are required to have a minimum of 1 Mystic Tan spray booth and 1 Spa unit. All Traditional Spas are required to have a minimum of 1 Mystic Tan spray booth, 2 Spa units (1 of each type of Planet Beach approved Spa equipment). This does not include costs for set-up, shipping, handling and tax. This amount may vary depending on unit mix and amount of equipment. You are responsible for any taxes due to your state.

**Note 5.** The low estimate is based on an Express Spa with an estimated 600 to 800 square foot space with landlord participation and no demolition. This estimated range will vary depending on the location, necessary leasehold improvements and landlord participation.

**Note 6.** Owner Furnished Items (OFIs) consist of interior modular wall and door systems, millwork (including retail fixtures, various shelving and counter), interior signage, exterior signage, flooring and light fixtures.

**Note 7.** Some landlords may require a deposit of first and last month's rent. Deposits on utilities will also vary. Deposits will vary based on the market rental rates for your market.

**Note 8.** You will need to obtain Commercial General Liability (\$1 Million Minimum Coverage) insurance, Worker's Compensation, Business Interruption insurance, Life insurance (equal to the amount borrowed) and Construction Coverage insurance.

**Note 9.** This figure includes the costs for the monitor, keyboard, cash drawer, credit card machine, receipt printer, printer and the installation of PBFC's software and credit card software.

**Note 10.** Shipping is based on several factors, including weight of shipment and destination.

**Note 11.** Set-up of equipment includes the crew meeting the delivery truck at your location, offloading and carrying equipment into your Spa and assembling the equipment. This price is based on the type of tanning and spa equipment.

**Note 12.** Timer System includes T-Max Manager, Communication Cables, RJ22 Couplers and UV Meter and price is based on the specific layout of your Spa.

**Note 13.** Printing includes Guest Passes, Lead Boxes, Sign-up slips, Membership contracts, Freeze Forms, Termination Forms, Boutique Bags, Business Cards, Postcards, Gift Cards, Gift Card Deluxe Package (Thank You Cards, PB Envelopes, Gift Cards, PB Gold Seals), and Tattoos.

**Note 14.** You are required to spend this amount on grand opening advertising. You may spend additional amounts with PBFC approval.

**Note 15.** You will be required to purchase a specified amount based on the size of your Spa for the initial inventory of products to be offered for sale. A selection of PBFC's proprietary lotion and national brand products must be stocked.

**Note 16.** 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 17.** This figure includes inspection fees, occupational licenses, and the costs for transportation, meals and other expenses associated with pre-opening training.

**Note 18.** PBFC suggests that your working capital be approximately 3 to 6 months worth of expenses. This figure



may vary depending on the season in which your Spa opens. This 3 to 6 month period does not necessarily mean that you will "break even" or that you will reach any certain financial position. This figure may also change as required by a lender.

**Note 19.** PBFC relied on its 10 years experience in the tanning business to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

**Note 20.** PBFC does offer indirect financing to franchisees for some of these items.

**Item 7**  
**Initial Investment for a 10 pack Multi Unit Option (1)(19)**

DESCRIPTION	ESTIMATED AMOUNT OR LOW-HIGH RANGE	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Multi-Unit Option Fee (2)	\$7,777.77	Lump Sum	On signing	PBFC
Architectural Fee (3)	\$2,500 to \$8,000	As arranged	As arranged	Approved Architect
Planet Beach Tanning/Spa Equipment (4)	\$68,168 to \$182,191	Lump sum	As arranged	PBFC
Leasehold Improvements (5)	\$15,000 to \$120,000	As arranged	As arranged	General Contractor
Owner Furnished Items (6)	\$45,800 to \$70,000	As arranged	As arranged	Approved Vendors
Utility, phone and lease deposits (7)	\$2,000 to \$7,500	As arranged	As arranged	Landlord and Local providers
Insurance initial payment (8)	\$600 to \$1500	As arranged	As arranged	Insurance Provider
Computer and Software (9)	\$3,500 to \$4,200	Lump sum	Upon ordering	PBFC and Approved Vendor
Shipping and Handling of Equipment (10)	\$3,695 to \$8,045	As arranged	As arranged	PBFC
Equipment Set-up (11)	\$2,100 to \$5,650	As arranged	As arranged	PBFC
Timer System (12)	\$1,250 to \$1,650	As arranged	As arranged	PBFC
Furniture	\$1,450 to \$4,400	As arranged	As arranged	Approved Vendor
Posters/Frames	\$40 to \$100	As arranged	As arranged	Approved Vendor
Banners	\$200 to \$400	As arranged	As arranged	Approved Vendor
Printing (13)	\$1,000 to \$1,500	As arranged	As arranged	Approved Vendor
Grand Opening Advertising (14)	\$3,000	As arranged	As arranged	Various
Phone and Fax	\$200 to \$400	As arranged	As arranged	Local Provider
Office Supplies	\$400 to \$600	As arranged	As arranged	Local Provider
Wholesale Goods (15)	\$2,900 to \$4,700	Lump sum	Upon ordering	Approved vendor
Washer and Dryer (16)	\$0 to \$1,700	As arranged	As arranged	Local Provider

DESCRIPTION	ESTIMATED AMOUNT OR LOW-HIGH RANGE	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Permits, licenses and miscellaneous (17)	\$1,000 to \$3,500	As arranged	As arranged	Various
Working Capital (18)	\$10,000 to \$50,000	As arranged	As arranged	N/A
Totals (19)	\$1,748,029.90 to \$4,890,035.99			

**Notes:**

**Note 1.** Estimates are based on a single unit, both Traditional and Express Spas. Traditional Spas feature 7 – 12 pieces of equipment. Express Spas feature 5 - 6 pieces of equipment. This Initial Investment range will be the same for your 2<sup>nd</sup> Spa, 3<sup>rd</sup> Spa, 4<sup>th</sup> Spa, 5<sup>th</sup> Spa, 6<sup>th</sup> Spa, 7<sup>th</sup> Spa, 8<sup>th</sup> Spa, 9<sup>th</sup> Spa and 10<sup>th</sup> Spa.

**Note 2.** The multi unit option fee and certain expenses are discussed in detail in Item 5. This fee is non-refundable. This option fee will be the same for the 2<sup>nd</sup> Spa, 3<sup>rd</sup> Spa, 4<sup>th</sup> Spa, 5<sup>th</sup> Spa, 6<sup>th</sup> Spa, 7<sup>th</sup> Spa, 8<sup>th</sup> Spa, 9<sup>th</sup> Spa and 10<sup>th</sup> Spa.

**Note 3.** The low estimate is for drawings prepared by PBFC only. The architectural fee will vary depending on your state and local municipality requirements. PBFC drawings consist of existing and proposed floor plans, reflected ceiling plans, fixture schedules and wall details. Any additional stamps or upgrades to the drawings that the city or county requires will be the responsibility of the franchisee.

**Note 4.** The low end represents a basic 5 unit mix for an Express Spa, including 1 Mystic Tan spray booth and 1 Spa unit. The high end represents a 12 unit mix, which includes 1 Mystic Tan spray booth, 1 Elite lay-down bed, 1 Elite stand-up bed and 2 Spa units. This estimated range does not include T-Max Timer system or wiring. All Express Spas are required to have a minimum of 1 Mystic Tan spray booth and 1 Spa unit. All Traditional Spas are required to have a minimum of 1 Mystic Tan spray booth, 2 Spa units (1 of each type of Planet Beach approved Spa equipment). This does not include costs for set-up, shipping, handling and tax. This amount may vary depending on unit mix and amount of equipment. You are responsible for any taxes due to your state.

**Note 5.** The low estimate is based on an Express Spa with an estimated 600 to 800 square foot space with landlord participation and no demolition. This estimated range will vary depending on the location, necessary leasehold improvements and landlord participation.

**Note 6.** Owner Furnished Items (OFIs) consist of interior modular wall and door systems, millwork (including retail fixtures, various shelving and counter), interior signage, exterior signage, flooring and light fixtures.

**Note 7.** Some landlords may require a deposit of first and last month's rent. Deposits on utilities will also vary. Deposits will vary based on the market rental rates for your market.

**Note 8.** You will need to obtain Commercial General Liability (\$1 Million Minimum Coverage) insurance, Worker's Compensation, Business Interruption insurance, Life insurance (equal to the amount borrowed) and Construction Coverage insurance.

**Note 9.** This figure includes the costs for the monitor, keyboard, cash drawer, credit card machine, receipt printer, printer and the installation of PBFC's software and credit card software.

**Note 10.** Shipping is based on several factors, including weight of shipment and destination.

**Note 11.** Set-up of equipment includes the crew meeting the delivery truck at your location, offloading and carrying equipment into your Spa and assembling the equipment. This price is based on the type of tanning and spa equipment.

**Note 12.** Timer System includes T-Max Manager, Communication Cables, RJ22 Couplers and UV Meter and price is based on the specific layout of your Spa.

**Note 13.** Printing includes Guest Passes, Lead Boxes, Sign-up slips, Membership contracts, Freeze Forms, Termination Forms, Boutique Bags, Business Cards, Postcards, Gift Cards, Gift Card Deluxe Package (Thank You Cards, PB Envelopes, Gift Cards, PB Gold Seals), and Tattoos.

**Note 14.** You are required to spend this amount on grand opening advertising. You may spend additional amounts with PBFC approval.

**Note 15.** You will be required to purchase a specified amount based on the size of your Spa for the initial inventory of products to be offered for sale. A selection of PBFC's proprietary lotion and national brand products must be stocked.

**Note 16.** 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 17.** This figure includes inspection fees, occupational licenses, and the costs for transportation, meals and other expenses associated with pre-opening training.

**Note 18.** PBFC suggests that your working capital be approximately 3 to 6 months worth of expenses. This figure may vary depending on the season in which your Spa opens. This 3 to 6 month period does not necessarily mean that you will "break even" or that you will reach any certain financial position. This figure may also change as required by a lender.

**Note 19.** PBFC relied on its 10 years experience in the tanning business to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

**Note 20.** PBFC does offer indirect financing to franchisees for some of these items.

## **Item 8**

### **Restrictions on Sources of Products and Services**

You must purchase goods and materials, which adhere to our minimum standards and requirements. These items include start-up equipment, inventory, interior and exterior signs, insurance, grand opening advertising and on-going marketing, printing and supplies. Estimated costs for these items are described in Item 7 of this offering circular.

We formulate and modify our standards and specifications based upon our experience of operating businesses of the nature we are franchising, our offering of business and of our principals described in Item 2. Our standards and specifications are described in the Franchise Agreement, the Operations Manual, and other written documents. We issue our specifications only to our franchisees, and to certain approved and designated suppliers. We do not issue our standards and specifications to any other suppliers. We may change the standards and specifications which apply to the operation of the Spa, including standards and specifications for signs, furnishings, supplies, inventory and equipment, by providing you written notice of the change or by amending the Operations Manual and providing you the

amendment. You may incur an increased cost to comply with these changes at your own expense; however, no change will materially alter your fundamental rights under the Franchise Agreement.

You must purchase equipment and supplies from designated and approved suppliers. Approved and designated suppliers are identified in the Operations Manual or in a separate Approved Vendor List. They may include us, our affiliates or unaffiliated third party suppliers. We, or our affiliates, are the only approved supplier for Planet Beach tanning lotions and moisturizers and other Planet Beach branded materials.

For other items, we will approve a previously unapproved supplier if we are satisfied that the proposed supplier meets our then-current standards and specifications. Our criteria for supplier approval are not available to franchisees. If you wish to purchase any item (for which we have identified approved supplier(s)), from a supplier whom we have not yet approved, you must provide us the name, address and telephone number of the proposed supplier, a description of the item you wish to purchase, and purchase price of the item, if known. At our request, you must provide us, for testing purposes, a sample of the item you wish to purchase. If we incur any costs in connection with testing a particular product or evaluating a supplier at your request, you must reimburse us our reasonable testing costs, regardless of whether the supplier or item is subsequently approved. Although not obligated under the Franchise Agreement, we will make a good faith effort to notify you of supplier approval or disapproval within 15 days following receipt of your request for approval or receipt of a sample product for testing if testing is required. We may revoke our approval of particular suppliers when we determine that such suppliers no longer meet our System standards. Upon receipt of written notice of such revocation, you may no longer purchase from such supplier.

We must approve the location of the Spa. The location should consist of approximately 1,400 square feet 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. Concurrently, with our acceptance of the site, PBFC will help you negotiate and enter into a lease agreement for the location.

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 qualified licensed contractor, reasonably acceptable to us, to construct the Spa and to complete all improvements in accordance with approved plans. You must also employ a qualified architect and engineer or other licensed 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.

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.

We will derive revenue from your purchases to the extent that you purchase any item from us. We will

also derive revenue from negotiating your lease. In the year ending December 31, 2005, our revenues from franchisee purchases was \$3,288,549 or 17.2% of our total revenues of \$19,196,167. In the year ending December 31, 2005, the revenues from Planet Beach Tanning Salons, Inc. was \$381,755, of which \$48,196 or 12.7% was derived from product sales. The remaining 87.2% was derived from membership sales. In the year ending December 31, 2005, rent expenses net of sub-lease rental income from franchisees was a loss of \$120,082. Sub-lease rental income in the year ending December 31, 2005, was \$272,261. There was no revenue derived from project management fees or miscellaneous income in the year ending December 31, 2005. There were no revenues for PBF as it was not engaged in business in the year ending December 31, 2005. We estimate that your required purchases will account for approximately 33% of all purchases necessary to establish the Spa, and approximately 10% all purchases necessary to operate the Spa after opening. You will not receive any material benefit from purchasing from approved or designated suppliers. There are currently no purchasing or distribution cooperatives in existence for the System. Planet Beach does not currently but may in the future receive payments as a result of your required purchases from approved suppliers.

**Item 9  
Franchisee's Obligations**

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THIS FRANCHISE AND OTHER AGREEMENTS. IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS OFFERING CIRCULAR.

**Franchisee's Obligations:**

OBLIGATION	SECTION IN AGREEMENT	ITEM IN OFFERING CIRCULAR
a.] Site selection and acquisition/lease	Paragraph 2 of Franchise Agreement and Paragraph 3 of Multi-Unit	Items 6, 7 and 11
b.] Pre-opening purchases/leases	Paragraphs 2, 5 and 9 of Franchise Agreement	Items 6, 7 and 8
c.] Site development and other pre-opening requirements	Paragraphs 2,5 and 9 of Franchise Agreement	Items 6, 7 and 11
d.] Initial and ongoing training	Paragraph 6 of Franchise Agreement	Items 6 and 11
e.] Opening	Paragraph 9 of Franchise Agreement	Item 11
f.] Fees	Paragraphs 5, 12, and 15 of Franchise Agreement and Paragraph 1 of Multi-Unit	Items 5 and 6
g.] Compliance with standards and policies/Operating Manual	Paragraph 11 of Franchise Agreement	Item 11
h.] Trademarks and proprietary information	Paragraph 13 of Franchise Agreement	Items 13 and 14
i.] Restrictions on products/services offered	Paragraph 11.8 of Franchise Agreement	Items 8 and 16
j.] Warranty and customer service requirements	Paragraphs 11.7 and 11.13 of Franchise Agreement	Item 11
k.] Territorial development and sales quotas	Paragraphs 11.2 and 11.5 of Franchise Agreement	Items 11 and 17

OBLIGATION	SECTION IN AGREEMENT	ITEM IN OFFERING CIRCULAR
l.] Ongoing product/service purchases	Paragraph 11.8 of Franchise Agreement	Item 8
m.] Maintenance, appearance and remodeling requirements	Paragraph 11.9 of Franchise Agreement	Item 11
n.] Insurance	Paragraph 16 of Franchise Agreement	Items 6, 7 and 8
o.] Advertising/Marketing	Paragraph 15 of Franchise Agreement	Items 6, 7 and 11
p.] Indemnification	Paragraph 21.4 of Franchise Agreement	Item 6
q.] Owner's participation/management staffing	Paragraph 11.6 of Franchise Agreement	Item 15
r.] Records/reports	Paragraph 17 of Franchise Agreement	Item 6
s.] Inspections/audits	Paragraphs 18.3 and 19 of Franchise Agreement	Items 6 and 11
t.] Transfer	Paragraph 23 of Franchise Agreement and Paragraph 5 of the Multi-Unit	Items 6 and 17
u.] Renewal	Paragraph 4.2 of Franchise Agreement	Item 17
v.] Post-termination obligations	Paragraph 25 of Franchise Agreement	Item 17
w.] Non-competition covenants	Paragraph 20 of Franchise Agreement	Item 17
x.] Dispute resolution	Paragraph 26 of Franchise Agreement and Paragraphs 10 and 11 of the Multi-Unit	Item 17

**Item 10  
Financing**

Items Financed (source)	Amount Financed	Administrative Fee	Term	Interest Rate	Monthly Payment	Prepay Penalty	Security Required	Liability upon Default	Loss of Legal Right on Default
Certain reimbursable expenses pursuant to SBA authorization (PBFC)	Up to a maximum of amount approved in SBA Authorization	\$2,500	90 Days	Prime + 3%	None - payment due in 90-days	None	Equipment, fixtures and inventory	For balance of loan amount	PBFC may confess judgment and may enter the property and take possession of it and all its equipment,

										fixtures and inventory
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Notes:

Subject to availability, PBFC may offer to qualified franchisees short-term interim loan financing through the Construction Loan Agreement attached as Exhibit "14" of this offering circular (the "Loan"). Such financing is conditioned upon the franchisee having obtained an SBA Loan Authorization and Permanent Loan Commitment from a permanent lender (the "Permanent Loan") (Construction Loan Agreement, Section 1). PBFC offers the Loan in order to fund certain reimbursable costs, including leasehold improvements, equipment, fixtures, inventory and working capital, as identified in the franchisee's SBA Authorization, up to a cap as set forth in the SBA Authorization (Construction Loan Agreement, Section 2).

The franchisee must pay to PBFC an administrative fee of \$2,500 and the Loan bears interest at a fixed rate equal to the rate of 3% over the Prime Rate of Whitney National Bank (Construction Loan Agreement, Section 5). The Loan must be repaid by the franchisee in 90-days and the franchisee must assign its interest in the proceeds from the Permanent Loan to PBFC, until all amounts owed to PBFC are repaid in full (Construction Loan Agreement, Section 6). There is no prepayment penalty (Construction Loan Agreement, Section 6.3).

The franchisee must execute a security agreement granting PBFC a first lien and security interest in the franchisee's equipment, fixtures and inventory (Construction Loan Agreement, Section 4.1, Exhibit "C", Security Agreement). All persons party to the franchise agreement must execute a Promissory Note to repay the Loan and if the franchisee is an entity, the franchisee's principals must execute the Promissory Note and agree to be jointly and severally liable (Construction Loan Agreement, Section 4, Exhibit "B", Promissory Note). In addition, PBFC may require that persons other than the franchisee must personally guarantee the Loan (Construction Loan Agreement, Section 4.2).

In the event that the franchisee defaults on the Loan, PBFC may enter the property and take possession of it and all material and supplies located there and proceed either in the name of PBFC or in the name of franchisee to complete the project. PBFC may also accelerate maturity under the Promissory Note, demand payment of all sums due and owing, foreclose on its security interest and confess judgment against the franchisee. Further, upon default, franchisee must also pay PBFC costs, including its attorneys' fees, in enforcing the terms of the Loan (Construction Loan Agreement, Section 12.2, Exhibit "B", Promissory Note). In addition, a default under the Loan constitutes a default under the franchise agreement, which may lead to the termination of the franchise (Franchise Agreement, Section 24.2.20).

**Item 11  
Franchisor's Obligations**

Except as disclosed below, we need not provide any assistance to you.

A. The obligations that we will perform before the Franchised Business opens:

Before the opening of your Planet Beach Tanning Spa, we (or our designees) will:

1. Help you in negotiating the business terms of your lease agreement for your location (Paragraph 2 of Franchise Agreement).
2. Approve your site. Factors that Planet Beach considers in approving site selections include: population density, retail demographics, co-tenancy and viability: location, price per square foot, visibility, signage, egress, competition. Planet Beach has 30 days upon submission of a site proposal in which to accept or reject the site.
3. Provide you with a Grand Opening Specialist who will conduct five business days of onsite training at your first spa (Paragraphs 6 and 9 of Franchise Agreement). PBFC does not provide a Grand Opening Specialist for any additional Spas you open after your first location. (Paragraph 9.3 of Franchise Agreement and Paragraph 4.1 of Multi-Unit Option Agreement).
4. Will allow you to view our Operations Manual online, which we may amend from time to time. This Operations Manual is confidential and the property of PBFC (Paragraph 7 of Franchise Agreement). The Table of Contents of the Operations Manual is attached as Exhibit 8 to this offering circular.
5. Provide you with access to electronic copies of our Training Manuals. All manuals are confidential and the property of PBFC (Paragraphs 11.4 and 14 of Franchise Agreement). Provide you and your manager(s) with classroom training through Franchisee and Manager School for each location that you open. You are responsible for all travel, living and any other expenses for all attendees. Training occurs at our headquarters in New Orleans, Louisiana, or other location designated by PBFC. (Paragraph 6 of the Franchise Agreement). Franchisee and Manager School Training will be facilitated under the supervision of Kim Dowell, whose experience with us is described in Item 2 of this offering circular.

Franchisee School will be scheduled in advance and is offered once a month, subject to date changes or cancellation at franchisor's discretion.

Franchisee School uses the following schedule: (subject to time, instructor and course changes)

**INITIAL TRAINING SCHEDULE (1)**

Subject	Time	Instructional Material	Classroom Hours	Hours on Job	Instructor
Orientation	Day One 8:30AM – 9:30AM	Handouts	1.0 Hours	0	Kim Dowell
Planet Beach Equipment	9:30AM – 5:30PM	Manual & Handouts	7.0 Hours	0	Nicole Kehoe & Kim Dowell
Operations Seminar	Day Two 9:00AM – Noon	Workbook & Handouts	3.0 Hours	0	Kim Dowell
Accounting	1:30 – 3:00PM	Manual & Handouts	1.5 Hours	0	TBA
Retail Products	3:00PM – 5:30PM	Manual & Handouts	2.5 Hours	0	Dena Durr
Marketing & Advertising	Day Three 9:00AM – 11:00AM	Handouts	2.0 Hours	0	TBA
Marketing Tools	11:00AM – 2:00PM	Workbook &	1.5 Hours	0	Erin Ainsworth



		Handouts			
Grand Opening	2:00PM – 5:00PM	Workbook & Handouts	3.0 Hours	0	Jessica Matherne
Spa Memberships	Day Four 9:00AM – Noon	Manual & Handouts	3.0 Hours	0	Alicia Conforto
Advanced Sales Training	1:30PM – 5:00PM	Handouts	3.5 Hours	0	Alicia Conforto
Customer Service	Day Five 9:00AM – 11:00AM	Manual & Handouts	2.0 Hours	0	Shannon Stansbury
Management	11:00AM – 1:00PM	Handouts	2.0 Hours	0	Jessica Matherne

**Note 1:** Instructors are subject to substitution at any time and at franchisor's discretion. The following is information relating to the experience and training of the above listed instructors:

Director of Education & Executive Development: Kim H. Dowell, CFE

Ms. Dowell has been a salon operations trainer with Planet Beach for 7 years. In December 2001, she became a certified trainer for the International Smart Tan Network, and completed lamp technology training through Wolff Systems to become a UV Specialist. Ms. Dowell is a Certified Franchise Executive through the International Franchise Association.

Assistant Director of Product Sales & Development: Dena Durr

Ms. Durr worked as a Product Sales Representative with Planet Beach for two years before being promoted to Assistant Director in 2004. She specializes in salon retail products and accessories, specifically the Planet Beach Private Label products. Ms. Durr has also had extensive on the job training by consulting franchisees and salon managers on improving retail sales performance.

Director of In-House Performance: Jessica Matherne

Ms. Matherne has been a trainer with Planet Beach for two years, during which time she successfully created the Grand Opening Specialist position and developed salon operating procedures. Ms. Matherne has also had extensive on the job training by working at top-performing Planet Beach salons for the past 4 years.

Director of Area Representative Performance: Alicia Conforto

Ms. Conforto has been a trainer with Planet Beach for two years, during which time she worked as a Grand Opening Specialist and was promoted to the position of GOS Director. Ms. Conforto currently trains and certifies all Area Representatives and their Grand Opening Specialists, and also oversees the Area Representative Training Program.

Franchise Performance Consultant: Erin Ainsworth

Ms. Ainsworth has worked as a Grand Opening Specialist and Salon Performance Consultant with Planet Beach for two years. She currently consults and trains salons on the West Coast and Northeast states while opening new salons in these markets.

Customer Service Manager: Shannon Stansbury

Ms. Stansbury has been a trainer with Planet Beach for two years, specifically in the subject of Customer Service. Ms. Stansbury has successfully developed and improved our Customer Service policies and procedures, as well as initiated new research in this area. She also has extensive experience with training by spending 3 years as a Planet Beach franchisee.

Equipment Manager: Nicole Kehoe

Ms. Kehoe worked for two years as Lamp Technology Representative before being promoted to Equipment Technology Representative in 2004 and again to Equipment Manager in 2005. Nicole specializes in educating salons regarding the Planet Beach Equipment selections.

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 15 of Franchise Agreement).
2. Continue our efforts to establish and maintain high standards of quality, professionalism, cleanliness, safety, customer satisfaction and service. A PBFC employee (or designee) will consult with you on the performance of your spa on a periodic basis, usually at least once every calendar quarter. (Paragraph 19 of Franchise Agreement).
3. Provide you with access to view updates, revisions and amendments to the Operations Manual.
4. Provide you with access to additional training programs and seminars. (Paragraph 6.4 of Franchise Agreement).
5. Provide you with access to our corporate Intranet which will allow you to communicate with other franchisees, communicate with the corporate office, and submit your Spa Financial Reports to PBFC. (Paragraph 17 of Franchise Agreement).

PBFC will hold annual conferences for your benefit. There is an annual conference fee of no more than \$200 per person and you must pay all your travel and living expenses. These conferences are mandatory and they are held in New Orleans, Louisiana or at a location designated by PBFC. (Paragraph 6.7 of Franchise Agreement).

**Marketing**

**National Marketing Fund.** We have established a national marketing fund (the "National Fund") for the common benefit of System franchisees. We administer the National Fund under the direction of our Franchisee Advisory Council ("FAC"), which comprises of elected franchisees from each region. You must participate in the National Fund and pay directly to us the portion of the Minimum Marketing Contribution we designate. See Item 6 of this offering circular.

All System franchisees must contribute an equal percentage of Gross Sales to the National Fund. Spas that we own and operate will contribute to the Fund on the same basis as our franchisees. Monies collected through the National Fund will be used for the development and distribution of national, regional and/or local marketing, as we deem appropriate, and for the creation of marketing materials and public relations which, in our judgment, promote the products and services offered by System franchisees. Marketing may consist of television, radio and/or print media advertisements. We are not obligated under the Franchise Agreement or any other agreement to spend any amount of National Fund contributions on the placement of marketing in the Territory or the geographic area in which your Spa is located.

Any portion of National Fund contributions not spent during the fiscal year in which they accrue will be carried forward to the following year. Annually, at your request, we will provide you with an annual

unaudited accounting of National Fund expenditures. We do not anticipate that any portion of National Fund contributions will be spent for marketing which is principally a solicitation for the sale of franchises; however, we may make a "Franchises Available" or "For Franchise Information" notation, along with a telephone number on any advertisement placed by the National Fund.

For our year ending December 31, 2005, \$304,818.77 was spent from the National Advertising Fund as follows:

\$245,228.17 or 80.45 % was spent on production costs, \$23,988.52 or 7.87% was spent on monthly promotional packs, \$22,529.85 or 7.39% was spent on public relations services, \$12,276.48 or 4.03% was spent on the Salon 800 Locator Number and \$795.75 or .26% was spent on additional marketing items.

Regional Marketing Cooperative. We also have established regional marketing cooperatives for the benefit of System franchisee within common geographical areas. We determine whether a regional marketing cooperative is appropriate in a geographical area, define the geographic area relevant to each regional marketing cooperative, and determine the percentage of gross sales to be contributed for each regional marketing cooperative (which contribution may vary among cooperatives, depending on marketing costs and requirements in the region). We are responsible for administering each regional marketing cooperative, and we may change, merge or dissolve any regional marketing cooperative. See Item 6 of this offering circular for more information about minimum marketing contributions and expenditures.

Immediately upon opening your Spa, or within 30 days of the date that we notify you that we have established a regional marketing cooperative for the geographic area in which the Spa is located, you must become a member of the regional marketing cooperative and sign a copy of the regional marketing cooperative bylaws. We will not impose an initial membership fee for joining a cooperative. All regional marketing cooperatives must prepare annual, unaudited financial statements.

We do not require you to contribute more than the required percentage of Gross Sales to the National Fund and/or a 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 contributions, which may result in total contributions, which exceed the required percentage of Gross Sales. 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 1%-2% of Gross Sales. See Item 6 of this offering circular.

At Planet Beach's request, you must market your Spa in the local telephone directory or directories covering the area from which the Spa is likely to draw customers. Such marketing must be placed in accordance with size and content formulas provided by Planet Beach. The amount of payments for such directory advertising may be included to meet the marketing requirements. See Item 6 of this offering circular.

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.

### Referral Program

Planet Beach currently has a referral program in which franchisees that refer candidates to us, who later become franchisees, are issued a referral fee of upto \$2,500. This program may or may not be modified

or continued in the future.

### Computer System

You will be required to maintain a proprietary software system. The software system is called Solarware.net and it is owned by Planet Beach. The Solarware.net program 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, and the customer database generated by the software is the property of PBFC. We charge a monthly information technology fee for the use of this software and all other technology developed and provided by Planet Beach including ORION, email address, EFT draft procession software, customizable Spa web pages, and subsequent releases of Solarware.net in the amount of \$49.95. See Item 6 of this offering circular.

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 3 times per year. Currently, to run the required software, you will need a MPC computer, with a Pentium 4 processor with 40 GB of hard disk drive, 512 MB of RAM; a CD drive and a 3.5" floppy disk drive, a SVGA color monitor; one power back-up (for brown-outs, black-outs and power surges), one HP 1300 printer; one 56K V90 internal modem (for dial-in assistance and remote access), and ZIP 250 MB. You must also connect to the internet with a high speed DSL connection or a V.90 dial-up connection if a high speed DSL connection is unavailable in your area.

You will have to purchase and install an electronic cash register system, credit card machine, phone and fax. You will need to purchase PC Charge software in order to run the cash register system and credit card machine through your computer. You will also need to purchase a magnetic strip reader that will attach to your keyboard port.

### Site Selection and Opening

You will operate the Spa at the approved location agreed upon by you and us. While it is your responsibility to obtain a mutually acceptable site, we will provide assistance in finding a location, as we deem reasonable and appropriate. See Item 12.

We estimate that it will take approximately 90 days to locate a location and complete training. The actual length of this period will depend upon other factors such as your ability to obtain a mutually acceptable site, acceptable financing arrangements, the amount of necessary training schedules, delivery schedules for inventory and equipment and other factors including the time necessary to obtain zoning permits, licenses, and variances. Under the Franchise Agreement, you must open your Spa no later than 275 days after we sign the Franchise Agreement. If the Spa has not been opened within 275 days, we have the right to terminate your Franchise Agreement. See Items 9 and 17.

## **Item 12 Territory**

You will operate the Spa from a location which we approve ("Approved Location") which will be identified on the Data Sheet of the Franchise Agreement. If you have secured a site for the Spa at the time you sign the Franchise Agreement, you will establish the Spa at the approved site. 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 B 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 tanning Spa using the Proprietary Marks and System within the territory identified in the Data Sheet ("Territory"). Compliance includes compliance with Planet Beach'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 tanning Spa. We retain all other rights. Specifically, but not exclusively, we have the right to operate and license others the right to operate tanning Spa businesses using the Proprietary Marks and System outside the Territory. 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, or selling tanning beds, lotions and other products through fixed stores, the internet and mail order sales.

The size of the Territory will be determined by various factors including demographics, population density, area marketing statistics, competition, and similar factors. Generally, this territory is defined as a market territory radius that encompasses a total population of 30,000 people for a Traditional Planet Beach Spa and 15,000 people for an Express Planet Beach Spa. For densely populated markets, such as, for example, New York City, San Francisco, Chicago, Detroit and Los Angeles, PBFC reserves the right to negotiate your assigned territory on a case-by-case basis.

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 we will not unreasonably withhold.

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. Although the Franchise Agreement does not prohibit us from establishing these outlets or channels of distribution, and we expressly reserve the right to do so, we have no present plans to do so.

The Multi-Unit Option Agreement requires you to open and operate an agreed-upon number of Spas within a prescribed period of time. Your failure to comply with the Option Agreement's development schedule could result in the loss of your territory. However, in the event that you have entered into one or more individual Franchise Agreements for open Spas and the Multi-Unit Option Agreement lapses for failure to meet its development schedule, the individual designated territory for each open Spa will remain in force as set forth in that particular Franchise Agreement.

### **Item 13 Trademarks**

You will have the limited right to use the Proprietary Marks we designate for use in connection with the System. Our affiliate, Planet Beach Tanning Salons, Inc. has registered the following Proprietary Marks

on the Principal Register of the United States Patent and Trademark Office:

Mark	Date Registered	Registration Number
Planet Beach (block letters)	June 10, 1997	2,070,046
"Planet Beach design mark"	September 6, 2005	2,991,967
Planet Beach (block letters)	June 25, 2002	2,585,483

Description	Date Applied	Serial Number
"Planet Beach Tanning • Spa"	May 2, 2005	78634814
Luminous Facial	February 21, 2006	78819634
Contempo Spa	January 26, 2006	78800194
Planet Beach "Smart Spa"	December 19, 2005	78305488

Planet Beach Tanning Salons, Inc. has filed all required affidavits, and the registrations are not yet due for renewal. We do not own any state trademark registrations.

Planet Beach Tanning Salons, Inc. has licensed us, by a Trademark License Agreement ("License Agreement"), the right to use the Proprietary Marks and to sub-license them to System franchisees. The term of the License Agreement is 10 years and automatically renewable, but is terminable by either party upon 30 days notice. If it is terminated, Planet Beach Tanning Salons, Inc. must then assume all of our rights and obligations regarding the Proprietary Marks under any franchise agreements then in effect. There is currently no agreement in effect that significantly limits our right to use or license the use of such proprietary marks that are material to the franchise.

There are currently no effective determinations of the U.S. Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of any state or any court; no pending interference, opposition or cancellation proceedings; nor any pending material litigation involving the Proprietary Marks.

You must promptly notify us of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Proprietary Marks. We direct and control any administrative proceeding or litigation involving the Proprietary Marks, including the right to settle the proceedings or litigation. We may affirmatively prosecute actions against third parties for infringement 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 incurred 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 to 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**

We do not own any registered patents or copyrights, which are material to the franchise; however, we claim common law copyright and trade secret protection for several aspects of the franchise system including our Operations Manual, marketing, and business materials.

There are no current determinations, proceedings or litigation involving any of our copyrighted materials. Should you become aware that any unauthorized third party is using any of our copyrighted materials, we request that you notify us of such unauthorized use. We may revise any of our copyrighted materials in our discretion, and may require that you cease using any outdated copyrighted material. You will be responsible for printing any revised or new advertising, marketing or other business materials.

During the term of the Franchise Agreement, you will receive information, which we consider to be a trade secret and/or confidential information. You may not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any trade secrets, copyrighted materials, methods and other techniques and know-how concerning the operation of the Franchised Business ("Confidential Information"). You may divulge such confidential information only to your employees who must have access to it in order to perform their employment obligations. Your manager and any personnel having access to any of our Confidential Information must sign an agreement stating that they will maintain the confidentiality of information they receive in connection with their employment and restricting their right to work for a competitor while they are employed by you. This agreement, which will be in a form that is recognized by your state, will identify us as a third party beneficiary to the agreement and will give us independent enforcement rights.

**Item 15**  
**Obligation to Participate in the Actual Operation of the Franchise Business**

PBFC requires and recommends that you personally supervise and attend to the daily operation of your Spa. If you choose to operate the Spa through a full-time designated manager, your manager must work at least 40 hours per week and must personally supervise the day-to-day operations of the Spa in your absence. The designated manager must successfully complete all components of PBFC's training program as described in Item 6 and must sign a Confidentiality and Non-Competition Agreement as described in Items 14 and 17 before assuming managerial responsibilities. Your designated manager need not have an equity interest in the Franchised Business or in any partnership, corporation, or limited liability company franchisee.

**Item 16**  
**Restrictions on What the Franchisee May Sell**

PBFC requires you offer and sell only those goods or services that PBFC has approved. (See Items 8 and 9). You must refrain from any deviation from our standards and specifications without our written consent and must discontinue selling and offering for sale any services or products that we disapprove in writing. PBFC has the right to change the types of authorized goods and services, and there are no limits on their right to make changes.

You must use the approved location only for the operation of a Planet Beach Spa, must keep the Planet Beach 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 Planet Beach 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 Planet Beach 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 Planet Beach 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 Dispute Resolution**

**THIS TABLE LISTS IMPORTANT PROVISIONS OF THE FRANCHISE AND RELATED AGREEMENTS. YOU SHOULD READ THESE PROVISIONS IN THE AGREEMENTS ATTACHED TO THIS OFFERING CIRCULAR.**

PROVISION	SECTION IN FRANCHISE OR RELATED AGREEMENTS	SUMMARY
(a) Term of the franchise	Franchise Agreement, Paragraph 4	15 years.
(b) Renewal or extension of the term	Franchise Agreement, Paragraph 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 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.
(d) Termination by you	None.	None.
(e) Termination by us without cause	None.	None.
(f) Termination by us with cause	Franchise Agreement, Paragraph 24	PBFC can terminate only if you default.
(g) "Cause" defined--curable defaults	Franchise Agreement, Paragraphs 24.3 and 24.4	Failure to pay monies owed to PBFC, breach of franchise agreement.

PROVISION	SECTION IN FRANCHISE OR RELATED AGREEMENTS	SUMMARY
h) "Cause" defined--defaults that cannot be cured	Franchise Agreement, Paragraphs 24.1 and 24.2	Assignment for benefit of creditors, insolvency, file for bankruptcy, sell, transfer or assign rights under the franchise agreement without PBFC approval, levy or writ of execution of lien placed against you, failure to complete all PBFC training, conviction of a felony, misrepresentation or falsifying material information in connection with this agreement, engaging in fraud or illegal conduct in connection with Spa, intentional underreporting or misstatement to PBFC, misuse of proprietary marks, failure to find site within 60 days of execution of agreement, failure to open Spa within 275 days of execution of agreement, abandon your Spa, failure to cure any default under lease or sublease or for equipment, violation of confidentiality/non-disclosure obligations, violation of covenant not to compete, failure to obtain PBFC approval as required under the agreement, violation of the provisions of agreement on 2 or more occasions within a 12 month period.
(i) Your obligations on termination/non-renewal	Franchise Agreement, Paragraph 25	Pay to PBFC any sums owing, cessation of business operations, forfeiture of all data base, including customer data, discontinuation of use of the name Planet Beach, transfer of phone number to PBFC, surrender to PBFC all proprietary information and materials, maintenance of books and records for a period of one year, delivery of list of employees to PBFC, provide evidence to PBFC of compliance with Paragraph 25, vacate Spa premises, sale of property in connection with Spa to PBFC, at PBFC's option.
(j) Assignment of agreement by us	Franchise Agreement, Paragraph 23.1 and Paragraph 5 of Multi-Unit	No restriction on our right to transfer.
(k) "Transfer" by you--defined	Franchise Agreement, Paragraph 23.2 and Paragraph 5 of Multi-Unit	Includes transfer of the franchise agreement, all or substantially all assets of the business, or 50% or greater interest in the entity owning the business.
(l) Our approval of transfer by you	Franchise Agreement, Paragraph 23.3 and Paragraph 5 of Multi-Unit	PBFC must approve all transfers.

PROVISION	SECTION IN FRANCHISE OR RELATED AGREEMENTS	SUMMARY
(m) Conditions for our approval of transfer	Franchise Agreement, Paragraph 23.3 and Paragraph 5 of Multi-Unit	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 transfer fee equal to 35% of current franchise fee.
(n) Our right of first refusal to acquire your business	Franchise Agreement, Paragraph 23.5	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 23.5	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 23.4	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 20.1	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 20.2	No competing business for 2 years within 10 miles of your designated territory under the franchise agreement or within 10 miles of an existing Spa.
(s) Modification of the agreement	Franchise Agreement, Paragraph 27.1	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 27.1	Only terms of the franchise agreement are binding. Any other promises may not be enforceable.
(u) Dispute resolution by arbitration or mediation	Franchise Agreement, Paragraphs 26.2, 26.3 and 26.4 and Paragraphs 10 and 11 of Multi-Unit	You must first bring any claim or dispute between you and PBFC to PBFC's Franchise Relations Department or to your Area Representative, if you have one. If there is no resolution, you bring your claim or dispute to PBFC's Ombudsman. If there is no resolution, you bring your claim or dispute to mediation under the auspices of the National Franchise Mediation Program, and then finally to arbitration.

PROVISION	SECTION IN FRANCHISE OR RELATED AGREEMENTS	SUMMARY
(v) Choice of forum	Franchise Agreement, Paragraph 26.7 and Paragraph 14 of Multi-Unit	24 <sup>th</sup> Judicial District Court for the Parish of Jefferson, Louisiana, or in the United States District Court for the Eastern District of Louisiana at PBFC's discretion. Subject to state law.
(w) Choice of law	Franchise Agreement, Paragraph 26.1 and Paragraph 9 of Multi-Unit	Louisiana law applies without regard to its conflict of laws, LCC Arts. 3515 et seq., and any amendments and/or revisions. Subject to state law.

These states have laws that may supersede the franchise agreement and related agreements in your relationship with us, including in the areas of termination and renewal of your franchise: ARKANSAS [Stat. Section 70-807], CALIFORNIA [Bus. & Prof. Code Section 20000-20043], CONNECTICUT [Gen. Stat. Section 42-133e, *et seq.*], DELAWARE [Code Sections 2551-2556], HAWAII [Rev. Stat. section 482E-1], ILLINOIS [815 ILCS 705/19 AND 705/20], INDIANA [Stat. Section 23-2-2.7], IOWA [Code Sections 523H.1-523H.17], MICHIGAN [Stat. Section 19.854(27)], MINNESOTA [Stat. Section 80C.14], MISSISSIPPI [Code Section 75-24-51], MISSOURI [Stat. Section 407.400], NEBRASKA [Rev. Stat. Section 87-401], NEW JERSEY [Stat. Section 56:10-11], RHODE ISLAND [Gen. Laws Section 19-28.1-14], SOUTH DAKOTA [Codified laws Section 37-5A-51], VIRGINIA [Code 13.1-557-574-13.1-564], WASHINGTON [Code Section 19.100.180], WISCONSIN [Stat. Section 135.03]. These and other states may have court decisions that may supersede the franchise agreement and related agreements in your relationship with us, including in the areas of termination and renewal of your franchise.

**Item 18  
Public Figures**

Planet Beach does not use any public figure to promote its franchise.

**Item 19  
Earnings Claim**

We currently do not have any company-owned Spas that are contained in the report.

**Salon Criteria Categorized by Type**

This earnings claim presents sales information for the tanning.spa concept. In order to accurately report sales information in this category, PBFC researched salons that have a spray unit and purchased and installed at least one (1) piece of spa equipment in the second half of 2005. This provided us a 21-spa sample, which are substantially similar to spas being offered under this offering circular. Due to PBFC's new brand positioning that took place in August 2005; we were limited to only 5 months of sales information. Of the 21 salons that converted to tanning.spa, sales were compared for the period of October 2004 – February 2005 to those same store sales during the same period the following year, October 2005 – February 2006. The average percentage increase in sales was approximately 43%, over the prior period. In addition, the average dollar amount increase was \$30,391.61.

Location Code	Location	Performance Dates	In Bank Difference	In Bank Growth %
AZ0015	Glendale	10/05 - 2/06	\$27,026.52	30%
AZ0016	Tucson	10/05 - 2/06	\$26,925.45	41%
AZ0022	Arrowhead	10/05 - 2/06	\$17,796.35	18%
CA0003	Manteca	10/05 - 2/06	\$25,116.08	57%
CA0048	El Paseo	10/05 - 2/06	\$27,611.77	33%
CO0009	Parker	10/05 - 2/06	\$50,100.34	114%
FL0008	New Tampa	10/05 - 2/06	\$68,804.31	51%
FL0009	Lake Mary	10/05 - 2/06	\$50,255.08	47%
ID0001	Meridian ID	10/05 - 2/06	\$38,538.47	46%
ID0002	Boise	10/05 - 2/06	\$51,727.34	72%
ID0003	Boise Southeast	10/05 - 2/06	\$31,166.24	60%
IN0001	St. John	10/05 - 2/06	\$626.72	1%
LA0016	Marrero	10/05 - 2/06	\$95,869.94	84%
LA0024	B.R. Essen Lane	10/05 - 2/06	\$3,035.67	3%
MI0001	St. Joseph	10/05 - 2/06	\$8,038.01	9%
MN0002	North Oaks	10/05 - 2/06	\$19,996.49	56%
NJ0001	Middletown	10/05 - 2/06	\$14,772.79	24%
NJ0002	Eatontown	10/05 - 2/06	\$29,230.95	58%
NJ0013	Sicklerville	10/05 - 2/06	\$18,249.88	49%
TX0055	Longview	10/05 - 2/06	\$7,718.65	7%
TX0076	Southlake	10/05 - 2/06	\$25,616.78	38%
			<b>\$638,223.83</b>	<b>43%</b>

<b>AVERAGE \$ Increase with .spa concept</b>	<b>\$30,391.61</b>	<b>43%</b>
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In addition to the tanning.spa data reported, PBFC also compared salons with UV services and a spray unit, but did not offer spa services, using the same date criteria as stated above. An overall average increase in same store sales resulted in a 24% increase.

Furthermore, salons that do not offer spa services or spray services (UV ONLY salons), using the same date criteria as above had an overall average increase in same store sales of 15%.

Location Code	Location Name	Oct-05	5-Nov	5-Dec	6-Jan	6-Feb	Total 10/05-2/06
AZ0015	Glendale	\$20,448.99	\$19,940.64	\$23,173.61	\$22,562.61	\$30,489.71	\$116,615.56
AZ0016	Tucson	\$14,395.23	\$16,757.68	\$18,571.43	\$21,285.73	\$22,061.26	\$93,071.33
AZ0022	Arrowhead	\$22,718.04	\$19,472.58	\$21,510.86	\$24,712.55	\$26,985.61	\$115,399.64
CA0003	Manteca	\$13,359.92	\$13,581.82	\$9,889.21	\$14,035.69	\$18,055.97	\$68,922.61
CA0048	El Paseo	\$18,985.52	\$16,655.32	\$22,105.42	\$25,310.60	\$27,983.37	\$111,040.23
CO0009	Parker	\$18,123.42	\$14,723.46	\$17,034.64	\$21,023.42	\$23,315.19	\$94,220.13
FL0008	New Tampa	\$32,370.03	\$34,132.92	\$42,367.42	\$44,883.48	\$48,921.29	\$202,675.14

FL0009	Lake Mary	\$25,977.24	\$29,255.87	\$31,754.98	\$32,975.14	\$36,263.35	\$156,226.58
ID0001	Meridian ID	\$20,285.17	\$17,223.80	\$23,462.75	\$24,528.39	\$36,204.30	\$121,704.41
ID0002	Boise	\$19,082.35	\$18,322.75	\$22,473.80	\$26,545.84	\$36,843.24	\$123,267.98
ID0003	Boise Southeast	\$13,473.97	\$13,597.72	\$13,758.01	\$19,584.46	\$22,786.35	\$83,200.51
IN0001	St. John	\$12,052.45	\$13,960.80	\$16,119.15	\$16,333.04	\$15,111.80	\$73,577.24
LA0016	Marrero	\$35,501.34	\$40,116.49	\$36,719.41	\$48,264.69	\$50,028.02	\$210,629.95
LA0024	B.R. Essen Lane	\$19,908.30	\$10,068.52	\$19,874.89	\$21,508.94	\$25,053.48	\$96,414.13
MI0001	St. Joseph	\$18,915.49	\$17,553.49	\$18,203.33	\$22,225.11	\$25,096.09	\$101,993.51
MN0002	North Oaks	\$7,534.60	\$7,754.04	\$9,611.27	\$14,980.55	\$15,549.26	\$55,429.72
NJ0001	Middletown	\$14,083.95	\$13,854.90	\$16,910.23	\$13,618.26	\$18,145.31	\$76,612.65
NJ0013	Sicklerville	\$8,807.19	\$8,256.60	\$12,480.57	\$12,253.03	\$13,531.21	\$55,328.60
NJ0002	Eatontown	\$12,984.25	\$15,643.95	\$13,622.66	\$17,212.33	\$20,436.40	\$79,899.59
TX0076	Southlake	\$12,989.53	\$11,946.81	\$14,931.84	\$17,279.12	\$35,241.97	\$92,389.27
TX0055	Longview	\$17,491.93	\$16,766.78	\$18,838.15	\$24,962.46	\$37,351.89	\$115,411.21
		<b>\$379,488.91</b>	<b>\$369,586.94</b>	<b>\$423,413.63</b>	<b>\$486,085.44</b>	<b>\$585,455.07</b>	<b>\$2,244,029.99</b>
<b><u>AVG INCOME</u></b>		<b>\$18,070.90</b>	<b>\$17,599.38</b>	<b>\$20,162.55</b>	<b>\$23,146.93</b>	<b>\$27,878.81</b>	

The above spreadsheet represents a snapshot of total sales for the months of October 2005 – February 2006. In August 2005, PBFC repositioned its brand from UV only tanning salons to a revolutionary tanning.spa business model. Traditionally, the UV tanning industry recognizes an increase in sales during the months of January through June and a decrease in sales during the months of July through December.

While tanning.spa locations have achieved an average increase of 43% or \$30,391.61 as indicated in the graph above, there is no assurance you will do as well. If you rely upon our figures, you must accept the risk that your actual numbers may or may not reach or exceed these reported calculations.

We urge you to contact our System franchisees to make your own evaluation of your potential Franchised Business success. Exhibit 3 to this offering circular contains the names of all of our franchisees and the address and telephone numbers of all Franchised Businesses.

Actual results will vary from franchise to franchise and we cannot estimate the results of any particular franchise. A new franchisee's financial results are likely to differ from the results stated in this earnings claim. We do not represent that any franchisee can expect to obtain the above sales levels.

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) 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 agents you use; (vii) the amount of 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; (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.

Sales, expenses and income will vary from franchised business to franchised business and market to market, and we do not represent the Sales for the franchisees shown herein for the periods indicated will

accurately predict the future results for those franchisees or for any potential franchisees. Factors that may affect Sales, and which you should consider carefully in evaluating this information and in making any decision to purchase a Franchise, including the matters described above, as well as the income and demographic characteristics of a particular market area; competition; expense variables in a particular market; your business skills; your motivation and effort in operating the Franchised business; your financial wherewithal and financial capabilities; your ability of borrow money that you may need to operate the Franchised business and the terms of debt obligations; conditions generally prevailing in the local and national economy; the number of employees you hire and your general business acumen.

**SUBSTANTIATION OF THE DATA USED IN PREPARING THIS EARNINGS CLAIM WILL BE MADE AVAILABLE TO PROSPECTIVE FRANCHISEES ON REASONABLE REQUEST.**

**Item 20  
List of Outlets**

**For Fiscal Years December 31, 2005/2004/2003**

STATE	TRANSFERS	CANCELED OR TERMINATED BY US	NOT RENEWED BY US	REACQUIRED BY US	LEFT THE SYSTEM FOR OTHER REASONS	TOTAL FROM LEFT COLUMNS	FRANCHISES OPERATING AT YEAR END
AL	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0	1/0/0	2/3/4
AZ	4/4/0	0/1/0	0/0/0	0/0/0	1/0/0	5/5/0	17/14/8
CA	2/3/0	3/0/1	0/1/0	0/0/0	0/0/0	5/4/1	22/20/15
CO	0/0/0	1/2/0	0/0/0	0/0/0	0/0/0	1/2/0	4/5/4
CT	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
FL	1/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0	19/13/6
GA	0/1/2	3/1/1	0/1/0	0/0/0	0/0/0	3/3/3	17/18/15
IA	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	5/2/0
ID	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	5/4/2
IL	0/0/0	0/1/0	0/0/0	0/0/0	0/0/0	0/1/0	4/3/2
IN	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	3/3/1
KY	0/0/1	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1	2/2/2
LA	6/5/5	3/2/3	0/0/0	0/0/1	0/0/0	9/7/9	39/51/46
MA	0/0/0	0/0/1	0/0/0	0/0/0	0/0/0	0/0/1	1/0/0
MD	0/0/0	1/0/0	0/0/0	0/0/0	0/0/0	1/0/0	0/0/0
MI	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	4/2/2
MN	0/2/0	0/0/1	0/0/0	0/0/0	0/0/0	0/2/1	16/10/7
MO	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	2/1/1
MS	0/0/1	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1	5/5/4
NC	1/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0	13/9/3
ND	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/2/0
NE	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/0
NH	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0
NJ	1/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0	8/8/1
NV	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/0
NY	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	7/5/1

STATE	TRANSFERS	CANCELED OR TERMINATED BY US	NOT RENEWED BY US	REACQUIRED BY US	LEFT THE SYSTEM FOR OTHER REASONS	TOTAL FROM LEFT COLUMNS	FRANCHISES OPERATING AT YEAR END
OH	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	3/3/1
OK	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/0
PA	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	5/2/1
SC	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	4/3/1
TN	0/0/0	0/0/1	0/0/0	0/0/0	0/0/0	0/0/1	5/5/3
UT	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0
VA	0/0/0	0/0/1	0/0/0	0/0/0	2/0/0	2/0/1	1/1/0
TX	2/1/5	6/2/3	0/0/0	0/0/0	0/1/0	8/4/8	26/28/23
WA	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	5/5/1
Canada	2/1/0	1/1/0	0/0/0	0/0/0	0/0/0	3/2/0	17/18/18
Western Australia	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	2/1/1
<b>TOTAL</b>	<b>19/16/15</b>	<b>18/10/12</b>	<b>0/2/0</b>	<b>0/0/1</b>	<b>4/1/0</b>	<b>41/29/28</b>	<b>269/249/173</b>

As of December 31, 2005, there were 269 franchises of a type substantially similar to the type being offered by this offering circular. Exhibit 3 to this offering circular contains the names of all franchisees and the addresses and telephone numbers of all Franchised Businesses.

**Company-Owned Unit Status Summary  
For Fiscal Years 2005/2004/2003**

STATE	COMPANY-OWNED BUSINESS OPENED DURING YEAR	COMPANY-OWNED BUSINESS CLOSED DURING YEAR	COMPANY-OWNED BUSINESS OPERATING AT YEAR END
LA	0/0/0	0/0/0	0/0/0
<b>TOTAL</b>	<b>0/0/0</b>	<b>0/0/0</b>	<b>0/0/0</b>

We provide the following estimates for openings of Planet Beach Tanning Spas in the 2006 fiscal year:

**Projected Unit Openings in Fiscal Year 2006**

STATE	FRANCHISES SOLD BUT NOT OPENED	FRANCHISES PROJECTED TO BE SOLD	NEW COMPANY-OWNED BUSINESS OPENINGS
AK	1	6	0
AL	3	3	0
AR	1	0	0
AZ	16	18	0
CA	13	18	0
Canada	0	5	0



CO	1	7	0
CT	1	5	0
FL	34	15	0
GA	0	8	0
IA	3	12	0
ID	0	8	0
IL	2	6	0
IN	0	4	0
LA	11	4	0
MA	1	1	0
MI	1	4	0
MD	1	3	0
MN	7	12	0
MO	1	4	0
MS	0	6	0
MT	1	0	0
NE	0	3	0
NC	4	6	0
ND	0	3	0
NH	0	4	0
NJ	5	10	0
NV	3	12	0
NY	9	16	0
OH	1	3	0
OK	0	3	0
PA	2	6	0
RI	0	2	0
SC	2	8	0
TN	2	5	0
TX	3	21	0
VA	3	6	0
WA	1	5	0
WI	1	3	0
<b>TOTAL</b>	<b>134</b>	<b>265</b>	<b>0</b>

19 franchisees were terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recent fiscal year, or failed to communicate with us within 10 weeks of the date of this offering circular. Exhibit 4 to this offering circular lists these franchisees, which have exited our system.

**Item 21**  
**Financial Statements**

Exhibit 5 of this offering circular contains our audited financial statements dated December 31 for the years 2005, 2004, and 2003 and our unaudited balance sheet through the second quarter of 2005.

**Item 22**  
**Contracts**

Exhibits 6, 7, 9 and 14 of this offering circular contain all contracts proposed for use in this state, including the following agreements:

Exhibit 6 - Franchise Agreement

- Exhibit A - Authorized Products and Services
- Exhibit B - Approved Location and Territory Addendum
- Exhibit C - Guaranty Agreement and Acknowledgment by Guarantor
- Exhibit D - Rider to Lease
- Exhibit E - Confidentiality and Non-Competition Agreement
- Exhibit F - Conditional Assignment of Telephone Numbers
- Exhibit G - Statement of Prospective Franchisee

Exhibit 7 - Multi-Unit Option Agreement

Exhibit 9 - Confidentiality Agreement

Exhibit 14 - Construction Loan Agreement

**Item 23**  
**Receipt**

Exhibit 15 of this offering circular contains a detachable document, in duplicate, acknowledging receipt of this offering circular 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, 5161 Taravella Road, Marrero, Louisiana 70072.