FRANCHISE DISCLOSURE DOCUMENT

Palm Beach Tan Franchising, Inc.,
a Delaware corporation
6321 Campus Circle Drive E.
Irving, Texas 75063
972-966-5300
franchise@palmbeachtan.com
www.palmbeachtan.com
www.youtube.com/user/PalmBeachTanOfficial
www.facebook.com/PBTOfficial
www.tiktok.com/@PBT.Official
Twitter: @PalmBeachTan
Instagram @PBTOfficial

PALM BEACH TAN®

* * *

The franchise is for Palm Beach Tan Locations offering tanning products, services, and accessories and certain spa-related products and services (each, a "Palm Beach Tan Location" or "Location").

The total investment necessary to begin operation of a Palm Beach Tan Location ranges from $629,857 to $931,877. This total includes approximately $36,685 to $39,902 that must be paid to us or our affiliate for a newly constructed Location. If you sign a Development Agreement, you will also pay a development fee equal to 100% of the initial franchise fee for the first Location and $5,000 for each additional Location to be developed under a Development Agreement. The portion of the development fee allocable to each Location (the development fee credit) will be credited against the initial franchise fee due for that Location.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Palm Beach Tan Franchising, Inc., Franchise Department at 6321 Campus Circle Drive E., Irving, Texas 75063 or 972-966-5300.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at *www.ftc.gov* for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Date of Issuance: April 18, 2022

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Attachment F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Attachment C includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Palm Beach Tan business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Palm Beach Tan franchisee?	Item 20 or Attachments F and G list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Attachment H.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement and requires you to resolve disputes with the franchisor by mediation, and/or litigation only in Texas. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in Texas than in your own state.

2. **Liquidated Damages.** Liquidated damages will be required if your franchise agreement is terminated with cause. You will be required to pay liquidated damages in the amount of $30,000 if the franchise agreement is terminated within the first 12 months of operation.

3. **Designated Area.** The designated area under your franchise agreement is not exclusive.

4. **Financial Conditions**. All assets of the company are pledged as collateral for a bank loan of $28,500,000.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

ADDENDUM TO PALM BEACH TAN FRANCHISING, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MICHIGAN

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

(A) a prohibition on the right of a franchisee to join an association of franchisees.

(b) a requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) a provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) a provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration, of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years; and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) a provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) a provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) a provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) the failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) the failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) a provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) a provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact that there is a notice of this franchise disclosure document on file with the Attorney General does not constitute approval, recommendation, or endorsement by the Attorney General.

Address for notices to the Michigan Attorney General:

Department of the Attorney General
Consumer Protection Division
Franchise Section
G. Mennen Williams Building, 1st Floor
525 W. Ottawa Street
Lansing, MI 48909
517-373-7117

PALM BEACH TAN
FRANCHISE DISCLOSURE DOCUMENT

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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor and Any Parents, Predecessors and Affiliates

The Franchisor is Palm Beach Tan Franchising, Inc., referred to in this disclosure document as "we," "us" or "our." We refer to the person interested in buying a franchise as "you" or "your." If you are a corporation, partnership, limited liability company, or other entity, certain terms of the Franchise and Development Agreements will apply to your owners. These will be addressed in this disclosure document where appropriate.

We were incorporated in Delaware on June 21, 2001. We maintain our principal place of business at 6321 Campus Circle Drive E., Irving, Texas 75063. We do business under our corporate name and the name "Palm Beach Tan." Our agents for service of process in the franchise registration states where we are registered are listed in Attachment A.

We offer and sell franchises for the establishment and operation of Palm Beach Tan Locations offering tanning related products, services, and accessories and certain spa-related products and services (each, a "Palm Beach Tan Location" or "Location").

Our Locations feature tanning beds and one or more sunless self-tanning booths (each, a "Booth") that use a special process to tan the skin through the application of self-tanning solutions (the "Solutions") to the skin surface.

We have offered franchises for Palm Beach Tan Locations since July 26, 2001 and have never offered franchises in any other line of business. We do not engage in any business other than the offer and sale of Palm Beach Tan franchises. We do not operate Palm Beach Tan Locations, but our Parent does.

Our ultimate parent is Palm Beach Tan, Inc., a Texas corporation ("Parent"). Our Parent has operated Palm Beach Tan Locations since July 1990. Our Parent maintains the same principal place of business as we do. Our Parent has never offered franchises in any line of business.

On November 17, 2008, an entity affiliated with us, PBT PT Acquisition Company, LLC ("PT Acquisition"), acquired substantially all of the assets of Planet Tan Management I, LLC, which owned a chain of 16 tanning salons based in Dallas, Texas which operate under the "Planet Tan" name ("Planet Tan Locations"). Shortly after the closing of that transaction, PT Acquisition was merged into our Parent, with our Parent being the surviving entity. Our Parent now owns and operates the Planet Tan Locations, all of which are located in the Dallas/Ft. Worth, Texas metropolitan area. There are no franchised Planet Tan locations, and neither we nor our Parent have current plans to offer franchises for Planet Tan locations.

Many of the same corporate personnel responsible for the operation of the Palm Beach Tan brand will also be involved in the operation of the Planet Tan brand. In addition, many of the services and programs and much of the same equipment used by one brand may also be made available to the other brand. However, we operate the Palm Beach Tan System independent of the Planet Tan brand, and any other brands that we or our Parent or other affiliates may own or manage.

Except as described in this Item 1, neither we nor any predecessor, parent or affiliate have conducted any other business and have not offered franchises in any other line of business.

The Franchise

Palm Beach Tan Locations use our business system (the "System"), the distinguishing characteristics of which include distinctive exterior and interior design, decor, color scheme, and furnishings; uniform standards, specifications, and procedures for operations; quality and uniformity of services and products offered; procedures for inventory, management, and financial controls; training and assistance; and advertising and promotional programs, all of which we may change, improve, and further develop. Palm Beach Tan Locations operate under the trade name and service mark "Palm Beach Tan" and other trade names, service marks, trademarks, logos, emblems, and indicia of origin that we designate for use by Palm Beach Tan Locations (the "Marks").

We offer qualified applicants a franchise agreement (the "Franchise Agreement"), which gives you the right to establish and operate 1 Palm Beach Tan Location at a specified site (the "Site") within a non-exclusive geographic area (the "Designated Area"). Our current form of Franchise Agreement is attached to this disclosure document as Attachment D.

If you operate an independent tanning business (and you are not an existing Palm Beach Tan developer/franchisee) and elect to become a Palm Beach Tan developer and/or franchisee and convert all of your independent tanning salon locations to Palm Beach Tan Locations ("Conversion Locations"), we may (but are not required to) agree to modify certain terms of our standard franchise agreement, including the amount of the initial franchise fee and may agree to reimburse you in connection with certain costs you may incur in converting your tanning salon to a Palm Beach Tan Location. Whether we will negotiate, and the terms that we may negotiate, will depend on the characteristics of the particular transaction.

If you are an existing Palm Beach Tan developer/franchisee purchasing an independent tanning salon location and converting it to a Palm Beach Tan Location ("Acquisition Location"), you will sign the Acquisition Addendum attached to the Franchise Agreement. The Acquisition Addendum includes, as Exhibit 1, a list of requirements for converting the Acquisition Location to a Palm Beach Tan Location.

We also offer qualified applicants the right to enter into a Development Agreement (the "Development Agreement") to develop multiple Palm Beach Tan Locations within a specifically described geographic area (the "Territory"). Our current form of Development Agreement is attached to this disclosure document as Attachment E. The size of the Territory will vary depending on local market conditions and the number of Locations to be developed. The Territory will be determined before you sign the Development Agreement and will be described in Attachment D to the Development Agreement. (See Item 12) You must develop the number of Locations contemplated by the Development Agreement in the Territory according to a development schedule and must enter into a separate Franchise Agreement for each Location established. We are not required to offer or enter into a Development Agreement with franchisees that develop more than 1 Location.

The Franchise Agreement for the first Location developed under the Development Agreement will be in the form of Attachment D to this disclosure document and must be signed within 90 days after the Development Agreement is signed. For each additional Location developed under the Development Agreement, you must sign the form of Franchise Agreement that we are then offering to new franchisees, except that the initial franchise fees will be as provided in the Development Agreement, and the royalty and advertising expenditure percentages will be the same as those in the Franchise Agreement at Attachment D to this disclosure document.

Persons we designate as your "Controlling Principals" also must sign the Franchise and Development Agreements. If you are an individual and are married, your spouse will be a Controlling Principal. If you are a business entity, your Controlling Principals include those of your direct and indirect owners, officers, and directors whom we designate as your Controlling Principals. Generally,

we designate your principal equity owners and executive officers as Controlling Principals. Your Controlling Principals agree to be individually bound by certain obligations and covenants in the Franchise and Development Agreements and, unless we otherwise agree, must personally guarantee your performance under those agreements.

The terms of Franchise and Development Agreements we have previously offered may differ from the terms of the Franchise and Development offered by this disclosure document. In addition, we have negotiated, and may in the future negotiate, various terms of our Development and Franchise Agreements, including fees over which we have control, based on the number of Locations to be developed and other relevant factors.

Competition

Palm Beach Tan Locations are designed to appeal to men and women primarily in the 18 to 54 year age group, with income ranging from the lower middle to the upper levels. Locations are located primarily in high-visibility, high-traffic "A" retail centers. The market for tanning services is well established and highly competitive. There is active competition among established tanning service providers. You should expect to compete with many providers offering tanning services and products.

Industry-Specific Regulation

The tanning industry is regulated at the federal, state, and local levels. The Food and Drug Administration regulates various aspects of the tanning industry, including the content and placement of labels on tanning equipment, implementation and adherence to exposure schedules, and specifications for timers and bulbs. The Federal Trade Commission regulates the content of advertising and other communications regarding the use of indoor tanning services. Many state and local governments have implemented laws and regulations to regulate businesses that offer indoor tanning services, including laws that establish a minimum age requirement for persons who use indoor tanning services. Contact your state and local health and cosmetology agencies for information on applicable laws in your state. Additionally, under the Health Care and Education Reconciliation Act of 2010 ("2010 Health Care Act"), which was signed into law by President Barack Obama on March 30, 2010, tanning customers are assessed a 10% tax on all UV tanning services. You are responsible for collecting and remitting the tax to the appropriate federal taxing authority.

ITEM 2

BUSINESS EXPERIENCE

Diane Lucas: President, Chief Executive Officer and Chief Operating Officer

Ms. Lucas was named as our Chief Executive Officer in January 2017. She also serves as our President and has held that title since December 2007. From September 2005 until December 2017 she served as our Chief Operating Officer.

Eric Hall: Chief Financial Officer and Senior Vice President of Finance

Mr. Hall has served as Chief Financial Officer since January 2011 and Senior Vice President of Finance since January 2017. From June 2009 until December 2010 he served as our Vice President of Finance.

R. Daniel Caskey: Senior Vice President – Business Development

Mr. Caskey has served as our Senior Vice President – Business Development since January 2016. He is also Chief Executive Officer of Bronze Body, LLC, which owns and operates 42 Palm Beach Tan Locations under Franchise Agreements in Ohio and Arkansas, and has held that position since March 2011. He is also managing member of TruLuc Holdings, LLC, which owns and operates Crunch Fitness and Buffalo Wings and Rings locations under franchise agreements (and previously owned and operated Marco's Pizza franchises), and has held that position since January 2011.

Roy Sneed: Vice President, Franchising

Mr. Sneed has served as Vice President, Franchising since July 2013. From January 1, 2008 to June 2013, he served as Director of Franchising.

Ryan Christian: Director of Franchise Operations

Mr. Christian has served as Director of Franchise Operations since December 2013. From March 2013 to December 2013, he served as Senior Franchise Business Consultant. He previously served as a Franchise Business Consultant from October 2006 through February 2013.

Jason Spears: Franchise Business Consultant

Mr. Spears has served as Franchise Business Consultant since October 2011.

Sam Balduf: Franchise Business Consultant

Mr. Balduf has served as Franchise Business Consultant since December 2013.

Sarah Travis: Franchise Business Consultant

Ms. Travis has served as Franchise Business Consultant since June 1, 2021. She served as a District Manager from July 2015 to May 2021 for Palm Beach Tan Locations owned by our Parent.

Amber Kuipers: Franchise Business Consultant

Ms. Kuipers has served as Franchise Business Consultant since March 14, 2022. She served as a District Manager from February 2016 to March 2022 for Palm Beach Tan Locations owned by our Parent.

The individuals listed above are our directors and/or officers or employees of our Parent whose management responsibilities include responsibility for the franchises offered by this disclosure document. Unless otherwise noted, all are located in our offices in Irving, Texas.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Development Fee

When you sign the Development Agreement, you must pay us a development fee equal to 100% of the initial franchise fee for the first Location and $5,000 for each additional Location to be developed under the Development Agreement. The allocable portion of the development fee is credited against the initial franchise fee for each Franchise Agreement signed under a Development Agreement at the time that payment of the initial franchise fee is due. You must pay the balance of the initial franchise fee (if any) when you sign the Franchise Agreement. The development fee is calculated the same for all franchisees entering into Development Agreements under this offering, but the actual dollar amount paid will vary depending on the number of Locations you must develop. The development fee is not refundable.

Initial Franchise Fee

You must pay us an initial franchise fee of $30,000, less any development fee credit (if any), when you sign the Franchise Agreement. In 2021, in light of the foregoing the initial franchise fees that we charged for standard franchises ranged from $5,000 to $25,000. We may negotiate the amount of the initial franchise fee in our sole discretion. In determining whether an adjustment is warranted, we consider such factors as the number of existing tanning salons that the franchisee owns or operates, the experience of the franchisee, whether we have previously dealt with the franchisee, the impact of market forces in a given location, and other relevant circumstances.

Site Evaluation

We will provide on-site evaluation assistance for your first Palm Beach Tan Location at no additional charge. We are not obligated to provide this assistance for any subsequent Location. If we do, you may be required to pay or reimburse our reasonable expenses, including our cost of travel, lodging, and meals.

Computer Hardware, Software and PC Configuration

You must purchase your computer hardware and software from us at a cost of approximately $6,685 - $9,902, plus freight. This amount includes (i) a fee of $600 per Location to configure your PC, which includes installation of the SunLync Software and (ii) a software license fee of $1,300 per Location for the SunLync Software and a software license fee of $60 per system ($120 to $180 for 2 to 3 systems) for the Deskman security management software, both of which you must license from us. The license fees for the SunLync Software and the Deskman software is passed through to the developers of the SunLync Software and the Deskman software, respectively.

Database Conversion Fee

For an Acquisition Location, you must pay us a fee of $500 per database that we are required to convert to our point-of-sale system.

The initial fees are not refundable. The amount of the initial fee may differ but initial fees are uniformly imposed on all franchisees and developers, as applicable.

ITEM 6

OTHER FEES

Type of Fee[1]	Amount	Due Date	Remarks
Royalty Fee	1 - 12 months from Opening Date – 4% of Gross Sales 13 -24 months from Opening Date – 5% of Gross Sales 25 months from Opening Date through the end of the term – 6% of Gross Sales	10th of the month for the preceding month	You must review and approve a Royalty Fee Notice provided by us no later than the 5th day of each month for the preceding month. Unless you object in writing to the amount stated in the Royalty Fee Notice and we receive such objection on or before the 7th day of the month (or, if such day is not a business day, then on the next business day), you will be deemed to have accepted and agreed to the royalty fee amount stated in the Royalty Fee Notice and we may withdraw the royalty fee amount from your designated bank account by electronic funds transfer.
Local Advertising [4]	3.5% of Gross Sales[2][3]	Each calendar year	You must advertise in your Designated Area, participate in certain marketing programs (including any test marketing programs we authorize) and submit quarterly reports after the 2nd and 4th quarters. In addition, you must conduct a grand opening. We require these expenditures, but they are not paid to us.
Cooperative Advertising	Varies[3]	As determined by Cooperative	See Note 4
Advertising Fund	2% of Gross Sales [2][3]	10th of the month for the preceding month	Fund contributions are paid to us by electronic funds transfer.

Type of Fee[1]	Amount	Due Date	Remarks
Overdraft/Service Charges	Our actual cost	On demand	If any check or draft (electronic or otherwise) is not honored by your bank, you must reimburse us for any service charges or other expenses we incur as a result of such non-payment.
Interest	Lesser of 18% per annum or highest legal rate	On demand	We may charge interest on all overdue amounts.
Additional and Remedial Training	At our option, a reasonable fee plus costs	Before additional training	We have the right to charge for additional and remedial training programs and for training replacement and successor personnel.
Opening Assistance	After your 1st Location, we may require reimbursement of our expenses if you request support	When invoiced	We provide on-site pre-opening and opening assistance for your first Location.
EFT Services	Our actual cost, plus $0.25 per transaction	Deducted from amounts subject to EFT	You must use us to provide electronic fund processing services to debit the accounts of your customers who have service agreements and to credit your account.
Music Service	Current price, subject to adjustment by supplier – approximately $43-$59.95 per month	As arranged	You must subscribe to a music service that provides a multiple-channel music system and play the music at your Locations. Our supplier bills you directly.
PBTv and Digital Development	Currently, $49.99 per month per location	10th of the month for the preceding month	You must subscribe to a media service program provided by our approved supplier. The amount is paid to us by electronic transfer.

Type of Fee[1]	Amount	Due Date	Remarks
FAC Fund	$25 per month per location	10th of the month	You must contribute to the FAC Fund. This amount is paid to us by electronic funds transfer and is used to help pay for the annual FAC Kick-off Meeting held each January for our franchise owners and operators.
Customer Experience Management Program	$40.00 per month per Location	As arranged	Currently, you must subscribe to a "Customer Experience Management" program provided by our approved supplier. We collect the monthly payment by electronic funds transfer. We may, in the future, change the format of our quality assurance program.
Employee Recruitment and Applicant Tracking System	$0-$14 per month per Location	As arranged	Currently, you must subscribe to an "employee recruitment/applicant tracking" system provided by Career Plug. The basic service is provided at no cost, allowing you to submit job postings to the national website and track applicants. Signing up for the "Full Program" at the cost of $14 per month per location provides access to additional functionality (including additional job posting distribution, applicant pre-screening questions, and benchmark assessments).
Digital Support Program	$125 per month per Location	10th of the month	You must participate in our Digital Support Program and pay this fee for participation. We collect the monthly payment by electronic funds transfer.
Operational Audit Program	Approximately $75 per month per Location	As arranged	You must hire and pay directly a third-party contractor to evaluate the operation of your Locations monthly using a form and evaluation procedure that we prescribe.
Sunlync and Software Support Fee	$300 per month per Location	10th of the month for the preceding month	This amount is paid to us by electronic funds transfer. This amount may increase if our underlying costs have increased.

Type of Fee[1]	Amount	Due Date	Remarks
Transfer Fee	$5,000 plus reimbursement of our reasonable costs and expenses	When billed	We do not charge a fee if the transfer is to a new entity owned by the original interest holders. (Also applies to Development Agreement.)
Securities Offering Fee	Reimbursement of our reasonable costs and expenses	When billed	We have the right to review and consent to any public or private offerings of interests in you. You must reimburse us for our cost of reviewing the way your offering materials treat the subject of our relationship. (Also applies to Development Agreement.)
Renewal Fee	Reimbursement of our reasonable costs and expenses	When billed	You must give us at least 6 months and not more than 9 months notice to renew.
Inspection and Testing	Cost of inspection and test, if applicable	When billed	If you fail to correct deficiencies noted on inspection, we may do so and bill you. We may require you to pay for the cost of a test on samples of your products and supplies if we have not approved the supplier or if the sample does not meet our specifications, or if you wish to substitute a required item or brand.
Audit Fee	Cost of audit, if applicable	When billed	Payable only if an audit shows that you have understated any reported amount by 3% or more.
Insurance Fee	Actual cost plus 10%	When billed	Payable only if you do not maintain the required insurance and we obtain it for you.
Indemnification Costs	Varies according to loss	On demand	You must indemnify us when certain of your actions result in loss to us and when we incur a loss based on the use of our prototypical architectural and design plans and specifications. (Also applies to Development Agreement.)

Type of Fee[1]	Amount	Due Date	Remarks
Enforcement Costs	Will vary	As incurred	You must pay our costs of enforcement if you do not comply with the Franchise Agreement. (Also applies to Development Agreement.)
Liquidated Damages	If the Franchise Agreement is terminated within the first 12 months of operation, you must pay liquidated damages in the amount of $30,000. If the agreement is terminated after the first 12 months of operation, you must pay liquidated damages equal to (a) the average of the monthly royalty fees and Advertising Fund contributions required for the 24 months preceding termination (or if you have been operating the Location for less than 24 months, the average for the months you operated the Location before termination), (b) multiplied by the lesser of (i) 24 or (ii) the number of months remaining in the term of the agreement, or $30,000, whichever is greater.	Within 5 days after termination of the Franchise Agreement due to your default	Liquidated damages are only required if your default results in termination of the Franchise Agreement. Our right to receive liquidated damages does not limit our ability to recover other monies due under the Franchise Agreement and to otherwise seek damages or equitable relief for the harm caused by the conduct which gave rise to the termination, as well as for any other defaults by you under the Franchise Agreement.
Additional Development	Our then-current development fee	When you exercise your right of first refusal	If you comply with the Development Agreement, we will give you a right of first refusal to develop additional Palm Beach Tan Locations in the Territory during the 5-year period after the Development Agreement expires.

Notes:

1. All fees and expenses in this Item 6 are nonrefundable and, except as otherwise indicated in the preceding chart, are imposed by, and are payable to us. Unless otherwise stated, these amounts may be subject to increases based on changes in market conditions, the cost of providing services, and future policy changes. We currently have no plans to increase any payments we control. Payment terms for goods and services provided by third-party suppliers are established by those suppliers. To our knowledge, none of the amounts paid to third parties are refundable.

2. "Gross Sales" means the gross revenues from membership or other fees and from the sale or rental of other products, accessories, and services, and all income of every other kind and nature related to the Palm Beach Tan Location, whether for cash or credit, but expressly excluding (a) receipts from the operation of any public telephones or vending machines installed at the Palm Beach Tan Location, except for any amount representing your share of these revenues; (b) sums representing taxes you collect directly from customers, based upon present or future laws of federal, state, or local governments, if you actually transmit them to the appropriate taxing authority; (c) returns to shippers or manufacturers; (d) proceeds from isolated sales of trade fixtures not constituting any part of your products and services offered for resale or having any material effect upon the ongoing operation of your Palm Beach Tan Location; (e) refunds, adjustments, or credits paid or directly provided by your Palm Beach Tan Location to customers; (f) payments (including surcharges) you receive from your customers for NSF checks and rejected/denied credit card charges, but Gross Sales may not be reduced by the amount of any penalties, charges, or fees charged by banks or credit card companies for an NSF check or other denied credit; (g) all proceeds received from the initial sale of gift cards; and (h) any other items which we may expressly authorize in writing to be excluded from Gross Sales (however, we may revoke or withdraw such permission at any time in writing in our discretion).

In addition, the redemption value of gift cards used in the Palm Beach Tan Location for tanning services or products is included in the definition of "Gross Sales", regardless of where the gift card originated. If the gift card originated in a different Location and is processed in the Palm Beach Tan gift card system, you will automatically be credited for the value.

3. Your total franchisor required advertising assessment for local advertising, the advertising fund or an advertising cooperative, will not exceed 5.5% of Gross Sales.

4. In 2008 we established an advertising Cooperative. As of January 1, 2022, franchisees in 2 markets (Portland, Oregon and Cleveland, Ohio) are participating in the Cooperative. Franchisees in the Portland market have agreed to contribute 3.5% of Gross Sales to the Cooperative and franchisees in the Cleveland market have agreed to contribute 3.5% of Gross Sales to the Cooperative. We may require you to contribute a portion of your total advertising assessment to the Cooperative if and when we implement the Cooperative in your market.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

New 2,200 to 2,600-Square-Foot *

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (1)	$30,000	Lump sum	On signing Franchise Agreement	Us
Leasehold Improvements (2)	$250,000 to $350,000	As arranged	As arranged	Contractor
Prepaid Rent and Security Deposit (3)	$5,120 to $17,500	Lump sum	At lease execution	Landlord
Furniture and Fixtures (4)	$50,000 to $75,000	As arranged	As arranged	Suppliers
Tanning and Related Equipment (5)	$165,000 to $300,000	As arranged	As arranged	Suppliers
Computer Hardware and Software (6)	$6,685 to $9,902	As arranged	As arranged	Us
PBTv (7)	$169	As arranged	As arranged	Suppliers
Initial Inventory of Lotions, Solutions, and Supplies (8)	$14,683 to $17,006	As arranged	As arranged	Suppliers
Signage (9)	$6,700 to $15,800	As arranged	As arranged	Suppliers
Professional Services (10)	$15,000 to $20,000	As arranged	As arranged	Attorneys, Accountants, Architects
Utility Deposits and Permits (11)	$1,000 to $2,000	As arranged	As arranged	Suppliers

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Grand Opening (12)	$10,000	As arranged	As arranged	Suppliers
In-Location Merchandising Kit (13)	$3,000 to $4,000	As arranged	As arranged	Fulfillment House
Local Marketing Kit (14)	$2,000 to $3,000	As arranged	As arranged	Fulfillment House
Initial Training (15)	$2,500 to $4,500	As arranged	Upon attending training	Hotels, Airlines, Etc.
Pre-Opening Training(16)	$2,000 to $4,000	As arranged	As arranged	Employees, Meeting Space Provider, Etc.
Music System with Installation (17)	$2,500 to $3,500	As arranged	As arranged	Supplier
Security System (includes CCTV system) (18)	$2,000 to $3,000	As arranged	As arranged	Suppliers
Insurance (19)	$1,500 to $2,500	As arranged	As arranged	Suppliers
Additional Funds (20) (three months)	$60,000			
TOTAL	$629,857 to $931,877			

Notes:

* These estimates are for a newly constructed Palm Beach Tan Location. If you are converting an existing tanning facility, you may incur costs to bring the property into conformity with the System. Such costs necessarily vary based on the physical condition of the property, fixtures, equipment, furnishings, furniture, signage, and similar items already present on the property. Requirements to bring an existing location into conformity will be outlined via a Store Conversion Audit Form. For Conversion Locations, we may agree to modify certain terms of our standard franchise agreement, including the amount of the initial franchise fee, and may agree to reimburse you in connection with certain costs you may incur in converting your tanning salon to a Palm Beach Tan Location (See Item 1).

1. If your Location is opened under a Development Agreement, you must pay us a development fee equal to 100% of the initial franchise fee for the first Location and $5,000 for each additional Location to be developed under the Development Agreement. The allocable portion of the development fee is credited against the initial franchise fee for each Franchise Agreement signed under a Development Agreement at the time that payment of the initial franchise fee is due. You must pay the balance of the initial franchise fee (if any) when you sign the Franchise Agreement. The development fee is calculated the same for all franchisees entering into Development Agreements under this offering, but the actual dollar amount paid will vary depending on the number of Locations you must develop. The development fee is not refundable.

2. Palm Beach Tan Locations typically are located in commercially zoned shopping centers. The estimates provided are for finish-out at a newly constructed center. Costs associated with renovating space in an existing shopping center could differ significantly. The minimum estimate assumes a finish-out allowance from the landlord of $35 per square foot. The maximum estimate assumes no landlord contribution towards finish-out and higher labor costs in unionized markets, such as Chicago, St. Louis, and Detroit. Leasehold improvement costs will also be affected by local market conditions, including labor costs. Depending on local zoning ordinances, the age of the shopping center, and other factors, your leasehold improvement or other finish-out costs may require an additional $4,000 to $7,000 to install emergency fire protection equipment (sprinklers, etc.). This cost is not reflected in the above estimates.

3. Prepaid rent and security deposits assume that a minimum of one month's rent will be required by the landlord and is based on annual rental of $16 per square foot. The maximum amount assumes a 2-month rent requirement and is based on an annual rental of $35 per square foot.

4. Furniture and fixtures include the costs and installation of furniture, millwork, portable walls, cabinetry, and shelving, other than the cost of tanning beds and related equipment and computer systems.

5. The costs for tanning and related equipment are based on the following standard configuration:

	Low	High
PBT One /Silver: Ergoline Sundash 32/0 or 32/1, Essence 48	2	4
Gold: Ergoline Passion 40/3, Omega Gold Ergoline Sunrise 480, KBL Space 2000	3 1	4 1
Platinum: Ergoline Affinity 900, KBL Alpha Platinum KBL Pure Energy 50, KBL Alpha 5600	2	3
Diamond: Ergoline Prestige 1400, Sun Angel Duo 1400, KBL Alpha 6800, KBL Alpha 7000, KBL Alpha 7900	1	2
Diamond Prism: Ergoline Prestige 1600, KBL 8000 Hybrid, P9 Extra Sun, P9S Extra Sun	0	1

	Low	High
Sunless (Sunscape Booth or Sheer Sunless Booth	1	3

The "low" estimate is the recommended equipment mix for a smaller store (approximately 2,200 square feet), and the "high" estimate is the recommended equipment mix for a prototypical store that is approximately 2,600 square feet. This also includes freight and installation of the equipment, timer system and wiring costs.

6. The costs for computer hardware and software include 2 to 3 point-of-sale computer systems with appropriate software and data transmission equipment. This estimate includes the license fee for SunLync Software ($1,300 per Location), the license fee for Deskman security management software ($60 per system) and the PC configuration fee ($600 per Location), but it does not include the cost of freight plus additional travel and out-of-pocket expenses associated with the PC installation.

7. This amount represents the initial costs for the media service, which is required for all Palm Beach Tan Locations. You must pay shipping costs for the equipment related to the media service in addition to the initial cost. All new stores (whether conversion, new, etc.) are required to purchase a firewall.

8. These amounts represent the estimated cost of an initial supply of tanning lotions and related skin care products, and Solutions and supplies (e.g., towels, booties, barrier cream, trash bins and dispensers) for approximately 450 tans.

9. The amounts represent the estimated costs of both outdoor and indoor signage, including logo.

10. You may need professional services (attorneys, architects, accountants) in establishing your Palm Beach Tan Location. These amounts can vary widely, depending on the extent of the services required. This amount includes the estimated fee for using our approved architect, idGroup. idGroup includes permitting for your Location in their fee.

11. You may need to pay permit fees and utility deposits in establishing your Palm Beach Tan Location. These amounts can vary, depending on the municipality.

12. Grand Opening costs will vary, and you may choose to invest above the required $10,000.

13. The In-Location Merchandising Kit includes in-store graphics, signage, marketing materials, banners, and window clings used in-store to promote the business.

14. The Local Marketing Kit includes materials like brochures, coupons, and posters used to promote the business outside the Location.

15. These amounts represent the average costs of transportation, food, and lodging for 2 people to attend initial training in Irving, Texas.

16. We provide pre-opening training for your first Palm Beach Tan Location. This training consists of 2 days of on-site training and 3 days of classroom training, which may be offsite. These amounts represent an estimate of the payroll necessary for 4 full-time employees, including the store manager, and 4 part-time employees, and the rental of a space to accommodate the classroom training.

17. This amount represents the initial installation costs for the music system, which is required for all Palm Beach Tan Locations.

18. This amount represents an estimate for a security system for your Palm Beach Tan Location. You must install a security system at your Palm Beach Tan Location with a panic button.

19. This amount represents an estimate of the down payment on your annual insurance premiums. You must obtain the insurance coverage described in the Franchise Agreement. We must be named as an additional insured on these policies, and we must receive proof of insurance within 30 days after you obtain the insurance. Your cost of insurance may vary depending on the insurer, the physical site of the Location, the value of the equipment and improvements, and your claims history.

20. During the initial months of operation, you should expect to experience negative cash flows. This is a natural and expected result due to the nature of the business and the need to build a monthly membership base large enough that monthly EFT receipts from monthly members, when combined with cash receipts from non-EFT and other tanning services and product sales, provide positive cash flows from operations. These figures are estimates, and we cannot assure you that you will not have additional expenses starting your Palm Beach Tan Location. Your actual costs will depend on factors like your management skills, experience, and business acumen; time of year you open; local economic conditions; utility rates; the local market for the Palm Beach Tan Location's services and products; the prevailing wage rate and competition. You should calculate your estimated expenses for these items based on the anticipated costs in your market and consider whether you will need additional cash reserves. We relied on our Parent's experience to compile these estimates. You should review these figures carefully with your business advisor.

All amounts included in the preceding chart are exclusive of sales tax. Except as specifically stated, these amounts may be subject to increases based on changes in market conditions, the cost of providing services, and future policy changes. Currently, we have no plans to increase payments that we control. We do not offer financing for any part of your initial investment. To our knowledge, none of the fees and expenses described above are refundable.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases

You generally have no obligation to purchase or lease from us or from our affiliates any of the products, services, supplies, fixtures, equipment, inventory, or real estate used in establishing or operating the Palm Beach Tan Location. However, there are some exceptions, as follows:

Computer Hardware, SunLync Software and PC Configuration

You must purchase your computer hardware and license the SunLync Software through us, and must use us to install the SunLync Software and otherwise configure your PC.

EFT Services

You must use service agreements that allow you to electronically debit your customers' accounts for the membership fee. You must use us to provide electronic fund processing services.

Digital Support Services

You must participate in the Digital Support Services program. You will pay a monthly fee for your participation in this program directly to us, but Archer Malmo, Inc. currently provides the services under this program. The services include a range of digital marketing services, including internet, e-mail, and social media marketing, and digital marketing tools that will allow you to, among other things, identify specific customer groups by their purchasing and/or frequency patterns and to email or mail them directly.

Customer Experience Management Program

To help measure customer satisfaction and for quality control purposes, we currently use, and require you to participate in, a program provided by a third-party vendor. This program must be implemented within 30 days after the opening of a new or Conversion Location. Currently, Medallia is the only approved supplier for this service. This vendor captures customer feedback across web, social, and mobile platforms. The information that is collected is reported to both you and us. We may modify or terminate the program, change the vendor, or replace the program at any time.

Purchases According to Specifications and/or From Approved Suppliers

You must comply with our standards and specifications for all supplies, materials, fixtures, furnishings, equipment, and other products used in or offered for sale at the Location. If we have approved suppliers for any item, you must obtain the item from our approved suppliers. Approved suppliers are those who demonstrate the ability to meet our then-current standards and specifications, who possess adequate quality controls and the capacity to supply your needs promptly and reliably, whom we have approved in writing and whom we have not later disapproved. We may, in our sole discretion, change the number of approved suppliers at any time and may designate ourselves, an affiliate, or a third party as the exclusive source for any particular item. We may profit from your purchases from approved suppliers, and we and/or our affiliates may receive payments, fees, commissions or reimbursements from approved suppliers in respect of your purchases. However, neither we nor our affiliates are currently approved or designated suppliers of any item, except for the computer hardware, SunLync Software license, PC configuration services, EFT services and Digital Support Services, as discussed above.

Booths and Solutions

You must include one or more sunless self-tanning Booths in the design of your Palm Beach Tan Location. The Booth must be a Spray Your Way booth that must be purchased from Sheer Sunless. You must purchase all sunless solutions through New Sunshine, except Versa Pro Booth solution, which must be purchased through Sunless, Inc.

Lotions & Spa Products

You must purchase all lotions and spa products offered and sold to your customers only from our approved suppliers. Currently, New Sunshine and Tanning Supplies Unlimited, are the only approved suppliers of the lotions and spa products. We have introduced private label lotions. You are not currently required to purchase and offer for sale our private label lotions at your Location, but we may require you to do so in the future.

PBTv

You must purchase from our approved supplier a PBTv Media Player, PBTv Remote and the PBTv Software, and pay a monthly subscription fee for the content. Currently, the approved supplier for the PBTv media system is Salonsense Media, LLC, and the only approved supplier for content is Archer Malmo, Inc.

Music System

You must install and use in your Locations a commercial-free music service with a minimum of 4 stations. Currently, the only approved suppliers for the music is uMix and AME and for the Music hardware is Southwest Microsystems.

Site Selection and Construction

You must locate a site for the Location that you reasonably believe conforms to our site selection criteria. You must also obtain from us the written confirmation that we do not object to the site before you acquire it and written confirmation that we do not object to any contract of sale or lease for the Location before you sign it. We may object to and not approve any lease unless you and the landlord sign an addendum to the lease that provides substantially the same terms contained in Exhibit 1 to the Site Selection Addendum ("Site Addendum") to the Franchise Agreement or Attachment E to the Development Agreement. You must engage an architectural service provider approved by us in connection with the construction or remodeling of your Location, and you must adapt our prototypical architectural and design plans as needed for the construction or remodeling of your Location. We have the right to review your plans and must notify you of our objections within 15 days after we receive your plans. If we do not notify you of any objections within that time, you may use the plans. If we do object within the 15-day time period, you may not use the plans. Any objections we make will also include a reasonably detailed list of changes that you must make for the plans to be acceptable. We will notify you within 15 days after we receive your revised plans if they are acceptable. If we do not object to your revised plans within the 15-day period, you may use the revised plans. You must purchase ceiling, tile, ceiling cloud, and vinyl flooring planks used in the construction of your Location from Armstrong Flooring, and you must purchase the HVAC systems for your Location from YORK Heating & Air Conditioning.

Furniture and Fixtures

You must purchase the doors, sales counter, lobby furniture, vanity, towel cabinets, room shelves with mirrors, lotion displays, manager's desk, restroom mirrors, and room number plaques for your Location from T & R Fixtures, LLC.

Signs

You must purchase all interior and exterior signage for your Location from our approved supplier.

Advertising and Promotional Materials

All of your advertising and promotions must conform to our standards and requirements. We must approve all advertising and promotional plans and materials before you use them if we have not prepared them or previously approved them during the 12 months preceding the date of their proposed use. You must submit any unapproved plans and materials to us, and we will approve or disapprove them within 20 days after we receive them. You must not use the plans or materials until we have approved them, and you must promptly discontinue using any advertising or promotional plans or materials, whether or not we have previously approved them, if we notify you to do so. Currently, you must purchase advertising services, media and advertising materials through our approved marketing vendor. Currently, Archer Malmo, Inc. is the approved advertising agency of record. To obtain a lower purchase price, we order some of these materials in bulk quantity and prepay the cost. For each purchase you make, you will reimburse us the amount we prepaid to the vendor.

Insurance

You must obtain and maintain insurance policies protecting you and us and various related parties against any demand or claim with respect to personal injury, death, or property damage, or any loss, liability, or expense related to or connected with the operation of the Location. These policies must be written by a responsible insurance carrier or carriers rated "A-" or better by the A.M. Best Company, Inc. and that are acceptable to us. At a minimum, you must carry (i) comprehensive general liability insurance, including broad form contractual liability, broad form property damage, personal injury, advertising injury, completed operations, products liability, and fire damage coverage in the amount of $1,000,000, combined single limit, or any greater amounts as your lessor may require; (ii) "All Risks" coverage (including glass coverage) for the full replacement cost of the Location and all other property in which we may have an interest with no coinsurance clause for the premises; (iii) an "umbrella" policy providing excess coverage with limits of not less than $2,000,000; (iv) workers' compensation insurance in amounts required by applicable law or, if permissible under applicable law, employer's liability insurance with minimum limits of $500,000/500,000/500,000; and (v) any other insurance required by the landlord or by the state or locality in which your Location is situated. All of the policies must name us, successors, and assigns as additional insureds. You must obtain the insurance no later than the date that you sign the lease for the Location or 90 days before the Opening Date, whichever is earlier, and you must provide us with proof of insurance within 30 days after you obtain the insurance.

Operational Audits

You must hire a third party contractor and use our approved audit form to evaluate the operation of your Locations monthly.

Supplier Approval Procedure

If we require that an item be purchased from an approved supplier, and you wish to purchase it from a supplier we have not approved, you must submit a written request to us for approval. Similarly, if we require you to use a particular item or brand of equipment, and you wish to substitute a different item or brand, you must request our approval in writing. You must not purchase or lease the item until and unless we have approved the item and/or the supplier in writing. We have the right to inspect the supplier's facilities and to have samples from the supplier delivered to us or to an independent laboratory we designate for testing. We may require our expenses of such inspections to be reimbursed, either by you or the proposed supplier. As a condition of our approval of a proposed supplier, we may require that the supplier (i) agree to sell any product bearing the Marks only to Palm Beach Tan franchisees and (ii) otherwise comply with our reasonable requests. We may reinspect the facilities and products of any approved supplier and may revoke our approval upon the supplier's failure to continue to meet any of our then-current criteria. Nothing requires us to approve any particular supplier, and we are not required to notify you of our approval or disapproval within any specified period of time. Our specifications and criteria for supplier approval are generally issued through written communications and are available to franchisees and approved suppliers.

None of our officers owns an interest in any privately held suppliers, or a material interest in any publicly held suppliers, of the Palm Beach Tan franchise system. From time to time, our officers may own non-material interests in publicly held companies that may be suppliers to our franchise system.

Purchasing Arrangements

In our year ending December 31, 2021, our revenue (exclusive of pass-through costs paid to third parties) from the sale of all products and services to our franchisees was approximately $477,282 or 3.45% of our total revenue of approximately $13,816,694.

During our 2021 fiscal year, neither we nor our affiliates received any revenue or other material consideration or any discounts, rebates or similar payments from designated suppliers because of their transactions with our franchisees but we reserve the right to do so in the future. If we receive revenues or other material consideration from future supplier arrangements, we may, at our discretion, retain these benefits (except as otherwise required by law), return these funds to our franchisees pro rata, or contribute these funds to the Advertising Fund. Contribution of any such rebates or credits to the Advertising Fund will not reduce your obligation to make the contributions to the Advertising Fund provided for in the Franchise Agreement.

We may negotiate certain purchase arrangements (including price terms) with suppliers for the purchase of certain items, such as construction materials, tanning equipment, tanning lotions, tanning lamps, and other supplies, that are available to franchisees. In doing so, we seek to promote the overall interests of the franchise System and our interests as the franchisor. There are currently no purchasing or distribution cooperatives for the System.

We estimate that the purchases described above under the Franchise Agreement will represent approximately 55% of all the purchases necessary to establish your Palm Beach Tan Location and approximately 75% of all the purchases necessary to operate your Palm Beach Tan Location.

We do not provide material benefits to franchisees based upon their use of designated or approved suppliers.

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise, development and other agreements. It will help you find more detailed information about your obligations in these agreements and in other Items of this disclosure document.

Key: FA = Franchise Agreement
SA = Site Addendum to Franchise Agreement
AA = Acquisition Addendum to Franchise Agreement
DA = Development Agreement

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	SA Sections I. and II.; AA Paragraph 2.; DA Section VI.	Items 8 and 11
b. Pre-opening purchases/leases	FA Sections VII. and VIII.	Items 5, 6, 7, 8, and 11
c. Site development and other pre-opening requirements	FA Section II.; SA Sections I. and II.; AA Paragraphs 1., 2., 3. and Exhibit 1; DA Section III.	Items 1, 5, 8, and 11
d. Initial and ongoing training	FA Sections V. and VI.	Items 6 and 11
e. Opening	FA Sections II., VI., and VIII.; AA Paragraph 1.; DA Section III.	Items 7 and 11
f. Fees	FA Sections IV. and VIII.; DA Section II.	Items 5 and 6

Obligation	Section in Agreement	Disclosure Document Item
g. Compliance with standards and policies/Manuals	FA Sections II., III., VI., VII., VIII., IX., X., XI., and XII; DA Sections III., VI., VII. and X.	Items 8, 11, 14, and 16
h. Trademarks and proprietary information	FA Sections IX. and X.; DA Section X.; Confidentiality Agreement and Ancillary Covenants Not to Compete.	Items 11, 13, 14, and 15
i. Restrictions on products/services offered	FA Section VII.	Items 8 and 16
j. Warranty and customer service requirements	FA Section VII.	Items 8 and 16
k. Territorial development and sales quotas	DA Sections I. and III.	Item 12
l. Ongoing product/service purchases	FA Section VII.	Items 6 and 8
m. Maintenance, appearance, and remodeling requirements	FA Sections II., VII., and XIV.	Items 8 and 11
n. Insurance	FA Section XII.	Items 6, 7, and 8
o. Advertising	FA Section VIII.	Items 6, 8, and 11
p. Indemnification	FA Sections II. and XV.; DA Section XI.	Item 6
q. Owner's participation/management/staffing	FA Section VI.; DA Section V.	Items 1, 11, and 15
r. Records and reports	FA Sections IV., VI., VII., and XI.; DA Section VII.	Items 6 and 11
s. Inspections and audits	FA Sections II., VII., and XI.	Items 6, 8, and 11
t. Transfer	FA Section XIV.; DA Section IX.	Items 6 and 17
u. Renewal or extension of rights	FA Section III.; DA Section III.	Items 6 and 17
v. Post-termination obligations	FA Section XVIII.; DA Section VIII.	Items 6 and 17
w. Noncompetition covenants	FA Section X.; DA Section X.; Confidentiality Agreement and Ancillary Covenants Not to Compete.	Item 17
x. Dispute resolution	FA Section XIX.; DA Section XVII.	Item 17

ITEM 10

FINANCING

Neither we nor any agent or affiliate of ours offers direct financing to you, guarantees any note, lease or obligation of yours. Under an agreement between us and ApplePie Capital, Inc. ("APC"), qualified Palm Beach Tan franchisees may be eligible to obtain financing from APC and its network of lenders. There are no standard terms for any of the financing that may be available. You are not required to pursue financing from APC or its network of lenders. Neither we nor our affiliates are party to any of these financing arrangements, and neither we nor our affiliates receive any consideration for placing financing with any lender.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, we are not required to provide you with any assistance.

Pre-Opening Obligations. Before you open your Palm Beach Tan Location, we will provide, or cause the following to be provided, to you:

1. The site selection guidelines and assistance we deem advisable. (Site Addendum to Franchise Agreement, Section I.; Development Agreement, Section V.A.)

When you identify a proposed site, you must submit to us a complete real estate site package containing the information that we require, including a description of the site, evidence that the site satisfies our site selection criteria, a copy of the proposed lease or contract of sale, and any other information we may require (including a Real Estate Release in substantially the form of Exhibit 2 to the Site Addendum or Attachment F to the Development Agreement). We have 30 days after we receive this information to review and confirm to you in writing whether or not we object to the proposed site, lease or contract of sale. (Site Addendum to Franchise Agreement, Section II.A.; Development Agreement, Section VI.C.)

You must identify and secure a site for your Palm Beach Tan Location that you reasonably believe conforms to our site selection criteria in the Territory (if you sign a Development Agreement) or Designated Area (if you do not sign a Development Agreement). You cannot place a Palm Beach Tan Location at a site that we have objected to in writing. (Site Addendum to Franchise Agreement, Section II.; Development Agreement, Section VI.C.) Your failure to present an acceptable site may result in a default under the Franchise and Development Agreements, in which case the Franchise and Development Agreements may be terminated; your territorial rights may be terminated, reduced, or otherwise modified; or the number of Locations that you may establish may be reduced.

In evaluating a proposed site, we consider demographic characteristics; traffic patterns; parking; competition from other businesses in the area; and other relevant factors. Our confirmation that we do not object to a site does not guarantee that a Location will be profitable or successful at that site. You have 90 days from the date we approve the Site to acquire the Site. You must provide us with a copy of the signed contract of sale or lease, as applicable, within 10 days after it is signed. (Site Addendum to Franchise Agreement, Section I.; Development Agreement, Section VI.C.)

You must obtain all zoning classifications, clearances, and approvals relating to the site and all required permits, licenses, and certifications. (Franchise Agreement, Section II.A.)

2. For your first Location, we believe the on-site evaluation is necessary. We will not charge you for this on-site evaluation. Although we are not obligated to do so, if we provide an on-site evaluation for subsequent Locations, you may be required to pay or reimburse our expenses. (Development Agreement, Section V.B.)

3. Access to a set of prototypical architectural and design plans and specifications for a Palm Beach Tan Location. (Franchise Agreement, Section V.A.; Acquisition Addendum, Paragraph 3.)

4. Access to a set of the Manuals, which are currently maintained and provided to franchisees only in electronic or online format. (Development Agreement, Section V.D. and Franchise Agreement, Section V.B.)

5. For a fee, any proprietary or other software programs we develop or acquire for use by Palm Beach Tan Locations. We have no obligation to develop, acquire, or designate such software programs. (Franchise Agreement, Section V.C.)

6. A list of approved suppliers. (Franchise Agreement, Section V.H.)

7. An initial training program for your Operating Principal, General Manager, and Location Manager. (Development Agreement, Section V.C.; Franchise Agreement, Section V.I.)

8. Pre-opening training (currently, 5 days; 2 days onsite and 3 days offsite). For your first Location, this is provided at no charge, although you must arrange for and pay the cost of meeting space and your employees' salaries while receiving training. For subsequent Locations, you may be required to pay or reimburse our expenses. (Franchise Agreement, Section V.J.)

Typical Length of Time Before You Open Your Store.

We estimate that it will be approximately 3 to 7 months from the time you sign the Franchise Agreement to the time you begin operations. This time period may be shorter or longer, depending on the modifications that must be made to the site to accommodate your Location. You must begin business within 210 days after signing the Franchise Agreement, unless we give you a written extension. (Franchise Agreement, Section II.C.)

Post-Opening Obligations. During the operation of your Palm Beach Tan Location, we will provide or cause the following to be provided to you:

1. For a fee, any proprietary or other software programs we develop or acquire for use by Palm Beach Tan Locations as described above under our Pre-Opening Obligations. (Franchise Agreement, Section V.C.)
2. Periodically, inspections and evaluations of your operations. (Franchise Agreement, Section V.D.)

3. Administration of an advertising fund and any cooperatives we authorize, and provision of any local advertising materials we develop. (Franchise Agreement, Section V.E.)

4. Advice and written materials containing techniques for operating Palm Beach Tan Locations. (Franchise Agreement, Section V.F.)

5. At our discretion and for a reasonable cost, System merchandise for resale and décor items. (Franchise Agreement, Section V.G.)

6. Updated lists of approved suppliers as we deem appropriate. (Franchise Agreement, Section V.H.)

7. Additional and remedial training programs. Remedial training may be provided for a reasonable fee and reimbursement of our expenses, subject to the availability of personnel. We may also charge a fee for additional training and for training replacement and successor personnel. You must pay all associated costs. (Franchise Agreement, Sections V.K. and VI.G.(1).)

8. For a fee, electronic fund transfer services for your service agreement customer accounts. (Franchise Agreement, Section V.L.)

Advertising

You must spend at least 5.5% of your Location's Gross Sales on advertising, but you may spend more than that amount. Initially, you must spend 3.5% of Gross Sales on local advertising and contribute 2% of Gross Sales to the System advertising fund ("Fund"). We may reallocate the portion of advertising expenditures directed to local advertising (individually or through a cooperative) and to the Fund. (Franchise Agreement, Section VIII.A.) We and our affiliates will contribute to the Fund generally on the same basis as you do for Palm Beach Tan Locations that we or they operate. Not all franchisees are or will be required to contribute, or contribute the same percentage of Gross Sales, to the Fund.

You must participate in certain local marketing programs (including any test marketing programs we authorize), the cost of which may be included in your required 3.5% local advertising expenditure. We may revise, substitute, or eliminate any of these programs at any time.

You must report on your local advertising expenditures with reports submitted to us within 15 days following the end of each fiscal quarter. You cannot include expenditures for any of the following to satisfy your local advertising expenditure requirement: (i) incentive programs for your employees or agents; (ii) nonmedia promotional costs; (iii) charitable, political, or other contributions or donations; (iv) in-store fixtures or equipment; or (v) grand opening expenses. (Franchise Agreement, Section VIII.B.)

We can designate any geographic area in which 2 or more company-owned or franchised Palm Beach Tan Locations are located by at least 2 different owners as a region for an advertising cooperative ("Cooperative"). If we do, the Cooperative must be organized and governed as we determine, and we may change, dissolve, or merge the Cooperative at our discretion. Any Cooperatives we authorize will be for the exclusive purpose of administering advertising programs and developing promotional materials for members in local advertising. If a Cooperative is established for an area that includes the market area in which your Palm Beach Tan Location is located, you automatically become a member of the Cooperative, must sign the Cooperative's governing documents, and are obligated to participate in the Cooperative by contributing the amounts required by its governing documents. However, you will not be required to contribute more than the amount you would otherwise be required to spend on local advertising, and your Cooperative contribution will be applied toward satisfaction of your local advertising requirement. You must also submit to the Cooperative and to us all statements and reports that we or the Cooperative may require. Cooperative contributions will be maintained and administered under the Cooperative's governing documents, and the Cooperative will be operated solely as a conduit for the collection and expenditure of advertising contributions. (Franchise Agreement, Section VIII.C.) In 2008 we established an advertising Cooperative. As of January 1, 2022, franchisees in 2 markets (Portland, Oregon and Cleveland, Ohio) are participating in the Cooperative. Franchisees in the Portland market have agreed to contribute 3.5% of Gross Sales to the Cooperative and franchisees in the Cleveland market have agreed to contribute 3.5% of Gross Sales to the Cooperative. We may require you to contribute a portion of your total advertising assessment to the Cooperative if and when we implement the Cooperative in your market. We will not prepare financial statements for any Cooperative that has been formed or might be formed, and, therefore, financial statements for any Cooperative will not be available for review.

We or someone we designate will administer the Fund. We may cause the Fund to be incorporated or operated through a separate entity at such time as we deem appropriate, and such successor entity will have all of the same rights and duties regarding the Fund as we have under the Franchise Agreement. We will direct all advertising programs, including the creative concepts, materials, and media used in the programs. We may use the Fund to satisfy the costs of maintaining, administering, directing, preparing, and producing advertising and to conduct market research. This includes the costs associated with developing, maintaining, and updating our Website, Mobile App and digital and social media platforms; preparing, producing, and placing television, radio, magazine, and content for digital media tactics; direct mail and outdoor billboard advertising; public relations activities; and employing advertising agencies; and the costs of our personnel and other departmental costs for advertising that we administer or prepare internally. We are not required to make expenditures for you that are equivalent or proportionate to your Fund contribution or to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising. Not all of our franchisees are, or will be, required to contribute to the Fund and some franchisees may be required to contribute different percentages of Gross Sales to the Fund than you. Except for a portion of the Fund spent on Website development and maintenance (a portion of which may include soliciting the sale of franchises using the Website), the Fund is not used to solicit the sale of franchises.

We anticipate that Fund advertising will be conducted primarily through electronic or digital media on a regional or national basis, and that the majority of our advertising will be developed by our marketing vendor. We sponsor a Franchisee Advisory Council that meets periodically with us to discuss and make recommendations concerning certain operational and marketing strategies. The Advisory Council is not an advertising council and has no authority to impose changes or establish policies on our behalf. The Advisory Council is currently made up of corporate representatives and representatives of the franchisee body as elected by the franchisee body and that we appoint. We have the right to change or dissolve the Advisory Council.

We will not use your Fund contributions to defray any of our operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead that we may incur in administering or directing the Fund. We may spend, on behalf of the Fund, in any fiscal year an amount greater or less than the aggregate contribution of all Palm Beach Tan Locations to the Fund in that year, and the Fund may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Fund will be used to pay advertising costs before other assets of the Fund are expended. We will prepare an annual statement of the Fund's operations and will make it available to you if you request it. We are not required to have the Fund statements audited. The Fund may also be used to cover costs of supporting certain trade organizations and participating in trade organization events .

Fund contributions that are not spent in the year in which they accrue are carried over to succeeding years. We reserve the right to defer or reduce contributions and, upon 30 days' prior written notice, to reduce or suspend contributions to and operations of the Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the Fund (and, if suspended, deferred or reduced, to reinstate such contributions). We will not terminate the Fund, however, until all money in the Fund has been spent for advertising or promotional purposes or returned to the contributors on the basis of their respective contributions. (Franchise Agreement, Section VIII.D.(6))

The following is a percentage breakdown of the use of the Fund for our 2021 fiscal year:

Production	32%
Media Placement	36%
Administration	16%
Other (Public Relations; American Suntanning Association Dues)	16%
TOTAL	100%

If we establish and conduct any promotional campaigns on a national or regional basis you must participate in such promotional campaigns upon such terms and conditions as we may establish, and you must purchase reasonable point of sale advertising and other promotional materials as required to participate in such campaigns.

All advertising and promotions that you place in any medium must be conducted professionally, conform to our standards and requirements, and be preapproved by us before you place them and be managed by our approved vendor(s), as described in Item 8. (Franchise Agreement, Section VIII.G.). You may not advertise, promote, post, or list information relating to the Location on the Internet (through the creation of, or participation in, a Website, social media profile or presence of any kind or otherwise without the express written approval of the Company), unless we decide to include information about your Location on our Website. You must comply with our social media policy for franchisees, and we may change our policy over time.

Computer and Electronic Cash Register Systems

You must purchase, use, and maintain, at your expense, a computer system that meets our standards and specifications. (Franchise Agreement, Section VII.F.) At a minimum, you must have (i) 2 computers, each with equipment and capabilities meeting our standards and specifications for, among other things, processing speed, Internet connectivity, memory, keyboard and monitor, and the SunLync Software program (described below); (ii) a printer meeting our standards; (iii) a cash drawer; (iv) a receipt printer; (v) electronic documents software for customer membership documents (currently, Microsoft Word); (vi) firewall; (vii) router; (viii) electronic signature pad; (ix) EMV Chip Card reader; and (x) copies of Deskman security management software, VNC Software, and SunLync Software (described below). Your computer system must also include a broadband internet connection allowing direct access and communication between our and your computer systems and other computer hardware, all of which we will designate and approve. We will have the right to access and use the information stored on your computer in any manner we deem appropriate. There is no contractual limitation on our right to independently access the information on your computer system. Upon a breach of the Franchise Agreement by you, we may suspend your access to information regarding the Location's customers and all or any portion of the electronic cash register systems/point of sale systems and any other computer systems used to operate the Location until such breach is cured to our reasonable satisfaction. You must purchase the items described in this paragraph from us. We estimate that the cost of the computer system and related items described in this paragraph will be approximately $6,685 to $9,902. This amount includes (i) a fee of $600 per Location to configure your PC, which includes installation of the SunLync Software and (ii) a software license fee of $1,300 per Location for the SunLync Software and a software license fee of $60 per system ($120 to $180 for 2 to 3 systems) for the Deskman security management software, both of which you must license from us.

We will install VNC Software on your computer system at the time of configuration to allow us to communicate with your PCs.

You will use the SunLync Software to provide point-of-sale support, inventory control, membership monitoring, marketing, and tanning bed control. This software also tracks revenues and hourly employee information. You will license the SunLync Software from us. The software license agreement requires us to provide updates to the software at no additional charge and certain software support and requires you to pay us a monthly computer support fee, which is currently $300 per month per Location. To fulfill our support obligations, we provide a toll-free consultation line and limited back-office support.

You must also have and maintain adequate hardware and software to access the Internet at the bit speed we require. (Franchise Agreement, Section VII.G.)

You must install any other hardware or software for the operation of the Location that we may require in the future, including any enhancements, additions, substitutions, modifications, and upgrades, and if applicable, you may be required to obtain different and/or additional support services in connection with such enhancements, additions, substitutions, modifications, and upgrades. There is no contractual limitation on the frequency or cost of these obligations.

Except as described above, neither we, our affiliates, nor any third parties are required to provide ongoing maintenance, repairs, upgrades, or updates to your computer system. Except as described above, there are no optional or required maintenance/upgrade contracts for the point-of-sale or computer system.

Confidential Operations Manuals

After you sign the Franchise Agreement, we will provide you access to our Manuals, which may be in partially or wholly online accessed through the systems described below. A copy of the table of contents of the Manuals is attached as Attachment B. The Manuals consist of a total of 230 pages. We consider the contents of the Manuals to be proprietary, and you must treat them as confidential. You may not make any copies of the Manuals.

Training

Your Operating Principal must successfully complete to our satisfaction our franchisee orientation program before the execution of any Franchise Agreement. Before opening your first Palm Beach Tan Location, your Operating Principal or General Manager must successfully and satisfactorily complete our initial franchisee training program. After executing each Franchise Agreement, but before the Opening Date of each Palm Beach Tan Location, your Location Manager must attend our management training program. As soon as you establish a training store that we have certified, you will train all of your Location Managers using a training program that we designate, and you will no longer be required to send your Location Managers to our offices for training.

We conduct our franchisee orientation program, franchisee-training program and management training program at our office in Irving, Texas, and/or another location that we designate. The mandatory franchisee orientation program lasts 2 days, the mandatory franchisee training program lasts 4 weeks, and the mandatory initial management training program lasts 25 shifts. In addition, we will administer a pre-opening training program for your store-level employees for your first Location opening. This program is 5 days (2 days onsite and 3 days offsite). Instructional materials include the Operations Manual, Workbooks, videos, and classroom instruction.

Our training is administered and directed by Roy Sneed, whose experience is described in Item 2 of this disclosure document. Each of our trainers has extensive training experience and several years of experience with us. We also draw upon the relevant experience of our management personnel, as well as other employees.

Our training programs are offered as needed during the year, depending on the number of new franchisees entering the System, the number of other personnel needing training, and the scheduled opening of new Palm Beach Tan Locations. The subjects covered and other information relevant to our training programs are described below:

TRAINING PROGRAM

Franchisee Orientation Program [(1)(2)]

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Site Selection Process	1 hour	--	Our office in Irving, Texas, and/or other location we designate
Maximizing Profitability	1 hour	--	Our office in Irving, Texas, and/or other location we designate
Design/Construction Process	1.5 hours	--	Our office in Irving, Texas, and/or other location we designate
Construction Materials and Equipment	1 hour	--	Our office in Irving, Texas, and/or other location we designate
Recruiting/Employee Profiles	1 hour	--	Our office in Irving, Texas, and/or other location we designate
Location Tour, Sales Book, and Programs	1 hour	--	Our office in Irving, Texas, and/or other location we designate
Administrative, Customer Service, Back Office Systems, and POS Overview	2 hours	--	Our office in Irving, Texas, and/or other location we designate
Training, Development, and Tanning Certification	45 minutes	--	Our office in Irving, Texas, and/or other location we designate
Key Vendors	45 minutes	--	Our office in Irving, Texas, and/or other location we designate
Palm Beach Tan Tools, Manuals, and Ordering	45 minutes	--	Our office in Irving, Texas, and/or other location we designate
Marketing, Grand Opening, and Operations Overview	2.5 hours	--	Our office in Irving, Texas, and/or other location we designate
Accounting Overview	1 hours	--	Our office in Irving, Texas, and/or other location we designate
Regulatory Issues	15 minutes	--	Our office in Irving, Texas, and/or other location we designate

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
How to Create a Selling Environment (Utilizing Goals, Bonuses, and Commissions)	1 hour	--	Our office in Irving, Texas, and/or other location we designate
Total Hours	15.5 hours		--

Franchisee Training Program [(1)(3)]

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Operations Manual	1 hour	--	Our office in Irving, Texas, and/or other location we designate
MultiUnit Operations Management	8 hours [(5)]	--	Our office in Irving, Texas, and/or other location we designate
Reporting Tools	4 hours [(5)]	--	Our office in Irving, Texas, and/or other location we designate
Back Office and Administrative Functions	4 hours [(5)]	--	Our office in Irving, Texas, and/or other location we designate
Tanning Certification	4-8 hours [(4)(5)]	--	Our office in Irving, Texas, and/or other location we designate
Customer Service/Proper Equipment/Sanitization/ Cleaning Procedures	--	35 hours [(5)]	Our office in Irving, Texas, and/or other location we designate
Palm Beach Tan Sales Techniques and Marketing	--	35 hours[(5)]	Our office in Irving, Texas, and/or other location we designate
POS Computer Operations	--	20 hours[(5)]	Our office in Irving, Texas, and/or other location we designate
Location Administration, Personnel, and Management	--	20 hours[(5)]	Our office in Irving, Texas, and/or other location we designate
Equipment Operations	--	10 hours[(5)]	Our office in Irving, Texas, and/or other location we designate

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Total Hours	21-25 hours	120 hours	--

Initial Management Training Program [1]

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Customer Service/Proper Equipment/Sanitization/ Cleaning Procedures	--	67 hours [6]	Our office in Irving, Texas, and/or other location we designate
Palm Beach Tan Sales Techniques and Marketing	--	35 hours[6]	Our office in Irving, Texas, and/or other location we designate
POS Computer Operations	--	28 hours[6]	Our office in Irving, Texas, and/or other location we designate
Location Administration, Personnel, and Management	--	60 hours[6]	Our office in Irving, Texas, and/or other location we designate
Equipment Operations	--	10 hours[6]	Our office in Irving, Texas, and/or other location we designate
Tanning Certification	4-8 hours[4]	--	Our office in Irving, Texas, and/or other location we designate
Total Hours: [4]	4-8 hours	200 hours	--

5 Day Pre-Opening Training Program [1]

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Orientation	1 hours[8]		A location we designate
Customer Service	2 hours[8]		A location we designate
Tanning Memberships	2 hours[8]		A location we designate
Equipment	1 hours[8]		A location we designate

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Tanning Certification	4-8 hours(4)(8)		A location we designate
SunLync	1 hour(8)	5 hours(9)	A location we designate
Location Tour	1 hour(8)	5 hours(9)	A location we designate
Product and Memberships	3 hours(8)	5 hours(9)	A location we designate
Sunless Tanning	2 hours(8)	5 hours(9)	A location we designate
Total Hours(4)	17-21 hours	20 hours	--

Notes:

1. Our training programs are subject to change without notice to reflect updates in the materials, methods, manuals, and changes in personnel. The subjects taught and the time periods allocated for each subject may vary, based on the experience of the people being trained. The materials used in training include our Manuals, workbooks, slides and lectures.

2. To be attended by all back office personnel we designate.

3. To be attended by General Manager.

4. Dependent on state requirements.

5. Practiced in store and at our corporate headquarters for four weeks.

6. Practiced in store for 25 shifts.

7. Average shift of eight hours.

8. To be held at a local hotel or other appropriate meeting space.

9. To be practiced in the franchised Location before opening.

If your Operating Principal, General Manager, and Location Manager, as applicable, do not satisfactorily complete the required training programs, you must cure the default within 90 days after we notify you, or we may terminate your Development or Franchise Agreement. (Development Agreement, Section VI.B.(1); Franchise Agreement, Section VI.G.(2))

Any replacement or successor Operating Principal, General Manager, or Location Manager who you later designate must also satisfactorily complete our required training program. We have the right to charge a reasonable fee for the initial training we provide to any replacement or successor Operating Principal, General Manager, or Location Manager. (Development Agreement, Section VI.B.(1); Franchise Agreement, Section VI.G.(1))

We may require your Operating Principal, General Manager, and Location Manager to attend additional training programs. We have the right to charge a reasonable fee for additional training. (Development Agreement, Section VI.B.(1); Franchise Agreement, Section VI.G.(1))

You are responsible for all expenses that you and your personnel incur for any training program, whether initial or additional, including costs of travel, lodging, meals, and wages. (Development Agreement, Section VI.B.(1); Franchise Agreement, Section VI.G.(1))

With our consent and subject to our certification procedures and standards, you must implement a training program for all employees of the Palm Beach Tan Locations developed under the Development Agreement. (Development Agreement, Section VI.B.(2)) Our certification process includes the formal rollout and implementation of our corporate training program for the franchise markets.

ITEM 12

TERRITORY

You will not receive an exclusive or protected territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Franchise Agreement

The Franchise Agreement gives you the right to operate a Palm Beach Tan Location at the Site we approve. You must select the site for your Palm Beach Tan Location from within a geographic area that we call your Designated Area and that is described in Attachment A to the Franchise Agreement. If you sign a Development Agreement, the Designated Area will correspond to the Territory, as described in the Development Agreement. The Designated Area is not exclusive or protected for any purpose except to the extent and for the term provided in the Development Agreement, if applicable, and there are no restrictions on our right to solicit or accept business from consumers inside the Designated Area without paying any compensation to you.

You must operate the Palm Beach Tan Location only at the Site identified in your Franchise Agreement. You cannot relocate your Palm Beach Tan Location without our prior written consent. If you lose possession of the Site through no fault of your own, you may apply to us for our approval to relocate your Palm Beach Tan Location to another site within the Designated Area. If we consent, you must comply with our reasonable site selection and construction procedures. Our consent to any relocation will be based on various factors, including the proposed site's demographic characteristics, traffic patterns and parking, competition from other businesses in the area, and other relevant factors. You may not solicit or accept business from consumers outside your Designated Area through any means, including use of other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing.

The franchise is only for a Palm Beach Tan Location at the Site and does not give you any rights to operate the Palm Beach Tan Location or to offer and sell any of the products or services described in the Franchise Agreement at or from any location other than the Site. We and our affiliates can operate and can grant franchises to others to operate Palm Beach Tan Locations under the Marks (or

under other trade names, service marks and trademarks) at any location other than your Site. These outlets may compete with your Palm Beach Tan Location.

In addition, we and our affiliates can offer and sell, and can give others the right to offer and sell any similar or dissimilar products and services (under the Marks or under other marks), through any other channel or method of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, on any terms and conditions we deem appropriate. Among other things, this means that we and our affiliates may:

(i) Grant other licenses for use of the System and the Marks,

(ii) Develop and establish other business systems using the Marks, or other names or marks, and to grant licenses to use those systems without providing any rights to you,

(iii) Advertise and promote the System without restriction,

(iv) Operate, and license others to operate, retail tanning stores under the Marks, or under other names or marks, at any location other than the Site, and

(v) Engage, directly or indirectly, at wholesale, retail, or otherwise, in the production, distribution, operation, license, and sale of tanning products and services under the Marks, or under other marks through any method of distribution, including, Internet, catalog sales, telemarketing, or other direct marketing, and other tanning facilities regardless of the proximity to, or the competitive impact on, your Palm Beach Tan Location, without compensation to you.

Development Agreement

If we enter into a Development Agreement with you, we will grant you a Territory under the Development Agreement, which we determine before you sign the Development Agreement based on various market and economic factors like market demographics, the penetration of Palm Beach Tan Locations and similar businesses in the market, the availability of appropriate sites, and growth trends in the market. The Territory may be all or a portion of a city, a single or multi-county area, or some other area, and will be described in Attachment D to the Development Agreement.

You must develop Locations in the Territory under the Development Schedule in Section III. of the Development Agreement. You and we agree to the Development Schedule before signing the Development Agreement. If you stop operating any Location during the term of the Development Agreement, you must develop a replacement Location within a reasonable time after you stop operating the original Location. If you transfer your interest in a Location during the term of the Development Agreement, in compliance with the related Franchise Agreement for the Location, the transferred Location will continue to be counted in determining whether you have complied with the Development Schedule, unless the transferred Location is no longer operated as a Palm Beach Tan Location. In that case, you must develop a replacement Location within a reasonable time after the transferred Location ceases to be operated as a Palm Beach Tan Location. Your default under the Development Agreement will not be a default under any Franchise Agreement, unless the default is also a default under that Franchise Agreement.

If you comply with the Development Agreement and any other agreements that you or your affiliates have with us or our affiliates, then we and our affiliates will not establish, or authorize anyone except you to establish, a Palm Beach Tan Location in the Territory during the term of the Development Agreement. We retain all other rights. Among other things, this means we can conduct activities in the Territory like those described above in relation to the Designated Area under the Franchise Agreement (except for establishing, or authorizing someone else except you to establish a Palm Beach Tan Location in the Territory) without compensating you.

Planet Tan Locations

Our Parent owns and operates the Planet Tan Locations which operate under the "Planet Tan" trademark. The Planet Tan Locations offer and sell tanning products and services similar to the tanning products and services offered by Palm Beach Tan Locations. As of the date of this disclosure document, all of the Planet Tan Locations are in the Dallas/Ft. Worth, Texas metropolitan area. All of the Planet Tan Locations are currently company-owned, and neither we nor our Parent have any current plans to offer franchises for Planet Tan locations. Our Parent does not maintain separate offices or training facilities for Planet Tan. Although our Parent has no plans to do so, if our Parent begins offering franchises for Planet Tan locations in the same areas in which we offer and sell Palm Beach Tan franchises, we and our Parent will establish procedures for resolving any conflicts that may arise between franchisees of the 2 systems regarding territory, customers or support.

Additional Considerations

In addition, and regardless of the protections applicable to the Territory (if applicable), we or our affiliates may establish and operate, and may license others to establish and operate, tanning stores as Palm Beach Tan Locations in the Territory, if we or they acquire the stores as part of the acquisition of an existing tanning store business operating, at the time of acquisition, under a different name or mark. We will notify you in writing of each such acquisition in the Territory within a reasonable period of time after the acquisition is completed. If the offer would not violate any law or contract right and if you meet our then-current requirements for a new franchisee, then we will offer you the option, exercisable in writing within 60 days after you receive our notice, to purchase each tanning store in the Territory at a price calculated according to the formula in the Development Agreement. Unless otherwise agreed, the purchase price must be paid in cash at closing, and closing must take place within 60 days after the date on which we or our affiliate receive notice that you have exercised your option. At closing, you must pay all applicable fees, and we and you will enter into our then-current form of franchise agreement for the operation of each of the stores you purchase. Your failure to exercise this purchase option in writing within the 60-day option period will constitute an election not to exercise your purchase option.

If you fail to comply with the Development Schedule, or otherwise materially default under the Development Agreement, then we may (in addition to our other remedies) terminate or modify your territorial rights, reduce the area of territorial rights, or reduce the number of Locations that you may establish.

If we enter into a Development Agreement with you and if you comply with the Development Agreement and each Franchise Agreement signed under it and you are otherwise financially and operationally qualified to develop and operate additional Palm Beach Tan Locations in the Territory (as determined by us), then, for 5 years after the Development Agreement expires, we will provide you with a right of first offer to develop any additional Palm Beach Tan Locations that may be developed in the Territory. We will give you written notice of the number of Palm Beach Tan Locations to be developed and the development schedule. You will have 30 days after you receive the notice to exercise your right of first offer by (i) giving us written notice of your intent to exercise the right, (ii) paying us our then-current development fee, and (iii) executing our then-current form of development agreement.

Except as described above, continuation of any territorial exclusivity does not depend on the achievement of a certain sales volume, market penetration, or other contingency, and we may not alter your Territory.

You may use the Internet to advertise on our Palm Beach Tan website only in compliance with the Franchise Agreement.

ITEM 13

TRADEMARKS

The Franchise Agreement gives you a license to operate the Palm Beach Tan Location under the mark "Palm Beach Tan" and to use any other Mark that we authorize. The Development Agreement does not grant any rights to use, or interest in, the Marks.

Our Parent has registered the following Palm Beach Tan Marks with the United States Patent and Trademark Office ("USPTO") and has renewed or intends to renew the registrations and has filed all appropriate affidavits:

Mark	Register	Registration Number	Registration Date	Owner of Marks
Palm Beach Tan	Principal	1,918,556	09/12/95	Parent
Palm Tree Design	Principal	2,039,168	02/18/97	Parent
The Tanning Experts	Principal	3,810,526	06/29/10	Parent
Stay & Save	Principal	3,579,877	02/24/09	Parent
Palm Beach Tan Premier Rewards	Principal	4,772,666	07/14/2015	Parent
Join Us Tan Wisely	Principal	4,789,120	08/11/2015	Parent
A Better Shade Of You	Principal	4,782,096	2/25/2015	Parent
Premier Collection	Principal	4,890,693	01/19/16	Parent
Premier Collection & Design	Principal	4,896,368	02/02/2016	Parent
A Better Shade of You	Principal	4,782,096	07/25/2015	Parent
Diamond & Design	Principal	4,858,964	11/24/2015	Parent

Mark	Register	Registration Number	Registration Date	Owner of Marks
Palm Beach Tan A Better Shade of You (Logo)	Principal	5,050,386	09/27/16	Parent
PBT A Better Shade of You (Logo)	Principal	5,078,519	11/08/16	Parent
Tan A Friend Thursday	Principal	5,345,791	11/28/17	Parent
PBT One	Principal	5,447,369	4/17/18	Parent
Midnight	Principal	5,628,741	12/11/18	Parent
Emerald Premier & Collection Design	Principal	5,925,007	12/3/19	Parent
Scarlet Premier Collection & Design	Principal	6,142,969	9/1/2020	Parent
Diamond Prism Premier	Principal	6,033,820	4/14/2020	Parent

Our Parent has filed applications for registration on the Principal Register of the USPTO for the marks described in the following chart. There are no federal registrations for these marks; therefore, these marks do not have many legal benefits and rights as Federally registered trademarks. If our Parent's right to use any of these marks is challenged, you may have to change to an alternative mark(s), which may increase your expenses.

Mark	Applicant	Application Number	Application Date
Amethyst Premier Collection & Design	Parent	90/097980	8/6/2020
Elegance Premier Collection	Parent	88/457258	12/17/19
Premier Collection Spray Your Way & Design	Parent	90/327545	11/18/2020
Premier Collection Sunless & Design	Parent	90/625859	4/06/2021
PBT	Parent	90/674071	4/27/2021

Mark	Applicant	Application Number	Application Date
Premier Rewards	Parent	90/684050	4/30/2021
L'Obsidienne 3	Parent	97/026590	9/14/2021
Try Your Tan	Parent	97/084482	10/20/2021
Sunscape	Parent	97/095042	10/27/2021
My PBT	Parent	97/162431	12/08/2021

There is no presently effective determination of the USPTO, the trademark trial and appeal board, the trademark administrator of any state or any court, nor any pending infringement, opposition, or cancellation proceeding, nor any pending material litigation involving the Marks that is relevant to its ownership, use or licensing.

In addition, we or our Parent are aware of tanning salon owners who previously used the mark "Palm Beach Tan," or similar marks for tanning services. We do not believe that the operators of these salons own any federal or state registrations for any marks that are similar to our Marks or any superior rights to us or our Parent.

Except for the uses described in the preceding paragraphs, we are not aware of superior prior rights or infringing uses that could materially affect your use of the Marks and of no agreements currently in effect that significantly limit our rights to use or license the use of the Marks in any manner material to the franchise. We are not obligated to protect your rights to use the Marks or to protect you against claims of infringement or unfair competition.

Our rights to the Marks and the proprietary System know-how are derived from a non-exclusive perpetual license between us and our Parent (the "Intercompany License"). In the license, our Parent grants us the right to use the Marks and the know-how for the purpose of licensing such Marks to our franchisees and fulfilling our obligations under the Franchise Agreement. The license is terminable only for material breach of the license agreement and only if we do not cure or begin to cure the breach within 90 days after notice. We know of no other agreements currently in effect that significantly limit our rights to use or license the use of the Marks in any manner material to you.

You must immediately notify us of any infringement of the Marks or of any challenge to the use of any of the Marks or claim by any person of any rights in any of the Marks. You and your Controlling Principals must agree not to communicate with any person other than us, any designated affiliate, and our or their counsel about any such infringement, challenge, or claim. We or our affiliate have sole discretion to take any action that we deem appropriate and the right to exclusively control any litigation, or USPTO (or other) proceeding, arising out of any infringement, challenge, or claim concerning any of the Marks. You must sign all instruments and documents and give us any assistance that, in our counsel's opinion may be necessary or advisable to protect and maintain our interests or those of our affiliate in any such litigation or proceeding or to otherwise protect and maintain our or their interest in the Marks. We are not obligated to participate in your defense and/or indemnify you for expenses or damages if you are party to an administrative or judicial proceeding involving the Marks if the proceeding is resolved unfavorable to you.

You may not use any of the Marks as part of your corporate name, assumed name, trade name, domain name, or other name. You must also follow our instructions for identifying yourself as an operator and for filing and maintaining the requisite trade name or fictitious name registrations. You must sign any documents that we or our counsel determine are necessary to obtain protection for the Marks or to maintain their continued validity and enforceability. Neither you nor your Controlling Principals may take any action that would prejudice or interfere with the validity of our or our affiliate's rights with respect to the Marks and may not contest the validity of our or our affiliate's interest in the Marks or assist others to do so.

We have the right to substitute different trade names, service marks, trademarks, and indicia of origin for the Marks if the Marks can no longer be used or if we determine, in our sole discretion, that the substitution will be beneficial to the System. If we do, we may require you to discontinue or modify your use of any Mark or use one or more additional or substitute Marks at your expense.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or pending patent applications material to the franchise.

We claim copyright protection and proprietary rights in the original materials used in the System, including our Manuals, bulletins, newsletters, training, advertising and promotional materials, and other written materials relating to the operation of Palm Beach Tan Locations and the products offered as part of the System.

There is no presently effective determination of the U.S. Copyright Office (Library of Congress) or any court affecting our copyrights. There is no currently effective agreement that limits our right to use and/or license our copyrights. We are not obligated by the Franchise Agreement, or otherwise, to protect any rights that you have to use the copyrights. We have no actual knowledge of any infringements that could materially affect the ownership, use or licensing of the copyrights.

We treat all of this information as trade secrets and you must treat any of this information we communicate to you confidentially. You and your Controlling Principals must agree not to communicate or use our confidential information for the benefit of anyone else during and after the term of the Development and Franchise Agreements. You and your Controlling Principals must also agree not to use our confidential information at all after those Agreements terminate or expire. You and your Controlling Principals can give this confidential information only to your employees who need it to operate the Palm Beach Tan Location. You must have your General Manager sign similar covenants and, if we request, any owner who does not sign as a Controlling Principal and any other personnel who have access to our confidential information.

You and we will jointly own all right, title and interest in and to all customer lists and customer information regarding all past and present customers of the Location (collectively, "Customer Information"). However, if the Franchise Agreement is terminated following any default by you, and we exercise our right to acquire all or some of your furnishings, equipment, signs, fixtures, supplies, materials or other assets or we exercise our right to assume your lease or sublease for the premises of the Location as permitted under the Franchise Agreement, your rights in the Customer Information will automatically terminate and you must immediately deliver all Customer Information in your possession to us, and we will be the sole owner of all Customer Information. For Conversion Locations, Customer Information includes information regarding customers of your

business prior to and after its conversion to a Palm Beach Tan Location. We may use the Customer Information in perpetuity for any purpose whatsoever without compensation to you.

If you, your employees or your Controlling Principals develop any new concept, process or improvement relating to the Palm Beach Tan Location, you must promptly notify us and give us all necessary information, without compensation. These concepts, processes or improvements will become our property, and we may use or disclose it to other operators, as we determine appropriate.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

When you sign the Development Agreement (if applicable) and Franchise Agreement, you must designate an individual whom we approve to serve as your "Operating Principal". Your Operating Principal must have an ownership interest in you and be a Controlling Principal. You may also designate another individual whom we approve and who may, but need not be, one of your owners, to serve as your "General Manager" provided that you and the Operating Principal remain fully responsible for the General Manager's performance. You must vest the Operating Principal and General Manager with enough decision making authority to expedite the determinations and decisions that are essential to effective and efficient development and operation of your Palm Beach Tan Location(s).

Your Operating Principal or General Manager must devote his or her full time and best efforts to the fulfillment of your obligations under the Development Agreement (if applicable) and Franchise Agreement and may not engage in any other business or activity that may conflict with your obligations under the Franchise Agreement. Unless otherwise approved by us, the Operating Principal and General Manager must be the same individual for all Franchise Agreements signed in accordance with the Development Agreement between you (or your affiliate) and us and the same as the Operating Principal and the General Manager designated under the Development Agreement. Your Operating Principal must sign the Franchise Agreement and individually make certain covenants in the Franchise Agreement and must also personally guarantee your performance under the Franchise Agreement. Your Operating Principal and General Manager must satisfy our training requirements and other standards.

You must notify us promptly if your Operating Principal or General Manager cannot continue to serve or is no longer qualified. Failure to maintain these supervisory personnel is an event of default, and you will have 30 days from the date of the notice to take corrective action.

At least 60 days before the Location opens for business under a Franchise Agreement you must designate a Location Manager. Your Location Manager must satisfy our qualifications and devote full time and best efforts to the day-to-day operation of your Location.

Your General Manager and any other personnel we request must sign confidentiality covenants and, unless we authorize you to omit it, a covenant not to compete. These covenants will be in substantially the form of Attachment C to the Franchise Agreement and Attachment B to the Development Agreement. Those of your owners who are not signing the Agreements as Controlling Principals also must sign these covenants.

If, during the term of the Franchise Agreement, you or any Controlling Principal employs, as a tanning salon manager or any position above the level of a tanning salon manager, any individual who is at the time or was within the preceding 30 days, employed as a tanning salon manager or in any position above the level of tanning salon manager, by us or any of our affiliates, or by any other

Palm Beach Tan franchisee or developer, then you and the Controlling Principals will pay the former employer of such individual an amount equal to the reasonable costs and expenses, of whatever nature or kind, incurred by the former employer in connection with the training of such employee.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

All products that you use or offer for sale at your Palm Beach Tan Locations must comply with our standards and specifications. Our standards and specifications are described in the Manuals.

Without limiting the above, you must adhere to our standards, specifications, and other requirements for the acceptance and maintenance of customers or members of the Location, including the use of service agreements providing for EFT memberships. Under our current policies, our franchisees must offer a money back guarantee on all products and services. You must comply with our standards and policies regarding pricing. We reserve the right, to the fullest extent allowed by applicable law, to establish maximum, minimum or other pricing requirements with respect to the prices you may charge for products or services, whether offered nationwide or within a particular market.

You must offer and sell all and only the products and services that we have expressly approved for sale. You must not deviate from our standards and specifications without our prior written consent. At no time will you allow any part of the premises of the Location to be used for any immoral or illegal purpose. You must discontinue selling and offering for sale any products or services that we may disapprove in writing. There are no contractual limitations on our right to approve or disapprove products and services offered by Palm Beach Tan Locations.

You must require that all advertising and promotional materials, signs, decorations, paper goods (including all forms and stationery used in the Palm Beach Tan Location), and other items that we designated must bear the Marks in the form, color, location, and manner we prescribe.

You may not advertise, promote, post, or list information relating to the Location on the Internet (through the creation of a Website or otherwise), unless we decide to include information about your Location on our Website. We may, but are not obligated to, include an interior page(s) on our Website containing information about your Location(s). We may require you to prepare such page(s) at your expense using our template, and upon your breach of a Franchise Agreement, Development Agreement or any other agreement with us or our affiliates we may disable or terminate your interior page(s) (and remove any references to your Location(s) from the Website) until such breach is cured.

We do not impose any other restrictions on the goods or services that you may offer or sell or the customers to whom you may offer or sell.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement. You should read these provisions in the agreement attached to this disclosure document.

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section III.A.	10-year initial term.
b. Renewal or extension of the term	Section III.B.	One 10-year renewal term.
c. Requirements for franchisee to renew or extend	Section III.B.	Your renewal right permits you to remain as a franchisee after the initial term of your franchise agreement expires. However, to remain a franchisee, you must meet all required conditions to renewal, including signing our then-current form of franchise agreement, which may be materially different than the form attached to this disclosure document. Other requirements include: Written notice; upgrade the Location to current standards before the beginning of the renewal term; no default; pay all money owed to us or our affiliates; have right to remain in possession of the premises; reimburse our expenses for renewal; sign a general release (See Attachment I); and comply with our then-current qualification and training requirements.
d. Termination by franchisee	Not Applicable	Not Applicable
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Sections VI.J. and XVII.A.	We may terminate the Franchise Agreement immediately if we discover you made misrepresentations under Section VI.J or if you, your owners, and/or your employees are in violation of any antiterrorism laws. We may terminate if you commit a default listed in Section XVII.

Provision	Section in Franchise Agreement	Summary
g. "Cause" defined — curable defaults	Section XVII.D.	For any default except those specified as noncurable, you have 30 days to cure (5 days for failure to submit a required report or pay monies; 24 hours for misuse of the Marks; 7 days if you fail to obtain the required insurance coverages; 10 days for a noncompete violation; 90 days for failure to complete initial training and for a Controlling Principal subject to a Criminal Determination). We may terminate your Franchise Agreement if you or your affiliates commit a material default under any agreement with us or our affiliates and fail to timely cure such default. In addition to our termination and other rights, upon a breach of the Franchise Agreement by you, we may suspend your access to information regarding the Location's customers and all or any portion of the electronic cash register systems/point of sale systems and any other computer systems used to operate the Location until such breach is cured to our reasonable satisfaction.
h. "Cause" defined – non-curable defaults	Section XVII.B. and C.	Insolvency; bankruptcy; receivership; a final judgment remains unsatisfied; you are dissolved; execution is levied against your Location; suit to foreclose is instituted and not dismissed within 30 days; your Location property is sold after levy; you operate your Location or sell any products or services from a Location we have not accepted; you fail to acquire an acceptable Location that within the time required; you fail to construct or remodel as required; you fail to open within the specified period; you abandon your Location or forfeit the right to do business; you are convicted of, or enter a plea of nolo contendere to, certain crimes; a threat to public health or safety results from your operation of the Location; you transfer any rights or obligations in violation of the Agreement; you disclose any confidential information; you knowingly maintain false records or submit false reports; you breach any covenants or make false representations; you fail to comply with our quality assurance program; you are repeatedly in default, whether or not the defaults have been cured.

Provision	Section in Franchise Agreement	Summary
i. Franchisee's obligations on termination/non-renewal	Section XVIII.A.	Stop operating the Location; stop using the Marks and stop using and return any confidential System information (including customer information, if applicable); cancel assumed name registrations; pay all amounts due; pay our enforcement costs; comply with confidentiality and noncompetition covenants; at our option, assign (without compensation) your leases and your rights in your telephone numbers and business listings and/or sell us any or all of the assets related to the operation of the Location at fair market value.
j. Assignment of contract by franchisor	Section XIV.A	We may transfer the Franchise Agreement or any of our rights without restriction.
k. "Transfer" by franchisee – defined	Section XIV.B.	You and your Controlling Principal cannot sell, assign, transfer, convey, give away, or otherwise dispose of any interest in the Franchise Agreement, the Location, or you that effects a change in control without our consent. Transfers that do not result in a change in control require notice and may not result in a sale to a competitor.
l. Franchisor's approval of transfer by franchisee	Sections XIV.B. and C.	You must obtain our consent and comply with certain conditions before transferring any interest that effects a change in control.
m. Conditions for franchisor's approval of transfer	Section XIV.B.	Pay all amounts due; no default; sign a general release (See Attachment I); pay a transfer fee and expenses; remain liable for pre-transfer obligations and those that survive transfer, and if the Franchise Agreement has been signed under a Development Agreement, you must concurrently transfer to the same transferee such Development Agreement and all franchise agreements signed under such Development Agreement. Transferee must meet our qualifications, complete training, assume Franchise Agreement obligations, enter into new franchise agreement, and renovate the Location.
n. Franchisor's right of first refusal to acquire franchisee's business	Section XIV.D.	We have the option to purchase the interest being transferred on the same terms as those offered by a third party.
o. Franchisor's option to purchase franchisee's business	Section XVIII.A. (8) and (9) and B.	Upon termination or expiration, we have the option to purchase your advertising materials bearing the Marks at your cost. We have the option to purchase the furnishings, equipment, signs, fixtures, supplies, materials, and other assets, at fair market value, and if you own the land where the Location is located, we have the option to lease the land (and any building on the land used for the operation of the Location) for fair market value. We have the option to have the lease for the premises of the Location assigned to us.

Provision	Section in Franchise Agreement	Summary
p. Death or disability of franchisee	Section XIV.E.	The license must be transferred to someone approved by us within 12 months after death or 6 months after notice of permanent disability.
q. Non-competition covenants during the term of the franchise	Section X.C.(1)	You may not advise, assist or make loans to, any business that is the same as or similar to a Palm Beach Tan Location, including any retail tanning store or other business which offers tanning services or products, or any other products or services that Palm Beach Tan Locations offer, including body and skin therapy services or products.
r. Non-competition covenants after the franchise is terminated or expires	Section XC.(2)	For 2 years, you may not advise, assist or make loans to, any business that is the same as or similar to a Palm Beach Tan Location, including any retail tanning store or other business which offers tanning services or products, or any other products or services that Palm Beach Tan Locations offer, including body and skin therapy services or products, located at the Location, within the Designated Area, or within a 5-mile radius of any Palm Beach Tan Location.
s. Modification of the agreement	Sections X.A. and XIX.B.	Except for Manual changes that we can make unilaterally, no change is binding unless mutually agreed upon.
t. Integration/merger clause	Section XIX.B.	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and Franchise Agreement may not be enforceable. We may not disclaim representations made in the disclosure document.
u. Dispute resolution by arbitration or mediation	Sections XIX.G., XIX.J. and XIX.K.	With certain exceptions, all disputes arising out of or relating to the Franchise Agreement must be submitted to nonbinding mediation before being litigated.

Provision	Section in Franchise Agreement	Summary
v. Choice of forum	Section XIX.H.	Unless contrary to applicable law, mediation will be held and venue designated at our principal place of business, currently in Texas. In addition to the provisions noted in this chart, the Franchise Agreement contains a number of provisions that may affect your legal rights, including a waiver of punitive or exemplary damages, a waiver of jury trial and a waiver of claims not commenced within 1 year from the date on which you knew or should have known of the facts giving rise to such claim. See Franchise Agreement Section XIX.K.(1), (2) and (3). We recommend that you carefully review all of these provisions, and the entire contract, with a lawyer.
w. Choice of law	Section XIX.I.	Texas law, except for Texas choice of law rules, or as otherwise required by applicable state law.

This table lists certain important provisions of the Development Agreement. You should read these provisions in the Development Agreement attached to this disclosure document.

Provision	Section in Development Agreement	Summary
a. Length of the term	Section IV.	The completion of your development obligations or midnight on the last day of the Development Schedule, whichever is first.
b. Renewal or extension of the term	Section III.D.	We do not grant extensions or any renewal rights. However, we will provide you a right of first offer to develop additional Palm Beach Tan Locations that may be developed in the Territory for a 5-year period after the expiration of the Development Agreement.
c. Requirements for developer to renew or extend	Section III.D.	Although we do not grant extensions or renewal rights, your right to exercise your right of first offer requires that you are: in compliance with the Development Agreement and each applicable Franchise Agreement; financially and operationally qualified; and provide us with written notice.
d. Termination by developer	Not Applicable	Not Applicable
e. Termination by franchisor without cause	Not Applicable	Not Applicable

Provision	Section in Development Agreement	Summary
f. Termination by franchisor with cause	Sections VII.E. and VIII.D.	We may terminate the Development Agreement immediately if we discover you made misrepresentations under Section VII.E or if you, your owners, and/or your employees are in violation of any antiterrorism laws. We may terminate the Development Agreement, modify your territorial rights, or alter your development schedule if you commit a default listed in Section VIII. Your default under the Development Agreement will not be a default under any Franchise Agreement, unless the default is also a default under that Franchise Agreement.
g. "Cause" defined – curable defaults	Section VIII.C.	Failure to comply with Development Schedule and cure within 30 days after notice; failure to designate a replacement Operating Principal or General Manager within 60 days after a request or no cure of a management training failure within 90 days; failure to get signed confidentiality and noncompetition covenants within 30 days after a request; misuse of the Marks and failure to cure within 24 hours after notice; failure to pay monies owed us or our affiliates and no cure within 5 days after notice; 90 days to acquire the interest of a Controlling Principal subject to a Criminal Determination; failure to cure any default under a Franchise Agreement within the applicable cure period; or failure to comply with other terms of the Development Agreement and no cure within 30 days after notice. We may terminate your Development Agreement if you or your affiliates commit a material default under any agreement with us or our affiliates and fail to timely cure such default.

Provision	Section in Development Agreement	Summary
h. "Cause" defined – non-curable defaults	Sections VIII.A. and B.	Insolvency; bankruptcy; receivership; a final judgment remains unsatisfied; you are dissolved; execution is levied against your Location; suit to foreclose is instituted and not dismissed within 30 days; your Location property is sold after levy; you are convicted of, or enter a plea of nolo contendere to, certain crimes; a threat to public health or safety results from your operation of the Location; if you breach any material covenants; you or a Controlling Principal transfers rights in violation of the Agreement; you fail to comply with the in-term confidentiality and non-competition covenants; you are repeatedly in default whether or not the defaults have been cured.
i. Developer's obligations on termination/non-renewal	Sections VIII.F.	Stop operating the business, or, on a partial termination of territorial or development rights, continue to develop only under any modified development schedule; comply with confidentiality and noncompetition covenants; pay amounts owed and enforcement costs.
j. Assignment of contract by franchisor	Section IX.A.	We may transfer the Development Agreement or any of our rights without restriction.
k. "Transfer" by developer – defined	Section IX.B.	You and your Controlling Principal cannot sell, assign, transfer, convey, give away, or otherwise dispose of any interest in the Development Agreement, your other assets, or you which effects a change in control without our consent. Transfers that do not result in a change in control require notice and may not result in a sell to a competitor.
l. Franchisor's approval of transfer by developer	Sections IX.B. and IX.C.	You must obtain our consent and comply with certain conditions before transferring any interest that effects a change in control.

Provision	Section in Development Agreement	Summary
m. Conditions for franchisor's approval of transfer	Section IX.B.	Pay all amounts due; no default; sign a general release (See Attachment I); pay a transfer fee and expenses; remain liable for pre-transfer obligations and those that survive transfer; and you must concurrently transfer to the same transferee all franchise agreements signed under the Development Agreement. Transferee must meet our qualifications, complete training, assume Development Agreement obligations, and enter into new development agreement.
n. Franchisor's right of first refusal to acquire developer's business	Section IX.E.	We have the option to purchase the interest being transferred on the same terms as those offered by a third party.
o. Franchisor's option to purchase developer's business	Not Applicable	Not Applicable
p. Death or disability of developer	Section IX.F.	Your rights must be transferred to someone approved by us within 12 months after death or 6 months after notice of permanent disability.
q. Non-competition covenants during the term of the Development Agreement	Section X.D.(1)	Except for the Palm Beach Tan franchises that you operate under Franchise Agreements with us, you may not advise, assist or make loans to, any business that is the same as or similar to a Palm Beach Tan Location, including any retail tanning store or other business which offers tanning services or products, or any other products or services that Palm Beach Tan Locations offer, including body and skin therapy services or products.
r. Non-competition covenants after the Development Agreement is terminated or expires	Section X.D.(2)	Except for the franchises that you operate under Franchise Agreements with us, for 2 years, you may not advise, assist or make loans to, any business that is the same as or similar to a Palm Beach Tan Location, including any retail tanning store or other business which offers tanning services or products, or any other products or services that Palm Beach Tan Locations offer, including body and skin therapy services or products, within your Territory or within a 5-mile radius of any other Palm Beach Tan Location.

Provision	Section in Development Agreement	Summary
s. Modification of the agreement	Section XVI.	Except for those permitted to be made unilaterally by us, no change is binding unless mutually agreed upon.
t. Integration/merger clause	Section XVI.	Only the terms of the Development Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and Development Agreement may not be enforceable. We may not disclaim representations made in the disclosure document.
u. Dispute resolution by arbitration or mediation	Section XVII.	Subject to certain exceptions, all disputes arising out of or relating to the Development Agreement must be submitted to nonbinding mediation before being litigated.
v. Choice of forum	Section XVII.B.	Unless contrary to applicable law, mediation and venue for litigation at our principal place of business, currently in Texas. In addition to the provisions noted in this chart, the Development Agreement contains a number of provisions that may affect your legal rights, including a waiver of punitive or exemplary damages, a waiver of jury trial and a waiver of claims not commenced within 1 year from the date on which you knew or should have known of the facts giving rise to such claim. See Development Agreement Section XVII.E.(1), (2) and (3). We recommend that you carefully review all of these provisions, and the entire contract, with a lawyer.
w. Choice of law	Section XVII.C.	Texas law, except for Texas choice of law rules, or as otherwise required by applicable state law.

ITEM 18

PUBLIC FIGURES

We do not use any public figure to promote the franchise.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

Following are 2 sets of data analyzing Palm Beach Tan Locations.

I. Analysis of the actual operating results for Palm Beach Tan Locations owned by our Parent; and
II. Analysis of the actual operating gross revenues of our franchised Palm Beach Tan Locations.

You are urged to consult with your financial, business and legal advisers and to conduct your own analysis of the information contained in this Item 19.

We have written substantiation in our possession to support the information appearing in this Item 19. Written and substatiation will be made available to the prospective franchisee upon reasonable request.

I. ANALYSIS OF THE ACTUAL OPERATING RESULTS FOR PALM BEACH TAN LOCATIONS OWNED BY OUR PARENT.

BASES AND ASSUMPTIONS

Part I of this analysis contains information regarding average and median sales, average operating costs, average Gross Sales per tanning session, average retail sales per tanning session, and average number of tanning sessions per month for the 217 prototype Palm Beach Tan Locations owned by our Parent which were in operation during the entire 24-month period ending December 31, 2021, with an overall average of 9.8 years of operation ("Company-Owned Prototype Locations" or "Prototype Locations"). The information in this financial performance representation does not include the 15 Company-Owned Locations that permanently stopped operating during the reporting period. Table 1 presents the arithmetic mean average of and median Square Footage, EFT Revenues, Other Revenues, Total Revenues, Operating Expenses, EBITDA and EBITDA as a Percentage of Revenues for the Company-Owned Locations, and Table 2 presents the arithmetic mean average of and median average Gross Sales per tanning session, average retail sales per tanning session, and average number of tanning sessions per month for the Company-Owned Locations.

Prototype Locations incorporate many of the elements of a "tanning location"; from the choice of the location, to the square footage, to the location design, to the equipment mix. The Prototype Locations are located in high profile shopping centers in highly visible and accessible space. They average approximately 2,861 square feet, are characterized by a bright, clean, impressive design, and feature the highest quality equipment.

All Company-Owned Prototype Locations are similar in operation to the franchised locations offered by us under this disclosure document; however, there are differences. A new franchisee's results are likely to differ from the results as stated in Part I of this analysis primarily because "start-up" Locations traditionally experience lower revenues and higher costs than those which have been

operating for some time. In addition, there are certain fees which you must pay to us under the Franchise Agreement and other differences between the expenses of a franchised Location and a Company-Owned Prototype Location, reflected in the tables. Those fees and expenses include initial franchise fees, ongoing royalties and any interest expense you would incur if you finance any of the initial investment for the Location or its operation. In addition, while the Company-Owned Prototype Locations included in this analysis average 2,861 square feet, we have recently moved to a smaller prototype.

TABLE 1

Average and Median Operating Data for the
217 Company-Owned Prototype Locations as of December 31, 2021

Average Unit Information
12 Months Ended December 31, 2021[1]

	AVERAGE	MEDIAN	HIGHEST	LOWEST
SQUARE FOOTAGE	2,861	2818	6,400	1,200
EFT REVENUES	$310,129	$292,881	$825,775	$98,444
OTHER REVENUE	$184,907	$174,860	$447,687	$58,037
TOTAL REVENUES[2]	$495,036	$476,422	$1,273,462	$167,022
OPERATING COSTS[3]	($322,331)	($316,999)	($614,791)	($168,886)
EBITDA[4]	$153,260	$136,949	$607,969	($68,274)
EBITDA AS A % OF REVENUES[5]	30.96%	27.6%	57.10%	-38.9%

Annual Costs You Will Incur Not Included in Costs Above (assuming median annual Gross Sales)[6]	
Royalties (4% 1st year; 5% 2nd year; 6% thereafter)	Year 1: $19,057 Year 2: $23,821 Subsequent Years: $28,585
Customer Satisfaction Program	$510
Sunlync and Software Support Fee	$3,600

Footnotes to Table 1

1. Comparison of results: Of the 213 Prototype Locations included in Table 1:

COMPARISON	# ABOVE AVERAGE	# BELOW AVERAGE
Square Footage	105 (48%)	112 (52%)
EFT Revenues	98 (45%)	119 (55%)
Other Revenue	98 (45%)	119 (55%)
Total Revenues	99 (46%)	118 (54%)
Operating Costs	99 (46%)	118 (54%)
EBITDA	99 (46%)	118 (54%)
EBITDA as a % of Revenue	101 (46%)	116 (54%)

2. Average revenues are a mean average calculated by aggregating the total revenues of all Prototype Locations and dividing by 217. Revenues include EFT monthly proceeds, other tanning services and lotions and other product sales.

- EFT monthly proceeds: Approximately 63% of the total sales revenues for the Company-Owned Prototype Locations are represented by monthly electronic funds transfers ("EFT membership") from members' bank or credit card accounts. EFT memberships enable a Location to experience better collections than it would without EFT memberships. Franchisees are required to offer EFT memberships. It may take approximately 3 to 4 years for a Location to achieve the percentage of revenues noted above from EFT memberships. Locations without a comparable percentage of EFT memberships may experience different collection rates.

- Other tanning services: These services include all tanning sales and services (including sunless tan sales) other than from EFT proceeds.

Revenues vary from location to location based on factors such as demand for tanning related products, services and accessories in the immediate market, the type and number of competitive businesses in the immediate market, service levels, visibility and accessibility, marketing efforts and effectiveness, prevailing rates in the market, facility reputation and convenience to users of tanning related products, services and accessories. Revenues are also affected by seasonality and geographic location. We believe that tanning related products, services and accessories are in greater demand in certain parts of the United States than others. The seasonality of sales in other geographic locations will also be affected differently depending upon the weather, among other things, in such locations.

3. Operating expenses include:

- The direct costs of Location operations (including, the cost of product sales; salaries, commissions and related benefits; supplies; replacement lamps and acrylics; other repairs and maintenance costs; and other location operating costs).

- Rent and other facilities costs (such as electricity and other utilities). Rental costs may vary with local rental markets. Utility costs may vary with local utility companies as well as with climate.

- Location administration costs (including, advertising and promotion; insurance; credit card/processing fees; computers, telephones and data lines). Advertising and promotions for Company-Owned Prototype Locations have been conducted in markets where the Company-Owned Locations have been established for at least 4 years. Appropriate levels of advertising and promotions in new markets could lead to costs significantly in excess of the average advertising and promotion expenses noted on Table 1. You are required to contribute 2% of your Gross Sales to an advertising fund and to spend 3.5% of your Gross Sales on local advertising. Your total franchisor advertising assessment will not exceed 5.5% of Gross Sales, but you may choose to spend more for advertising.

4. EBITDA is calculated as Location level earnings before deductions for interest, taxes, depreciation and amortization.

5. EBITDA as a percentage of revenues are a mean average calculated by aggregating the total EBITDA of all Locations and dividing by 217.

6. These are costs you will incur as a direct result of operating a franchised Palm Beach Tan Location. These costs are not all of the costs you will incur in operating your Palm Beach Tan Location.

TABLE 2

Average and Median Gross Sales Per Tanning Session,
Average and Median Retail Sales Per Tanning Session,
and Number Of Tanning Sessions Per Month
for the
217 Company-Owned Prototype Locations
For The Period
January 1, 2021 To December 31, 2021[1]

	AVERAGE	MEDIAN	HIGHEST	LOWEST
GROSS SALES PER TANNING SESSION[2]	$7.60	$7.42	$14.41	$4.63
RETAIL SALES PER TANNING SESSION[3]	$3.53	$3.35	$6.78	$1.71
NUMBER OF TANNING SESSIONS PER MONTH	2,066	1,993	4,382	647

Footnotes to Table 2

1. Comparison of results: Of the 217 Prototype Locations included in Table 2:

COMPARISON	# ABOVE AVERAGE	# BELOW AVERAGE
Gross Sales Per Tanning Session	98 (45%)	119 (55%)
Retail Sales Per Tanning Session	89 (41%)	128 (59%)
Number of Tanning Sessions per Month	103 (47%)	114 (50%)

2. Gross Sales represents all in-Location revenue from the sale of tanning services, lotions, and other products.

3. Retail sales represents all in-Location revenue from the sale of lotions and retail products.

II. ANALYSIS OF THE ACTUAL OPERATING GROSS REVENUES OF OUR FRANCHISED PALM BEACH TAN LOCATIONS.

A. BASES AND ASSUMPTIONS

Part II.A. of this analysis contains information regarding average sales, average Gross Sales per tanning session, average retail sales per tanning session, and average number of tanning sessions per month for the 300 franchised Palm Beach Tan Locations which were in operation during the entire 24-month period ended December 31, 2021, with an overall average of 8.35 years of operation ("Franchised Locations"). The information in this financial performance representation does not include the 22 Franchised Locations that stopped operating during the reporting period. Table 1 presents the arithmetic mean average of and the median EFT Revenues, Other Revenues, and Total Revenues and Table 2 presents the arithmetic mean average of and the median average Gross Sales per tanning session, average retail sales per tanning session, and average number of tanning sessions per month for the Franchised Locations.

TABLE 1

Average and Median Operating Data for the
300 Franchised Locations as of December 31, 2021

Average and Median Unit Information
12 Months Ended December 31, 2021[1]

	AVERAGE	MEDIAN	HIGHEST	LOWEST
EFT REVENUES	$345,865	$323,728	$861,903	$114,343
OTHER REVENUE	$190,033	$178,517	$471,704	$46,931
TOTAL REVENUES[2]	$535,899	$501,546	$1,239,269	$180,467

Footnotes to Table 1

1. Comparison of results: Of the 300 Franchised Locations included in Table 1:

COMPARISON	# ABOVE AVERAGE	# BELOW AVERAGE
EFT Revenues	129 (43%)	171 (57%)
Other Revenue	131 (44%)	169 (56%)
Total Revenues	130 (43%)	170 (57%)

2. Average revenues are a mean average calculated by aggregating the total revenues of all Franchised Locations and dividing by 300. Revenues include EFT monthly proceeds, other tanning services and lotions and other product sales.

- EFT monthly proceeds: Approximately 68% of the total sales revenues for the Franchised Locations are represented by monthly EFT membership transfers from members' bank or credit card accounts. EFT memberships enable a Location to experience better collections than it would without EFT memberships. Franchisees are required to offer EFT memberships. It may take approximately 3 to 4 years for a Location to achieve the percentage of revenues noted above from EFT memberships. Locations without a comparable percentage of EFT memberships may experience different collection rates.

- Other tanning services: These services include all tanning sales and services (including sunless tan sales) other than from EFT proceeds.

TABLE 2

Average and Median Gross Sales Per Tanning Session,
Average and Median Retail Sales Per Tanning Session,
and Number Of Tanning Sessions Per Month
for the
300 Franchised Locations
For The Period
January 1, 2021 To December 31, 2021[1]

	AVERAGE	MEDIAN	HIGHEST	LOWEST
GROSS SALES PER TANNING SESSION[2]	$6.50	$6.39	$10.12	$3.83

RETAIL SALES PER TANNING SESSION(3)	$3.67	$3.61	$6.44	$1.34
NUMBER OF TANNING SESSIONS PER MONTH	2,440	2,331	5,503	588

Footnotes to Table 2

1. Comparison of results: Of the 300 Franchised Locations included in Table 2:

COMPARISON	**# ABOVE AVERAGE**	**# BELOW AVERAGE**
Gross Sales Per Tanning Session	141 (47%)	159 (53%)
Retail Sales Per Tanning Session	145 (48%)	155 (52%)
Number of Tanning Sessions per Month	135 (45%)	165 (55%)

2. Gross Sales represents all in-Location revenue from the sale of tanning services, lotions, and other products.

3. Retail sales represents all in-Location revenue from the sale of lotions and retail products.

The Franchised Locations on which Part II. of this analysis is based are substantially similar to the Company-Owned Prototype Locations in Part I of this analysis.

We compiled these figures from the individual Locations' actual reported Gross Revenues for the periods listed below. This information has not been audited or otherwise verified by us.

Gross Revenues include all of the revenue components of Franchised Locations, like EFT monthly proceeds, other tanning services, lotions and other product sales. (See Part II.A. of this analysis for a further explanation of EFT monthly proceeds and other tanning services.)

Revenues vary from location to location based on factors such as demand for tanning related products, services and accessories in the immediate market, the type and number of competitive businesses in the immediate market, service levels, visibility and accessibility, marketing efforts and effectiveness, prevailing rates in the market, facility reputation and convenience to users of tanning related products, services and accessories. Revenues are also affected by seasonality and geographic location. We believe that tanning related products, services and accessories are in greater demand in certain parts of the United States than others. The seasonality of sales in other geographic locations will also be affected differently depending upon the weather, among other things, in such locations.

Some outlets have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.

Other than the preceding financial performance representation, Palm Beach Tan Franchising, Inc. does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Roy Sneed at 6321 Campus Circle Drive E., Irving, Texas 75063, (972) 966-5300, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary
For years 2019 to 2021[1]

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2019	278	322	+44
	2020	322	320	-2
	2021	320	325	+5
Company-Owned	2019	229	231	+2
	2020	231	222	-9
	2021	222	217	-5
Total Outlets	2019	507	553	+46
	2020	553	542	-11
	2021	542	542	0

Notes: 1. All numbers are as of our fiscal year end. Our 2021 fiscal year end is December 31.

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2019 to 2021[1]

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Louisiana	2019	0
	2020	0
	2021	2
Total	2019	0
	2020	0
	2021	2

Notes: 1. All numbers are as of our fiscal year end. Our 2021 fiscal year end is December 31.

Table No. 3

Status of Franchised Outlets
For years 2019 to 2021[1]

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina-tions	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Opera-tions Other Reasons	Col. 9 Outlets at End of the Year
Alabama	2019	34	2	0	0	0	0	36
	2020	36	0	2	0	0	0	34
	2021	34	0	0	0	0	0	34
Arkansas	2019	13	3	0	0	0	0	16
	2020	16	0	1	0	0	0	15
	2021	15	0	0	0	0	0	15
California	2019	27	7	0	0	0	0	34
	2020	34	0	4	0	0	0	30
	2021	30	0	2	0	0	0	28
Georgia	2019	8	0	0	0	0	0	8
	2020	8	0	1	0	0	0	7
	2021	7	0	0	0	0	0	7
Idaho	2019	6	0	0	0	0	0	6
	2020	6	1	0	0	0	0	7
	2021	7	0	0	0	0	0	7

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina-tions	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Opera-tions Other Reasons	Col. 9 Outlets at End of the Year
Illinois	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Indiana	2019	0	10	0	0	0	0	10
	2020	10	7	0	0	0	0	17
	2021	17	2	0	0	0	0	19
Iowa	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Louisiana	2019	2	0	0	0	0	0	2
	2020	2	2	0	0	0	0	4
	2021	4	2	1	0	0	0	5
Minnesota	2019	12	0	0	0	0	0	12
	2020	12	0	0	0	0	0	12
	2021	12	0	0	0	0	0	12
Mississippi	2019	11	0	0	0	0	0	11
	2020	11	0	0	0	0	0	11
	2021	11	0	0	0	0	0	11
Missouri	2019	21	0	0	0	0	0	21
	2020	21	1	0	0	0	0	22
	2021	22	2	1	0	0	0	23
Nebraska	2019	12	0	0	0	0	0	12
	2020	12	0	0	0	0	0	12
	2021	12	0	1	0	0	0	11
North Carolina	2019	14	10	1	0	0	0	23
	2020	23	0	1	0	0	0	22
	2021	22	0	0	0	0	0	22
North Dakota	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina-tions	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Opera-tions Other Reasons	Col. 9 Outlets at End of the Year
Ohio	2019	34	1	1	0	0	0	34
	2020	34	0	1	0	0	0	33
	2021	33	5	0	0	0	0	38
Oregon	2019	14	3	0	0	0	0	17
	2020	17	0	0	0	0	0	17
	2021	17	0	2	0	0	0	15
Pennsylvania	2019	2	3	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
South Carolina	2019	10	5	0	0	0	0	15
	2020	15	0	1	0	0	0	14
	2021	14	0	0	0	0	0	14
Texas	2019	35	1	1	0	0	0	35
	2020	35	1	3	0	0	0	33
	2021	33	0	0	0	0	0	33
Utah	2019	8	1	0	0	0	0	9
	2020	9	0	0	0	0	0	9
	2021	9	2	0	1	0	0	10
Washington	2019	7	1	0	0	0	0	8
	2020	8	0	0	0	0	0	8
	201	8	0	0	0	0	0	8
Totals	2019	278	47	3	0	0	0	322
	2020	322	12	14	0	0	0	320
	2021	320	13	7	1	0	0	325

Notes:

1. All numbers are as of our fiscal year end. Our 2021 fiscal year end is December 31.

Table No. 4
Status of Company-Owned Outlets
For years 2019 to 2021[1]

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
Arizona	2019	9	0	0	0	0	9
	2020	9	0	0	0	0	9
	2021	9	0	0	0	0	9
Connecticut	2019	5	0	0	0	0	5
	2020	5	0	0	0	0	5
	2021	5	0	0	0	0	5
District of Columbia	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
Florida	2019	8	0	0	1	0	7
	2020	7	0	0	0	0	7
	2021	7	0	0	0	0	7
Georgia	2019	26	0	0	1	0	25
	2020	25	0	0	1	0	24
	2021	24	1	0	0	0	25
Illinois	2019	14	1	0	1	0	14
	2020	14	0	0	2	0	12
	2021	12	0	0	0	0	12
Indiana	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
Kentucky	2019	7	1	0	1	0	7
	2020	7	0	0	1	0	6
	2021	6	0	0	1	0	5
Maryland	2019	19	1	0	0	0	20
	2020	20	0	0	0	0	20
	2021	20	0	0	0	0	20

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
Massachusetts	2019	4	0	0	0	0	4
	2020	4	0	0	1	0	3
	2021	3	0	0	1	0	2
Mississippi	2019	3	0	0	0	0	3
	2020	3	0	0	0	0	3
	2021	3	0	0	1	0	2
Nevada	2019	7	0	0	0	0	7
	2020	7	0	0	0	0	7
	2021	7	0	0	0	0	7
Ohio	2019	19	0	0	0	0	19
	2020	19	0	0	0	0	19
	2021	19	0	0	0	0	19
Tennessee	2019	8	0	0	0	0	8
	2020	8	0	0	0	0	8
	2021	8	0	0	1	0	7
Texas	2019	73	6	0	3	0	76
	2020	76	0	0	3	0	73
	2021	73	1	0	3	0	71
Virginia	2019	25	0	0	0	0	25
	2020	25	0	0	1	0	24
	2021	24	0	0	0	0	24
Totals	2019	229	9	0	7	0	231
	2020	231	0	0	9	0	222
	2021	222	2	0	7	0	217

Notes:

1. All numbers are as of our fiscal year end. Our 2021 fiscal year end is December 31.

Table No. 5
Projected Openings As Of December 31, 2020

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlet In The Next Fiscal Year	Column 4 Projected New Company-Owned Outlet In the Next Fiscal Year
Alabama	0	1	0
Arizona	0	0	1
Arkansas	0	2	0
California	0	1	0
Kentucky	0	1	0
Louisiana	0	1	0
Missouri	0	2	0
New Mexico	0	1	0
Texas	0	1	1
Total	0	10	2

The names, addresses, and telephone numbers of our franchisees and their Locations as of December 31, 2021 are attached as Attachment F.

Attached as Attachment G is a list of the name, city and state, and current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who has had an outlet terminated, canceled, or not renewed by us or who otherwise voluntarily or involuntarily ceased to do business under their agreements as of our 2021 fiscal year end, or who has not communicated with us within 10 weeks of the date of this disclosure document.

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

As of the date of this disclosure document, we are not offering any outlets we control that were previously owned by a franchisee. If we begin to offer any such outlet, specific information about the outlet will be provided to you in a supplement to this disclosure document.

During the last three fiscal years, in some instances, current and former franchisees signed provisions restricting their ability to speak openly about their experience with the Palm Beach Tan franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

We have created the Advisory Council to provide advice to us on various matters. The Advisory Council may be contacted through at Palm Beach Tan Franchising, Inc., 6321 Campus Circle Drive E., Irving, Texas 75063, Attention: Advisory Council. As of the date of this disclosure document, no independent trademark-specific franchisee organizations have asked to be included in this disclosure document.

ITEM 21

FINANCIAL STATEMENTS

Attached as Attachment C are our audited balance sheets as of December 31, 2021 and December 31, 2020 and related statements of income, stockholder's equity, and cash flows for the years ended December 31, 2021, December 31, 2020 and December 31, 2019.

ITEM 22

CONTRACTS

Attached to this disclosure document are the following contracts and their attachments:

1. Franchise Agreement, including attachments and state amendments;
2. Development Agreement, including attachments and state amendments; and
3. Form of General Release

ITEM 23

RECEIPTS

Attached as the last 2 pages of this disclosure document are 2 Receipts. When you receive this disclosure document, you must sign both Receipts and return 1 to us, retaining the other for your records.

AGENTS FOR SERVICE OF PROCESS

ATTACHMENT A

ATTACHMENT A

AGENTS FOR SERVICE OF PROCESS

We intend to register this Disclosure Document as a "franchise" in some or all of the following states, in accordance with the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

CALIFORNIA

Commissioner of Department of Financial
Protection and Innovation
State of California Department of Financial
Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
1-866-275-2677

HAWAII

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

INDIANA

Secretary of State
State of Indiana
201 State House
200 West Washington
Indianapolis, Indiana 46204

MARYLAND

Maryland Securities Commissioner
Maryland Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Michigan Department of Commerce
Corporations and Securities Bureau
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933

MINNESOTA

Commissioner of Commerce
Minnesota Department of Commerce
85 7th Place East
Suite 280
St. Paul, Minnesota 55101

NEW YORK

Secretary of State of
the State of New York
99 Washington Avenue
Albany, New York 12231

NORTH DAKOTA

Securities Commissioner
North Dakota Securities Department
600 East Boulevard
State Capitol, Fifth Floor
Bismarck, North Dakota 58505

OREGON

Director
Department of Consumer and
Business Services
Division of Finance and
Corporate Securities
Labor and Industries Building
Salem, Oregon 97301

RHODE ISLAND

Director
Department of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex - Building 69-1
Cranston, Rhode Island 02920

SOUTH DAKOTA

Director
South Dakota Department of Labor and
Regulation
Division of Insurance
Securities Regulation
124 E Euclid, Suite 104
Pierre, South Dakota 57501

VIRGINIA

Clerk of the State
Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

WASHINGTON

Director
Washington State Department of Financial
Institutions
Securities Division
150 Israel Rd. S.W.
Tumwater, Washington 98501

WISCONSIN

Commissioner of Securities
Wisconsin Securities Commission
201 West Washington Avenue, Suite 300
Madison, Wisconsin 53703

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Financial Statements and Report of Independent Certified Public Accountants

Palm Beach Tan Franchising, Inc.

As of December 31, 2021, and 2020 and
for the years ended December 31, 2021, 2020
and 2019

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Stockholders
Palm Beach Tan Franchising, Inc.

Opinion
We have audited the financial statements of Palm Beach Tan Franchising, Inc. (a Delaware corporation) (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income, changes in stockholders' equity, and cash flows for the three years in the period ended December 31, 2021, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the three years in the period ended December 31, 2021 in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion
We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or

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error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Grant Thornton LLP

Dallas, Texas
April 13, 2022

Palm Beach Tan Franchising, Inc.

BALANCE SHEETS

December 31,

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 4,710,685	$ 3,080,922
Accounts receivable, net	1,016,635	805,806
Prepaid expenses	29,311	12,664
Total current assets	5,756,631	3,899,392
Other non-current assets, net	248,764	313,126
Receivable from Palm Beach Tan, Inc.	1,826,205	1,641,882
Deferred tax assets	414,893	333,662
Total assets	$ 8,246,493	$ 6,188,062
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 462,018	$ 212,848
Accrued liabilities	386,406	465,768
Contract liability	254,830	271,980
Total current liabilities	1,103,254	950,596
Other non-current liabilities	1,144,792	914,470
Contract liability	964,350	982,780
Total liabilities	3,212,396	2,847,846
Commitments and contingencies		
Stockholders' equity		
Common stock, $.001 par value; 1,000 shares authorized, 1,000 shares issued and outstanding in 2021 and 2020	1	1
Additional paid-in capital	1,820,117	1,820,117
Retained earnings (accumulated deficit)	3,213,979	1,520,098
Total stockholder’s equity	5,034,097	3,340,216
Total liabilities and stockholders' equity	$ 8,246,493	$ 6,188,062

The accompanying notes are an integral part of these financial statements.

Palm Beach Tan Franchising, Inc.

STATEMENTS OF INCOME

Years ended December 31,

	2021	2020	2019
Revenues			
Franchise royalties	$ 8,201,786	$ 4,079,851	$ 6,908,518
Other franchise products and services	5,320,328	4,512,795	4,962,577
Franchise and area developer fees	294,580	291,480	320,297
Total revenues	13,816,694	8,884,126	12,191,392
Expenses			
Direct general and administrative expenses	5,223,784	3,717,828	4,333,576
Allocated general and administrative expenses	2,529,000	2,596,992	1,721,004
Total expenses	7,752,784	6,314,820	6,054,580
Income before income tax expense	6,063,910	2,569,306	6,136,812
Income tax expense	1,520,781	667,220	1,458,723
NET INCOME	$ 4,543,129	$ 1,902,086	$ 4,678,089

The accompanying notes are an integral part of these financial statements.

Palm Beach Tan Franchising, Inc.

STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

Years ended December 31,

	Common Stock	Additional Paid-In Capital	Retained Earnings/ (Accumulated Deficit)	Total
Balance at January 1, 2019	1	$ 1,820,117	$ 514,747	$ 2,334,865
Cumulative adjustment from adoption of new revenue recognition standards, net of tax	-	-	(893,519)	(893,519)
Net income	-	-	4,678,089	4,678,089
Distributions to parent	-	-	(4,330,944)	(4,330,944)
Balance at December 31, 2019	1	1,820,117	(31,627)	1,788,491
Net income	-	-	1,902,086	1,902,086
Distributions to parent	-	-	(350,361)	350,361
Balance at December 31, 2020	1	1,820,117	1,520,098	3,340,216
Net income	-	-	4,543,129	4,543,129
Distributions to parent	-	-	(2,849,248)	(2,849,248)
Balance at December 31, 2021	1	$ 1,820,117	$ 3,213,979	$ 5,034,097

The accompanying notes are an integral part of these financial statements.

Palm Beach Tan Franchising, Inc.

STATEMENTS OF CASH FLOWS

Years ended December 31,

	2021	2020	2019
Cash flows from operating activities:			
Net income	$ 4,543,129	$ 1,902,086	$ 4,678,089
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Amortization of non-current assets	73,494	64,456	61,824
Bad debt expense	551,639	194,459	-
Deferred income taxes	(81,231)	(16,058)	(46,597)
Changes in operating assets and liabilities:			
Accounts receivable	(762,467)	(88,636)	(135,473)
Prepaid expenses	(16,647)	(671)	(11,993)
Accounts payable	249,169	54,113	102,201
Accrued liabilities	(79,362)	(92,626)	182,387
Other non-current liabilities	230,322	105,755	142,261
Contract liabilities	(35,580)	(143,980)	208,203
Net cash provided by operating activities	4,672,466	1,978,898	5,180,902
Cash flows from investing activities:			
(Expenditures) income for non-current assets	(9,132)	(102,507)	45,680
Net cash (provided by) used in investing activities	(9,132)	(102,507)	45,680
Cash flows from financing activities:			
Net payments to Palm Beach Tan, Inc.	(3,033,571)	(79,958)	(4,385,281)
Net cash used in financing activities	(3,033,571)	(79,958)	(4,385,281)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,629,763	1,796,433	841,301
Cash and cash equivalents, beginning of year	3,080,922	1,284,489	443,188
Cash and cash equivalents, end of year	$ 4,710,685	$ 3,080,922	$ 1,284,489
Non-cash financing activities:			
Distribution to parent	$ 2,849,248	$ 350,361	$ 4,330,944

The accompanying notes are an integral part of these financial statements.

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Basis of Operations

Palm Beach Tan Franchising, Inc. (the "Company") was incorporated in the State of Delaware on June 21, 2001 and is a wholly owned subsidiary of Palm Beach Tan, Inc. ("PBTI" or "Parent").

The Company was formed to sell franchises of Palm Beach Tan® locations and area development rights for such franchise locations. Palm Beach Tan locations offer indoor tanning services and related lotions, skin care products and other merchandise.

As of December 31, 2021, the Company had seven area development agreements requiring the development of 17 Palm Beach Tan locations and there were 325 franchise stores operating in 22 states in the United States. During 2021, the Company had eight franchise stores close and 13 new franchise stores open.

The Company licenses to franchisees the use of the Palm Beach Tan system. Franchisees are also granted a license to use the Palm Beach Tan name, various service marks and logos. Palm Beach Tan does not have any international franchisees.

The Company derives revenues from the sale of area development rights, individual site franchise fees, royalties based on franchised stores reported revenues, information technology service fees and certain other fees.

Basis of Presentation and Related Party Receivable

The accompanying financial statements have been prepared from the separate records maintained by the Company and may not necessarily be indicative of the conditions that would have existed or the results of operations if the Company had been operated as an unaffiliated company to PBTI. Portions of certain expenses represent allocations made from PBTI applicable to the Company. The Company is allocated costs from PBTI based on services provided to the Company and the Company advances funds to PBTI on an as needed basis. Such advances are expected to be repaid by PBTI.

Liquidity

At December 31, 2021, PBTI had debt due payable in March 2023. Management has obtained a letter of intent with PNC Bank, National Association to renew the current debt agreement at substantially the same terms. The Company believes that its plan to renew the debt and the banks letter of intent effectively alleviates any substantial doubt created by the upcoming debt obligation of the Parent, and that it will continue as a going concern through the period that extends 12 months beyond the date the 2021 financial statements are available to be issued.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual amounts could differ from those estimates.

Risk Concentration

The ongoing COVID-19 ("COVID") pandemic continues to disrupt the U.S. and global economy. The Company continues to closely monitor the developments surrounding COVID-19 and take actions to mitigate the business risks involved. During this time, management remains focused on ensuring the health and safety of our employees by implementing the protocols established by public health officials in addition to meeting the demand of our customers.

The extent to which COVID-19 may further impact our business is uncertain and will depend on many evolving factors which we continue to monitor but cannot predict, including the duration and scope of the pandemic and actions taken by governments, businesses and individuals in response to the pandemic. We cannot predict all possible adverse effects of the COVID-19 pandemic. While we continue to closely monitor the developments surrounding COVID-19 and take actions when possible to mitigate the business risks involved, the potential effects of COVID-19 on our business, alone or taken together, may pose a material risk to our future operating results and financial condition. While we have implemented specific business continuity plans to reduce the potential impact of COVID-19, there is no guarantee that our continuity plans will be successful.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with maturities of three months or less when purchased. As of December 31, 2021 and 2020, the Company had no cash equivalents. The Company places its temporary cash investments with high credit quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. The Company has not experienced any losses in such accounts and does not expect any significant risks with its current accounts.

Accounts Receivable, Net

Accounts receivable include amounts due from franchisees. All fees are due based on the agreed upon contract terms within 15 days of the end of the month. Receivables are stated at amounts due from franchisees, net of an allowance for doubtful accounts. The Company determines the allowance by considering a number of factors, including the length of time receivables are outstanding, previous loss history, the franchisee's current ability to pay its obligations, and the industry as a whole. Receivables are written off when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts. During the years ended December 31, 2021 and 2020 the company had five and one promissory note receivables, respectively, for deferral agreements with customers which are included in accounts receivable, net. The notes are unsecured and do not accrue interest. The allowance for doubtful accounts as of December 31, 2021 and 2020 was $592,797 and $194,459, respectively. Bad debt expense for each of the three years in the period ended December 31, 2021 was $553,513, $194,459, and $0, respectively. Write offs for each of the three years in the period ended December 31, 2021 was $155,174, $0, and $0, respectively.

Other Non-Current Assets, Net

The Company acquires non-current assets, such as computer systems and Palm Beach Tan signage, on behalf of franchisees to convert stores to Palm Beach Tan. These assets are stated at cost and amortized using the straight-line method over the life of the franchise agreement. The estimated useful lives of the assets are two to six years. The amortization expense for the years ended December 31, 2021, 2020 and 2019 were $73,494, $64,456 and $61,824, respectively. Accumulated amortization at each of December 31, 2021 and 2020 was $734,440 and $660,946, respectively.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets for impairment when changes in circumstances indicate that the carrying value of an asset may not be recoverable. When indicated, impairment is measured as the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset, less disposal costs. No impairment was recorded during the years ended December 31, 2021, 2020 or 2019.

Revenue Recognition

Effective January 1, 2019, the Company adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), using the modified retrospective method of adoption with the cumulative effect recorded to retained earnings of $893,519.

The Company recognizes revenue to depict the transfer of control of promised goods or services to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. The Company recognizes revenue in accordance with the five-step model outlined in Topic 606 as follows: when (i) a contract with a customer exists, (ii) performance obligations have been identified, (iii) the price to the customer has been determined, (iv) the transaction price has been allocated to performance obligations and (v) the performance obligations are satisfied. The Company derives its revenues as follows:

Royalties - Franchise royalties are calculated based on a percentage of the sales generated by our franchised stores. The performance obligation related to franchise sales is considered complete at a point in time upon the franchisee sale of their service.

Advertising Fees - Franchisees are contractually obligated to contribute into certain advertising and marketing funds. Advertising fees are presented on a gross basis within other franchise products and services on the statements of income.

Initial Development and Franchise Fees - We receive development fees from franchisees for development arrangements and initial franchise fees for new store openings. The initial franchise fee performance obligation is deferred as a contract liability and recognized over time on a straight-line basis into franchise and area developer fees in the statements of income over the term of the underlying agreements. Revenue related to development fees will be recognized at a point in time upon the store opening. Deferred franchise and development fees are classified within separate contract liability balances for the current portion expected to be recognized within the next 12 months, and for the long-term portion in the balance sheets.

Other franchise products revenues - Product revenues relate to the sale of inventory to customers and is recognized when the title transfers. Other service revenues are recognized when the service is performed.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities. The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities approximate fair value as a result of their short maturities.

Advertising Funds

Advertising production costs are expensed in the period when the advertising first takes place. Other advertising costs are expensed as incurred. In the fiscal years ended December 31, 2021, 2020 and 2019, advertising costs of $3,541,596, $2,441,424, and $3,137,000 respectively, are included in direct general and administrative expenses, and advertising contributions from franchisees of $3,510,130, $2,431,854 and $3,098,000 respectively, are recorded in other franchise products and services in the statements of income.

Income Taxes

The Company is included in the consolidated federal income tax return of PBTI. PBTI also files separate state income tax returns with each state in which the Company conducts business. The Company's tax benefit or expense is determined as if the Company were filing a separate return and is credited or accrued to the PBTI intercompany account in accordance with an informal tax sharing agreement with PBTI. The Company's deferred tax assets and liabilities as of December 31, 2021 and 2020 are attributed to contract liabilities, allowance for bad debt and amortization of non-current assets.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the enactment date. An allowance against deferred tax assets is recorded in whole or in part when it is more likely than not that such tax benefits will not be realized.

The financial statement benefit of a tax position is recognized only after determining the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company records interest and penalties to income tax expense in the statements of operations.

Recent Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*. This new standard introduces a new lease model that requires the recognition of lease assets and lease liabilities on the balance sheet and the disclosure of key information about leasing arrangements. While this new standard retains most of the principles of the existing lessor model under U.S. GAAP, it aligns many of those principles with ASC 606, *Revenue from Contracts with Customers*. The ASU will be effective for annual periods beginning after December 15, 2021. The Company is currently evaluating the impact that this standard will have on the consolidated financial statements and results of operations.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which amends the impairment model by requiring entities to use a forward-looking approach based on expected losses rather than incurred losses to estimate credit losses on certain types of financial instruments, including trade receivables. This may result in the earlier recognition of allowances for losses. In November 2018, the FASB issued ASU No. 2018-19, *Codification Improvements to Topic 326, Financial Instruments—Credit Losses*, which provided additional implementation guidance on the previously issued ASU. The ASU is effective for private entities for fiscal years beginning after December 15, 2022. The Company is currently evaluating the impact that this standard will have on the consolidated financial statements and results of operations.

NOTE 2 - CONTRACT LIABILITY

We receive franchise fees for new store openings from our franchisees that are deferred as a contract liability and recognized on a straight-line basis into franchise and area developer fees in the statements of income over the term of the underlying agreements. The unrecognized fees received from franchisees are classified within separate contract liability balances for the current portion expected to be recognized within the next 12 months, and for the long-term portion in the balance sheets.

The franchise fees that will be recognized in future years are based on contracts with franchisees. These amounts represent the amount that will be recognized pursuant to the satisfaction of the contractual performance obligations of the current agreements. These amounts are based on active contracts and any modifications or terminations of these contracts may affect the timing of the recognition. We also expect to have future year royalties and advertising fees related to our franchise contracts, however under ASC 606, these future year revenues are not yet determinable due to unsatisfied performance obligations based upon a sales-based royalty.

NOTE 3 - RELATED PARTY TRANSACTIONS

For the years ended December 31, 2021, 2020, and 2019, certain executives and other employees of PBTI devoted all or some of their time to Company franchise-related activities. Salaries and related costs for non-full time franchise personnel have been allocated to the Company based on monthly estimates by such personnel of the percentage of their time devoted to the Company's franchising activities. Such allocated costs may not be representative of the costs of these services, facilities and other items had the Company operated as an unaffiliated company of PBTI. The allocated expenses from PBTI for the years ended December 31, were:

	2021	2020	2019
Salaries, commissions, bonuses, taxes and benefits	$ 2,062,510	$ 2,131,282	$ 1,502,866
Rent and utilities	215,763	206,711	83,224
Professional fees	119,586	123,145	64,075
Computer systems consulting and services	19,843	30,380	17,792
Depreciation and amortization	43,729	43,581	53,047
Office supplies and other	67,570	61,893	-
Total allocated expense	$ 2,529,000	$ 2,596,992	$ 1,721,004

Certain other Company related expenses were funded by PBTI and charged to the Company through the receivable from Palm Beach Tan, Inc., which is non-interest bearing and due on demand. This includes advertising expenses that are incurred and recharged by the Company on behalf of PBTI. This amount was $2,877,704, $1,338,081 and $1,744,774 for the years ended December 31, 2021, 2020, and 2019, respectively. For the years ended December 31, 2021 and 2020 the Company had amounts due of $1,826,205 and $1,641,882, respectively. During the years ended December 31, 2021, 2020, and 2019, the Company recorded non-cash distributions to PBTI of $2,849,248, $350,361 and $4,330,944, respectively.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

The Company is a co-guarantor with PBTI and other affiliates of a bank loan and line of credit entered into by PBTI. All of the assets of the Company are pledged as collateral for this loan. As of December 31, 2021, the outstanding balance of this loan was $28.5 million.

The Company is not currently involved in any legal proceedings that management believes are likely to have a material adverse effect on the Company's financial statements.

NOTE 5 - SIGNIFICANT CUSTOMERS

During the year ended December 31, 2021, 2020, and 2019, the Company had significant customers with amounts in excess of 10% of revenue. A summary of these customers for the years ended December 31, is as follows:

	2021	2020	2019
Customer A	12.3%	11.8%	11.9%
Customer B	10.6%	10.6%	10.1%

NOTE 6 - INCOME TAXES

Income tax expense consists of the following: Current tax expense:

	2021	2020	2019
Current tax expense:			
Federal	$ 1,360,068	$ 562,041	$ 1,343,600
State	241,944	121,237	161,720
Total current tax expense	1,602,012	683,278	1,505,320
Deferred tax (benefit) expense:			
Federal	(81,231)	(16,058)	(46,597)
Net income tax expense	$ 1,520,781	$ 667,220	$ 1,458,723

The provision for income taxes differs from the amounts computed by applying the income tax rates to income before income taxes as follows:

	2021	2020	2019
Income tax expense at statutory rates	$ 1,273,421	$ 539,554	$ 1,288,731
FIN48 liability change	230,323	105,754	142,261
State taxes, net of federal benefit	11,621	15,483	19,458
Tax law rate change effect	-	-	-
Other	5,416	6,429	-
	$ 1,520,781	$ 667,220	$ 1,458,723

Significant components of the net deferred tax assets at December 31, are as follows:

	2021	2020
Noncurrent deferred tax assets:		
Bad debt reserves	$ 124,487	$ 29,326
Deferred revenues	256,028	40,836
Intangible assets	34,378	263,500
Net deferred tax assets	$ 414,893	$ 333,662

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company states those balances at the enacted tax rates expected to be in effect when the taxes are paid or recovered.

The Company is subject to income taxes in the U.S. federal jurisdiction and various state jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. With few exceptions, the Company is no longer subject to U.S. federal, state, and local income tax examinations by tax authorities for the years before 2017.

The Company assesses uncertain tax positions in accordance with ASC 740. Under this method, the Company must recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from these uncertain tax positions are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. The Company's practice is to recognize interest and penalties related to income tax matters in income tax expense. At December 31, 2021 and 2020, the Company had $1,144,792 and $914,470, respectively, recorded as uncertain tax liabilities related to the Company's income tax positions in certain jurisdictions where its franchisees are operating. The increase in the liability during 2021 relates to the ongoing activities of these franchisees. The Company anticipates the liability to continue to increase until these positions have been fully resolved with the jurisdictional taxing authorities. There are no other expected significant changes in the Company's uncertain tax positions in the next 12 months. As of December 31, 2021, all uncertain tax positions would impact the effective tax rate if recognized.

NOTE 7 - SUBSEQUENT EVENTS

The Company has evaluated its financial statements for subsequent events through April 13, 2022, the date the financial statements were available to be issued. As of March 31, 2022, the Company had 8 area development agreements requiring the development of 22 Palm Beach Tan locations and there were 330 franchise stores operating in 23 states in the United States.

FRANCHISE AGREEMENT, INCLUDING ATTACHMENTS
AND STATE AMENDMENTS

ATTACHMENT D

PALM BEACH TAN FRANCHISING, INC.

FRANCHISE AGREEMENT

BETWEEN

PALM BEACH TAN FRANCHISING, INC.

AND

[Entity Name]

FOR

[store # and location address]

Form dated April 18, 2022
FDD dated April 18, 2022

PALM BEACH TAN
FRANCHISE AGREEMENT

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PALM BEACH TAN FRANCHISE
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "Agreement") is made by and between Palm Beach Tan Franchising, Inc., a Delaware corporation ("Franchisor") and _____, a _____ ("Franchisee") and is to be effective as of the date of full execution ("Effective Date"). Certain initially capitalized terms used frequently in this Agreement are defined in Section XXI.

RECITALS:

Franchisor has the right to use and license the use of a system ("System") for the development and operation of retail stores which offer tanning-related products, services and accessories ("Palm Beach Tan Locations").

The Palm Beach Tan Locations incorporate one or more sunless self-tanning Booths (as defined in Section XXI.C.).

The distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, decor, color scheme, and furnishings; proprietary and uniform standards, specifications, and procedures for operations; quality and uniformity of the services and products offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs, all of which may be changed, deleted, improved, and further developed by Franchisor from time to time.

The System is identified by certain trade names, service marks, trademarks, emblems and indicia of origin, including, but not limited to, the mark "Palm Beach Tan," and such other trade names, service marks and trademarks as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System (the "Marks").

Franchisee wishes to obtain the right to use the System for the operation of a Palm Beach Tan Location at the site specified in Attachment A to this Agreement (the "Site"), as well as to receive the training and other assistance provided by Franchisor, and acknowledges the importance of operating the Palm Beach Tan Location in conformity with Franchisor's high standards of quality and service.

Franchisor wishes to grant Franchisee a franchise for the operation of a Palm Beach Tan Location upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, the parties, in consideration of the mutual undertakings and commitments set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

AGREEMENT:

I. GRANT

A. Grant of Rights. Franchisor hereby grants Franchisee the right and license, and Franchisee accepts the right and obligation, to establish and operate a Palm Beach Tan Location under the Marks and the System in accordance with this Agreement at the Location. This Agreement does not grant Franchisee the right or license to operate the Palm Beach Tan Location, or to offer or sell any products or services described under this Agreement, at or from any other location. Without Franchisor's express prior written consent, Franchisee shall not sublicense, sublease, subcontract or enter into any management

agreement providing for the right to operate the Palm Beach Tan Location or use the System or the Marks granted pursuant to this Agreement.

B. Approved Location; Reserved Rights.

(1) The specific street address of the Site of the Palm Beach Tan Location approved by Franchisor shall be within the geographic area described in Attachment A ("Designated Area") and shall be set forth in Attachment A. The Designated Area shall not be exclusive or protected for any purpose.

(2) This Agreement does not grant Franchisee the right or license to operate the Location or to offer or sell any products or services described under this Agreement at or from any location other than the Site or through any other channel or method of distribution other than a Palm Beach Tan Location. Franchisee expressly acknowledges and agrees that Franchisor and its affiliates retain all other rights, including, without limitation, the right to establish and operate, and to grant others the right to establish and operate, tanning salons under the Marks, or under other trade names, service marks and trademarks, at any location other than the Site, including locations that are adjacent or proximate to the Site, and the right to offer and sell, and grant others the right to offer and sell, any similar or dissimilar products and services, whether identified by the Marks or by other trademarks, trade names or service marks, through any other channel or by any other method of distribution, including, without limitation, by or through the Internet or similar electronic media, on any terms and conditions Franchisor deems appropriate. Without limiting the foregoing, Franchisor and its affiliates may, among other things: (a) grant other licenses for use of the System and the Marks; (b) develop and establish other business systems using the Marks, or other names or marks, and to grant licenses to use those systems without providing any rights to Franchisee; (c) advertise and promote the System without restriction; and (d) engage, directly or indirectly, at wholesale, retail, or otherwise, in the production, distribution, operation, license, and sale of tanning products and services under the Marks, or under other marks through any method of distribution, including, but not limited to, mail order catalogs, the Internet, and other tanning facilities regardless of the proximity to, or the competitive impact on, Franchisee's Palm Beach Tan Location.

(3) Franchisee hereby waives any right it has, may have, or might in the future have, to oppose Franchisor's exercise of its reserved rights in Section I.B.(2) and any claim for compensation from Franchisor as a result of Franchisor's exercise of such rights.

C. Relocation. Franchisee shall not relocate the Palm Beach Tan Location without Franchisor's express prior written consent. If Franchisee is unable to continue the operation of the Palm Beach Tan Location at the Site because of the occurrence of an event of force majeure (or for other reasons not constituting an event of default under this Agreement), Franchisee may request Franchisor's consent to relocate the Palm Beach Tan Location to another site in the Designated Area. If Franchisor grants Franchisee the right to relocate the Palm Beach Tan Location, then Franchisee shall comply with such reasonable site selection and construction procedures as Franchisor may require.

II. LICENSES, CONSTRUCTION AND STORE OPENING

A. Licenses and Permits. Franchisee shall be responsible for obtaining all zoning classifications and clearances which may be required by any laws, ordinances, regulations, or restrictive covenants relating to the premises of the Palm Beach Tan Location. Before beginning construction of the Palm Beach Tan Location, Franchisee shall (i) obtain all approvals, clearances, permits, licenses and certifications required for the lawful construction or remodeling and operation of the Palm Beach Tan Location, and (ii) certify in writing to Franchisor that they have been obtained and that the insurance coverage specified in Section XII. of this Agreement is in full force and effect. At Franchisor's request,

Franchisee shall provide to Franchisor copies of all such approvals, clearances, permits, licenses and certifications.

B. Construction and Finish Out. Franchisee shall obtain, at its expense, any architectural, engineering, design, construction and other services it deems necessary for the construction of the Palm Beach Tan Location.

(1) Franchisee shall adapt Franchisor's prototypical architectural and design plans and specifications for a Palm Beach Tan Location as necessary for the construction of the Palm Beach Tan Location licensed under this Agreement and shall submit such adapted plans to Franchisor for review. Franchisor will notify Franchisee of any objections to the plans within fifteen (15) days of receiving such plans. If Franchisor fails to notify Franchisee of an objection to the plans within such fifteen (15) day period, Franchisee may use the plans. If Franchisor objects to the plans, it shall provide Franchisee with a reasonably detailed list of the changes needed to make the plans consistent with System standards. Franchisor shall notify Franchisee within fifteen (15) days of receiving revised plans incorporating such changes, whether the revised plans are acceptable. If Franchisor fails to notify Franchisee of any objection within such fifteen (15) day period, Franchisee may use the revised plans. Franchisee acknowledges that Franchisor's review of such plans is only for purposes of determining compliance with System standards and that acceptance of such plans by Franchisor does not constitute a representation, warranty, or guarantee, express or implied, by Franchisor that such plans are accurate or free of error concerning their structural application. Franchisor shall not be responsible for architecture or engineering, or for code, zoning, or other requirements of the laws, ordinances or regulations of any federal, state, local, or municipal governmental body, including, without limitation, any requirement relating to accessibility by disabled persons or others, nor shall Franchisor be responsible for any errors, omissions, or discrepancies of any nature in the plans. Franchisee agrees to indemnify, save and hold Franchisor and its officers, directors, and employees harmless from and against any and all claims by Franchisee's employees, customers or any other persons for personal injury and property damage (including, without limitation, court costs, attorneys' fees, and special or consequential damages) incurred by or arising out of the use of Franchisor's prototypical architectural and design plans and specifications, or any portion thereof, approved by Franchisor.

(2) Franchisee shall commence and diligently pursue construction of the Palm Beach Tan Location. Commencement of construction is defined as the time at which any site work is initiated. Site work includes, without limitation, paving of parking areas, installing outdoor lighting and sidewalks, extending utilities, demising of interior walls and demolishing of any existing premises, depending on whether the Location for the Palm Beach Tan Location is freestanding or to be contained within a shopping mall, strip center or other interior location. During construction, Franchisee shall provide Franchisor with such periodic progress reports as Franchisor may reasonably request. In addition, Franchisor may make such on-site inspections as it may deem reasonably necessary to evaluate such progress. Franchisee shall notify Franchisor of the scheduled date for completion of construction no later than sixty (60) days prior to such date. Within a reasonable time after the date construction is completed, Franchisor may, at its option, conduct an inspection of the completed Palm Beach Tan Location. Franchisee shall not open the Palm Beach Tan Location for business without the written authorization of Franchisor, which authorization shall be conditioned upon Franchisee's strict compliance with this Agreement.

C. Opening of Palm Beach Tan Location. Franchisee shall open the Palm Beach Tan Location and commence business within two hundred ten (210) days after the execution of this Agreement, unless Franchisee obtains a written extension of such time period from Franchisor. Franchisee acknowledges that time is of the essence. The date the Palm Beach Tan Location opens for business to the public ("Opening Date") shall be entered in Attachment A. Before the Opening Date, Franchisee shall complete all exterior and interior preparations for the Palm Beach Tan Location,

including installation of equipment, fixtures, furnishings and signs, pursuant to the plans and specifications approved by Franchisor, and shall comply with all other pre-opening obligations of Franchisee, including, but not limited to, those obligations described in Section VI. of this Agreement. If Franchisee fails to comply with any of such obligations, Franchisor shall have the right to prohibit Franchisee from opening. Franchisee's failure to open the Palm Beach Tan Location in compliance with these provisions shall be deemed a material event of default under this Agreement. At no time shall Franchisee allow any part of the premises of the Palm Beach Tan Location to be used for any immoral or illegal purpose.

III. TERM AND RENEWAL

A. Term. Unless sooner terminated as provided in this Agreement, the term of this Agreement will begin on the date stated in the preamble and will continue until ten (10) years from the Opening Date.

B. Renewal. Franchisee may, at its option, renew its rights under this Agreement for one (1) additional consecutive term of ten (10) years, subject to any or all of the following conditions which must, at Franchisor's option, be met prior to and at the time of renewal:

(1) Franchisee shall give Franchisor written notice of Franchisee's election to renew not less than six (6) months nor more than nine (9) months before the end of the initial term;

(2) Franchisee shall refurbish, repair or replace, at Franchisee's cost and expense, all equipment, tanning beds, electronic cash register systems, computer systems, signs, interior and exterior decor items, fixtures, furnishings, supplies and other products and materials required for the operation of the Palm Beach Tan Location as Franchisor may reasonably require and shall otherwise upgrade the Palm Beach Tan Location to reflect the then-current standards and image of the System. Franchisee acknowledges that such requirements may include extensive changes, and Franchisee shall commence such refurbishing, repair, replacement and upgrades promptly upon notice from Franchisor (unless Franchisee elects not to renew its rights) and shall complete such requirements as expeditiously as possible, but in any event prior to the commencement of the renewal term;

(3) Franchisee shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, and neither Franchisee nor its affiliates shall be in default of any other agreement with Franchisor or any of its affiliates; and Franchisee and its affiliates shall have substantially and timely complied with the terms and conditions of such agreements during the respective terms thereof;

(4) Franchisee shall have timely satisfied all monetary obligations owed to Franchisor and its affiliates under this Agreement and any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates;

(5) Franchisee shall present to Franchisor satisfactory evidence that Franchisee has the right to remain in possession of the premises of the Palm Beach Tan Location during the renewal term or obtain Franchisor's consent to new site for the Palm Beach Tan Location, either of which shall be subject to a valid lease in Franchisee's own name as lessee;

(6) Franchisee shall execute Franchisor's then-current form of renewal franchise agreement, which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, except that the royalty and advertising percentages shall remain at the level in effect on the date of the expiration of the initial term;

(7) Franchisee shall pay to Franchisor all amounts necessary to reimburse Franchisor for its reasonable out-of-pocket costs and expenses associated with renewing the franchise, including, without limitation, legal and accounting fees.

(8) Franchisee and its Controlling Principals shall execute a general release of any and all claims against Franchisor, its affiliates, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, past and present, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement or under federal, state or local laws, rules, regulations or orders; and

(9) Franchisee shall comply with Franchisor's then-current qualification and training requirements.

If applicable law requires that Franchisor give notice to Franchisee prior to the expiration of the initial term, this Agreement shall remain in effect on a week-to-week basis until Franchisor has given the required notice. If Franchisor is not offering new franchises, is in the process of revising, amending or renewing its form of franchise agreement or disclosure document, or is not lawfully able to offer Franchisee its then-current form of franchise agreement at the time Franchisee delivers its renewal notice, Franchisor may, in its discretion, (i) offer to renew this Agreement upon the same terms set forth herein for a renewal term determined in accordance with this Section III.B., or (ii) offer to extend the term hereof on a week-to-week basis following the expiration of the initial term for as long as it deems necessary or appropriate so that it may lawfully offer its then-current form of franchise agreement.

IV. FEES

A. Franchise Fee. Franchisee shall pay to Franchisor an initial franchise fee of Thirty Thousand Dollars ($30,000), less any development fee credit (if applicable), upon the execution of this Agreement. The initial franchise fee shall be deemed fully earned and nonrefundable upon receipt by Franchisor.

B. Royalty Fee.

(1) During the term of this Agreement, Franchisee shall pay to Franchisor a continuing monthly royalty fee in an amount equal to four percent (4%) of Gross Sales for the first twelve (12) months following the Opening Date, five percent (5%) of Gross Sales for the second twelve (12) months following the Opening Date, and six percent (6%) of Gross Sales for the remainder of the initial term of this Agreement.

(2) All royalty fees shall be due and payable monthly based on Gross Sales of the Palm Beach Tan Location for the preceding month and shall be received by Franchisor on or before the tenth (10th) day of the month, provided, that such day is a Business Day. If the due date is not a Business Day, then payment shall be due on the next Business Day. Franchisor shall determine the amount of the monthly royalty fees owed by accessing and retrieving Gross Sales data for the preceding month from Franchisee's computer system, as permitted under Section VII.F. Franchisor shall provide notice (each a "Royalty Fee Notice") to Franchisee stating the applicable royalty fee amount no later than the fifth (5th) day of each month for the preceding month (if such day is not a Business Day, then Franchisor will provide the Royalty Fee Notice on the next Business Day). Unless Franchisee objects in writing to such amount in accordance with this Section IV.B.(2) and Franchisor receives such objection on or before the seventh (7th) day of the month (if such day is not a Business Day, then on the next Business Day), Franchisee will be deemed to have accepted and agreed to the royalty fee amount set forth in the Royalty Fee Notice and Franchisor may withdraw the royalty fee amount from Franchisee's designated bank account by EFT in accordance with Section IV.E. Any objection to the royalty fee set forth in a Royalty

Fee Notice must be accompanied by written evidence supporting Franchisee's claim that the royalty fee amount set forth in the Royalty Fee Notice is not correct. If, through no fault of Franchisor, Franchisor is not able to access and retrieve Gross Sales data for any particular month, then Franchisor may process an EFT (defined below) for the subject month based on the most recent Royalty Fee Notice provided by Franchisor to Franchisee; provided, that if and when Franchisor is able to access the Gross Sales data for the subject month, the data reflects (i) that the actual amount of the fee due was more than the amount of the EFT, then Franchisor shall be entitled to withdraw additional funds through EFT from Franchisee's designated bank account for the difference; or (ii) that the actual amount of the fee due was less than the amount of the EFT, then Franchisor shall credit the excess amount to the payment of Franchisee's future obligations.

C. Past Due Amounts; Acceptance and Application of Payments.

(1) Any payment not actually received by Franchisor on or before the due date shall be deemed overdue. Time is of the essence for all payments to be made by Franchisee to Franchisor. All unpaid obligations under this Agreement shall bear interest from the date due until paid at the lesser of eighteen (18%) percent per annum, or the maximum rate allowed by applicable law. No provision of this Agreement shall require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable law. If for any reason interest in excess of the maximum rate allowed by applicable law shall be deemed charged, required or permitted, any such excess shall be applied as a payment to reduce any other amounts which may be due and owing hereunder, and if no such amounts are due and owing hereunder, then such excess shall be repaid to the party making the payment.

(2) Acceptance by Franchisor of any payments due subsequent to the due date shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee or the Controlling Principals of any terms, provisions, covenants or conditions of this Agreement.

(3) Franchisor shall have the right to apply any payment it receives from Franchisee to any amounts Franchisee owes Franchisor or its affiliates under this Agreement or any other agreement between them, even if Franchisee has designated the payment for another purpose or account. Franchisor may accept any check or payment in any amount from Franchisee without prejudice to Franchisor's right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere shall constitute or be considered as an accord or satisfaction.

(4) Franchisee shall have no right to withhold any payments due Franchisor on account of Franchisor's breach or alleged breach of this Agreement, and no right to offset any amount due Franchisor against any obligation that Franchisor may owe to Franchisee.

(5) If any check or draft (electronic or otherwise) is not honored by Franchisee's bank for any reason, Franchisee agrees that it shall be responsible for that payment and any service charge or other expense incurred by Franchisor arising from such non-payment. If any payments are not received when due, Franchisor may exercise any and all remedies available to it at law or under this Agreement, including, without limitation, the right to charge interest in accordance with Section IV.C.(1) and the right of set off in accordance with Section V.L.

D. Other Fees and Payments. In addition to the initial franchise fee and monthly royalty, Franchisee shall pay when due all other fees or amounts described in this Agreement.

E. Electronic Funds Transfer. Franchisee shall execute Attachment D to this Agreement and all other documents necessary to permit Franchisor to withdraw funds from Franchisee's designated bank account by electronic funds transfer ("EFT") in the amount of the royalty fee described in Section IV.B.

above, the advertising contribution described in Section VIII.A., and the computer Software Support Fee under the Software License Agreement at the time such amounts become due and payable. Franchisor may, from time to time, require payment of other fees or expenses due Franchisor or its affiliates by EFT, and Franchisee agrees to execute any and all necessary documentation providing for such method of payment. Any fee calculated by reference to Gross Sales shall be based on the information obtained by Franchisor pursuant to Section VII.F. of this Agreement or the Royalty Fee Notice. Upon written notice to Franchisee, Franchisor may designate another method of payment.

V. FRANCHISOR'S OBLIGATIONS

Franchisor agrees to provide, or cause the following services to be provided:

A. Prototype Plans. On loan, a set of prototypical architectural and design plans and specifications for a Palm Beach Tan Location.

B. Manuals. Access to Franchisor's Manuals, which are currently maintained and provided to Franchisee only in electronic or online format.

C. Software Programs. For a reasonable fee, any proprietary or other software programs (including, at Franchisor's discretion, support and maintenance) developed or acquired by or on behalf of Franchisor for use by Palm Beach Tan Locations; provided, that Franchisor is under no obligation to develop or acquire such software programs.

D. Inspections. Inspections of the Palm Beach Tan Location and evaluations of the products sold and services rendered therein from time to time as reasonably determined by Franchisor.

E. Advertising. Administration of an advertising fund and/or advertising cooperatives in accordance with Section VIII., as well as the provision of certain advertising and promotional materials developed by Franchisor from time to time for use in marketing and conducting local advertising for Palm Beach Tan Locations.

F. Operational Advice. Advice and written materials concerning techniques for managing and operating Palm Beach Tan Locations, including new developments and improvements in System equipment and System products.

G. Collateral Merchandise; Décor Items. From time to time in Franchisor's discretion and at a reasonable cost, certain merchandise identifying the System, such as caps, t-shirts and other System memorabilia, in sufficient amounts to meet customer demand, and certain décor items.

H. Approved Suppliers. From time to time as Franchisor deems appropriate a list of approved suppliers.

I. Training. An initial training program for Franchisee's Operating Principal, General Manager and Store Manager, as applicable, and additional training programs in accordance with Section VI.G.

J. Opening Assistance. If the Palm Beach Tan Location is the first Palm Beach Tan Location established by Franchisee or its affiliates, on-site pre-opening and opening assistance for such period of time as Franchisor is then providing to Palm Beach Tan Locations in the System, at no additional charge. For all subsequent Palm Beach Tan Locations established by Franchisee or its affiliates Franchisor may require Franchisee to reimburse Franchisor for any expenses incurred by Franchisor's representatives in providing opening assistance, such as costs of travel, lodging, meals and wages.

K. Remedial Training. Upon Franchisee's reasonable request or if Franchisor shall determine it to be necessary during the term of this Agreement, on-site remedial training; provided, that remedial training shall be conducted subject to the availability of Franchisor's personnel, and provided further, that Franchisor may require Franchisee to pay the per diem fee then being charged for such on-site remedial training, and pay or reimburse Franchisor for the expenses incurred by its representatives, including the costs of travel, lodging, meals, and wages.

L. Electronic Fund Transfer Services. For a fee, electronic fund processing services ("EFT Services") designed to debit the accounts of those customers who are parties to service agreements with Franchisee and credit Franchisee's designated account for the amount of the required payment, less any applicable bank or Franchisor handling fees or charges. In addition, if any payments for fees or other amounts owed by Franchisee to Franchisor are delinquent, Franchisor shall be allowed to set off such amounts against any monies owed to Franchisee under such service agreements, which right of set off is hereby expressly acknowledged and agreed to by Franchisee.

VI. FRANCHISEE'S REPRESENTATIONS, WARRANTIES AND COVENANTS

A. Continuing Obligations. Franchisee and its Controlling Principals make the following representations, warranties and covenants and accept the following obligations. Such representations, warranties and covenants are continuing obligations, and Franchisee and its Controlling Principals acknowledge and agree that any failure to comply with them shall constitute a material event of default under this Agreement. Franchisee will cooperate with Franchisor to verify compliance with the following representations, warranties and covenants.

B. Organization. If Franchisee is a corporation, partnership, limited liability company or other legal entity:

(1) Franchisee is duly organized and validly existing under the law of the state of its formation;

(2) Franchisee is duly qualified and is authorized to do business in each jurisdiction in which its business activities or the nature of the properties owned by it require such qualification;

(3) Franchisee's corporate charter or written partnership or limited liability company agreement shall at all times provide that the activities of Franchisee are confined exclusively to the operation of Palm Beach Tan Locations;

(4) The execution of this Agreement and the performance of the transactions contemplated hereby are within Franchisee's corporate power, if Franchisee is a corporation, or if Franchisee is a partnership or a limited liability company, permitted under Franchisee's written partnership or limited liability company agreement and have been duly authorized by Franchisee; and

(5) If Franchisee is a corporation, copies of Franchisee's articles of incorporation, bylaws, other governing documents, any amendments thereto, resolutions of the Board of Directors authorizing entry into and performance of this Agreement, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of stock of the corporation, and any other documents as may be reasonably required by Franchisor shall have been furnished to Franchisor prior to the execution of this Agreement; or, if Franchisee is a partnership or limited liability company, copies of Franchisee's written partnership or limited liability company agreement, other governing documents and any amendments thereto shall have been furnished to Franchisor prior to the execution of this Agreement,

including evidence of consent or approval of the entry into and performance of this Agreement by the requisite number or percentage of partners or members, as applicable, if such approval or consent is required by Franchisee's written partnership or limited liability company agreement.

C. Ownership.

(1) If Franchisee is a corporation, partnership, limited liability company or other legal entity, the ownership interests in Franchisee are accurately and completely described in Attachment B. If Franchisee is a corporation, Franchisee shall maintain at all times a current list of all owners of record and all beneficial owners of any class of voting securities in Franchisee or, if Franchisee is a partnership, or limited liability company or other form of legal entity, Franchisee shall maintain at all times a current list of all owners of an interest in the partnership, limited liability company or other entity. Franchisee shall make its list of owners available to Franchisor upon request.

(2) If Franchisee is a corporation, Franchisee shall maintain stop-transfer instructions against the transfer on its records of any of its equity securities and each stock certificate representing stock of the corporation shall have conspicuously endorsed upon it a statement in a form satisfactory to Franchisor that it is held subject to all restrictions imposed upon assignments by this Agreement. If Franchisee is a partnership or limited liability company, its written partnership or limited liability company agreement shall provide that ownership of an interest in the partnership or limited liability company is held subject to all restrictions imposed upon assignments by this Agreement.

(3) If required by Franchisor, Franchisee's Principals shall each execute the Confidentiality Agreement and Ancillary Covenants in the form of Attachment C to this Agreement.

(4) If, after the execution of this Agreement, any person ceases to qualify as one of Franchisee's Principals or if any individual succeeds to or otherwise comes to occupy a position which, upon designation by Franchisor, would qualify him as one of Franchisee's Principals, Franchisee shall notify Franchisor within ten (10) days after any such change and, upon designation of such person by Franchisor as one of Franchisee's Principals or as a Controlling Principal, such person shall execute all documents and instruments (including, as applicable, this Agreement) as Franchisor may require others in such positions to execute.

D. Financial Matters.

(1) Franchisee and, at Franchisor's request, each of the Controlling Principals have provided Franchisor with the most recent financial statements of Franchisee and such Controlling Principals. Such financial statements present fairly the financial position of Franchisee and each of the Controlling Principals, as applicable, at the dates indicated therein and, with respect to Franchisee, the results of its operations and its cash flow for the years then ended. Each of the financial statements are certified as true and correct and have been prepared in conformity with generally accepted accounting principles and, except as expressly described in the applicable notes, applied on a consistent basis. There are no material liabilities, adverse claims, commitments or obligations of any nature, whether accrued, unliquidated, absolute, contingent or otherwise, which are not reflected as liabilities on the financial statements.

(2) The Controlling Principals shall jointly and severally guarantee the performance of Franchisee's obligations under this Agreement pursuant to the terms and conditions of the Controlling Principal Guarantee and Assumption Agreement, and shall otherwise bind themselves to the terms of this Agreement as stated therein.

(3) Franchisee shall provide Franchisor with any and all loan or other documents regarding the financing of its Palm Beach Tan Location that Franchisor may request.

(4) Franchisee shall maintain at all times during the term of this Agreement sufficient working capital to fulfill its obligations under this Agreement.

E. Management (Operating Principal; General Manager and Store Manager).

(1) If Franchisee has not previously done so pursuant to a Development Agreement, if applicable, concurrent with the execution of this Agreement, then Franchisee shall designate and at all times maintain one of its Controlling Principals, with an ownership interest in Franchisee and whom Franchisor approves, as its Operating Principal. Franchisee may also designate another person whom Franchisor approves and who may, but need not, be an owner of Franchisee, to serve as its General Manager; provided, that Franchisee and the Operating Principal remain fully responsible for the General Manager's performance. Franchisee agrees to vest the Operating Principal and the General Manager with sufficient decision making authority to expedite the determinations and decisions that are essential to effective and efficient development of Palm Beach Tan Locations. The Operating Principal or General Manager must devote full time best efforts to the fulfillment of Franchisee's obligations under the Franchise Agreement. Neither the Operating Principal nor the General Manager shall engage in any other business or activity that may conflict with Franchisee's obligations under the Franchise Agreement. If Franchisee's relationship with the Operating Principal or General Manager terminates or materially changes, Franchisee shall promptly notify Franchisor and designate a qualified replacement. Unless otherwise approved by Franchisor, the Operating Principal and General Manager shall be the same for all Franchise Agreements executed pursuant to a Development Agreement between Franchisee (or its affiliate) and the same as the Operating Principal and the General Manager designated under any such Development Agreement.

(2) Not later than sixty (60) days before the Opening Date, Franchisee shall designate, and shall retain at all times during the term of this Agreement at least one (1) Store Manager ("Store Manager") to assist in the day-to-day operation and management of the Palm Beach Tan Location. The Store Manager shall:

(a) Meet Franchisor's qualifications, as set forth in this Agreement, the Manuals, or otherwise in writing; and

(b) Devote full time and best efforts to the day-to-day operation and management of the Palm Beach Tan Location and shall not engage in any other business activity without Franchisor's prior written consent.

F. Good Standing. Franchisee shall maintain its status as a Palm Beach Tan Franchisee in Good Standing. "Good Standing" means timely compliance by Franchisee with all provisions of this Agreement and the Manuals, specifically including timely payment of all monies due Franchisor, and passing scores as measured by Franchisor's operational evaluations.

G. Training. Franchisee's Operating Principal and Store Manager (if the Operating Principal will manage the day to day operations of the Palm Beach Tan Location) or Franchisee's General Manager and Store Manager (if the General Manager will manage the day to day operations of the Palm Beach Tan Location) shall successfully complete Franchisor's management training program prior to the Opening Date. Any successor or replacement Operating Principal, General Manager or Store Manager, as applicable, shall successfully complete Franchisor's management training program within a reasonable time after such persons are designated. Such persons, and any other personnel of Franchisee whom

Franchisor may designate, shall attend and complete any additional training that Franchisor may from time to time require. Training shall be conducted at locations designated by Franchisor.

(1) Initial management training for Franchisee's Operating Principal, General Manager and Store Manager, as applicable, is provided at no additional charge; however, Franchisor reserves the right to charge a reasonable fee for training successor or replacement personnel and for any additional training programs. Franchisee shall be responsible for any and all expenses incurred in connection with training, including, without limitation, the costs of travel, lodging, meals and wages incurred by Franchisee, its Operating Principal, General Manager, or Store Manager.

(2) If Franchisee's Operating Principal, General Manager or Store Manager fails, in Franchisor's sole judgment, to satisfactorily complete Franchisor's management training program, and Franchisee fails to cure such default within ninety (90) days following written notice from Franchisor, Franchisor may terminate this Agreement.

H. Legal Compliance. In addition to complying with its obligations under this Agreement, Franchisee shall comply with all applicable federal, state and local laws, rules, regulations, ordinances, and orders, including, without limitation, all laws, rules, regulations, ordinances and orders governing the tanning industry. Such laws, rules, regulations, ordinances and orders vary from jurisdiction to jurisdiction and may be amended or implemented or interpreted in a different manner from time to time. It is Franchisee's sole responsibility to apprise itself of the existence and requirements of all such laws, rules, regulations, ordinances and orders, and to adhere to them at all times during the term of this Agreement.

I. Powers of Attorney. Franchisee hereby appoints Franchisor its true and lawful attorney-in-fact, with full power and authority to assign to Franchisor upon the termination or expiration of this Agreement (i) all rights to the telephone numbers of the Palm Beach Tan Location, any related Yellow Pages trademark listings, and all rights to any Website listings or services, search engines or systems, and any other business listings related to the Palm Beach Tan Location, and (ii) at Franchisor's option, Franchisee's interest in any lease for the premises of the Palm Beach Tan Location and any equipment used in the operation of the Palm Beach Tan Location. Such powers of attorney shall survive the expiration or termination of this Agreement and Franchisee shall execute such forms and documents as Franchisor deems necessary to appoint Franchisor its true and lawful attorney-in-fact with full power and authority for the foregoing purposes.

J. Anti-Terrorist Activities. Franchisee and its Controlling Principals certify that neither Franchisee nor its owners, employees or anyone associated with Franchisee is listed in the Annex to Executive Order 13224. (The Annex is available at http://www.ustreas.gov/offices/enforcement/ofac/) Franchisee agrees not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee, its owners, employees, or anyone associated with Franchisee being listed in the Annex to Executive Order 13224. Franchisee and its Controlling Principals agree to comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee and its Controlling Principals certify, represent, and warrant that none of its property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and its owners are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in Section XV. of this Agreement pertain to Franchisee's obligations under this Section VI.J. Any misrepresentation by Franchisee under this Section or any violation of the Anti-Terrorism Laws by Franchisee, its owners, or employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered into with

Franchisor or one of Franchisor's affiliates. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority (including, without limitation, the United States Department of Treasure Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

VII. FRANCHISE OPERATIONS

A. Standards Compliance. Franchisee acknowledges the importance of maintaining uniformity among all of the Palm Beach Tan Locations and the importance of complying with all of Franchisor's standards and specifications relating to the operation of Palm Beach Tan Locations. Franchisee further acknowledges and agrees that local conditions or other special circumstances may warrant a deviation from Franchisor's standards, specifications, policies, or procedures and Franchisor may, in its sole discretion, allow such deviation. To protect the reputation and goodwill of Franchisor and to maintain the high standards of operation under the Marks, Franchisee shall conduct its business in accordance with the Manuals, other written directives which Franchisor may issue to Franchisee from time to time, and any other manuals and materials created or approved for use in the operation of Palm Beach Tan Locations.

B. Maintenance of Palm Beach Tan Location; Casualty Loss. Franchisee shall maintain the Palm Beach Tan Location and tanning equipment (including all Booths) in a high degree of sanitation and repair, and shall make such additions, alterations, repairs and replacements as may be required for that purpose, including, without limitation, such periodic repainting or replacement of signs, furnishings, décor and equipment (including, but not limited to, tanning beds, tanning bed lamps, tanning bed acrylics, electronic cash register or computer systems), as Franchisor may reasonably direct. Except as may be expressly provided in the Manuals, no alterations, improvements or changes of any kind in design, equipment, signs, interior or exterior decor items, fixtures or furnishings shall be made in or about the Palm Beach Tan Location without Franchisor's prior written approval. If the Palm Beach Tan Location is damaged or destroyed by fire or any other casualty, Franchisee shall, within thirty (30) days thereof initiate, and thereafter with due diligence continue to completion, such repairs and reconstruction as may be needed to restore the premises of the Palm Beach Tan Location to its original condition prior to such casualty; provided, that if, in Franchisor's reasonable judgment, it is feasible for Franchisee to repair or reconstruct the premises of the Palm Beach Tan Location in conformance with the then-standard Palm Beach Tan décor specifications, Franchisor may require that Franchisee do so.

C. Upgrade of Palm Beach Tan Location. Franchisee shall, at Franchisee's cost and expense, (i) obtain any new or additional equipment, fixtures, supplies and other products and materials which Franchisor may reasonably require for Franchisee to offer and sell tanning services or products from the Palm Beach Tan Location or to provide tanning services or products by alternative means and (ii) make, upon written notice from Franchisor, such improvements to the Palm Beach Tan Location as are required to conform it to Franchisor's then-current standards and specifications; provided, that any notice given pursuant to Section VII.C.(ii) shall not occur more frequently than at five (5) year intervals, commencing with the Opening Date and continuing throughout the initial term of this Agreement; and further provided, that Franchisee shall not be required to spend more than fifteen percent (15%) of the Palm Beach Tan Location's revenues for the twelve (12) month period immediately preceding the date of the notice and, for purposes of determining the amount of Franchisee's expenditures, any expenditures for additional equipment made during the preceding five (5) year period pursuant to Section VII.C.(i) will count toward the fifteen percent (15%) cap.

D. Sourcing. Franchisee shall comply with all of Franchisor's standards and specifications for the purchase of all supplies, materials, fixtures, furnishings, equipment and other products and services (including, without limitation, EFT Services) used in or offered for sale at the Palm Beach Tan Location. If Franchisor requires, Franchisee shall obtain such items from suppliers who demonstrate the ability to meet Franchisor's then-current standards and specifications: who possess adequate quality controls and the capacity to supply Franchisee's needs promptly and reliably; who have been approved in writing by Franchisor and who have not thereafter been disapproved by Franchisor. Franchisee acknowledges and agrees that (a) Franchisor may change the number of approved suppliers at any time and may designate itself, an Affiliate, or a third party as the exclusive source for any particular item; and (b) Franchisor may profit from Franchisee's purchases from approved suppliers, and Franchisor and/or its Affiliates may receive payments, fees, commissions or reimbursements from such suppliers in respect of Franchisee's purchases. If Franchisor requires an item to be acquired from an approved supplier and Franchisee desires to acquire such item from an unapproved supplier, or if Franchisor requires a particular item or brand of equipment and Franchisee wishes to substitute a different item or brand, Franchisee or the supplier shall submit to Franchisor a written request for approval. Franchisee shall not acquire the item until and unless such item and/or supplier has been approved in writing by Franchisor. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered to Franchisor or to an independent laboratory designated by Franchisor for testing. Franchisee or the supplier may be required to pay a charge, not to exceed the reasonable cost of the inspection and the actual cost of the test. Franchisor shall not be required to approve any particular supplier, and in addition to the foregoing, as a condition of any such approval, may require that the supplier (i) agree to sell any product bearing the Marks only to Palm Beach Tan franchisees and (ii) otherwise comply with Franchisor's reasonable requests. Franchisor reserves the right, at its option, to re-inspect the facilities and products of any approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria.

Franchisee acknowledges and agrees that products, equipment, and technology are constantly changing, whether updated, improved, replaced, or discontinued. Consequently, such changes sometimes create transition and incompatibility challenges. By entering into this Agreement, Franchisee acknowledges the potential of such occurrences and assumes all risk associated therewith, which Franchisee acknowledges may affect its ability to order, receive, or sell products and/or offer services for a period of time and further acknowledges that Franchisor is not responsible for any damages caused by such occurrences, including lost sales or profits.

E. Operational Standards. Franchisee shall operate the Palm Beach Tan Location in strict conformity with Franchisor's methods, standards and specifications as set forth in the Manuals and as from time to time otherwise prescribed in writing. Without limitation of the foregoing, Franchisee agrees:

(1) To sell or offer for sale all products and services required by Franchisor, in the manner and style prescribed by Franchisor and to adhere to Franchisor's standards, specifications, sourcing and other requirements for the acceptance and maintenance of customers (sometimes referred to as "members") of the Palm Beach Tan Location, including the use of service agreements providing for EFT memberships.

(2) To maintain in sufficient supply such products, materials, and supplies that conform to Franchisor's standards and specifications, to sell and offer for sale only, and all of, the products and services that have been expressly approved in writing by Franchisor; to refrain from deviating from Franchisor's standards and specifications without Franchisor's prior written consent; and to discontinue selling and offering for sale any products or services which Franchisor may, in its sole discretion, disapprove in writing at any time.

(3) To permit Franchisor or its agents, at any reasonable time, to remove a reasonable number of product samples from Franchisee's inventory, without payment, in amounts reasonably necessary for testing to determine whether such samples meet Franchisor's then-current standards and specifications. In addition to any other remedies it may have under this Agreement, Franchisor may require Franchisee to bear the cost of such testing if the supplier of the item has not previously been approved by Franchisor or if the sample fails to conform to Franchisor's specifications.

(4) To purchase or lease and install, at Franchisee's expense, all fixtures, furnishings, equipment, decor, signs, and related items, including, without limitation, any Booths and sunless tanning solutions, as Franchisor may reasonably direct from time to time; and to refrain from installing or permitting to be installed on or about the Palm Beach Tan Location, any items not previously approved as meeting Franchisor's standards and specifications.

(5) To grant Franchisor and its agents the right to enter the Palm Beach Tan Location at any time to conduct inspections; to cooperate with Franchisor's representatives in such inspections; and, upon notice from Franchisor, to take such steps as may be necessary to correct promptly any deficiencies detected during such an inspection. Should Franchisee fail to correct such deficiencies within a reasonable time, as determined by Franchisor, Franchisor shall have the right (without, however, any obligation to do so) to correct such deficiencies and charge Franchisee a reasonable fee therefor. If Franchisor exercises the right granted to it in this Section VII.E.(5), its sole purpose in doing so is to maintain Franchisor's brand standards, not to exercise day-to-day control of Franchisee's Palm Beach Tan Location.

(6) To adequately staff the Palm Beach Tan Location, as provided in the Manuals, and to take such steps as are necessary to ensure that its employees preserve good customer relations and comply with any dress code Franchisor may prescribe.

(7) To participate in any Quality Assurance Program developed or required by Franchisor, as such programs may from time to time be modified and to pay to Franchisor or its designated supplier any fees associated with such programs.

(8) To cooperate with Franchisor in connection with the conduct of any test marketing programs authorized by Franchisor.

F. Computer Systems. Franchisee shall at its expense install and maintain the computer hardware and software Franchisor requires for the operation of the Palm Beach Tan Location and shall follow the procedures Franchisor specifies in the Manuals or otherwise in writing. Among other things, Franchisor may require that Franchisee install and maintain systems that permit Franchisor to access and retrieve electronically, any information stored in Franchisee's computer systems, including, without limitation, information concerning Gross Sales, at the times and in the manner that Franchisor may specify from time to time. Franchisor will also require Franchisee to enter into a software license agreement in substantially the form of Attachment E for software Franchisor develops or acquires for use in the System. Franchisee agrees that Franchisor has the right to access and use the information contained in and collected by Franchisee's computer in any manner Franchisor deems appropriate. Franchisee shall treat such information as Franchisor's Confidential Information and, without limitation of Section X.B., shall not sell or otherwise dispose of such information. Franchisee acknowledges that Franchisor may, during the term of this Agreement, require Franchisee to modify, enhance and/or replace all or any part of the computer hardware and software comprising the computer system at Franchisee's expense. Any such modifications, enhancements, and replacements may require Franchisee to incur costs to purchase, lease and/or license new or modified equipment and to obtain different and/or additional service and support services during the term of this Agreement. Franchisee acknowledges that Franchisor cannot estimate the costs of future enhancements, modifications, and replacements to the computer system.

G. Internet Website. Franchisee shall have and maintain adequate hardware and software in order to access the Internet at the bit speed required by Franchisor from time to time. Franchisee shall not establish or participate in any website or other listing on the Internet except as provided herein.

(1) Franchisor has established, or may establish, an Internet Website that provides information about the System and the products and services offered by Palm Beach Tan Locations. Franchisor has sole discretion and control over the Website (including timing, design, contents and continuation). Franchisor may use part of the Advertising Fund monies it collects under this Agreement to pay or reimburse the costs associated with the development, maintenance and update of the Website.

(2) Franchisor may (but is not required to) include at the Website an interior page containing information about Franchisee's Palm Beach Tan Location ("Franchisee's Page"). If Franchisor includes such information on the Website, Franchisor may require Franchisee to prepare all or a portion of Franchisee's Page, at Franchisee's expense, using a template that Franchisor provides. All such information will be subject to Franchisor's approval prior to posting. Any modifications (including customizations, alterations, submissions or updates) to the template made by Franchisee for any purpose will be deemed to be a "work made for hire" under the copyright laws, and therefore, Franchisor shall own the intellectual property rights in and to such modifications. To the extent any modification does not qualify as a work made for hire as stated above, Franchisee hereby assigns those modifications to Franchisor for no additional consideration and with no further action required and shall execute such further assignments(s) as Franchisor may request. Without limiting Franchisor's general unrestricted right to permit, deny and regulate Franchisee's participation on the Website in Franchisor's discretion, if Franchisee breaches this Agreement, or any other agreement with Franchisor or its affiliates, Franchisor may disable or terminate the Franchisee's Page and remove all references to the Palm Beach Tan Location operated hereunder on the Website until the breach is cured.

(3) Franchisor also shall have the sole right (but no obligation) to develop an Intranet through which Franchisor and its franchisees can communicate by e-mail or similar electronic means. If Franchisor develops such an Intranet, Franchisee agrees to use the facilities of the Intranet in strict compliance with the standards, protocols and restrictions that Franchisor includes in the Manual (including, without limitation, standards, protocols and restrictions relating to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements). Franchisee will be solely responsible for compliance with any laws pertaining to sending e-mails, including but not limited to the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 ("CAN-SPAM Act of 2003").

H. Customer Complaints. Franchisee shall process and handle all consumer complaints connected with or relating to the Palm Beach Tan Location, and shall promptly notify Franchisor of all: (i) safety or health violations or any other violations related to the operation of an indoor tanning facility, (ii) claims exceeding One Thousand Dollars ($1,000), and (iii) any other material claims against or losses suffered by Franchisee. Franchisee shall maintain any communications with governmental authorities affecting the Palm Beach Tan Location during the term of this Agreement and for one (1) year after the expiration or earlier termination hereof. Additionally, Franchisee agrees to immediately inform Franchisor upon the occurrence of a Crisis Management Event and to cooperate fully with Franchisor and with the appropriate authorities with respect to the investigation of the Crisis Management Event. In an effort to mitigate possible damages to the Marks and System, Franchisee must cooperate fully with Franchisor with respect to managing statements and other responses to the Crisis Management Event. "Crisis Management Event" means any event that occurs at or about Franchisee's Palm Beach Tan Location or in connection with the operation of Franchisee's Palm Beach Tan Location that has or may cause harm or injury to customers or employees, such as contagious diseases, natural disasters, terrorist

acts, shootings or other acts of violence, data breaches, real or threatened, or any other circumstance which may materially and adversely affect the System or the goodwill symbolized by the Marks.

I. Pricing. To the fullest extent permitted by applicable law, Franchisor reserves the right to establish maximum, minimum or other pricing requirements with respect to the prices Franchisee may charge for products or services.

J. Data Security. Franchisee acknowledges and agrees that protection of customer privacy and credit card information is necessary to protect the goodwill of businesses operating under the Marks and System. Accordingly, Franchisee agrees that it will cause its Palm Beach Tan Location to meet or exceed, at all times, all applicable security standards developed by the Payment Card Industry Data Security Standards ("PCI DSS") council, or its successor, and other regulations and industry standards applicable to the protection of customer privacy and credit card information, including but not limited to the Fair and Accurate Credit Transaction Act ("FACTA") and all other successor or additional laws, and all other data security requirements we prescribe. Franchisee is solely responsible for educating itself as to these regulations and standards and for achieving and maintaining applicable compliance certifications.

VIII. ADVERTISING

A. Advertising Expenditures. During each calendar year throughout the term of this Agreement, Franchisee shall spend at least five and one-half percent (5.5%) of the Gross Sales of the Palm Beach Tan Location on advertising ("Advertising Assessment"). Initially, Franchisee shall spend three and one-half percent (3.5%) of Gross Sales on local advertising, as described in Section VIII.B., and shall contribute two percent (2%) of Gross Sales to the Advertising Fund described in Section VIII.D., at the time and in the manner that royalty payments are made. Upon written notice to Franchisee, Franchisor may vary the amount of the Advertising Assessment that Franchisee is to spend for local advertising, Cooperative advertising, or as an Advertising Fund contribution, provided, that in no event (i) will Franchisee's total required expenditures for advertising exceed the maximum Advertising Assessment specified herein and (ii) will Franchisee's required contribution to the Advertising Fund exceed two percent (2%) of Gross Sales of the Palm Beach Tan Location.

B. Local Advertising. Absent Franchisor's prior written consent, the portion of the Advertising Assessment that Franchisee spends on local advertising must be spent on advertising for Franchisee's Palm Beach Tan Location in the Designated Area. At the conclusion of each calendar quarter during the term of this Agreement, Franchisee shall prepare a quarterly advertising expenditure report, accurately reflecting Franchisee's local advertising expenditures for the preceding quarter, and shall submit all year-to-date advertising expenditure reports to Franchisor not later than fifteen (15) days following the end of the second and fourth calendar quarters. Expenditures incurred for any of the following may not be included in local advertising expenditures for purposes of this Section VIII.B., unless Franchisor first approves them in writing:

(1) Incentive programs for Franchisee's employees or agents, including the cost of honoring any discounts or coupons, and salaries and expenses of any of Franchisee's employees,

(2) Non-media costs incurred in any promotion;

(3) Charitable, political or other contributions or donations;

(4) In-store materials consisting of fixtures or equipment; and

(5) Grand Opening expenditures incurred pursuant to Section VIII.E.

Franchisee shall participate in such local advertising programs as Franchisor may develop or require, as such programs may from time to time be modified by Franchisor.

C. Cooperatives. Franchisor has the right to designate any geographic area in which two (2) or more company-owned or franchised Palm Beach Tan Locations are located as a region for purposes of establishing an advertising cooperative ("Cooperative"), provided that at least two different Location owners are represented within such geographic area. Each Cooperative will be organized and governed as, and will begin operation on a date, Franchisor determines. Cooperatives will be organized for the exclusive purpose of administering advertising programs and developing promotional materials for local advertising and will be operated solely as a conduit for the collection and expenditure of advertising contributions. If a Cooperative is established for a geographic area that includes the market area in which the Location is located, Franchisee shall automatically become a member of the Cooperative and shall execute the Cooperative documents immediately upon Franchisor's request and participate as a member of the Cooperative. Among other things, this means that (i) Franchisee must submit to the Cooperative and to Franchisor all statements and reports that Franchisor or the Cooperative may require, and (ii) Franchisee must contribute to the Cooperative the amounts required by the Cooperative's governing documents; provided, that Franchisee's Cooperative contribution will be applied toward satisfaction of its local advertising requirement under Section VIII.B.

D. Advertising Fund. Franchisor has established a fund to produce advertising for the System (the "Advertising Fund" or "Fund"). Franchisee must contribute to the Fund the amounts required under Section VIII.A. of this Agreement, at the time and in the manner stated in Sections IV.B. and IV.E. Franchisor or its designee will administer the Fund as follows:

(1) Franchisor will direct all advertising production programs and will have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs. Franchisor has the right to cause the Fund to be incorporated or operated through a separate entity at such time as Franchisor deems appropriate, and such successor entity will have all of the rights and duties specified herein.

(2) Franchisor or its affiliates will contribute to the Fund generally on the same basis as franchisees for any Palm Beach Tan Locations they operate.

(3) Franchisor may use the Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, including the cost of preparing and producing television, radio, magazine and newspaper advertising campaigns; the cost of placing television, radio, magazine and newspaper advertising campaigns (whether by purchasing air time or page space); the cost of direct mail and outdoor billboard advertising; the cost of public relations activities and advertising agencies; the cost of developing and maintaining an Internet website and digital media and social media; the cost of conducting market research; and personnel and other departmental costs for advertising that Franchisor internally administers or prepares.

(4) The Fund will be operated solely as a conduit for collecting and spending advertising contributions for the System. Franchisee's contributions will not be used to defray any of Franchisor's general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead that Franchisor may incur in activities reasonably related to the administration or direction of the Fund. The Fund and its earnings will not otherwise inure to Franchisor's benefit.

(5) Franchisor may spend, on behalf of the Fund, in any fiscal year an amount greater or less than the aggregate contribution of all Palm Beach Tan Locations to the Fund in that year, and the Fund may borrow from Franchisor or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Fund will be used to pay advertising costs before other

assets of the Fund are expended. Franchisor will prepare an annual statement of the Fund's operations and will make it available to Franchisee upon request.

(6) In administering the Fund, Franchisor undertakes no obligation to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution or to ensure that any particular franchisee benefits directly or pro rata from the production of advertising.

(7) Franchisor reserves the right to defer or reduce contributions and, upon thirty (30) days' prior written notice, to reduce or suspend contributions to and operations of the Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the Fund (and, if suspended, deferred or reduced, to reinstate such contributions). Franchisor will not terminate the Fund, however, until all monies in the Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

E. Grand Opening. Franchisee shall carry out a grand opening promotion for the Palm Beach Tan Location. Franchisor must approve all advertising items, methods and media Franchisee uses in connection with such grand opening promotion in accordance with Section VIII.G. Franchisee shall submit one or more expenditure reports to Franchisor, accurately reflecting Franchisee's grand opening expenditures. Amounts paid for the initial grand opening promotion will not be credited toward any other obligation of Franchisee under this Section VIII.

F. Yellow Pages. Franchisee shall place and pay the cost of a Yellow Pages listing and other business listings in such directories and categories as may be specified by the Franchisor from time to time in the Manuals or otherwise in writing. Any amount paid by Franchisee for such Yellow Pages trademark may be included in Franchisee's local advertising requirement under Sections VIII.A. and B. of this Agreement.

G. Advertising Approvals. All advertising and promotion by Franchisee in any medium shall be conducted in a dignified manner and shall conform to Franchisor's standards and specifications. Franchisee shall obtain Franchisor's approval of all advertising and promotional plans and materials, including, without limitation, those placed on the Internet pursuant to Section VII.G., prior to use if such plans and materials have not been prepared or previously approved by Franchisor during the twelve (12) month period immediately preceding their proposed use. Franchisee shall submit any unapproved plans and materials to Franchisor, and Franchisor shall approve or disapprove such plans and materials within twenty (20) days after receiving them. Franchisee shall not use any unapproved plans or materials until they have been approved by Franchisor, and shall promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from Franchisor.

H. Promotions. From time to time during the term of this Agreement, Franchisor may establish and conduct promotional campaigns on a national or regional basis, which may (by way of illustration and not limitation) promote particular products or services. Franchisee agrees to participate in such promotional campaigns upon such terms and conditions as Franchisor may establish. Franchisee acknowledges and agrees that such participation may require Franchisee to purchase reasonable point of sale advertising and other promotional material.

IX. MARKS

A. Right to Use Marks. Franchisor grants Franchisee the right to use the Marks during the term of this Agreement in accordance with this Agreement and Franchisor's standards and specifications.

B. Agreements Regarding the Marks. Franchisee expressly acknowledges that:

(1) As between Franchisor and Franchisee, Franchisor is the owner of all right, title and interest in and to the Marks and the goodwill associated with and symbolized by them.

(2) Neither Franchisee nor any Controlling Principal shall take any action that would prejudice or interfere with the rights of Franchisor or its affiliates in and to the Marks. Nothing in this Agreement shall give Franchisee any right, title, or interest in or to any of the Marks, except the right to use the Marks in accordance with the terms and conditions of this Agreement.

(3) Any and all goodwill arising from Franchisee's use of the Marks shall inure solely and exclusively to the benefit of Franchisor or its affiliates, and upon expiration or termination of this Agreement and the license granted herein, no monetary amount shall be attributable to any goodwill associated with Franchisee's use of the Marks.

(4) Franchisee shall not contest, or assist others to contest, the validity, or the interest, of Franchisor or its affiliates in the Marks.

(5) Any unauthorized use of the Marks shall constitute an infringement of Franchisor's or its affiliates' rights in the Marks and a material event of default under this Agreement. Franchisee shall provide Franchisor with all assignments, affidavits, documents, information and assistance related to the Marks that Franchisor or its affiliates reasonably request, including all such instruments necessary to register, maintain, enforce and fully vest the rights of Franchisor or its affiliates in the Marks.

(6) Franchisor shall have the right to substitute different trade names, trademarks, service marks, logos and commercial symbols for the current Marks to use in identifying the System and any part of the operations of the Palm Beach Tan Locations operating under the System if the current Marks no longer can be used, or if Franchisor, in its sole discretion, determines that substitution of different marks will be beneficial to the System. In such event, Franchisor may require Franchisee, at Franchisee's expense, to discontinue or modify Franchisee's use of any of the Marks or to use one or more additional or substitute marks.

C. Use of the Marks. Franchisee further agrees that Franchisee shall:

(1) Operate and advertise the Palm Beach Tan Location only under the name "Palm Beach Tan," without prefix or suffix, unless otherwise authorized or required by Franchisor. Franchisee shall not use the Marks as part of its corporate or other legal name.

(2) Identify itself as the owner of the Palm Beach Tan Location in conjunction with any use of the Marks, including, but not limited to, uses on invoices, order forms, receipts and contracts, and shall display a notice in such content and form and at such conspicuous locations on the premises of the Palm Beach Tan Location or any vehicle used in the operation of the Palm Beach Tan Location as Franchisor may designate in writing.

(3) Not use the Marks to incur any obligation or indebtedness on behalf of Franchisor.

(4) Comply with Franchisor's instructions in filing and maintaining the requisite trade name or fictitious name registrations, and execute any documents deemed necessary by Franchisor or its counsel to obtain protection of the Marks or to maintain their continued validity and enforceability.

D. Infringement. Franchisee shall notify Franchisor immediately of any apparent infringement of or challenge to Franchisee's use of any Mark and of any claim by any person of any

rights in any Mark. Franchisee and the Controlling Principals shall not communicate with any person other than Franchisor, its affiliates, their counsel, and Franchisee's counsel in connection with any such apparent infringement, challenge or claim. Franchisor shall have complete discretion to take any action it deems appropriate in connection with any infringement of, or challenge or claim to, any Mark and the right to control exclusively, or to delegate control of, any settlement, litigation, Patent and Trademark Office or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark. Franchisee agrees to execute all such instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any affiliate in the Marks.

E. Domain Names. Franchisee acknowledges that Franchisor or its affiliates are the lawful and sole owners of, among others, the Internet domain name *www.palmbeachtan.com*. Franchisee unconditionally disclaims any ownership interest in this or any similar Internet domain names, and in any Internet domain names which may now or hereafter use any of the Marks, and agrees not to register any Internet domain name in any class or category that contains the words, "Palm," "Beach," or any combination, abbreviation, acronym, phonetic variation or visual variation of those words.

X. CONFIDENTIALITY AND NONCOMPETITION COVENANTS

A. Manuals. The Manuals, including but not limited to any electronic or online versions, are Franchisor's property. Franchisor may deny access to any electronic or online version of the Manuals and Franchisee shall return any copies of the Manuals to Franchisor when this Agreement expires or is terminated for any reason. Franchisee and the Controlling Principals shall at all times treat the Manuals, and the information contained therein, as confidential and shall maintain such information as secret and confidential in accordance with this Section X. Franchisee and the Controlling Principals shall not at any time copy, duplicate, record or otherwise reproduce the Manuals, in whole or in part, or otherwise make the same available to any unauthorized person. Franchisee shall make the Manuals available only to those of Franchisee's employees who must have access to them in order to operate the Palm Beach Tan Location. Franchisor has the right to add to or modify the Manuals from time to time to, among other reasons, change operating procedures, maintain the goodwill associated with the Marks, and enable the System to remain competitive. Franchisee shall comply with the terms of all additions and modifications to the Manuals and shall keep the Manuals current. If there is a dispute about the contents of the Manuals, the terms of the master copy at Franchisor's offices shall control. The entire contents of the Manuals, and Franchisor's mandatory specifications, procedures and rules prescribed from time to time, shall constitute provisions of this Agreement as if they were set forth herein.

B. Confidentiality. Neither Franchisee nor any Controlling Principal shall, during the term of this Agreement and thereafter, communicate, divulge or use for the benefit of any other person or entity and, following the expiration or termination of this Agreement, shall not use for their own benefit or the benefit of others, any Confidential Information, knowledge or know-how concerning the methods of operation of the franchised business which may be communicated to them, or of which they may be apprised, in connection with the operation of the Palm Beach Tan Location under the terms of this Agreement. Franchisee and the Controlling Principals shall divulge such Confidential Information only to those of Franchisee's employees who must have access to it in order to operate the Palm Beach Tan Location. Neither Franchisee nor the Controlling Principals shall at any time, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce such Confidential Information, in whole or in part, nor otherwise make the same available to any unauthorized person.

(1) These covenants shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Franchisee and each of the Controlling Principals.

(2) Franchisee shall require and obtain execution of covenants similar to those set forth in this Section X.B. from its General Manager, and, at Franchisor's request, any other personnel of Franchisee who have access to Confidential Information and any holder of a beneficial interest in Franchisee who does not execute this Agreement as a Controlling Principal. Such covenants shall be substantially in the form set forth in Attachment C.

C. Noncompetition/Nonsolicitation Covenants. Franchisee and the Controlling Principals specifically acknowledge that, pursuant to this Agreement, they will receive access to valuable training, trade secrets and Confidential Information which are beyond their present skills and experience, including, without limitation, information regarding operational, sales, promotional and marketing methods and techniques of the System. Franchisee and the Controlling Principals further acknowledge that such specialized training, trade secrets and Confidential Information provide a competitive advantage, and that gaining access thereto is a primary reason for entering into this Agreement. In consideration therefor, Franchisee and the Controlling Principals covenant as follows:

(1) With respect to Franchisee, during the term of this Agreement (or with respect to each of the Controlling Principals, for so long as such person satisfies the definition of "Controlling Principal" under this Agreement), except as otherwise approved in writing by Franchisor, neither Franchisee nor any of the Controlling Principals shall, directly or indirectly, for themselves or through, on behalf of or in conjunction with any other person, persons, partnership, corporation, limited liability company, or other entity or association:

(a) Directly or indirectly divert, or attempt to divert, any business or customer of the franchised business to any competitor, or do or perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Except with respect to Palm Beach Tan Locations operated under valid agreements with Franchisor, own, maintain, operate, engage in, or have any financial or beneficial interest in (including as landlord), advise, assist or make loans to, any business that is the same as or similar to a Palm Beach Tan Location, including, without limitation, any retail tanning store or other business which offers tanning services or products, or any other products or services that Palm Beach Tan Locations offer, including, without limitation, body and skin therapy services or products, and which is located within the United States, its territories or commonwealths, or any other country, province, state or geographic area in which Franchisor has used, sought registration of or registered the Marks or similar marks or operates or licenses others to operate a business under the Marks or similar marks.

(2) With respect to Franchisee, for a continuous uninterrupted period commencing upon the expiration, termination, or transfer of all of Franchisee's interest in, this Agreement (or, with respect to each of the Controlling Principals, commencing upon the earlier of: (i) the expiration, termination of, or transfer of all of Franchisee's interest in, this Agreement or (ii) the time such individual or entity ceases to satisfy the definition of "Controlling Principal" under this Agreement) and continuing for two (2) years thereafter, except as otherwise approved in writing by Franchisor, neither Franchisee, nor any of the Controlling Principals shall, directly or indirectly, for themselves, or through, on behalf of or in conjunction with any other person, persons, partnership, corporation, limited liability company or other entity or association:

(a) Directly or indirectly divert, or attempt to divert, any business or customer of the franchised business to any competitor, or do or perform any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Except with respect to Palm Beach Tan Locations operated under valid agreements with Franchisor, own, maintain, operate, engage in, or have any financial or beneficial interest

in (including as landlord), advise, assist or make loans to, any business that is the same as or similar to a Palm Beach Tan Location, including, without limitation, any retail tanning store or other business which offers tanning services or products, or any other products or services that Palm Beach Tan Locations offer, including, without limitation, body and skin therapy services or products, and which is, or is intended to be, located (i) at the Location, (ii) within the Designated Area, or (iii) within a five (5)-mile radius of the location of any Palm Beach Tan Location then in existence or under construction.

(3) The parties agree that each of the foregoing covenants contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. Each such covenant shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section X.C. is held unreasonable or unenforceable by a court having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee and the Controlling Principals expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section X.C. The time periods relating to the obligations set forth in Section X.C.(2) will be tolled for any period of non-compliance.

(a) Franchisee and the Controlling Principals acknowledge that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Section X.C. without their consent, effective immediately upon notice to Franchisee; and Franchisee and the Controlling Principals agree that they shall promptly comply with any covenant as so modified.

(b) Franchisee and the Controlling Principals expressly agree that the existence of any claims they may have against Franchisor, whether arising under this Agreement or otherwise, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section X.C.

(4) Franchisee shall require and obtain the execution of covenants similar to those set forth in this Section X.C. from its General Manager, and, at Franchisor's request, any other personnel of Franchisee who have access to Confidential Information and any holder of a beneficial interest in Franchisee who does not execute this Agreement as a Controlling Principal. Such covenants shall be substantially in the form set forth in Attachment C. Notwithstanding the foregoing, Franchisor reserves the right, in its sole discretion, to decrease the scope of the noncompetition covenant set forth in Attachment C or eliminate such noncompetition covenant altogether for any person that is required to execute such agreement under this Section X.C.(4).

D. Injunctive Relief. Franchisee and the Controlling Principals acknowledge that any failure to comply with the requirements of this Section X. shall constitute a material event of default under this Agreement and further acknowledge that such a violation would result in irreparable injury to Franchisor for which no adequate remedy at law may be available. Franchisee and the Controlling Principals accordingly consent to the issuance of an injunction prohibiting any conduct by them in violation of the terms of this Section X. and agree to pay all court costs and reasonable attorneys' fees incurred by Franchisor in connection with the enforcement of this Section X., including all costs and expenses for obtaining specific performance, or an injunction against the violation, of the requirements of such Section, or any part thereof.

E. New Developments. If Franchisee, its employees, or Controlling Principals develop any new concept, process or improvement in the operation or promotion of the franchised business, Franchisee shall promptly notify Franchisor and provide Franchisor with all necessary related information. Any such concept, process or improvement shall become Franchisor's sole property and Franchisor shall be the sole owner of all patents, patent applications, and other intellectual property rights

related thereto. Franchisee and its Controlling Principals hereby assign to Franchisor any rights they may have or acquire therein, including the right to modify such concept, process or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto, without compensation, and will obtain any appropriate assignments from others. Franchisee and its Controlling Principals agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. Franchisee and its Controlling Principals hereby irrevocably designate and appoint Franchisor as their agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property right related to any such concept, process or improvement. In the event that the foregoing provisions of this Section X.E. are found to be invalid or otherwise unenforceable, Franchisee and its Controlling Principals hereby grant to Franchisor a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe their rights therein.

XI. BOOKS AND RECORDS

A. Maintenance Requirement. Franchisee shall maintain during the term of this Agreement, in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manuals, and shall preserve for at least three (3) years from the date of preparation, full, complete and accurate books, records and accounts of the Palm Beach Tan Location, including, but not limited to, sales slips, coupons, purchase orders, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals and ledgers.

B. Reports. In addition to the reports required by Sections IV. and VIII. hereof, Franchisee shall comply with the following reporting obligations:

(1) Franchisee shall, at Franchisee's expense, submit to Franchisor, in the form prescribed by Franchisor, Franchisee's monthly and year-to-date balance sheet and profit and loss statement (which may be unaudited) within thirty (30) days after the end of each calendar quarter during the term hereof. Each such statement shall be signed by Franchisee's treasurer, chief financial officer or comparable officer attesting that it is true, complete and correct.

(2) Franchisee shall, at its expense, submit to Franchisor, within ninety (90) days after the end of each fiscal year, Franchisee's complete annual financial statement, showing the results of Franchisee's operations during such fiscal year. Franchisee's annual financial statement may be unaudited, but shall be reviewed by an independent certified public accountant satisfactory to Franchisor. Without prejudiced to any other rights it may have, Franchisor reserves the right to require Franchisee's annual financial statements to be audited by an independent certified public accountant satisfactory to Franchisor at Franchisee's cost and expense if an inspection of Franchisee discloses an understatement of three percent (3%) or more in any report to Franchisor.

(3) Franchisee shall, at its expense, submit to Franchisor (i) if required, copies of Franchisee's federal income tax returns (including any extension requests) not later than five (5) days after filing and (ii) copies of Franchisee's state sales tax returns within five (5) days after the end of each calendar quarter. If the Palm Beach Tan Location is in a state which does not impose a sales tax, Franchisee shall submit a copy of its state income tax return (including any extension requests) not later than five (5) days after filing.

(4) Franchisee also shall submit to Franchisor such other forms, reports, records, information and data as Franchisor may reasonably designate, in the form and at the times and places reasonably required by Franchisor.

C. Audits. Franchisor or its designees shall have the right at all reasonable times to review, audit, examine and copy the books and records of Franchisee. If any required royalty or other required payments to Franchisor are delinquent, or if an audit should reveal that such payments have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount overdue or understated upon demand with interest determined in accordance with Section IV.C. If an audit discloses an understatement in any report of three percent (3%) or more, Franchisee may be required, in addition, to reimburse Franchisor for all costs and expenses connected with the audit, including, without limitation, reasonable accounting and attorneys' fees. If an inspection discloses an understatement in any report of five percent (5%) or more, such understatement shall constitute a material default under this Agreement. These remedies shall be in addition to any other remedies Franchisor may have.

D. No Waiver. Franchisor's receipt or acceptance of any of the statements furnished or amounts paid to Franchisor (or the cashing of any check or processing of any electronic fund transfer) shall not preclude Franchisor from questioning the correctness thereof at any time, and, in the event that any errors are discovered in such statements or payments, Franchisee shall immediately correct the error and make the appropriate payment to Franchisor.

E. Authorization to Release Information. Franchisee hereby authorizes (and agrees to execute any other documents deemed necessary to effect such authorization) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other persons or entities with whom Franchisee does business to disclose to Franchisor any financial information in their possession relating to Franchisee or the Palm Beach Tan Location which Franchisor may request. Franchisee authorizes Franchisor to disclose data from Franchisee's reports if Franchisor determines, in its sole discretion, that such disclosure is necessary or advisable, which disclosure may include disclosure to prospective or existing franchisees or other third parties.

F. Customer Lists. Franchisor and Franchisee shall jointly own all right, title and interest in and to all customer lists and customer information regarding all past and present customers of the Palm Beach Tan Location (collectively, "Customer Information"); provided, however, that if this Agreement is terminated following any default by Franchisee and Franchisor exercises its right to acquire all or some of Franchisee's furnishings, equipment, signs, fixtures, supplies, materials or other assets or exercises its right to assume Franchisee's lease or sublease for the premises of the Palm Beach Tan Location as permitted under Section XVIII of this Agreement, Franchisee's rights in the Customer Information shall automatically terminate and Franchisee shall immediately deliver all Customer Information in its possession to Franchisor, and Franchisor shall be the sole owner of all Customer Information. For Conversion Locations, Customer Information includes information regarding customers of Franchisee's business prior to and after its conversion to a Palm Beach Tan Location. Franchisee acknowledges and agrees that Franchisor may use the Customer Information in perpetuity for any purpose whatsoever without compensation to Franchisee.

XII. INSURANCE

A. Insurance Coverage Requirements. No later than the date that Franchisee executes the lease for the Location or ninety (90) days prior to the Opening Date, whichever is earlier, Franchisee shall procure, and shall maintain in full force and effect at all times during the term of this Agreement, at Franchisee's expense, an insurance policy or policies protecting Franchisee, Franchisor, its affiliates, successors and assigns, and the officers, directors, shareholders, partners, agents, representatives,

independent contractors and employees of each of them against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring at or in connection with the operation of the Palm Beach Tan Location. Such policy or policies shall be written by a responsible carrier or carriers rated "A" or better by the A.M. Best Company, Inc. and otherwise reasonably acceptable to Franchisor and shall include, at a minimum (except as additional coverages and higher policy limits may reasonably be specified by Franchisor from time to time in writing), the following:

(1) Comprehensive General Liability Insurance, including broad form contractual liability, broad form property damage, personal injury, advertising injury, completed operations, products liability and fire damage coverage, in the amount of One Million Dollars ($1,000,000) combined single limit per occurrence and Two Million Dollars ($2,000,000) general aggregate.

(2) "All Risks" coverage for the full cost of replacement of the Palm Beach Tan Location premises and all other property in which Franchisor may have an interest with no coinsurance clause for the premises. The program shall include "glass coverage".

(3) An "umbrella" policy providing excess coverage with limits of not less than Two Million Dollars ($2,000,000).

(4) Worker's compensation insurance in amounts required by applicable law, or, if permissible under applicable law, employer's liability insurance with minimum limits of $500,000/500,000/500,000.

(5) Such other insurance as may be required by the landlord of the premises at and by the state or locality in which the Palm Beach Tan Location is located.

B. Deductibles; Waiver of Subrogation. Franchisee may elect to have reasonable deductibles in connection with the coverage required under Sections XII.A.(1)-(5) hereof. Such policies shall also include a waiver of subrogation in favor of Franchisor, its affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them.

C. No Limitation of Other Obligations; Use of Proceeds. Franchisee's obligation to obtain and maintain the foregoing policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section XV. of this Agreement. In the event of damage to the Palm Beach Tan Location covered by insurance, the proceeds of any such insurance shall be used to restore the Palm Beach Tan Location to the current design as soon as possible, unless such restoration is prohibited by the Location lease or Franchisor has otherwise consented in writing.

D. Additional Insured Designation. All insurance policies required hereunder, with the exception of workers' compensation or employer's liability insurance, shall name Franchisor and its affiliates, and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, as additional insureds, and shall expressly provide that their interest shall not be affected by Franchisee's breach of any policy provisions. All public liability and property damage policies shall contain a provision that Franchisor and its affiliates, and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss occasioned to them by reason of the negligence of Franchisee or its servants, agents or employees.

E. Certificates of Insurance. Within thirty (30) days after obtaining the insurance as required in Section XII.A., and thereafter thirty (30) days prior to the expiration of any policy required hereunder, Franchisee shall deliver to Franchisor certificates of insurance evidencing the existence and continuation of proper coverage with limits not less than those required hereunder. In addition, if requested by Franchisor, Franchisee shall deliver to Franchisor a copy of the insurance policy or policies required hereunder. All insurance policies required hereunder shall expressly provide that no less than thirty (30) days' prior written notice shall be given to Franchisor in the event of a material alteration to or cancellation of the policies.

F. Remedies. Should Franchisee fail to procure or maintain the insurance required by this Agreement, Franchisor shall have the right and authority (without, however, any obligation to do so) to procure such insurance and to charge the cost of such insurance to Franchisee, together with a reasonable fee for Franchisor's expenses in so acting. Such amounts shall be payable by Franchisee immediately upon notice. The foregoing remedies shall be in addition to any other remedies Franchisor may have at law or in equity.

XIII. DEBTS AND TAXES

A. Payment of Taxes and Other Obligations. Franchisee shall promptly pay when due all Taxes levied or assessed and all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the franchised business. Without limiting the provisions of Section XV., Franchisee shall be solely liable for the payment of all Taxes and shall indemnify Franchisor for the full amount of all such Taxes and for any liability (including penalties, interest and expenses) arising from or concerning the payment of Taxes, whether or not correctly or legally assessed.

B. No Deduction. Each payment to be made to Franchisor hereunder shall be made free and clear and without deduction for any Taxes.

C. Disputed Liability. In the event of any bona fide dispute as to Franchisee's liability for Taxes or other indebtedness, Franchisee may contest the validity or the amount of the Tax or indebtedness in accordance with the procedures of the taxing authority or applicable law. However, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant or attachment by a creditor, to occur against the assets of the franchised business.

D. Credit Standing. Franchisee recognizes that the failure to make payments or repeated delays in making prompt payments to suppliers will result in a loss of credit rating or standing which will be detrimental to the goodwill associated with the Marks and the System. Except for payments which are disputed by Franchisee in good faith, Franchisee agrees to promptly pay when due all amounts owed by Franchisee to Franchisor, its affiliates, and other suppliers.

E. Notice of Adverse Orders. Franchisee shall notify Franchisor in writing within five (5) days of receiving notice of the commencement of any action, suit or proceeding and the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of the franchised business.

XIV. TRANSFER

A. By Franchisor. Franchisor shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity without Franchisee's consent, and upon such transfer or assignment, the transferee or assignee shall be solely responsible for all Franchisor's obligations arising hereunder subsequent to the transfer or assignment. Without limitation of the foregoing, Franchisor may sell its assets to a third party; may offer its securities privately or publicly; may merge with or acquire other entities or persons, or may be acquired by another entity or person; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring.

B. Transfers That Effect A Change In Control. Franchisee acknowledges that Franchisee's rights and duties under this Agreement are personal to Franchisee and that Franchisor has granted such rights in reliance on the business skill, financial capacity and character of Franchisee and its Principals. Accordingly, without Franchisor's written consent, neither Franchisee, nor any Principal, nor any successor or assignee of Franchisee or any Principal, shall sell, assign, transfer, convey, merge, give away, or otherwise dispose of any direct or indirect interest in this Agreement, in the Palm Beach Tan Location, or in Franchisee, whether or not such sale, assignment, transfer, conveyance, merger, gift, or disposition constitutes a transfer or assignment under applicable law, which effects a Change in Control (as defined in Section XXI.E.). Transfers that do not result in a Change in Control shall be governed by Section XIV.G. of this Agreement. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material event of default. Franchisor shall not unreasonably withhold its consent to a transfer that will constitute a Change In Control but Franchisor may require any or all of the following as conditions of its approval to any such transfer:

(1) All accrued monetary obligations of Franchisee and its affiliates to Franchisor and its affiliates arising under this Agreement, or any other agreement, shall have been satisfied in a timely manner, and Franchisee shall have satisfied all trade accounts and other debts of whatever nature or kind;

(2) Franchisee and its affiliates shall not be in default of this Agreement, or any other agreement with Franchisor or its affiliates, and shall have substantially and timely complied with all the terms and conditions of such agreements during their respective terms, and if this Agreement has been executed pursuant to a Development Agreement, Franchisee must concurrently transfer to the same transferee such Development Agreement and all franchise agreements executed pursuant thereto;

(3) The transferor and its principals, if applicable, shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims, against Franchisor and its affiliates, their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, past and present, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and any other agreement with Franchisor or its affiliates, and under federal, state or local laws, rules, and regulations or orders;

(4) The transferee shall demonstrate to Franchisor's satisfaction that it meets Franchisor's then-current qualifications, and, at the transferee's expense, its operating principal, general manager, and any other personnel required by Franchisor shall complete any training programs then in effect for Palm Beach Tan Locations upon such terms and conditions as Franchisor may reasonably require;

(5) The transferee shall, at its expense, assume or acquire site location by purchase or lease and furnish to Franchisor a copy of the lease or contract of sale, as applicable, executed in transferees own name as lessee within ten (10) days after execution. Transferee shall then, at its own

expense, as applicable and within the time period reasonably required by Franchisor, renovate, modernize and otherwise upgrade the Palm Beach Tan Location to conform to the then-current System image, standards and specifications;

(6) The transferee shall enter into a written agreement, in a form satisfactory to Franchisor, assuming full, unconditional, joint and several, liability for, and agreeing to perform from the date of the transfer, all obligations, covenants and agreements of Franchisee under this Agreement. If the transferee is a corporation, partnership, limited liability company or other entity, those of transferee's principals who are designated as controlling principals, also shall execute such agreement and guarantee the performance thereof;

(7) The transferee shall execute Franchisor's then-current form of franchise agreement for a term ending on the expiration date of this Agreement (including any renewal terms provided by this Agreement). The new franchise agreement shall supersede this Agreement in all respects and its terms may differ from the terms of this Agreement, including higher fees, but the transferee shall not be required to pay an initial franchise fee. If the transferee is a corporation, partnership, limited liability company or other entity, those of transferee's principals who are designated as controlling principals, also shall execute such agreement and guarantee the performance thereof;

(8) The transferor shall remain liable for all of its obligations to Franchisor under this Agreement incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability;

(9) Franchisee shall pay Franchisor a transfer fee of five thousand dollars ($5,000) and shall reimburse Franchisor for its reasonable costs and expenses associated with the transfer, including, without limitation, legal and accounting fees;

(10) If transferee is a corporation, partnership, limited liability company or other entity, the transferee shall make all of the representations, warranties and covenants in Section VI. as Franchisor may request, and shall provide evidence satisfactory to Franchisor that such representations, warranties and covenants are true and correct as of the date of the transfer.

C. Transfers for Convenience of Ownership. If the proposed transfer is to a corporation or other entity formed solely for the convenience of ownership, Franchisor's consent may be conditioned upon any of the requirements in Section XIV.B., except that Sections XIV.B.(3), (4), (5) (7) and (9) shall not apply. In any transfer for the convenience of ownership, Franchisee shall be the owner of all the voting stock or ownership interests in the new entity, or, if Franchisee is more than one individual, each individual shall have the same proportionate ownership interest in the new entity as he or she had in Franchisee prior to the transfer.

D. Grant of Security Interest. Neither Franchisee nor any of its Principal shall pledge, mortgage, encumber or grant a security interest in this Agreement, the Location, or any ownership interest in Franchisee without Franchisor's prior written consent, which will not be unreasonably withheld. In connection therewith, Franchisor may condition its consent on the agreement of the secured party that, in the event of any default, Franchisor shall have the right (but not the obligation) to cure such default.

E. Right of First Refusal. If Franchisee or a Controlling Principal wishes to transfer any interest in this Agreement, the Palm Beach Tan Location, or Franchisee, pursuant to any bona fide offer received from a third party to purchase such interest, then such proposed seller shall promptly notify Franchisor in writing of the offer, and shall provide such information and documentation relating to the offer as Franchisor may require. Franchisor shall have the right and option, exercisable within thirty (30) days after receipt of such written notification and copies of all required documentation describing the

terms of the offer, to send written notice to the seller that Franchisor intends to purchase the seller's interest on the terms and conditions offered by the third party. If Franchisor elects to purchase the seller's interest, closing shall occur on or before sixty (60) days from the later of the date of Franchisor's notice to seller of its election to purchase and the date Franchisor receives all necessary permits and approvals, or any other date agreed by the parties in writing. If the third party offer provides for payment of consideration other than cash, Franchisor may elect to purchase seller's interest for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the reasonable cash equivalent, then that amount shall be determined by two (2) appraisers. Each party shall select one (1) appraiser and the average of the appraisers' determinations shall be binding. Each party shall bear its own legal and other costs and shall share the appraisal fees equally. If Franchisor exercises its right of first refusal, it shall have the right to set off all appraisal fees and other amounts due from Franchisee to Franchisor or any of its affiliates. A material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal as an initial offer. Franchisor's failure to exercise the option afforded by this Section XIV.E. shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Section XIV.B. Failure to comply with this Section XI.E. shall constitute a material event of default under this Agreement.

F. Death or Permanent Disability. Franchisee or its representative shall promptly notify Franchisor of any death or claim of permanent disability subject to this Section XIV.F. Any transfer upon death or permanent disability shall be subject to the following conditions, as well as to the conditions described in Section XIV.B. for any inter vivos transfer.

(1) Upon the death of Franchisee (if Franchisee is a natural person) or any Controlling Principal who is a natural person (the "Deceased"), the executor, administrator or other personal representative of the Deceased shall transfer such interest to a third party approved by Franchisor within twelve (12) months after the date of death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by Franchisor. If the distributee is not approved by Franchisor, then the distributee shall transfer such interest to a third party approved by Franchisor within twelve (12) months after the death of the Deceased. Notwithstanding the foregoing, in circumstances where the Deceased is a Controlling Principal, the transfer of the Deceased's interest to a trust established for the benefit of the Deceased's estate shall be deemed to be a transfer to a third party approved by the Franchisor, provided, that Franchisee continues to operate its business in accordance with the Franchise Agreement under the supervision of an Operating Principal and, if applicable, a General Manager approved by Franchisor. Franchisor's approval of a successor or substitute Operating Principal shall not be unreasonably withheld.

(2) Upon the permanent disability of Franchisee (if Franchisee is a natural person) or any Controlling Principal who is a natural person, Franchisor may, in its sole discretion, require such interest to be transferred to a third party in accordance with the conditions described in this Section XIV. within six (6) months after notice to Franchisee. Notwithstanding the foregoing, a Controlling Principal shall not be required to transfer its interest in Franchisee in the event of permanent disability, provided, that the operation of the Palm Beach Tan Location continues to be conducted in accordance with the Franchise Agreement under the supervision of an Operating Principal and, if applicable, a General Manager approved by Franchisor, and, if the Controlling Principal suffering the permanent disability is the Operating Principal, a successor or substitute operating principal approved by Franchisor is appointed within a reasonable period of time. Franchisor's approval of a successor or substitute Operating Principal will not be unreasonably withheld. "Permanent disability" shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Agreement or in the guaranty made part of this Agreement for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. Permanent disability shall be confirmed by a licensed practicing physician selected by Franchisor, upon examination of the person; or if the person refuses to submit to an examination, then

such person automatically shall be deemed permanently disabled as of the date of such refusal for the purpose of this Section XIV.F. The costs of any examination required by this Section shall be paid by Franchisor.

G. Transfers That Do Not Effect A Change In Control. If any person holding an interest in this Agreement, the Palm Beach Tan Location, or in Franchisee proposes to transfer such interest and such proposed transfer does not effect a Change in Control, then Franchisee shall promptly notify Franchisor of such proposed transfer in writing and shall provide such information relative thereto as Franchisor may reasonably request prior to the transfer. The transferee shall not be one of Franchisor's competitors and may be required to execute a confidentiality agreement and ancillary covenants not to compete in the form then required by Franchisor, which form shall be in substantially the same as the form attached to this Agreement as Attachment C. Franchisor reserves the right to designate the transferee as one of the Controlling Principals.

H. Securities Offering. Interests in Franchisee shall not be offered to the public by private or public offering without Franchisor's prior written consent, which shall not be unreasonably withheld. As a condition of its consent, Franchisor reserves the right to require that, immediately after such offering, Franchisee and the Controlling Principals retain a Controlling Interest in Franchisee. Franchisee shall give Franchisor written notice at least thirty (30) days prior to the commencement of any offering covered by this Section XIV.H. All offering materials shall be submitted to Franchisor for review prior to being filed with any governmental agency or distributed for use. Franchisor's review of the offering materials shall be limited solely to the subject of the relationship between Franchisee and Franchisor. No offering shall imply that Franchisor is participating in an underwriting, issuance or offering of securities. Franchisor may require the offering materials to contain a written statement prescribed by Franchisor concerning the relationship of Franchisee and Franchisor. Franchisee, its Controlling Principals and the other participants in the offering must fully indemnify Franchisor, its affiliates, their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, past and present, in connection with the offering. For each proposed offering, Franchisee shall reimburse Franchisor for its reasonable costs and expenses (including, without limitation, legal and accounting fees) associated with reviewing the offering materials.

I. No Waiver. Franchisor's consent to the transfer of any interest described in this Section XIV. shall not constitute a waiver of any claims which Franchisor may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand transferee's exact compliance with any of the terms of this Agreement.

XV. INDEMNIFICATION

A. Indemnification of Franchisor. Franchisee shall, at all times, indemnify and hold harmless to the fullest extent permitted by law, Franchisor, its affiliates, successors and assigns, and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, past or present, of each of them ("Indemnitees"), from all Losses and Expenses, defined below, incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or is based upon any of the following:

(1) The infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any of the Controlling Principals of any patent, mark or copyright or other proprietary right owned or controlled by third parties, unless such violation or infringement relates to the use of the Marks or other proprietary information as to which a license is granted hereunder and such use has been in accordance with this Agreement;

(2) The violation, breach, or asserted violation or breach, by Franchisee or any of the Controlling Principals of any federal, state or local law, regulation, ruling, standard or directive or any industry standard;

(3) Libel, slander or any other form of defamation of Franchisor, the System or any franchisee or developer operating under the System, by Franchisee or by any of the Controlling Principals;

(4) The violation or breach by Franchisee or by any of the Controlling Principals of any warranty, representation, agreement or obligation under this Agreement or any other agreement with Franchisor or any of its affiliates; and

(5) Acts, errors, or omissions of Franchisee, its affiliates, any of the Controlling Principals and the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of each of them in connection with the establishment and operation of the Palm Beach Tan Location and arising out of Franchisee's employer/employee relationships.

B. Defense of Claim. Franchisee agrees to give Franchisor notice of any such action, suit, proceeding, claim, demand, inquiry, or investigation. At the expense and risk of Franchisee, Franchisor may elect to assume (but under no circumstance is obligated to undertake) or to engage associate counsel of its own choosing with respect to, the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation. No such undertaking by Franchisor shall diminish the obligation of Franchisee to indemnify the Indemnitees and to hold them harmless.

C. Settlement. In order to protect persons or property, its reputation or goodwill, or the reputation or goodwill of others, Franchisor may, at any time and without notice, as it, in its judgment deems appropriate, consent or agree to settlements or take such other remedial or corrective action as it deems expedient with respect to any action, suit, proceeding, claim, demand, inquiry or investigation if, in Franchisor's sole judgment, there are reasonable grounds to believe that any of the acts or circumstances enumerated in Section XV.A.(1)-(4) above have occurred, or any act, error, or omission described in Section XV.A.(5) may result, directly or indirectly, in damage, injury, or harm to any person or property.

D. Losses and Expenses.

(1) All Losses and Expenses incurred under this Section XV. shall be chargeable to and paid by Franchisee, regardless of any actions, activity or defense undertaken by Franchisor or the subsequent success or failure of such actions, activity, or defense.

(2) The phrase "Losses and Expenses" shall include, without limitation, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, reasonable attorneys' fees, court costs, settlement amounts, judgments, compensation for damages to the Franchisor's reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting or replacing the same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

E. Contributory Negligence. The Indemnitees do not assume any liability whatsoever for acts, errors, or omissions of any third party with whom Franchisee, its affiliates, any of the Controlling Principals, or any of their respective officers, directors, shareholders, partners, agents, representatives, independent contractors and employees may contract, regardless of the purpose. Franchisee shall hold harmless and indemnify the Indemnitees for all losses and expenses which may arise out of any acts, errors or omissions of such persons without limitation and without regard to the cause or causes thereof or

the negligence of Franchisor or any other party or parties arising in connection therewith, whether such negligence be sole, joint or concurrent, or active or passive.

F. Mitigation Not Required. Under no circumstances shall the Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against Franchisee or any of the Controlling Principals. Franchisee and each of the Controlling Principals agree that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable from Franchisee or any of the Controlling Principals by the Indemnitees.

G. Survival. The terms of this Section XV. shall survive the termination, expiration or transfer of this Agreement or any interest herein.

XVI. RELATIONSHIP OF THE PARTIES

A. Independent Contractor Relationship. Franchisee agrees that the relationship created by this Agreement is not a fiduciary, special, or any other similar relationship, but rather is an arm's-length business relationship, and Franchisor owes Franchisee no duties except as expressly provided in this Agreement. Franchisee shall be an independent contractor, and nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose. During the term of this Agreement, Franchisee shall hold itself out to the public as an independent contractor conducting its Palm Beach Tan Location operations pursuant to the rights granted by Franchisor. All employees hired by or working for Franchisee shall be the employees of Franchisee and shall not, for any purpose, be deemed employees of Franchisor or subject to Franchisor control. Franchisor has no authority to hire, fire, promote, or demote any of Franchisee's employees or take any disciplinary action whatsoever against any of them. Additionally, Franchisee must communicate to all employees that Franchisee, not Franchisor, is their employer; and Franchisee must ensure that no payroll checks or other employment-related documents (such as job applications and W-2s) contain or reference the Marks or Franchisor's name. Each of the parties shall file its own tax, regulatory and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof.

B. No Authority. Nothing in this Agreement authorizes Franchisee or any of the Controlling Principals to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name, and Franchisor shall in no event assume liability for, or be deemed liable under, this Agreement as a result of, any such action, or for any act or omission of Franchisee or any of the Controlling Principals or any claim or judgment arising therefrom.

XVII. TERMINATION

A. Default and Termination. Franchisee acknowledges that each of Franchisee's obligations described in this Agreement is a material and essential obligation; that nonperformance of such obligations will adversely and substantially affect the Franchisor and the System; and that the exercise by Franchisor of the rights and remedies set forth herein is appropriate and reasonable.

B. Automatic Termination. Franchisee shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or make a general assignment for the benefit of creditors; or if Franchisee files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing its inability to pay its debts when due; or if Franchisee is adjudicated as bankrupt or insolvent in proceedings filed against Franchisee under any section or chapter of federal bankruptcy laws or under any similar law or statute of

the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee's business or property; or if suit to foreclose any lien or mortgage against the Palm Beach Tan Location premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days; or if the real or personal property of Franchisee's Palm Beach Tan Location shall be sold after levy thereupon by any sheriff, marshal or constable.

C. Termination on Notice; No Cure. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon notice to Franchisee, upon the occurrence of any of the following events:

(1) If Franchisee operates the Palm Beach Tan Location or sells any products or services authorized by Franchisor for sale at the Palm Beach Tan Location at a location other than the Location identified on Attachment A.

(2) If Franchisee fails to acquire the Location within the time and manner specified by this Agreement.

(3) If Franchisee fails to construct or remodel the Palm Beach Tan Location in accordance with Franchisor's prototypical plans, as adapted in accordance with Section II.

(4) If Franchisee fails to open the Palm Beach Tan Location for business within the period specified in Section II.C. of this Agreement.

(5) If Franchisee at any time ceases to operate or otherwise abandons the Palm Beach Tan Location, or loses the right to occupy the premises, or otherwise forfeits the right to do or transact business in the jurisdiction where the Palm Beach Tan Location is located; provided, that this provision shall not apply in the event of a force majeure, if Franchisee applies within thirty (30) days after such event for Franchisor's approval to relocate or reconstruct the Palm Beach Tan Location and Franchisee diligently pursues such reconstruction or relocation. Franchisor's approval not be unreasonably withheld but may be conditioned upon the payment of an agreed minimum fee to Franchisor during the period in which the Palm Beach Tan Location is not in operation.

(6) If Franchisee or any of the Controlling Principals is convicted of, or has entered a plea of nolo contendere to, a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or Franchisor's interests therein (a "Criminal Determination"); provided, that if any Controlling Principal is the subject of a Criminal Determination, Franchisee may cure such default by (i) promptly notifying Franchisor that Franchisee intends to acquire such Controlling Principal's ownership interest in Franchisee, (ii) acquiring such ownership interest within a reasonable period of time, not to exceed ninety (90) days from the date of the Criminal Determination, and (iii) prohibiting such Controlling Principal from having any future involvement in the business.

(7) If a threat or danger to public health or safety results from the construction or operation of the Palm Beach Tan Location.

(8) If Franchisee or any of the Controlling Principals purports to transfer any rights or obligations under this Agreement or any interest in Franchisee or the Palm Beach Tan Location to any third party without Franchisor's prior written consent or without offering Franchisor a right of first refusal contrary to the terms of Section XIV., or if a transfer upon death or permanent disability is not made in accordance with Section XIV.

(9) If, contrary to the terms of Section X.B., Franchisee or any of the Controlling Principals discloses or divulges any Confidential Information.

(10) If Franchisee knowingly maintains false books or records, or submits any false reports to Franchisor.

(11) If Franchisee breaches in any material respect any of the covenants, or has falsely made any of the representations or warranties, set forth in Section VI.

(12) If Franchisee fails to comply with Franchisor's Quality Assurance Program and fails to cure any default thereunder within the applicable cure period.

(13) If Franchisee or any of the Controlling Principals repeatedly commits a material event of default under this Agreement, whether or not such defaults are of the same or different nature and whether or not such defaults have been cured by Franchisee after notice by Franchisor.

D. Termination on Notice; Opportunity to Cure. Except as provided in Sections XVII.B. and XVII.C. of this Agreement, upon any default by Franchisee which is capable of being cured, Franchisor may terminate this Agreement by giving Franchisee written notice of termination stating the nature of the default and the time period within which the default must be cured. Franchisee may avoid termination by immediately initiating a remedy to cure such default and curing it to Franchisor's satisfaction within the time period set forth below or any longer period that applicable law may require ("cure period"). If any such default is not cured within the cure period, this Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the cure period. Defaults which are susceptible of cure hereunder may include, but are not limited to, the following:

(1) If Franchisee fails to procure and maintain the insurance policies required by Section XII. and fails to cure such default within seven (7) days following notice from Franchisor.

(2) If Franchisee misuses or makes any unauthorized use of the Marks or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein and fails to cure such default within twenty-four (24) hours following notice from Franchisor.

(3) If Franchisee fails to obtain the execution of the confidentiality and related covenants as required under Sections X.B. or X.C. of this Agreement within ten (10) days after being requested to do so by Franchisor and fails to cure such default within thirty (30) days following notice from Franchisor.

(4) If Franchisee or any of its affiliates fails, refuses, or neglects promptly to pay any monies owed to Franchisor or any of its affiliates, when due under this Agreement or any other agreement, or fails to submit the financial or other information required by Franchisor under this Agreement and does not cure such default within five (5) days following notice from Franchisor, or if Franchisee or any of its affiliates commits any other material default under this Agreement or any other agreement between Franchisor or its affiliates and Franchisee or its affiliates and does not cure such default within the applicable cure period, if any, provided for in the applicable agreement.

(5) If Franchisee or any of the Controlling Principals fails to comply with the restrictions against competition set forth in Section X.C. of this Agreement and fails to cure such default within ten (10) days following notice from Franchisor.

(6) If Franchisee fails to maintain or observe any of the standards, specifications or procedures prescribed by Franchisor in this Agreement or otherwise in writing, and fails to cure such default within thirty (30) days following notice from Franchisor.

(7) If Franchisee fails to designate a qualified replacement Operating Principal, General Manager or Store Manager within sixty (60) days after any initial or successor Operating Principal or General Manager ceases to serve or if any Operating Principal, General Manager, or Store Manager fails to satisfactorily complete Franchisor's management training program and Franchisee fails to cure such default within ninety (90) days following written notice from Franchisor.

(8) If Franchisee fails to comply with any other requirement imposed by this Agreement, or fails to carry out the terms of this Agreement in good faith and fails to cure such default within thirty (30) days following notice from Franchisor.

E. Liquidated Damages. Franchisee acknowledges and agrees that, in the event this Franchise Agreement is terminated as a result of Franchisee's default under Sections XVII.B., C. or D. above or for any other reason, such termination may result in lost future revenue and profits to Franchisor, harm to the goodwill associated with the System and the Marks, and increased costs to Franchisor to redevelop or re-franchise the market in which the Palm Beach Tan Location is located. Franchisor and Franchisee agree that such damages may be difficult to quantify or estimate. If the Franchise Agreement is terminated within the first twelve (12) months of operation, Franchisee agrees to pay Franchisor liquidated damages in the amount of $30,000. If the Franchise Agreement is terminated after the first twelve (12) months of operation, in lieu of the payment of damages as a result of or related to such termination, Franchisee agrees to pay Franchisor, in addition to any other monies owed hereunder, liquidated damages (for early termination and not as a penalty) equal to (a) the average of the monthly royalty fees and Advertising Fund contributions required hereunder for the twenty-four (24) months preceding Franchisee's termination (or if Franchisee has been operating the Palm Beach Tan Location for less than twenty-four (24) months, the average for the months Franchisee operated the Palm Beach Tan Location before termination), (b) multiplied by the lesser of (i) twenty-four (24), or (ii) the number of months remaining in the term of this Franchise Agreement or $30,000, whichever is greater. Franchisee shall pay Franchisor the payment specified in this Section XVII.E. no later than five (5) days following the termination of this Franchise Agreement. In addition to Franchisor's right to the payment of liquidated damages as provided in this Section XVII.E., Franchisor shall not otherwise be limited in its ability to recover other monies due under the Franchise Agreement and to otherwise seek damages or equitable relief for the harm caused by the conduct which gave rise to the termination, as well as for any other defaults of Franchisee under the Franchise Agreement and to obtain such other relief in law or equity as provided for in this Franchise Agreement, including without limitation, enforcing Franchisee's compliance with the post-termination obligations set forth in Section XVIII. of this Franchise Agreement; provided, that Franchisor shall not be entitled to recover damages for lost future revenue or profits in excess of the liquidated damages specified in this Section XVII.E.

F. Other Remedies. In addition to, and not in lieu of, Franchisor's other remedies under this Agreement (including those set forth in this Section XVII) and such other remedies Franchisor may have at law or in equity (which may include without limitation, an action for specific performance and injunctive relief), Franchisor may at any time upon a breach of this Agreement by Franchisee, suspend Franchisee's access to all or some of the Customer Information and all or any portion of the electronic cash register systems/point of sale systems and any other computer systems used to operate the Palm Beach Tan Location until such breach is cured to Franchisor's reasonable satisfaction.

XVIII. POST-TERMINATION

A. Franchisee's Obligations Upon Termination. Upon termination or expiration of this Agreement, all rights granted hereunder to Franchisee shall terminate, and Franchisee shall:

(1) Immediately cease to operate the Palm Beach Tan Location under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.

(2) Immediately and permanently cease to use, in any manner whatsoever, any Confidential Information, methods, procedures, and techniques associated with the System and the Marks. Without limitation of the foregoing, Franchisee shall cease to use all signs, advertising materials, displays, stationery, forms and any other items which display the Marks.

(3) Take such action as may be necessary to cancel any assumed name or equivalent registration which contains the mark "Palm Beach Tan" or any other Mark, and furnish Franchisor with satisfactory evidence of compliance within five (5) days after termination or expiration of this Agreement.

(4) Not use any reproduction, counterfeit, copy or colorable imitation of the Marks, in connection with any other business, which is likely to cause confusion, mistake, or deception, or which is likely to dilute Franchisor's rights in and to the Marks, nor shall Franchisee use any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor constituting unfair competition.

(5) Promptly pay all sums owing to Franchisor and its affiliates, and all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of any default by Franchisee or in connection with obtaining injunctive or other relief for the enforcement of any provisions of this Section XVIII., which obligation shall give rise to and remain a lien in favor of Franchisor against any and all assets of Franchisee, until such obligations are paid in full.

(6) Immediately deliver to Franchisor all Manuals, records, files (including all Customer Information, if applicable, in accordance with Section XI.F. of this Agreement), instructions, correspondence, software programs, and other materials related to the operation of the Palm Beach Tan Location in Franchisee's possession or control, and all copies thereof, all of which are acknowledged to be Franchisor's property, and retain no copy or record of any of the foregoing, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents which Franchisee reasonably needs for compliance with any provision of law.

(7) Comply with the restrictions against the disclosure of Confidential Information and against competition contained in Section X. of this Agreement and cause any other person required to execute similar covenants pursuant to Section X. also to comply with such covenants.

(8) Promptly furnish to Franchisor an itemized list of all advertising and sales promotion materials bearing the Marks, whether located at the Palm Beach Tan Location or at any other

location under Franchisee's control. Franchisor shall have the right to inspect these materials and the option, exercisable within thirty (30) days after such inspection, to purchase any or all of the materials at Franchisee's cost. Materials not purchased by Franchisor shall not be utilized by Franchisee or any other party for any purpose unless authorized in writing by Franchisor.

(9) At Franchisor's option, assign to Franchisor any interest which Franchisee has in any lease or sublease for the premises of the Palm Beach Tan Location. Franchisor may exercise such option at or within thirty (30) days after the termination or expiration of this Agreement. Franchisee acknowledges and agrees that Franchisor shall have no obligation under any circumstances to reimburse or otherwise compensate Franchisee in connection with any such lease assignment, including, without limitation, no obligation to reimburse or otherwise compensate Franchisee for any leasehold improvement costs or expenses or other costs or expenses incurred by Franchisee in connection with the premises of the Palm Beach Tan Location. Franchisee also acknowledges and agrees that Franchisor shall have no obligation under any circumstances to reimburse or otherwise compensate Franchisee for any Customer Information, goodwill, business start-up costs, or other losses during start-up. Franchisee hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete the assignment of Franchisee's interest in any such lease or sublease upon the exercise of Franchisor's option described herein. This power of attorney shall survive the expiration or termination of this Agreement. In the event Franchisor does not elect to exercise its option to acquire the lease or sublease for the Palm Beach Tan Location premises, Franchisee shall make such modifications or alterations to the premises as are necessary to distinguish the appearance of the Palm Beach Tan Location from that of other Palm Beach Tan Locations, and, if Franchisee fails or refuses to do so, Franchisor shall have the right to enter upon the premises, without being guilty of trespass or any other crime or tort, to make or cause such changes to be made, at Franchisee's expense.

(10) At Franchisor's option, assign to Franchisor all rights to the telephone numbers of the Palm Beach Tan Location and any related Yellow Pages trademark or other business listings and execute all forms and documents required by Franchisor and any telephone company at any time to transfer such service and numbers to Franchisor. Franchisee shall thereafter use different telephone numbers at or in connection with any subsequent business conducted by Franchisee.

B. Additional Franchisor Options. In addition to, and separate and apart from, its options under Sections XVIII.A.(9) and (10), Franchisor shall have the following options, to be exercised within thirty (30) days after termination or expiration of this Agreement:

(1) Franchisor shall have the option to purchase from Franchisee any or all of the furnishings, equipment, signs, fixtures, supplies, materials and other assets related to the operation of the Palm Beach Tan Location, at fair market value. Franchisor may determine in its sole discretion which assets it wishes to purchase on a case-by-case basis. Franchisee acknowledges and agrees that regardless of whether Franchisor elects to assume Franchisee's interests in a lease or sublease pursuant to Section XVIII.A.(9), Franchisor shall have no obligation to pay Franchisee any amount for leasehold improvements made by Franchisee to the premises of the Palm Beach Tan Location. Franchisee also acknowledges and agrees that Franchisor shall have no obligation under any circumstances to reimburse or otherwise compensate Franchisee for any Customer Information, goodwill, business start-up costs, or other operating losses. In addition, if Franchisee owns the land upon which the Palm Beach Tan Location is located, Franchisor shall have the further option to lease the land, including any building on the land used for the operation of the Palm Beach Tan Location, for the fair market value for the lease of the land and building. If Franchisee does not own the land, Franchisor may nevertheless exercise this option for the purpose of leasing any building owned by Franchisee and used in the operation of the Palm Beach Tan Location.

(2) With respect to Franchisor's options under Section XVIII.B.(1), Franchisor shall purchase assets only and shall assume no liabilities, unless otherwise agreed in writing by the parties. If

the parties cannot agree on the fair market value of the assets within thirty (30) days of Franchisor's exercise of its option, fair market value shall be determined by two (2) appraisers. Each party shall select one (1) appraiser, and the average of their determinations shall be binding. In the event of an appraisal, each party shall bear its own legal and other costs and shall divide the appraisal fees equally. The purchase price shall be paid in cash; provided, that Franchisor shall have the right to set off from the purchase price (i) all fees due from Franchisee for any appraisal conducted hereunder, (ii) all amounts due from Franchisee to Franchisor or any of its affiliates, and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees).

(3) Closing of the purchase and sale of the properties described above shall occur not later than thirty (30) days after the purchase price is determined, unless the parties mutually agree to designate another date. At closing, Franchisee shall deliver to Franchisor, in a form satisfactory to Franchisor, such warranties, deeds, releases of lien, bills of sale, assignments and such other documents and instruments which Franchisor deems necessary in order to perfect Franchisor's title and possession in and to the properties being purchased and to meet the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not obtained all necessary documents, instruments, or third party consents, Franchisor may, in its sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents. Closing shall take place at Franchisor's corporate offices or at such other location as the parties may agree.

C. Assignment of Franchisor Rights. Franchisor shall be entitled to assign any and all of its options in this Section XVIII. to any other party, without the consent of Franchisee.

XIX. MISCELLANEOUS

A. Notices. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or sent by prepaid facsimile or electronic mail (provided that the sender confirms the facsimile or electronic mail by sending an original confirmation copy by expedited delivery service or certified or registered mail within three (3) Business Days after transmission) to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor:
Palm Beach Tan Franchising, Inc.
6321 Campus Circle Drive E.
Irving, Texas 75063
Attention: Vice President, Franchising
Facsimile: (972) 966-5271

Notices to Franchisee and the Controlling Principals:
_____
_____
_____
_____
Attention:_____
Facsimile:_____

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of expedited delivery service, on the next Business Day, or, in the case of registered or certified mail, three (3) Business Days after the date and time of mailing, or, in the case of facsimile or electronic mail, upon transmission (provided confirmation is sent by expedited delivery service or registered or certified mail as provided above).

B. Entire Agreement. This Agreement, the documents referred to herein, and the Attachments hereto, constitute the entire, full and complete agreement between Franchisor and Franchisee and the Controlling Principals concerning the subject matter hereof and shall supersede all prior related agreements. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Franchisee to waive reliance on any representation that Franchisor made in the most recent Franchise Disclosure Document (including its exhibits and amendments) that Franchisor delivered to Franchisee or its representative, subject to any agreed-upon changes to the contract terms and conditions described in that Franchise Disclosure Document and reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement). No officer or employee or agent of Franchisor has any authority to make any representation or promise not contained in this Agreement or in any disclosure document for prospective franchisees required by applicable law, and Franchisee agrees that it has executed this Agreement without reliance on any such representation or promise. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

C. No Waiver. No delay, waiver, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising out of any breach or default by Franchisee or the Controlling Principals under this Agreement shall constitute a waiver by Franchisor to enforce any such right, option, duty or power against Franchisee or the Controlling Principals, or as to a subsequent breach or default by Franchisee or the Controlling Principals.

D. Approval or Consent. Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor, and such approval or consent shall be obtained in writing. No waiver, approval, consent, advice or suggestion given to Franchisee, and no neglect, delay or denial of any request therefor, shall constitute a warranty or guaranty by Franchisor, nor does Franchisor assume any liability or obligation to Franchisee or any third party as a result thereof.

E. Force Majeure. Upon the occurrence of an event of force majeure, the party affected thereby shall give prompt notice thereof to the other party, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of the Agreement to be affected, and a plan for resuming operation under the Agreement, which the party shall promptly undertake and maintain with due diligence. Such affected party shall be liable for failure to give timely notice only to the extent of damage actually caused. If an event of force majeure shall occur, then, in addition to payments required under Section XVII.C.(5), Franchisee shall continue to be obligated to pay to Franchisor any and all amounts that it shall have duly become obligated to pay in accordance with the terms of this Agreement prior to the occurrence of such event and the Indemnitees shall continue to be indemnified and held harmless by Franchisee in accordance with Section XV. Except as provided in Section XVII.C.(5) and the immediately preceding sentence, neither party shall be held liable for a failure to comply with any terms and conditions of this Agreement when such failure is caused by an event of force majeure.

F. Severability. Except as expressly provided to the contrary herein, each portion, section, part, term and provision of this Agreement shall be considered severable; and if, for any reason, any portion, section, part, term or provision is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, this shall not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties; the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Agreement; and there shall be automatically added such portion,

section, part, term or provision as similar as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation.

G. MEDIATION. EXCEPT FOR ACTIONS WHICH THE FRANCHISOR MAY BRING IN ANY COURT OF COMPETENT JURISDICTION (i) FOR MONIES OWED, (ii) FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF, OR (iii) INVOLVING THE POSSESSION OR DISPOSITION OF, OR OTHER RELIEF RELATING TO, REAL PROPERTY, THE MARKS OR THE CONFIDENTIAL INFORMATION, THE PARTIES AGREE TO SUBMIT ANY CLAIM, CONTROVERSY OR DISPUTE BETWEEN FRANCHISOR OR ANY OF ITS AFFILIATES (AND THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, REPRESENTATIVES AND/OR EMPLOYEES) AND FRANCHISEE (AND FRANCHISEE'S AGENTS, REPRESENTATIVES AND/OR EMPLOYEES, AS APPLICABLE) ARISING OUT OF OR RELATED TO (a) THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN FRANCHISOR AND FRANCHISEE, (b) FRANCHISOR'S RELATIONSHIP WITH FRANCHISEE, (c) THE VALIDITY OF THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN FRANCHISOR OR FRANCHISEE, OR (D) ANY SYSTEM STANDARD, TO MEDIATION PRIOR TO BRINGING SUCH CLAIM, CONTROVERSY OR DISPUTE IN A COURT OR BEFORE ANY OTHER TRIBUNAL. THE MEDIATION SHALL BE CONDUCTED BY EITHER AN INDIVIDUAL MEDIATOR OR A MEDIATOR APPOINTED BY A MEDIATION SERVICES ORGANIZATION OR BODY EXPERIENCED IN THE MEDIATION OF DISPUTES BETWEEN FRANCHISORS AND FRANCHISEES, AS AGREED UPON BY THE PARTIES AND, FAILING SUCH AGREEMENT WITHIN A REASONABLE PERIOD OF TIME (NOT TO EXCEED FIFTEEN (15) DAYS) AFTER EITHER PARTY HAS NOTIFIED THE OTHER OF ITS DESIRE TO SEEK MEDIATION, BY THE AMERICAN ARBITRATION ASSOCIATION IN ACCORDANCE WITH ITS RULES GOVERNING MEDIATION. MEDIATION SHALL BE HELD AT FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS. THE COSTS AND EXPENSES OF MEDIATION, INCLUDING THE COMPENSATION AND EXPENSES OF THE MEDIATOR (BUT EXCLUDING ATTORNEYS' FEES INCURRED BY EITHER PARTY), SHALL BE BORNE BY THE PARTIES EQUALLY. IF THE PARTIES ARE UNABLE TO RESOLVE THE CLAIM, CONTROVERSY OR DISPUTE WITHIN NINETY (90) DAYS AFTER THE MEDIATOR HAS BEEN CHOSEN, THEN, UNLESS SUCH TIME PERIOD IS EXTENDED BY WRITTEN AGREEMENT OF THE PARTIES, EITHER PARTY MAY BRING A LEGAL PROCEEDING UNDER SECTION XIX.H.

H. LITIGATION. FOR ANY CLAIMS, CONTROVERSIES OR DISPUTES WHICH ARE NOT FINALLY RESOLVED THROUGH MEDIATION AS PROVIDED ABOVE, FRANCHISEE AND CONTROLLING PRINCIPALS HEREBY IRREVOCABLY SUBMIT THEMSELVES TO THE JURISDICTION OF THE STATE AND THE FEDERAL DISTRICT COURTS LOCATED IN THE STATE, COUNTY, OR JUDICIAL DISTRICT IN WHICH THE FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED. FRANCHISEE AND CONTROLLING PRINCIPALS HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION FOR THE PURPOSE OF CARRYING OUT THIS PROVISION AND AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON ANY OF THEM IN ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED HEREBY BY ANY MEANS ALLOWED BY TEXAS OR FEDERAL LAW. FRANCHISEE AND CONTROLLING PRINCIPALS FURTHER AGREE THAT VENUE FOR ANY SUCH PROCEEDING SHALL BE THE COUNTY OR JUDICIAL DISTRICT IN WHICH FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED; PROVIDED, THAT FRANCHISOR MAY BRING ANY ACTION (i) FOR MONIES OWED, (ii) FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF OR (iii) INVOLVING POSSESSION OR DISPOSITION OF, OR OTHER RELIEF RELATING TO, REAL

PROPERTY, THE MARKS, OR THE CONFIDENTIAL INFORMATION, IN ANY STATE OR FEDERAL DISTRICT COURT WHICH HAS JURISDICTION.

I. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND INTERPRETED AND CONSTRUED UNDER TEXAS LAW (EXCEPT FOR TEXAS CONFLICT OF LAW RULES).

J. MUTUAL ACKNOWLEDGMENTS. THE PARTIES ACKNOWLEDGE THAT THEIR AGREEMENT REGARDING APPLICABLE STATE LAW AND FORUM SET FORTH ABOVE PROVIDE EACH OF THEM WITH THE MUTUAL BENEFIT OF UNIFORM INTERPRETATION OF THIS AGREEMENT AND ANY DISPUTE ARISING OUT OF THIS AGREEMENT OR THE PARTIES' RELATIONSHIP. EACH PARTY FURTHER ACKNOWLEDGES THE RECEIPT AND SUFFICIENCY OF MUTUAL CONSIDERATION FOR SUCH BENEFIT. IN ADDITION, THE PARTIES ACKNOWLEDGE THAT THE NEGOTIATION, EXECUTION AND ACCEPTANCE OF THIS AGREEMENT OCCURRED IN DALLAS, TEXAS, AND FURTHER ACKNOWLEDGE THAT THE PERFORMANCE OF CERTAIN OBLIGATIONS OF FRANCHISEE ARISING UNDER THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, THE PAYMENT OF MONIES DUE AND THE EXECUTION OF THE FRANCHISE AGREEMENTS HEREUNDER, SHALL OCCUR IN DALLAS, TEXAS.

K. DAMAGES WAIVER; WAIVER OF JURY TRIAL; LIMITATION OF CLAIMS.

(1) THE PARTIES HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM OF ANY PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS) AGAINST THE OTHER AND THEIR RESPECTIVE AFFILIATES, OFFICERS, DIRECTORS, SHAREHOLDERS, PARTNERS, AGENTS, REPRESENTATIVES, INDEPENDENT CONTRACTORS, SERVANTS AND EMPLOYEES, IN THEIR CORPORATE AND INDIVIDUAL CAPACITIES, ARISING OUT OF ANY CAUSE WHATSOEVER (WHETHER SUCH CAUSE BE BASED IN CONTRACT, NEGLIGENCE, STRICT LIABILITY, OTHER TORT OR OTHERWISE) AND AGREE THAT, IN THE EVENT OF A DISPUTE, THEY SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED. IF ANY OTHER TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING WAIVER SHALL CONTINUE IN FULL FORCE AND EFFECT.

(2) FRANCHISOR AND FRANCHISEE AND FRANCHISEE'S CONTROLLING PRINCIPALS HEREBY FURTHER IRREVOCABLY WAIVE ANY RIGHT TO A JURY TRIAL IN ANY ACTION ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER AGREEMENTS BETWEEN THEM OR THEIR RESPECTIVE AFFILIATES.

(3) EXCEPT FOR CLAIMS ARISING FROM FRANCHISEE'S NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS OWED TO FRANCHISOR PURSUANT TO THIS AGREEMENT, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP OF THE PARTIES CREATED HEREBY WILL BE BARRED UNLESS A DISPUTE RESOLUTION PROCEEDING IS COMMENCED WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING SUCH CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO SUCH CLAIMS.

L. Counterpart Execution. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

M. Captions. All captions in this Agreement are intended solely for the convenience of the parties and shall not affect the meaning or construction of any provision of this Agreement.

N. Survival. Any obligation of Franchisee or the Controlling Principals that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Franchisee or the Controlling Principals therein (including, without limitation the obligations contained in Sections VII.F. (with respect to use of information), X., XV., and XVIII.), shall be deemed to survive such termination, expiration or transfer. Without limitation of the foregoing, the provisions of Sections XIX.G., H. and I. are intended to benefit and bind certain third party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

O. Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Section XVII. of this Agreement shall not discharge or release Franchisee or any of the Controlling Principals from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

P. Gender. All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable. Without limiting the obligations individually undertaken by the Controlling Principals under this Agreement, all acknowledgments, promises, covenants, agreements and obligations made or undertaken by Franchisee in this Agreement shall be deemed, jointly and severally, undertaken by all of the Controlling Principals.

Q. No Third Party Beneficiary. Nothing in this Agreement is intended, or shall be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, Franchisor's officers, directors and personnel and such of Franchisee's and Franchisor's respective successors and assigns as may be contemplated (and, as to Franchisee, authorized by Section XIV.), any rights or remedies under or as a result of this Agreement.

R. Further Assurances. The parties will promptly execute and deliver such further documents and take such further action as may be necessary in order to effectively carry out the intent and purposes of this Agreement. Without limitation, promptly upon Franchisor's request Franchisee shall furnish Franchisor with an estoppel agreement indicating any and all causes of action, if any, that Franchisee may have against Franchisor, its affiliates and their respective officers, directors, and employees, or if none exist so stating, together with a list of all owners having an interest in this Agreement or in Franchisee, the percentage interest of each of them, and a list of all officers and directors of Franchisee.

S. Effective Date. This Agreement shall not become effective until signed by an authorized officer of Franchisor.

XX. FRANCHISEE'S ACKNOWLEDGMENTS

A. Independent Investigation. Franchisee acknowledges that it has conducted a thorough independent investigation of the business contemplated by this Agreement and recognizes that the success of this business involves substantial risks and will largely depend upon the ability and efforts of Franchisee. Franchisor expressly disclaims making, and Franchisee acknowledges that it has not received or relied on, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

B. Consultation With Advisors. Franchisee acknowledges that Franchisee has received, read and understands this Agreement and the related Attachments and agreements and that Franchisor has afforded Franchisee sufficient time and opportunity to consult with advisors selected by Franchisee about the potential benefits and risks of entering into this Agreement.

C. FTC Rule Compliance. Franchisee acknowledges that it received a complete copy of Franchisor's franchise disclosure document required by the Federal Trade Commission's Franchise Trade Regulation Rule (16 C.F.R. Part 436) within the time period required by applicable law.

D. Franchisor's Obligations. Franchisee acknowledges that it is relying solely on Franchisor, and not on any affiliated entities or parent companies related to Franchisor, with regard to Franchisor's financial and other obligations under this Agreement, and no employee or other person speaking on behalf of, or otherwise representing, Franchisor has made any statement or promise to the effect that Franchisor's affiliated entities or parent companies guarantee Franchisor's performance or financially back Franchisor.

XXI. CERTAIN DEFINITIONS

A. "Acquisition Location" means an independent tanning salon that is acquired by an existing franchisee and/or developer of Franchisor who elects to convert the salon to a Palm Beach Tan Location pursuant to a Franchise Agreement (as amended by any Acquisition Addendum) between the existing franchisee/developer and Franchisor. An Acquisition Location does not include a Conversion Location.

B. An "affiliate" of a named person is any person or entity that is controlled by, controlling or under common control with such named person.

C. "Booth" or "Booths" means the brand or brands of sunless tanning equipment (including solution) approved by Franchisor.

D. "Business Day" means any day other than Saturday, Sunday or the following national holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving and Christmas.

E. "Change In Control" shall mean the transfer of an interest in the Franchise Agreement, or in the Palm Beach Tan Location, or any transfer of ownership interests in Franchisee which results in the loss by any of the original Controlling Principals of the direct or indirect power to direct the management and policies of the Franchisee, including those relating to the payment of financial obligations, whether through the ownership of voting securities or interests by contract, or otherwise, each as reasonably determined by Franchisor.

F. "Confidential Information" means any confidential information, knowledge or know-how concerning the methods of establishing and operating the Palm Beach Tan Location which may be communicated to Franchisee or any of the Controlling Principals or of which they may be apprised under this Agreement. Any and all information, knowledge, know-how, techniques, online access passwords and any materials used in or related to the System which Franchisor provides to Franchisee in connection with this Agreement shall be deemed confidential for the purposes of this Agreement.

G. "Controlling Interest" means the direct or indirect power to direct the management and policies of the Franchisee, including those relating to the payment of financial obligations, whether through the ownership of voting securities or interests by contract, or otherwise, each as reasonably determined by Franchisor.

H. "Controlling Principals" shall include, collectively and individually, any Principal who has been designated by Franchisor as a Controlling Principal under this Agreement.

I. "Conversion Location" means a tanning salon owned by an independent operator who elects to become a Palm Beach Tan developer and/or franchisee and to convert all of his or her independent tanning salon locations to Palm Beach Tan Locations pursuant to a development agreement and/or one or more franchise agreements between such independent operator and Franchisor. A Conversion Location does not include an Acquisition Location.

J. "Force Majeure" means acts of God, strikes, lockouts or other industrial disturbances, war, riot, epidemic, fire or other catastrophe or other forces beyond Franchisee's control.

K. "Gross Sales" means the gross revenues from membership or other fees and from the sale or rental of other products, accessories and services, and all income of every other kind and nature related to the Palm Beach Tan Location, whether for cash or credit, but expressly excluding the following:

(1) Receipts from the operation of any public telephone or vending machines installed at the Palm Beach Tan Location, except for any amount representing Franchisee's share of such revenues;

(2) Sums representing taxes collected directly from customers under present or future federal, state or local laws, provided, that such taxes are actually and timely transmitted to the appropriate taxing authority;

(3) Returns to shippers or manufacturers;

(4) Proceeds from isolated sales of trade fixtures not constituting any part of Franchisee's products and services offered for resale at the Palm Beach Tan Location nor having any material effect upon the ongoing operation of the Palm Beach Tan Location;

(5) Refunds, adjustments or credits paid or directly provided by the Palm Beach Tan Location to customers;

(6) Payments (including surcharges) received by Franchisee from its customers in connection with bounced checks and rejected/denied credit card charges; provided, that Gross Sales shall not be reduced by the amount of any penalties, charges or fees charged by banks or credit card companies in connection with a bounced check or other denied credit;

(7) All proceeds received from the initial sale of gift cards; and

(8) Any other items which may, from time to time, be expressly authorized by Franchisor in writing to be excluded from Gross Sales, provided, that any such permission may be revoked or withdrawn at any time in writing by Franchisor in its discretion.

In addition to the foregoing, the redemption value of gift cards used in the Palm Beach Tan Location for tanning services or products are included in the definition of "Gross Sales", regardless of where the gift card originated. If the gift card originated in a different Location and is processed in the Palm Beach Tan gift card system, Franchisee will automatically be credited for the value.

L. "Royalty Fee Notice" means a report stating the applicable royalty fee amount which will be provided by Franchisor to Franchisee on the fifth (5th) day of each month for the preceding month.

M. "Internet" means a global computer-based communications network.

N. "Intranet" means a restricted global computer-based communications network.

O. "Manuals" means Franchisor's confidential operations manuals (currently maintained and provided to Franchisee only in electronic format), written directives and any other manuals and written materials, including electronic and online versions thereof, as Franchisor shall have developed for use in the System, as revised by Franchisor from time to time.

P. "Quality Assurance Program" is Franchisor's then-current program for monitoring compliance with customer service standards and brand standards, which may include a mystery shop program and a customer experience survey program.

Q. "Palm Beach Tan Location" means the business operated by Franchisee at the Site pursuant to this Agreement, including all assets of Franchisee used in connection therewith.

R. "Principals" shall include, collectively and individually, Franchisee's spouse, if Franchisee is an individual, all officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee) whom Franchisor designates as Franchisee's Principals and all holders of an ownership interest in Franchisee and of any entity directly or indirectly controlling Franchisee, and any other person or entity controlling, controlled by, or under common control with Franchisee.

S. "Publicly-held Corporation" is a corporation registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, or a corporation subject to the requirements of Section 15(d) of such Act.

T. "Taxes" means any present or future taxes, levies, imposts, duties or other charges of whatsoever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the franchised business, the payment of monies, or the exercise of rights granted pursuant to this Agreement, except taxes imposed on or measured by Franchisor's net income.

[Signature page follows]

IN WITNESS WHEREOF, each of the parties hereto have duly executed and delivered this Agreement as of the date set forth below.

FRANCHISOR:

Palm Beach Tan Franchising Inc.,
a Delaware corporation

By:_____ Date:_____
Roy Sneed,
Vice President, Franchising

FRANCHISEE:

_____ LLC,
a _____ limited liability company

By:_____ Date:_____
[name],
[title]

CONTROLLING PRINCIPAL
GUARANTEE AND ASSUMPTION AGREEMENT

Each of the undersigned acknowledges and agrees as follows:

(1) Each has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guarantee and Assumption Agreement ("Guarantee") and the undertakings of the Controlling Principals in the Franchise Agreement are in partial consideration for, and a condition to the granting of this license, and that Franchisor would not have granted this license without the execution of this Guarantee and such undertakings by each of the undersigned.

(2) Each is included in the term "Controlling Principals" as defined in Section XXI.H. of the Franchise Agreement;

(3) Each individually, jointly and severally, makes all of the covenants, representations, warranties and agreements of the Controlling Principals set forth in the Franchise Agreement and is obligated to perform thereunder. THESE INCLUDE A NUMBER OF PROVISIONS THAT MAY AFFECT THE LEGAL RIGHTS OF THE UNDERSIGNED, INCLUDING A WAIVER OF JURY TRIAL, WAIVER OF PUNITIVE OR EXEMPLARY DAMAGES AND LIMITATIONS ON WHEN CLAIMS MAY BE RAISED; and

(4) Each individually, jointly and severally, unconditionally and irrevocably guarantees to Franchisor and its successors and assigns that all of Franchisee's obligations under the Franchise Agreement will be punctually paid and performed. This Guarantee is a guaranty of payment, and not of collection. Upon default by Franchisee or upon notice from Franchisor, each will immediately make each payment and perform each obligation required of Franchisee under the Franchise Agreement. Without affecting the obligations of any of the Controlling Principals under this Guarantee, Franchisor may, without notice to the Controlling Principals, waive, renew, extend, modify, amend or release any indebtedness or obligation of Franchisee or settle, adjust or compromise any claims that Franchisor may have against Franchisee. Each of the Controlling Principals waives all demands and notices of every kind with respect to the enforcement of this Guarantee, including, without limitation, notice of presentment, demand for payment or performance by Franchisee, any default by Franchisee or any guarantor and any release of any guarantor or other security for this Guarantee or the obligations of Franchisee. Franchisor may pursue its rights against any of the Controlling Principals without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy. Upon receipt by Franchisor of notice of the death of any of the Controlling Principals, the estate of the deceased will be bound by the foregoing guaranty, but only for defaults and obligations under the Franchise Agreement existing at the time of death, and in such event, the obligations of the remaining Controlling Principals shall continue in full force and effect.

(5) Additionally, the individual designated as the Operating Principal, individually, jointly and severally, makes all of the covenants, representations and agreements of Franchisee and Operating Principal set forth in the Franchise Agreement.

CONTROLLING PRINCIPALS

_____
*Name:_____

_____
Name:_____

_____
Name:_____

_____

∗ Denotes individual who is Franchisee's Operating Principal.

Attachment A

SITE, DESIGNATED AREA, AND OPENING DATE

1. SITE: The Palm Beach Tan Location shall be located at the following Site:

_____

_____

_____

2. DESIGNATED AREA. The Designated Area shall be:

_____

_____

_____

3. OPENING DATE. The Opening Date of the Palm Beach Tan Location is _____.

Attachment B

PRINCIPALS, CONTROLLING PRINCIPALS AND GENERAL MANAGER

A. The following is a list of all Franchisee's Principals (as defined in Section XXI.R.), including all shareholders, partners, members or other investors owning a direct or indirect interest in Franchisee, and a description of the nature of their interest:

NAME	INTEREST IN FRANCHISEE	NATURE OF INTEREST

B. The following is a list of all of Franchisee's Controlling Principals as defined in Section XXI.H. of the Franchise Agreement:

NAME OF CONTROLLING PRINCIPAL	NAME OF OWNER	OWNERSHIP PERCENTAGE	NATURE OF INTEREST

C. The following is Franchisee's General Manager:

_____

_____

Attachment C

CONFIDENTIALITY AGREEMENT AND ANCILLARY COVENANTS

This Confidentiality Agreement ("Agreement") is entered into by and between Palm Beach Tan Franchising Inc., a Delaware corporation ("Franchisor"), [Entity Name], [state & company type] ("Franchisee") and [individual's name] ("Covenantor") in connection with the Palm Beach Tan Franchise Agreements, as amended between Franchisor and Franchisee in effect on the date hereof and as subsequently executed (collectively, the "Franchise Agreements") and is to be effective as of the date of full execution ("Effective Date"). Initially capitalized terms used, but not defined in this Agreement, have the meanings contained in the Franchise Agreements.

RECITALS

Franchisor has the right to use and license the use of a System for the establishment and operation of Palm Beach Tan Locations.

The System is identified by certain Marks including, the mark "Palm Beach Tan" and includes certain Confidential Information which provides economic advantages to Franchisor and licensed users of the System.

Franchisor has granted Franchisee the right to operate a Palm Beach Tan Location pursuant to the Franchise Agreement.

In connection with his or her duties, it will be necessary for Covenantor to have access to some or all of the Confidential Information.

Franchisor and Franchisee have agreed on the importance of restricting the use, access and dissemination of the Confidential Information, and Franchisee therefore has agreed to obtain from Covenantor a written agreement protecting the Confidential Information and further protecting the System against unfair competition.

Covenantor acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

Confidentiality Agreement

1. Covenantor shall, at all times, maintain the confidentiality of the Confidential Information and shall use such Confidential Information only in the course of his or her employment by or association with Franchisee in connection with the operation of a Palm Beach Tan Location under the Franchise Agreement.

2. Covenantor shall not at any time make copies of any documents or compilations containing any or all of the Confidential Information without Franchisor's express written permission.

3. Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except to other employees of Franchisee and only to the limited extent necessary to train or assist other employees of Franchisee in the operation of the Palm Beach Tan Location.

4. Covenantor shall surrender any material containing any or all of the Confidential Information, to Franchisee or Franchisor upon request, or upon termination of Covenantor's employment by or association with Franchisee.

5. Covenantor shall not at any time, directly or indirectly, do or omit to do, any act that would, or would likely, be injurious or prejudicial to the goodwill associated with the System.

6. Covenantor acknowledges that all Manuals are loaned by Franchisor to Franchisee for limited purposes only and remain the property of Franchisor. Covenantor agrees that no Manuals may be reproduced, in whole or in part, without Franchisor's written consent.

Covenants Not to Compete

In order to protect the goodwill of the System, and in consideration for the disclosure of the Confidential Information to Covenantor, Covenantor agrees that, during the term of his or her association with or employment by Franchisee, and for a period of one (1) year following the earlier of (i) the termination thereof, or (ii) the termination, expiration or transfer of Franchisee's interest in the Franchise Agreement, Covenantor will not, without Franchisor's prior written consent or as permitted under valid Franchise Agreements for Palm Beach Tan Locations between Franchisee and Franchisor:

a. Directly or indirectly divert, or attempt to divert any business opportunity or customer of the Palm Beach Tan Location to any competitor; and

b. Directly or indirectly, for himself or through, on behalf of, or in conjunction with any other person, persons, partnership, corporation, limited liability company, or other association, or entity, own, maintain, operate, engage in or have any financial or beneficial interest in (including as landlord), advise, assist or make loans to, any business which is the same as or similar to a Palm Beach Tan Location, including, without limitation, any retail tanning store or other business which offers tanning services or products, or any other products or services that Palm Beach Tan Locations offer, including, without limitation, body and skin therapy services or products, and which is, or is intended to be, located within the Designated Area or within a five (5)-mile radius of any Palm Beach Tan Location then in existence or under construction.

Miscellaneous

1. Franchisee shall make all commercially reasonable efforts to ensure that Covenantor complies with this Agreement.

2. Covenantor agrees that:

a. Each of the covenants herein contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The time periods relating to the obligations set forth in this agreement will be tolled for any period of non-compliance.

b. Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a party, Covenantor shall be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

c. In the event of a breach of this Agreement, Franchisor would be irreparably injured and without an adequate remedy at law and, therefore, upon any such breach or attempted breach of any provision hereof, Franchisor shall be entitled, in addition to any other remedies which it may have at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

3. Covenantor shall pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.

4. Any failure by Franchisor or the Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate as or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

5. **THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REFERENCE TO TEXAS CONFLICT OF LAW PRINCIPLES. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF TO THE JURISDICTION OF THE STATE AND THE FEDERAL DISTRICT COURTS LOCATED IN THE STATE, COUNTY OR JUDICIAL DISTRICT IN WHICH THE FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON HIM IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY TEXAS OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE THE COUNTY OR JUDICIAL DISTRICT IN WHICH THE FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.**

6. This Agreement contains the entire agreement of the parties regarding the subject matter hereof and may be modified only by a duly authorized writing executed by all parties.

7. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or sent by facsimile or electronic mail to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Franchisor, the notice shall be addressed to:

Palm Beach Tan Franchising, Inc.
6321 Campus Circle Drive E.
Irving, Texas 75063
Attention: Vice President, Franchising
Facsimile: (972) 966-5271

If directed to Franchisee, the notice shall be addressed to:

[Entity]
[Address]

Attention: [Name]_____
Facsimile:[number]_____

If directed to Covenantor, the notice shall be addressed to:

_____
_____
_____
Attention:_____
Facsimile:(___)_____

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of expedited delivery service on the next Business Day, or, in the case of or registered or certified mail, three (3) Business Days after the date and time of mailing, or, in the case of facsimile or electronic mail, upon transmission (provided confirmation is sent by expedited delivery service or registered or certified mail).

8. Franchisor and its successors and assigns shall be third party beneficiaries of this Agreement, with the full and independent right, at their option and in their sole discretion, to enforce this Agreement.

9. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successors and assigns. The respective obligations of Franchisee and Covenantor hereunder may not be assigned, without the prior written consent of Franchisor.

[Signature page follows]

IN WITNESS WHEREOF, each of the parties hereto have duly executed and delivered this Agreement as of the date set forth below.

FRANCHISOR:

Palm Beach Tan Franchising, Inc.,
a Delaware corporation

By: _____ Date:_____
Roy Sneed,
Vice President, Franchising

FRANCHISEE:
_____,_____,
a _____ limited liability company

By: _____ Date:_____
[name],
[title]

COVENANTOR:

By: _____ Date:_____
[Name, an individual]

Attachment D

ELECTRONIC FUNDS TRANSFER
AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO

PALM BEACH TAN / PAYEE

BANK NAME	ACCOUNT #	ABA#	FEIN
PNC Bank, N.A.	1069908492	043000096	75 2338010

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, and electronic debits (collectively, "debits") drawn on such account which are payable to either or both of the above named Payees. It is agreed that Depository's rights with respect to each such debit shall be the same as if it were a check drawn and signed by the Depositor. It is further agreed that if any such debit is not honored, whether with or without cause and whether intentionally or inadvertently, Depository shall be under no liability whatsoever. This authorization shall continue in force until Depository and Payee have received at least thirty (30) days written notification from Depositor of its termination.

The Depositor agrees with respect to any action taken pursuant to the above authorization:

(1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.

(2) To indemnify Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

(3) To defend at Depositor's own cost and expense any action which might be brought by a depositor or any other persons because of any actions taken by the Depository or Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository's or Payee's participation therein.

Name of Depository: _____

Name of Franchisee/Depositor: _____

Designated Bank Routing#: _____ Acct #.: _____
(Please attach one voided check for the above account.)

Store # and Location: _____

For information call: _____ Phone #: _____

By: _____ Date: _____
Signature and Title of Authorized Representative

Attachment E

SOFTWARE LICENSE AGREEMENT

This Software License Agreement ("Software License") is entered into between Palm Beach Tan Franchising, Inc., a Delaware corporation ("Franchisor") and _____ ("Franchisee") pursuant to a franchise agreement dated _____ ("Franchise Agreement") under which Franchisee will operate a Palm Beach Tan Location at the Location described in the Franchise Agreement.

1. In consideration of Franchisee's payment of the Software License Fee listed in Schedule 1 to this Software License, Franchisor hereby grants to Franchisee a nonexclusive, nonassignable license to use the computer programs, in object code form ("Software"), listed in Schedule 2 to this Software License. Schedule 2 may be updated from time to time by Franchisor to include upgrades to the Software, which Franchisor will make available to Franchisee pursuant to Section 12.b.

2. Franchisee shall use the Software only in the operation of the Palm Beach Tan Location described above. Franchisee may not modify, copy or reproduce in any form all or any part of the Software without the prior written consent of Franchisor, and in such event solely to the extent required for use of the Software in the operation of the Palm Beach Tan Location. Franchisee shall not make available the Software, the user and operating manuals thereto, or any copy thereof to any party except as described below in paragraph 4. Franchisee shall not reverse assemble, reverse compile or otherwise recreate the Software.

3. All copies of the Software, including any produced by Franchisee with Franchisor's consent, are and shall be the sole and exclusive property of Franchisor or authorized third parties during and after the term of this Software License. Franchisee acknowledges and agrees that Franchisor may secure all or any part of the Software from third parties. Franchisee agrees to execute and deliver to Franchisor any further contracts, agreements or other documents reasonably required by Franchisor in order to secure its compliance with any agreement with such other parties.

4. Franchisee understands and acknowledges that the Software contains Franchisor's trade secrets and agrees, during the term of this Software License and thereafter, not to communicate, divulge or use the Software other than in the operation of the Palm Beach Tan Location by Franchisee and its employees. Franchisee shall divulge and allow access to the Software only to its employees who must have access to it in connection with their employment with the franchised business. At Franchisor's request, Franchisee shall require and obtain execution of covenants concerning the confidentiality of the Software from any persons employed by Franchisee who have access to the Software. These covenants shall be in a form substantially similar to the confidentiality covenants contained in Attachment C to the Franchise Agreement.

5. Franchisee shall exercise reasonable precautions, no less rigorous than those Franchisee uses to protect its own confidential information, to protect the confidentiality of the Software and the user and operating manuals pertaining thereto, which precautions shall include, at a minimum, giving instructions to Franchisee's employees who will have access to the Software and the user and operating manuals thereto that the same are proprietary to, and the trade secrets of, Franchisor or such third parties. Franchisee shall not remove or alter any designations that Franchisor or such third parties have included in the Software and the user and operating manuals thereto that indicate such material is the proprietary property of Franchisor or such third parties.

6. Franchisee agrees to notify Franchisor immediately of the existence of any unauthorized knowledge, possession or use of the Software or of any part thereof.

7. Should the Software become, or in Franchisor's opinion be likely to become, the subject of a claim of infringement, Franchisor may (at Franchisor's election) procure for Franchisee the right to continue to use the software, or replace the Software with non-infringing functionally equivalent software, or modify the Software to make it non-infringing. If none of these alternatives are commercially practicable for Franchisor, then Franchisor may discontinue this Agreement as to the infringing Software following payment to Franchisee of Franchisee's reasonable direct costs to replace the Software with comparable software.

8. Franchisee acknowledges and agrees that the Software and user and operating manuals pertaining thereto are the valuable property and trade secrets of Franchisor or other authorized parties, that any violation by Franchisee of the provisions of this Software License would cause Franchisor or such other parties irreparable injury for which they would have no adequate remedy at law, and that, in addition to any other remedies which Franchisor may have, it shall be entitled to preliminary and other injunctive relief against any such violation.

9. The term of this Software License shall be co-extensive with the term of the Franchise Agreement, including any renewal of the Franchise Agreement.

10. Expiration or termination of the Franchise Agreement for whatever reason shall automatically terminate this Software License and the right granted by it to use the Software, without notice to Franchisee. If Franchisor's license to any of the Software secured from third parties should terminate, then this Software License shall automatically terminate as to such Software and Franchisee shall comply with the provisions of Section 11 in connection with such Software. In addition, Franchisor may terminate this Software License upon the failure by Franchisee to comply with any of the terms and conditions herein, by giving Franchisee written notice of termination stating the nature of the breach at least thirty (30) days' prior to the effective date of termination; provided that Franchisee may avoid termination by immediately initiating a remedy to cure such default and curing it to Franchisor's satisfaction within the thirty (30) day period and by promptly providing proof thereof to Franchisor. If any such default is not cured within that time, or such longer period as applicable law may require, this Software License shall terminate without further notice to Franchisee effective immediately upon expiration of the thirty (30) day period or such longer period as applicable law may require.

11. Upon the expiration or termination of this Software License or upon the expiration or termination of the Franchise Agreement, whichever shall occur earlier, Franchisee shall immediately deliver to Franchisor all copies of the Software then in Franchisee's possession or control and erase the Software from Franchisee's computer system, and shall immediately cease to use the Software.

12. a. Franchisor will replace without charge any copies of the Software provided under this Software License which have defects in materials and workmanship that are not caused by Franchisee's misuse or unauthorized modification of the Software. THIS REPLACEMENT SHALL BE FRANCHISEE'S SOLE AND EXCLUSIVE REMEDY.

b. Franchisor will, in its discretion, provide upgrades to the Software at no charge to Franchisee when available. Additionally, Franchisor will provide reasonable Software support, consultation and back office support in consideration of Franchisee's payment of the Software Support Fee listed in Schedule 1 to this Software License. The Software Support Fee is subject to increase based on changes in market conditions, the cost of providing services and future policy changes.

13. FRANCHISEE IS SOLELY RESPONSIBLE FOR DETERMINING ITS DESIRED RESULTS FROM THE USE OF THE SOFTWARE, FOR EVALUATING THE SOFTWARE'S CAPABILITIES AND FOR SUCCESSFULLY OPERATING THE SOFTWARE. IN NO EVENT SHALL FRANCHISOR BE RESPONSIBLE FOR ANY DIRECT, INDIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE, CONSEQUENTIAL OR OTHER DAMAGES, OR FOR LOST DATA OR LOST PROFITS TO FRANCHISEE OR ANY OTHER PERSON OR ENTITY (WHETHER SUCH CAUSE BE BASED IN CONTRACT, NEGLIGENCE, STRICT LIABILITY, OTHER TORT OR OTHERWISE) ARISING OUT OF THE USE OR INABILITY TO USE THE SOFTWARE, AND EVEN IF FRANCHISOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE OCCURRING. IN THE EVENT THAT ANY OTHER TERM OF THIS SOFTWARE LICENSE IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISION OF WAIVER BY AGREEMENT OF DIRECT, INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR OTHER DAMAGES OR FOR LOST DATA OR LOST PROFITS SHALL CONTINUE IN FULL FORCE AND EFFECT.

14. EXCEPT FOR THE LIMITED WARRANTY DESCRIBED ABOVE, THERE ARE NO WARRANTIES GRANTED TO FRANCHISEE OR ANY OTHER PERSON OR ENTITY FOR THE SOFTWARE, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE; ALL SUCH WARRANTIES ARE EXPRESSLY AND SPECIFICALLY DISCLAIMED.

15. THIS SOFTWARE LICENSE SHALL BE INTERPRETED BY AND CONSTRUED UNDER THE LAWS OF THE STATE OF TEXAS (EXCEPT FOR TEXAS CHOICE OF LAW RULES).

16. If any term herein is declared to be void or unenforceable by a court of competent jurisdiction, such declaration shall have no effect on the other terms of this Software License, which will remain in effect and fully enforceable.

17. Franchisee agrees to pay any sales, use, ad valorem, personal property and general intangibles tax and any registration fees arising out of this Software License and the transactions contemplated herein, except for any taxes imposed upon the gross income of Franchisor.

18. Franchisee may not sell, lease, assign, sublicense or otherwise transfer any of its rights under this Software License without the prior written consent of Franchisor.

19. Notice under this Software License shall be provided as indicated in Section XIX.A. of the Franchise Agreement.

20. The terms of this Software License are incorporated into the Franchise Agreement by reference. This Software License and related provisions of the Franchise Agreement constitute the entire agreement of the parties with respect to the subject matter hereof, and supersede all related prior and contemporaneous agreements between the parties.

[Signature page follows]

IN WITNESS WHEREOF, each of the parties hereto have duly executed and delivered this Agreement as of the date set forth below.

FRANCHISOR:

Palm Beach Tan Franchising, Inc.,
a Delaware corporation

By: _____ Date:_____
Roy Sneed,
Vice President, Franchising

FRANCHISEE:
_____, LLC,
a [state] limited liability company

By: _____ Date:_____
[name]
[title]

Schedule 1

Fees

Software License Fee: One Thousand and Two Hundred Dollars ($1,200)

Software Support Fee: Three Hundred Dollars ($300) per month

Schedule 2

Software

SunLync software.

SITE SELECTION ADDENDUM
to Palm Beach Tan Franchise Agreement

This Site Selection Addendum ("Site Addendum") is made part of, and incorporated into, the Franchise Agreement by and between Palm Beach Tan Franchising, Inc. ("Franchisor") and _____ ("Franchisee") dated _____, (the "Franchise Agreement"). Initially capitalized terms used but not defined herein have the meanings set forth in the Franchise Agreement.

RECITALS

Franchisor and Franchisee have entered into the Franchise Agreement without having entered into a Development Agreement.

Franchisor and Franchisee desire to modify the Franchise Agreement to provide for certain site selection and acquisition procedures and obligations with respect to the Location.

NOW, THEREFORE, Franchisor and Franchisee expressly covenant and agree as follows:

I. Site Selection

A. Designated Area. From time to time Franchisor establishes site selection criteria based upon demographic characteristics, traffic patterns, parking, competition from other businesses in the area and other relevant factors. Franchisee assumes all cost, liability, expense and responsibility for selecting, a site for the Location within the non-exclusive Designated Area described in Attachment A that it reasonably believes conforms to Franchisor's site selection criteria. Franchisee shall not make any binding commitment with respect to a site unless Franchisor has confirmed that it has no objection to the site. Franchisee acknowledges that the selection, procurement and development of sites is Franchisee's responsibility and that neither Franchisor's evaluation nor acceptance of any prospective site, or any assistance in the selection of a site, constitutes a representation, promise, warranty or guarantee by Franchisor that the Palm Beach Tan Location operated at that site will be profitable or otherwise successful. In addition, Franchisor's acceptance of a site and its refusal to accept another site is not a representation, promise, warranty or guarantee that the site which is accepted will be more profitable or successful than the site which Franchisor did not accept. Franchisor's acceptance of a site indicates only that it believes that the site falls within the acceptable criteria for sites that Franchisor has established as of the time of its acceptance of the site. Application of criteria that have appeared effective with respect to other sites may not accurately reflect the potential for all sites, and, after Franchisor's acceptance of a site, demographic and/or other factors included in or excluded from Franchisor's criteria could change, thereby altering the potential of a site. The uncertainty and instability of such criteria are beyond Franchisor's control, and Franchisor will not be responsible for the failure of a site it has accepted to meet expectations as to potential revenue or operational criteria. Franchisee acknowledges and agrees that it is responsible for its own independent investigation of the suitability of each site.

B. Site Selection Assistance. To assist Franchisee in its selection in a site for its Location, Franchisor will provide to Franchisee:

1. Such site selection guidelines and assistance as Franchisor may deem advisable.

2. Such on-site evaluation or assistance as Franchisor may deem necessary or in response to Franchisee's reasonable request; provided, that Franchisor shall not provide on-site evaluation or assistance for any proposed site prior to receiving all required information and materials concerning such site pursuant to Paragraph II.A. below (including a Real Estate Release in substantially the form of Exhibit 2). Franchisor shall have no obligation to provide additional on-site evaluations for the Location, but may, in its discretion, provide such assistance upon Franchisee's reasonable request, provided, that Franchisor may, as a condition thereto, require Franchisee's payment or reimbursement of Franchisor's reasonable expenses in connection with such on-site evaluation or assistance, including, without limitation, the cost of travel, lodging and meals.

II. Site Approval and Acquisition

A. Site Approval. Prior to leasing or purchasing a site, Franchisee shall submit to Franchisor, in the form specified by Franchisor, a complete real estate site package containing the information that Franchisor requires, including (i) a description of the site, (ii) evidence satisfactory to Franchisor demonstrating that the site satisfies Franchisor's site selection criteria, (iii) a copy of the proposed contract of sale or lease, as applicable, (iv) an executed Real Estate Release in the form set out as Exhibit 2, and (v) such other information as Franchisor may reasonably require. Franchisor shall have thirty (30) days after receipt of the foregoing information to provide written confirmation that Franchisor does not object to the proposed site.

B. Site Acquisition. Within ninety (90) days after Franchisor has approved the site for the Location as described above, Franchisee shall acquire the site by purchase or lease, at Franchisee's expense. Franchisee shall furnish to Franchisor a copy of the executed lease or contract of sale, as applicable, within ten (10) days after execution. No lease for a Location will be approved by Franchisor unless a rider to the lease, in substantially the form attached hereto as Exhibit 1, is incorporated in the lease and executed by the Franchisee in its own name as lessee. Failure by Franchisee to acquire the site for the Location within the time and in the manner required herein shall constitute a material breach under this Agreement. After a site for a Location is accepted by Franchisor and acquired by Franchisee, the address of the site shall be entered on Attachment A to the Franchise Agreement as the site of Location.

III. Conflict with Franchise Agreement.

Whenever there is a conflict or inconsistency between this Site Addendum and any provision of the Franchise Agreement, the provisions of this Site Addendum shall control.

FRANCHISOR:

Palm Beach Tan Franchising, Inc.,
a Delaware corporation

By: _____
Roy Sneed, Vice President, Franchising

FRANCHISEE:

_____

By:_____
[Name & Title]

Exhibit 1 To Site Addendum

LEASE RIDER

(a) Landlord acknowledges that Tenant is a franchisee of Palm Beach Tan Franchising Inc., a Delaware corporation ("Franchisor"), and that the Palm Beach Tan Location ("Unit") in [insert legal name of shopping center] located at [insert address] (the "Premises") is operated under the Palm Beach Tan franchise system, pursuant to a franchise agreement ("Franchise Agreement") between Tenant and Franchisor. Landlord consents to Tenant's use at the Premises of such marks and signs, decor items, color schemes and related components of the Palm Beach Tan system as Franchisor may prescribe for the Unit. During the term of the Franchise Agreement, the Premises may be used only for the operation of the Unit.

(b) Landlord agrees to furnish to Franchisor copies of any and all default notices sent to Tenant pertaining to the Lease and the Premises at the same time that such notices are sent to Tenant. If Tenant has failed to cure such default at the expiration of the applicable cure period, Landlord shall give Franchisor further written notice of such failure ("Franchisor Notice"). Following Franchisor's receipt of the Franchisor Notice, Franchisor shall have the right (but not the obligation) to cure Tenant's default before Landlord shall exercise any of Landlord's remedies arising as a consequence of Tenant's default. Any such cure shall be effected within fifteen (15) days following Franchisor's receipt of the Franchisor Notice. Such cure by Franchisor shall not be deemed to be an election to assume the terms, covenants, obligations and conditions of the Lease.

(c) If Franchisor cures Tenant's default, or if Franchisor notifies Landlord that the Franchise Agreement has been terminated (which termination shall constitute a non-curable default pursuant to the Lease upon Landlord's receipt of Franchisor's notice thereof), Landlord agrees, upon Franchisor's written request, to assign to Franchisor any and all rights that Landlord may have under the Lease to remove and evict Tenant from the Premises and shall cooperate with Franchisor in order to pursue such action to a conclusion.

(d) If Franchisor cures Tenant's default or notifies Landlord of the termination of the Franchise Agreement, Franchisor shall have the right and option, upon written notice to Landlord, to do the following:

1. Undertake to perform the terms, covenants, obligations and conditions of the Lease on behalf of the Tenant (notwithstanding any removal or eviction of Tenant) for a period not to exceed six (6) months from the first (1st) date of any cure by Franchisor; or

2. At any time within or at the conclusion of such six (6) month period, assume the terms, covenants, obligations and conditions of the Lease for the remainder of the term, together with any applicable renewal options. In such event, Landlord and Franchisor shall enter into an agreement to document such assumption. Franchisor is not a party to the Lease and shall have no liability under the Lease unless and until said Lease is assigned to, and assumed by, Franchisor as herein provided.

(e) If, during the six (6) month period set forth in section (d)(1) above or at any time after the assignment contemplated in section (d)(2), Franchisor shall notify Landlord that the franchise for the Unit is being granted to another Palm Beach Tan franchisee, Landlord shall permit the assignment of the Lease to said franchisee, without any further consent of Landlord being required as a condition thereto and without the payment of any fee or other cost requirement. Thereafter, Franchisor shall be released from any and all further liabilities under the Lease. The parties agree to execute any commercially reasonable documents in furtherance of this section.

(f) Tenant will not assign the Lease or renew or extend the term thereof without the prior written consent of Franchisor, nor shall Landlord and Tenant amend or otherwise modify the Lease in any manner that could materially affect any of the foregoing requirements without the prior written consent of Franchisor.

(g) Franchisor shall have the right to enter the Premises to make any modification or alteration necessary to protect the Palm Beach Tan system and marks or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or any other crime or tort. Landlord shall not be responsible for any expenses or damages arising from any such action by Franchisor. Tenant hereby releases, acquits and discharges Franchisor and Landlord, their respective subsidiaries, affiliates, successors and assigns and the officers, directors, shareholders, partners, employees, agents and representatives of each of them, from any and all claims, demands, accounts, actions and causes of action, known or unknown, vested or contingent, which any of them may have, ever had, now has, or may hereafter have by reason of any event, transaction or circumstance arising out of or relating to the exercise of Franchisor's rights pursuant to the Addendum.

(h) All notices sent pursuant to this Addendum shall be sent in the manner set forth in the Lease, and delivery of such notices shall be effective as of the times provided for in the Lease. For purposes of notice under the Lease, Franchisor's mailing address shall be Palm Beach Tan Franchising, Inc., 6321 Campus Circle Drive, Irving, Texas 75063; Attn: Vice President, Franchising, which address may be changed by written notice to Landlord in the med in the Lease.

Exhibit 2 to Site Addendum

REAL ESTATE RELEASE FORM

(To be executed at time of services)

This Real Estate Release ("Release") is made by and among _____, as Franchisee and the undersigned Principals in favor of Palm Beach Tan Franchising, Inc., its subsidiaries and affiliates ("Palm Beach Tan") in connection with the proposed Palm Beach Tan site located at _____ and any alternate site (each, a "site") and is entered into to be effective as of the date of full execution.

RECITALS

WHEREAS, Franchisee has asked Palm Beach Tan for assistance in evaluating a site for Franchisee's proposed Palm Beach Tan Location; and

WHEREAS, Franchisee and the Principals acknowledge that real estate site selection and evaluation is inherently uncertain, and that many known and unknown variables determine the success or failure of a Palm Beach Tan Location, including competition, employee and service standards, traffic patterns, operating costs, and local preferences; and

WHEREAS, Palm Beach Tan is willing to assist Franchisee in evaluating sites in accordance with Palm Beach Tan's site selection criteria, but only on the condition that Palm Beach Tan incurs no liability whatsoever as a result of such assistance; and

WHEREAS, Franchisee and the Principals further acknowledge that no speculation or projections that a site could or should achieve any particular sales volume or that one site should achieve a better sales volume than another have been made by Palm Beach Tan, and that Franchisee and the Principals have not and cannot rely on any speculations or projections if made; and

WHEREAS, Franchisee and the Principals understand that "site evaluation" and other criteria used by Palm Beach Tan in determining whether or not to grant a franchise for a location are for Palm Beach Tan's benefit only; and

WHEREAS, Franchisee also may ask Palm Beach Tan for advice regarding construction-related matters: adaptation of Palm Beach Tan's standard general plans and specifications to Franchisee's approved site, parking and building layout, traffic planning, equipment layout, construction supervision and inspection; and

WHEREAS, Palm Beach Tan is willing to provide advice to Franchisee with respect to such construction-related matters, on the condition that Palm Beach Tan will incur no liability whatsoever as a result thereof.

NOW, THEREFORE, in consideration of Palm Beach Tan's agreement to assist Franchisee in evaluating sites and to provide advice with respect to said construction-related matters, Franchisee and the Principals do hereby agree as follows:

AGREEMENTS

1. Recitals. The Recitals are hereby incorporated into this Agreement by this reference.

2. Release. Franchisee and the Principals do hereby release and forever discharge Palm Beach Tan and its subsidiaries and affiliates, and their respective officers, directors, shareholders, employees, agents, third-party contractors, successors and assigns, of and from all actions, causes of action, suits, damages, claims, expenses and demands of any type whatsoever which Franchisee or any Principal now has or hereafter can, shall or may have, for or by reason of any counsel, advice, assistance, or the like relating to site selection, site evaluation, construction-related matters, or any other matters described in the recitals of this Release, and do further agree that this Release shall survive execution, delivery, expiration, and termination of any franchise or other agreement entered into between Palm Beach Tan and Franchisee.

3. Knowing and Voluntary Release of Claims. Franchisee and each of the Principals acknowledge that they have carefully read and fully understand the provisions of this Release and that their release of such claims is knowing and voluntary. Franchisee and each of the Principals further acknowledge that they have had a reasonable opportunity to consult with an attorney prior to executing this Release, and that they have executed this Release voluntarily.

4. No Assignment of Claims. Franchisee and each of the Principals represent and warrant that they have not assigned or transferred or purported to assign or transfer to any person or entity, any suit, claim, controversy, liability, demand, action, or cause of action released in this Release.

5. Defense to Claims. The parties acknowledge that this Release shall be a complete defense to any claim released hereunder and hereby consent to the entry of a temporary or permanent injunction to end the assertion of any such claim.

6. Attorneys' Fees. In the event that Palm Beach Tan institutes legal proceedings of any kind to enforce this Release Agreement, the non-prevailing party shall pay all reasonable costs and expenses associated therewith, including, but not limited to, all reasonable attorneys' fees.

7. Authority. By their signatures below, Franchisee and each of the Principals represent and warrant to Palm Beach Tan that they have all necessary authority to enter into this Release.

8. Counterpart Execution. This Release may be executed in multiple counterparts, each of which shall be fully effective as an original.

9. Binding Effect. This Release shall be binding upon the Franchisee and the Principals, their successors and assigns, and upon any business entity owned in whole or in part by Franchisee or any Principal which enters into a development, franchise or other agreement with Palm Beach Tan.

IN WITNESS WHEREOF, the undersigned have executed this Release this _____ day of _____, 20____.

FRANCHISEE:

By: _____

Its: _____

PRINCIPALS:

_____

_____

ACQUISITION ADDENDUM
to Palm Beach Tan Franchise Agreement

This Acquisition Addendum ("Addendum") to the Palm Beach Tan Franchise Agreement ("Franchise Agreement") dated _____, by and between Palm Beach Tan Franchising, Inc. ("Franchisor") and _____ ("Franchisee") is made and entered into concurrently with the execution of the Franchise Agreement by and between Franchisor and Franchisee. Initially capitalized terms used but not defined herein have the meanings set forth in the Franchise Agreement.

RECITALS:

Franchisor has the right to use and license others to use the System and the Marks for establishing and operating Palm Beach Tan Locations.

Franchisee currently owns or otherwise has rights to an existing tanning store located at _____ (the "Location") and desires to use the System and Marks in connection with the operation of such tanning store.

In connection with the execution of the Franchise Agreement for the additional tanning store, Franchisor and Franchisee desire to amend the Franchise Agreement to establish terms and conditions applicable to the conversion of the additional tanning store to a Palm Beach Tan Location.

NOW, THEREFORE, the parties, in consideration of the mutual undertakings and commitments set forth herein and in the Agreement, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

1. Opening Date. Anything in Section II.C. of the Franchise Agreement to the contrary notwithstanding, the Opening Date shall be the date on which the Franchisor notifies Franchisee in writing that the existing tanning store may be opened to the public branded under Franchisor's Marks. Franchisor shall issue such notice only when; in the Franchisor's sole discretion, Franchisee has installed all or substantially all of the fixtures, equipment, signs and supplies that Franchisor specifies as necessary to complete and open the tanning store as a Palm Beach Tan Location.

2. Acquisition. In connection with the Acquisition,

a. Franchisee agrees to acquire the Location; convert the Location to a Palm Beach Tan store in accordance with Franchisor's acquisition procedures and requirements, including, without limitation, the acquisition requirements set forth in Exhibit 1 to this Amendment; obtain Franchisor's written authorization to open the Location as a Palm Beach Tan store; and open the Location to the public for business on or before _____ (the "Agreed Date").

b. If Franchisee fails to acquire the Location, convert the Location to a Palm Beach Tan store in accordance with Franchisor's acquisition procedures and requirements, obtain Franchisor's written authorization to open the Location as a Palm Beach Tan store, and open the Location to the public for business on or before the Agreed Date, the Franchise Agreement will automatically terminate as of the Agreed Date without notice from Franchisor or any opportunity to cure.

3. Franchisor's Obligations.

a. Section V.A. of the Franchise Agreement is hereby modified in its entirety and the following shall be substituted in lieu thereof:

> "A. Acquisition Audit and Prototype Plans. Franchisor has conducted a preliminary acquisition audit, and has provided to Franchisee written requirements and guidelines for conversion to the System. Franchisor has provided to Franchisee, on loan, a set of prototypical architectural and design plans and specifications for a Palm Beach Tan Location."

b. The following is added to Article V of the Franchise Agreement as a new Section V.M.:

> "M. Database Conversion. Franchisee will pay Franchisor $500 per database that Franchisor is required to convert to Franchisor's point-of-sale system."

4. Construction. The capitalized terms used in this Addendum shall have the same meaning as in the Agreement. The provisions of this Addendum are deemed incorporated into the Agreement as if stated in full therein and in the event of any conflict between the terms of this Addendum and the Agreement, the terms and conditions of this Addendum shall control.

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date first above written.

FRANCHISOR:

Palm Beach Tan Franchising, Inc.,
a Delaware corporation

By:_____
Roy Sneed, Vice President, Franchising

FRANCHISEE:

_____, LLC,
a [state] limited liability company

By:_____
[Name & Title]

AMENDMENT TO PALM BEACH TAN FRANCHISING, INC.
FRANCHISE AGREEMENT
FOR THE STATE OF CALIFORNIA

The Palm Beach Tan Franchising, Inc. Franchise Agreement between _____ ("Franchisee") and Palm Beach Tan Franchising, Inc. ("Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

CALIFORNIA LAW MODIFICATIONS

1. The California Department of Business Oversight requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. California Business and Professions Code Sections 20000 through 20043 provide rights to Franchisee concerning termination, transfer or non-renewal of a franchise. If the Agreement contains a provision that is inconsistent with the law, the law will control.

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

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

d. The Agreement requires application of the laws of Texas. This provision may not be enforceable under California law.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the California law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____.

FRANCHISOR:
Palm Beach Tan Franchising, Inc.,
a Delaware corporation

By: _____
Roy Sneed, Vice President, Franchising

FRANCHISEE:

_____

By: _____
[Name and Title]

AMENDMENT TO PALM BEACH TAN FRANCHISING, INC.
FRANCHISE AGREEMENT
FOR THE STATE OF ILLINOIS

The Palm Beach Tan Franchising, Inc. Franchise Agreement between _____ ("Franchisee") and Palm Beach Tan Franchising, Inc. (the "Company") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

ILLINOIS LAW MODIFICATIONS

1. The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, 815 ILCS 705/1-44. To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

   a. Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provide rights to Franchisee concerning nonrenewal and termination of this Agreement. If this Agreement contains a provision that is inconsistent with the Act, the Act will control.

   b. Any release of claims or acknowledgments of fact contained in the Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act shall be void and are hereby deleted with respect to claims under the Act.

   c. If this Agreement requires litigation to be conducted in a forum other than the State of Illinois, the requirement is void with respect to claims under the Illinois Franchise Disclosure Act.

   d. If this Agreement requires that it be governed by a state's law, other than the State of Illinois, Illinois law will control with respect to franchisees under the jurisdiction of Illinois law.

2. Section XIX should be amended by the addition of the following as the last sentence of the section:

   "However, this Section shall not act as a condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987 at Section 705/41."

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____.

FRANCHISOR:

Palm Beach Tan Franchising, Inc.,
a Delaware corporation

By: _____
Roy Sneed, Vice President, Franchising

FRANCHISEE:

_____

By: _____
[Name and Title]

AMENDMENT TO PALM BEACH TAN FRANCHISING, INC.
FRANCHISE AGREEMENT
FOR THE STATE OF MARYLAND

The Palm Beach Tan Franchising, Inc. Franchise Agreement between _____ ("Franchisee") and Palm Beach Tan Franchising, Inc. (the "Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

MARYLAND LAW MODIFICATIONS

1. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law. To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. Any requirement that litigation be conducted in a forum other than the State of Maryland shall not be interpreted to limit any rights Franchisee may have under the Maryland Franchise Registration and Disclosure Law to bring suit in the State of Maryland.

b. Any claims that Franchisee may have under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

2. Anything in Sections III.B.(8) and XIV.B.(3) of the Franchise Agreement to the contrary notwithstanding, a general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Section XX., "Franchisee's Acknowledgments" is supplemented by the addition of the following new paragraph which shall be considered an integral part of the Agreement:

"D. The foregoing acknowledgments are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

4. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____.

FRANCHISOR:

Palm Beach Tan Franchising, Inc.,
a Delaware corporation

By: _____
Roy Sneed, Vice President, Franchising

FRANCHISEE:

_____

By: _____
[Name and Title]

AMENDMENT TO PALM BEACH TAN FRANCHISING, INC.
FRANCHISE AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA

The Palm Beach Tan Franchising, Inc. Franchise Agreement between _____ ("Franchisee") and Palm Beach Tan Franchising, Inc. ("Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

MINNESOTA LAW MODIFICATIONS

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80C.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the "Franchise Act"). To the extent that the Agreement/and or disclosure document contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Minnesota Department of Commerce requires that franchisors indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's proprietary marks infringes trademark rights of the third party.

b. Minn. Stat. Sec. 80C.14, Subds. 3, 4., and 5 requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement. If the Agreement contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Act's requirements and shall have no force or effect.

c. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Franchise Act, such release shall exclude claims arising under the Franchise Act, and such acknowledgments shall be void with respect to claims under the Franchise Act.

d. If the Agreement requires that it be governed by the law of a State other than the State of Minnesota or arbitration or mediation, those provisions shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.

2. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, including your rights to any procedure, forum, or remedies provided for in that law.

3. The Agreement/and or disclosure document is hereby amended to delete all references to Liquidated Damages (as defined) in violation of Minnesota law; provided, that no such deletion shall excuse the franchisee from liability for actual or other damages and the formula for Liquidated Damages in the Agreement/and or disclosure document shall be admissible as evidence of actual damages.

4. To the extent required by Minnesota Law, the Agreement/and or disclosure document is amended to delete all references to a waiver of jury trial.

5. All sections of the Agreement/and or disclosure document referencing Franchisor's right to obtain injunctive relief are hereby amended to refer to Franchisor's right to seek to obtain.

6. Each provision of this Agreement shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment on _____.

FRANCHISOR:

Palm Beach Tan Franchising, Inc.,
a Delaware corporation

By: _____
Roy Sneed, Vice President, Franchising

FRANCHISEE:

_____

By: _____
[Name and Title]

AMENDMENT TO PALM BEACH TAN FRANCHISING, INC.
FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK

The Palm Beach Tan Franchising, Inc. Franchise Agreement between _____ ("Franchisee") and Palm Beach Tan Franchising, Inc. ("Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

NEW YORK LAW MODIFICATIONS

1. The New York Department of Law requires that certain provisions contained in franchise documents be amended to be consistent with New York law, including the General Business Law, Article 33, Sections 680 through 695 (1989). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

   a. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the General Business Law, regulation, rule or order under the Law, such release shall exclude claims arising under the New York General Business Law, Article 33, Section 680 through 695 and the regulations promulgated thereunder, and such acknowledgments shall be void. It is the intent of this provision that non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied.

   b. If the Agreement requires that it be governed by the law of a state, other than the State of New York, the choice of law provision shall not be considered to waive any rights conferred upon the Franchisee under the New York General Business Law, Article 33, Sections 680 through 695.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the New York General Business Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its Owners acknowledge that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____.

FRANCHISOR:

Palm Beach Tan Franchising, Inc.,
a Delaware corporation

By: _____
Roy Sneed, Vice President, Franchising

FRANCHISEE:

_____

By: _____
[Name and Title]

AMENDMENT TO PALM BEACH TAN FRANCHISING, INC.
FRANCHISE AGREEMENT
FOR THE STATE OF NORTH DAKOTA

The Palm Beach Tan Franchising, Inc. Franchise Agreement between _____ ("Franchisee") and Palm Beach Tan Franchising, Inc. ("Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

NORTH DAKOTA LAW MODIFICATIONS

1. The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17 (1995). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the North Dakota Franchise Investment Law, and such acknowledgments shall be void with respect to claims under the Law.

b. Covenants not to compete during the term of and upon termination or expiration of the Agreement are enforceable only under certain conditions according to North Dakota Law. If the Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.

c. If the Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.

d. If the Agreement requires that it be governed by the law of a state, other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, North Dakota Law will control.

e. If the Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.

f. If the Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law.

g. Any provision that provides that the parties waive their right to a jury trial may not be enforceable under North Dakota law.

h. Any provision that provides that the Franchisee consent to a waiver of punitive and exemplary damages may not be enforceable under North Dakota Law.

i. Any provision that requires the Franchisee to consent to a claims period that differs from the applicable statute of limitations period under North Dakota Law may not be enforceable under North Dakota Law.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____.

FRANCHISOR:

Palm Beach Tan Franchising, Inc.,
a Delaware corporation

By: _____
Roy Sneed, Vice President, Franchising

FRANCHISEE:

_____

By: _____
[Name and Title]

AMENDMENT TO PALM BEACH TAN FRANCHISING, INC.
FRANCHISE AGREEMENT
FOR THE STATE OF RHODE ISLAND

The Palm Beach Tan Franchising, Inc. Franchise Agreement between _____ ("Franchisee") and Palm Beach Tan Franchising, Inc. ("Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

RHODE ISLAND LAW MODIFICATIONS

1. The Rhode Island Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Rhode Island law, including the Franchise Investment Act, R.I. Gen. Law, tit. 19 chap. 28.1 §§ 19-28.1-1 -19-28.1-34. To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

   a. If this Agreement requires litigation to be conducted in a forum other than the State of Rhode Island, the requirement is void with respect to any claims brought under Rhode Island Franchise Investment Act Sec. 19-28.1-14.

   b. If this Agreement requires that it be governed by a state's law, other than the State of Rhode Island, to the extent that such law conflicts with Rhode Island Franchise Investment Act it is void under Section 19-28.1-14.

   c. If the Franchisee is required in this Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release shall exclude claims arising under the Rhode Island Franchise Investment Act, and such acknowledgments shall be void with respect to claims under the Act.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owner acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____.

FRANCHISOR:

Palm Beach Tan Franchising, Inc.,
a Delaware corporation

By: _____
Roy Sneed, Vice President, Franchising

FRANCHISEE:

_____

By: _____
[Name and Title]

AMENDMENT TO PALM BEACH TAN FRANCHISING, INC.
FRANCHISE AGREEMENT
FOR THE STATE OF WASHINGTON

The Palm Beach Tan Franchising, Inc. Franchise Agreement between _____ ("Franchisee") and Palm Beach Tan Franchising, Inc. ("Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

WASHINGTON LAW MODIFICATIONS

1. The Director of the Washington Department of Financial Institutions requires that certain provisions contained in franchise documents be amended to be consistent with Washington law, including the Washington Franchise Investment Protection Act, WA Rev. Code §§ 19.100.010 to 19.100.940 (1994). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. Washington Franchise Investment Protection Act provides rights to Franchisees concerning nonrenewal and termination of the Agreement. If the Agreement contains a provision that is inconsistent with the Act, the Act will control.

b. If the Franchisee is required in the Agreement to execute a release of claims, such release shall exclude claims arising under the Washington Franchise Investment Protection Act; except when the release is executed under a negotiated settlement after the Agreement is in effect and where the parties are represented by independent counsel. If there are provisions in the Agreement that unreasonably restrict or limit the statute of limitations period for claims brought under the Act, or other rights or remedies under the Act, those provisions may be unenforceable.

c. If the Agreement requires litigation, arbitration, or mediation to be conducted in a forum other than the State of Washington, the requirement may be unenforceable under Washington law. Arbitration involving a franchise purchased in the State of Washington, must either be held in the State of Washington or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

d. If the Agreement requires that it be governed by the law of a state, other than the State of Washington, and there is a conflict between the law and the Washington Franchise Investment Protection Act, the Washington Franchise Investment Protection Act will control.

2. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

3. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

4 Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Washington law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____.

FRANCHISOR:

Palm Beach Tan Franchising, Inc.,
a Delaware corporation

By: _____
Roy Sneed, Vice President, Franchising

FRANCHISEE:

_____

By: _____
[Name and Title]

DEVELOPMENT AGREEMENT, INCLUDING ATTACHMENTS
AND STATE AMENDMENTS

ATTACHMENT E

PALM BEACH TAN FRANCHISING, INC.

DEVELOPMENT AGREEMENT

WITH

[ENTITY]

FOR

[COUNTIES]

Form dated April 18, 2022
FDD dated April 18, 2022

PALM BEACH TAN
DEVELOPMENT AGREEMENT

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PALM BEACH TAN

DEVELOPMENT AGREEMENT

This Development Agreement (the "Agreement") is made between Palm Beach Tan Franchising, Inc., a Delaware corporation ("Franchisor") and [Developer Name], a _____ ("Developer") and is to be effective as of the date of full execution. Certain initially capitalized terms used frequently in this Agreement are defined in Section XIX.

RECITALS:

Franchisor has the right to use and license the use of a system (hereinafter "System") for the development and operation of Palm Beach Tan Locations which offer tanning-related products, services and accessories (the "Palm Beach Tan Locations").

The Palm Beach Tan Locations incorporate one or more sunless self-tanning Booths (as defined in Section XIX.B).

The distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, decor, color scheme, and furnishings; proprietary and uniform standards, specifications, and procedures for operations; quality and uniformity of services and products offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs; all of which may be changed, deleted, improved, and further developed by Franchisor from time to time.

The System is identified by certain trade names, service marks, trademarks, emblems and indicia of origin, including, but not limited to, the mark "Palm Beach Tan" and such other trade names, service marks and trademarks as are now designated (and may hereafter be designated by Franchisor in writing) for use in connection with the System (the "Marks").

Franchisor licenses franchisees to use the Marks and the System to establish and operate Palm Beach Tan Locations under Franchise Agreements with Franchisor.

Developer wishes to obtain certain development rights to develop Palm Beach Tan Locations in the territory described in this Development Agreement.

NOW, THEREFORE, the parties, in consideration of the mutual undertakings and commitments set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

I. GRANT

A. Grant of Rights. Pursuant to the terms and conditions of this Agreement and in reliance on the representations and warranties of Developer and its Controlling Principals, Franchisor grants to Developer and Developer accepts, the right and obligation to develop Palm Beach Tan Locations in the geographic area described in Attachment D to this Agreement (the "Territory"). Such development rights shall be exercised following satisfaction of the conditions set forth in Section III.A. and in the manner and according to the development schedule (the "Development Schedule") set forth in Sections III.B. through D. of this Agreement. This Agreement is not a franchise agreement and does not grant Developer any right or license to operate a Palm Beach Tan Location or any right to use the Marks.

B. Scope of Developer's Rights. Except as provided in this Agreement (including Sections I.C. and D. hereof), and subject to Developer's full compliance with this Agreement and any other agreement between Developer or its affiliates and Franchisor or its affiliates, neither Franchisor nor any affiliate shall establish or authorize any person or entity, other than Developer, to establish retail tanning stores under the Marks or under any other marks in the Territory during the term of this Agreement.

C. Retained Rights. The rights granted hereunder pertain only to the development of Palm Beach Tan Locations. Developer acknowledges and agrees that Franchisor retains all other rights within and outside the Territory. Accordingly, except for the restriction set forth in Section I.B. against the establishment of another retail tanning store under the Marks or under any other marks in the Territory during the term of this Agreement, Franchisor, its affiliates, and any other authorized person or entity shall have the right, at any time, (i) to grant other licenses for use of the System and the Marks, (ii) to develop and establish other business systems using the Marks, or other names or marks, and to grant licenses to use those systems without providing any rights to Developer, (iii) to advertise and promote the System in the Territory, (iv) to operate, and license others to operate, retail tanning stores under the Marks, or under other names or marks, at any location outside the Territory, and (v) to engage, directly or indirectly, at wholesale, retail or otherwise, in the production, distribution, operation, license and sale of tanning products and services under the Marks, or under other marks, within and outside the Territory through any method of distribution, including, but not limited to, mail order catalogs, the Internet, and other tanning facilities regardless of the proximity to, or the competitive impact on, any Palm Beach Tan Location developed pursuant hereto.

D. Acquisition Rights. Notwithstanding Section I.B., Franchisor or its affiliates may establish and operate, and may license others to establish and operate tanning stores (including Palm Beach Tan Locations) under the Marks and the System in the Territory, if such stores are acquired by Franchisor or its affiliates in connection with the acquisition of an existing tanning store business operating, at the time of acquisition, under a trade name or mark other than the Marks. Franchisor shall notify Developer in writing (the "Notice") of each such acquisition in the Territory within a reasonable period of time following the consummation of the acquisition. Provided, that the offer would not result in the violation of any law or contract right and further provided, that Developer meets Franchisor's then-current requirements for a new franchisee, the Notice shall offer Developer the right and option, exercisable in writing within sixty (60) days after Developer's receipt of such Notice, to purchase from Franchisor or its affiliate ("Seller") each tanning store in the Territory acquired by Seller at a price (the "Purchase Price") equal to the allocated cost to Seller of the subject store(s). The allocated cost shall be calculated based on the aggregate acquisition cost (including legal and other professional fees) of all stores and other net assets acquired in the acquisition, whether or not in the Territory (collectively, "Total Assets") and will be computed by multiplying such aggregate acquisition cost for the Total Assets by a fraction, the numerator of which is the estimated fair value of the subject store(s), and the denominator of which is the estimated fair value of the total acquired net assets. Estimated fair value of the subject store(s) and the Total Assets will be determined solely by Franchisor, using applicable generally accepted accounting principles. Unless otherwise agreed by Seller, payment of the Purchase Price shall be made in cash at closing, which shall take place within not more than sixty (60) days following the date on which Seller receives notice that Developer exercises its option, or such other date as the parties agree in writing. At closing, Franchisor and Developer shall enter into Franchisor's then-current form of franchise agreement and pay all applicable fees for the operation of each of the stores purchased by Developer. Developer shall further agree to make such repairs and renovations as Franchisor shall reasonably require. Developer's failure to exercise its election in writing within the sixty (60) day option period shall constitute an election not to exercise its purchase option.

E. Waiver. Developer hereby waives any right it has, may have, or might in the future have, to oppose Franchisor's exercise of its reserved rights in Sections I.C. and I.D. and any claim for compensation from Franchisor as a result of Franchisor's exercise of such rights.

II. FEES

A. Development Fee. As partial consideration for the development rights granted to Developer, Developer shall pay to Franchisor a development fee in an amount equal to One Hundred Percent (100%) of the initial franchise fee for the first Location and Five Thousand Dollars ($5,000) for each additional Palm Beach Tan Location to be developed hereunder, determined as of the date this Agreement is executed. The development fee shall be due upon execution of this Agreement, and is fully earned and non-refundable in consideration of the administrative and other expenses incurred by Franchisor and for the development opportunities lost or deferred as a result of the rights granted to Developer. However, the allocable portion of the development fee will be credited toward the initial franchise fee payable under the franchise agreements for each Palm Beach Tan Location ("Franchise Agreements") executed pursuant to this Agreement.

B. Franchise Fees – New Location. For each Franchise Agreement that Developer executes pursuant to this Agreement, Developer shall pay to Franchisor (i) an initial franchise fee in the amount of Thirty Thousand Dollars ($30,000) less the development fee credit (if any), and (ii) a royalty fee equal to the applicable percentage of monthly Gross Sales (as defined in the Franchise Agreement) of the Palm Beach Tan Location. The applicable royalty percentage shall be four percent (4%) of Gross Sales for the first twelve (12) months following the Opening Date (as defined in the Franchise Agreement), five percent (5%) of Gross Sales for the second twelve (12) months following the Opening Date, and six percent (6%) of Gross Sales for the remainder of the initial term of the Franchise Agreement.

C. Franchise Fees – Conversion Location. If the location is a Conversion Location (as defined in Section XIX.G. below), Developer shall pay to Franchisor (i) an initial franchise fee in the amount of Twenty Thousand Dollars ($20,000) less the development fee credit (if any), and (ii) a royalty fee equal to the applicable percentage of monthly Gross Sales (as defined in the Franchise Agreement) of the Palm Beach Tan Location. The applicable royalty percentage shall be four percent (4%) of Gross Sales for the first twelve (12) months following the Opening Date (as defined in the Franchise Agreement), five percent (5%) of Gross Sales for the second twelve (12) months following the Opening Date, and six percent (6%) of Gross Sales for the remainder of the initial term of the Franchise Agreement.

III. SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

A. Franchise Agreement Execution; Compliance With Conditions.

(1) Developer shall exercise its development rights only by entering into (or causing a Subsidiary Franchisee meeting the requirements set forth in Section III.B. to enter into) separate Franchise Agreements for each Palm Beach Tan Location to be developed hereunder. The Franchise Agreement for the first Palm Beach Tan Location to be developed under this Agreement shall be in the form of Attachment A. Franchise Agreements for all subsequent Palm Beach Tan Locations developed hereunder shall be the form of franchise agreement then being offered by Franchisor to new franchisees under the System; provided, that the initial franchise fee and royalty shall be as set forth in Section II.B. of this Agreement. These future franchise agreements shall be included in the term "Franchise Agreement," as used in this Agreement.

(2) This Agreement does not give Developer a right or license to operate any Palm Beach Tan Location, but rather, sets forth the terms and conditions which, if fully satisfied, will entitle Developer to operate Palm Beach Tan Locations in the Territory pursuant to the Franchise Agreements. Prior to exercising any development right granted hereunder, Developer shall apply to Franchisor for the franchise to operate a Palm Beach Tan Location in the Territory. If Franchisor, in its sole discretion,

determines that Developer has met each of the "operational", "financial" and "legal" conditions set forth below, then Franchisor will grant Developer the franchise.

"Operational Conditions": Developer is in compliance with this Agreement, including the Development Schedule, and Developer and its affiliates are in compliance with any other agreement between them and Franchisor and its affiliates. Developer is operating its existing Palm Beach Tan Locations, if any, in accordance with the applicable Franchise Agreement and is capable of operating the proposed Palm Beach Tan Location in accordance with this Agreement, the applicable Franchise Agreement, and Franchisor's standards, specifications, and procedures set forth in the Manuals (defined in the Franchise Agreement).

"Financial Conditions": Developer and the Controlling Principals satisfy Franchisor's then-current financial criteria for developers and controlling principals of Palm Beach Tan Locations. Developer and the Controlling Principals have been and are faithfully performing all terms and conditions of their existing Franchise Agreements. Developer and its affiliates are not in default, and have not been in default during the twelve (12) months preceding Developer's request for financial approval, of any monetary obligations owed to Franchisor or its affiliates.

"Legal Conditions": Developer has submitted to Franchisor, in a timely manner, all information and documents requested by Franchisor prior to and as a basis for the issuance of the Franchise Agreement or pursuant to any right granted to Franchisor by this Agreement or by any other agreement between Developer and Franchisor.

B. Exercise of Development Rights.

The Franchise Agreements to be executed under this Agreement may be executed by one or more subsidiaries of Developer ("Subsidiary Franchisee"), provided that:

(1) For each Subsidiary Franchisee, Developer and Developer's Controlling Principals shall retain control of the Subsidiary Franchisee during the term of the Franchise Agreements. For this purpose, "control" shall mean the direct or indirect power to direct the management and policies of the Subsidiary Franchisee, including those relating to the payment of financial obligations, whether through the ownership of voting securities or interests, by contract, or otherwise, each as reasonably determined by Franchisor, and (i) if the Subsidiary Franchisee is a partnership or limited partnership, the Developer is the Managing General Partner of such Subsidiary Franchisee, or (ii) if the Subsidiary Franchisee is a limited liability company, the Developer is the Managing Member of such Subsidiary Franchisee;

(2) Developer and each of Developer's Controlling Principals execute the Franchise Agreements as Controlling Principals of each Subsidiary Franchisee;

(3) The Operating Principal and General Manager of each Subsidiary Franchisee are the same as the Operating Principal and General Manager of Developer; and

(4) Prior to the execution of such Franchise Agreements, Developer and/or the Subsidiary Franchisee provides Franchisor with such information and materials as Franchisor may deem necessary to evidence the foregoing, as well as any additional information (including, without limitation, organizational information of the Subsidiary Franchisee) as Franchisor may require.

C. Development Schedule; Replacement Locations.

(1) Acknowledging that time is of the essence, Developer agrees to exercise its development rights according to Section III.A. and the Development Schedule set forth below. The Development Schedule designates the number of Palm Beach Tan Locations in the Territory to be established and in operation by Developer upon the expiration of each of the designated development periods (the "Development Periods"). Subject to the terms and conditions of this Agreement and with Franchisor's prior written consent, which may be withheld in its sole discretion, Developer may develop more than the total minimum number of Palm Beach Tan Locations required in any Development Period. Any Palm Beach Tan Location in excess of the minimum number required to be developed during the Development Period shall be applied to satisfy Developer's development obligation during the next succeeding Development Period, if any. However, except as provided in Section III.C., Developer shall not open or operate more than the cumulative total number of Palm Beach Tan Locations Developer is obligated to develop under the Development Schedule.

Development Period	**Expiration Date of Development Period**	**Cumulative Total Number of Palm Beach Tan Locations To Be Opened Under This Agreement**
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

(2) If Developer ceases to operate any Palm Beach Tan Location during the term of this Agreement, Developer shall develop a replacement Palm Beach Tan Location within a reasonable time not in any case to exceed seven (7) months after Developer ceases to operate the original Palm Beach Tan Location. If Developer transfers its interest in a Palm Beach Tan Location during the term of this Agreement, then, so long as the Location continues to operate as a Palm Beach Tan Location, the transferred Location shall be counted in determining whether Developer has satisfied the Development Schedule. If the transferred Location ceases to be operated as a Palm Beach Tan Location during the term of this Agreement, Developer shall develop a replacement Palm Beach Tan Location within a reasonable time not in any case to exceed seven (7) months after the transferred Location ceases to be operated as a Palm Beach Tan Location.

(3) Developer's failure to adhere to the Development Schedule shall constitute a material event of default under this Agreement.

D. Right of First Offer. If Developer has complied with this Agreement and each Franchise Agreement executed pursuant hereto and is otherwise financially and operationally qualified to develop and operate additional Palm Beach Tan Locations in the Territory, as determined by Franchisor in its sole discretion, then during the five (5) year period following the expiration of this Agreement, Franchisor shall provide Developer a right of first offer to develop any additional Palm Beach Tan Locations that may be developed in the Territory. Franchisor shall provide written notice to Developer of the number of Palm Beach Tan Locations to be developed and the schedule for such development. Developer shall have thirty (30) days after receiving such written notice to exercise its right of first offer by (i) providing written notice to Franchisor of Developer's intent to exercise such right, (ii) paying to Franchisor the then-current development fee charged by Franchisor, and (iii) executing Franchisor's then-current form of development agreement. The covenant in this Section shall survive the expiration of this Agreement.

IV. TERM

Unless sooner terminated, the term of this Agreement and all rights granted by Franchisor hereunder shall expire on the earlier of: (i) the date on which Developer has completed its development obligations under this Agreement, or (ii) 12:00 midnight on the last day specified in the Development Schedule.

V. DUTIES OF FRANCHISOR

Franchisor shall provide, subject to the terms and conditions of this Agreement:

A. Site Selection Assistance. Such site selection guidelines and assistance as Franchisor may deem advisable.

B. On-Site Evaluation. For the first (1st) Palm Beach Tan Location developed pursuant to this Agreement, such on-site evaluation or assistance as Franchisor may deem necessary or in response to Developer's reasonable request; provided, that Franchisor shall not provide on-site evaluation or assistance for any proposed site prior to receiving all required information and materials concerning such site pursuant to Section VI.C. of this Agreement (including a Real Estate Release in substantially the form of Attachment F). Franchisor shall have no obligation to provide on-site evaluations for any subsequent Palm Beach Tan Locations developed pursuant hereto, but may, in its discretion, provide such assistance upon Developer's reasonable request; provided, that Franchisor may, as a condition thereto, require Developer's payment or reimbursement of Franchisor's reasonable expenses in connection with such on-site evaluation or assistance, including, without limitation, the cost of travel, lodging and meals and, in addition, the execution of a further Real Estate Release relating thereto.

C. Training. Training of Developer's Operating Principal, General Manager and Store Manager, as applicable, in accordance with Section VI.B. of this Agreement.

D. Manuals. Access to Franchisor's Manuals, which are currently maintained and provided to Developer only in electronic or online format.

VI. DUTIES OF DEVELOPER

A. Operating Principal; General Manager. Concurrent with the execution of this Agreement, Developer shall designate and at all times maintain one of its Controlling Principals, with an ownership interest in Developer and whom Franchisor approves, as its Operating Principal. Developer may also designate another person whom Franchisor approves and who may, but need not, be an owner of Developer, to serve as its General Manager; provided, that Developer and the Operating Principal remain fully responsible for the General Manager's performance. Developer agrees to vest the Operating

Principal and the General Manager with sufficient decision making authority to expedite the determinations and decisions that are essential to effective and efficient development of Palm Beach Tan Locations in the Territory. The Operating Principal or General Manager must devote full time best efforts to the fulfillment of Developer's obligations under the Development Agreement. Neither the Operating Principal nor the General Manager shall engage in any other business or activity that may conflict with Developer's obligations under the Development Agreement. If Developer's relationship with the Operating Principal or General Manager terminates or materially changes, Developer shall promptly notify Franchisor and designate a qualified replacement. Unless otherwise approved by Franchisor, the Operating Principal and General Manager shall be the same for all Franchise Agreements between Franchisor and Developer and the same as the Operating Principal and the General Manager designated under the Development Agreement.

B. Training.

(1) Developer's Operating Principal shall successfully complete Franchisor's franchisee orientation program prior to the execution of any Franchise Agreement contemplated hereby. After the execution of the Franchise Agreement but prior to the Opening Date of each Palm Beach Tan Location contemplated by this Agreement, Developer's Operating Principal and Store Manager (as defined in the Franchise Agreement) (if the Operating Principal will manage the day to day operations of the Palm Beach Tan Location) or the General Manager and Store Manager (if the General Manager will manage the day to day operations of the Palm Beach Tan Location) shall successfully complete Franchisor's management training program. Any successor or replacement Operating Principal, General Manager or Store Manager, as applicable, shall successfully complete Franchisor's franchisee orientation program and management training program, as applicable, within a reasonable time after such persons are designated. All such persons shall attend and complete any additional training that Franchisor may from time to time require. Initial management training for Developer's Operating Principal, General Manager and Store Manager is provided at no additional charge; however, Franchisor reserves the right to charge a reasonable fee for training successor or replacement personnel and for any additional training programs. Developer shall be responsible for any and all expenses incurred in connection with training, including, without limitation, the costs of travel, lodging, meals and wages incurred by Developer or its Operating Principal, General Manager or Store Manager. If Developer's Operating Principal, General Manager or Store Manager fail, in Franchisor's sole judgment, to satisfactorily complete the training requirements in this Section VI.B.(1), and Developer fails to cure such default within ninety (90) days following written notice from Franchisor, Franchisor may terminate this Agreement.

(2) With Franchisor's prior written consent and subject to its then-current certification procedures, Developer shall implement a training program for all employees of the Palm Beach Tan Locations developed pursuant to this Agreement in accordance with Franchisor's then-current standards.

C. Site Selection. From time to time Franchisor establishes site selection criteria based upon demographic characteristics, traffic patterns, parking, competition from other businesses in the area and other relevant factors. Developer assumes all cost, liability, expense and responsibility for selecting sites within the Territory that it reasonably believes conform to Franchisor's site selection criteria for each Palm Beach Tan Location to be developed pursuant to this Agreement. Developer shall not make any binding commitment with respect to a site unless Franchisor has confirmed that it has no objection to the site. Prior to leasing or purchasing a site, Developer shall submit to Franchisor, in the form specified by Franchisor, a complete real estate site package containing the information that Franchisor requires, including (i) a description of the site, (ii) evidence satisfactory to Franchisor demonstrating that the site satisfies Franchisor's site selection criteria, (iii) a copy of the proposed contract of sale or lease, as applicable, (iv) an executed Real Estate Release in the form set out as Attachment F, and (v) such other information as Franchisor may reasonably require. Franchisor shall have thirty (30) days after receipt of

the foregoing information to provide written confirmation that Franchisor does not object to the proposed site. Additionally, Developer shall furnish to Franchisor a copy of the executed contract of sale or lease, as applicable, executed by the Franchisee in its own name within ten (10) days after execution. No site may be used for a Palm Beach Tan Location unless it is first so confirmed in writing by Franchisor. No lease for a Palm Beach Tan Location will be approved by Franchisor unless a rider to the lease, in substantially the form attached hereto as Attachment E, is incorporated in the lease and executed by the Franchisee in its own name. Developer acknowledges that the selection, procurement and development of sites is Developer's responsibility and that neither Franchisor's evaluation nor acceptance of any prospective site, or any assistance in the selection of a site, constitutes a representation, promise, warranty or guarantee by Franchisor that the Palm Beach Tan Location operated at that site will be profitable or otherwise successful. In addition, Franchisor's acceptance of a site and its refusal to accept another site is not a representation, promise, warranty or guarantee that the site which is accepted will be more profitable or successful than the site which Franchisor did not accept. Franchisor's acceptance of a site indicates only that it believes that the site falls within the acceptable criteria for sites that Franchisor has established as of the time of its acceptance of the site. Application of criteria that have appeared effective with respect to other sites may not accurately reflect the potential for all sites, and, after Franchisor's acceptance of a site, demographic and/or other factors included in or excluded from Franchisor's criteria could change, thereby altering the potential of a site. The uncertainty and instability of such criteria are beyond Franchisor's control, and Franchisor will not be responsible for the failure of a site it has accepted to meet expectations as to potential revenue or operational criteria. Developer acknowledges and agrees (for itself and on behalf of any Subsidiary Franchisee) that it is responsible for its own independent investigation of the suitability of each site.

D. Internet Website. Developer shall not establish or participate in any website or listing on the Internet except as provided herein.

(1) Franchisor has established, and maintains an Internet Website that provides information about the System and the products and Services that Palm Beach Tan Locations provide. Franchisor will have sole discretion and control over the Website (including timing, design, contents and continuation). Franchisor may use part of the advertising fund monies it collects under the Franchise Agreement to pay or reimburse the costs associated with the development, maintenance and update of the Website.

(2) Franchisor may (but is not required to) include on the Website an interior page containing information about Developer's Palm Beach Tan Locations ("Developer's Page"). If Franchisor includes such information on the Website, Franchisor may require Developer to prepare all or a portion of Developer's Page, at Developer's expense, using a template that Franchisor provides. All such information will be subject to Franchisor's approval prior to posting. Any modifications (including customizations, alterations, submissions or updates) to the template made by Developer for any purpose will be deemed to be a "work made for hire" under the copyright laws, and therefore, Franchisor shall own the intellectual property rights in and to such modifications. To the extent any modification does not qualify as a work made for hire as stated above, Developer hereby assigns those modifications to Franchisor for no additional consideration and with no further action required and shall execute such further assignments(s) as Franchisor may request. Without limiting Franchisor's general unrestricted right to permit, deny and regulate Developer's participation on the Website in Franchisor's discretion, if Developer breaches this Agreement, or any other agreement with Franchisor or its affiliates, Franchisor may disable or terminate the Developer's Page and remove all references to the Palm Beach Tan Location operated hereunder on the Website until the breach is cured.

(3) Franchisor also shall have the sole right (but no obligation) to develop an Intranet through which Franchisor and its franchisees can communicate by e-mail or similar electronic means. If Franchisor develops such an Intranet, Developer agrees to use the facilities of the Intranet in strict

compliance with the standards, protocols and restrictions that Franchisor includes in the Manuals (including, without limitation, standards, protocols and restrictions relating to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements).

E. Legal Compliance. Developer shall comply with all requirements of federal, state and local laws, rules, regulations, and orders. Developer shall comply with all other requirements of this Agreement and perform such other obligations as provided hereunder.

VII. REPRESENTATIONS, WARRANTIES AND COVENANTS OF DEVELOPER

A. Continuing Obligations. Developer and the Controlling Principals make the following representations, warranties and covenants and accept the following obligations. Developer and the Controlling Principals acknowledge and agree that the representations, warranties and covenants set forth below are continuing obligations, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. Developer will cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties and covenants.

B. Organization. If Developer is a corporation, partnership, limited liability company or other legal entity:

(1) Developer is duly organized and validly existing under the law of the state of its formation;

(2) Developer is duly qualified and is authorized to do business in each jurisdiction in which its business activities or the nature of the properties owned by it require such qualification;

(3) Developer's corporate charter or written partnership or limited liability company agreement shall at all times provide that the activities of Developer are confined exclusively to the development of Palm Beach Tan Locations;

(4) The execution of this Agreement and the performance of the transactions contemplated hereby are within Developer's corporate power, if Developer is a corporation or if Developer is a partnership or limited liability company, permitted under Developer's written partnership or limited liability company agreement and have been duly authorized by Developer; and

(5) If Developer is a corporation, copies of Developer's articles of incorporation, bylaws, other governing documents, any amendments thereto, resolutions of the Board of Directors authorizing entry into and performance of this Agreement, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of stock of the corporation, and any other documents as may be reasonably required by Franchisor shall have been furnished to Franchisor prior to the execution of this Agreement; or, if Developer is a partnership or limited liability company, copies of Developer's written partnership or limited liability company agreement, other governing documents and any amendments thereto shall have been furnished to Franchisor prior to the execution of this Agreement, including evidence of consent or approval of the entry into and performance of this Agreement by the requisite number or percentage of partners or members, as applicable, if such approval or consent is required by Developer's written partnership or limited liability company agreement.

C. Ownership.

(1) If Developer is a corporation, partnership, limited liability company or other legal entity, the ownership interests in Developer are accurately and completely described in Attachment C. If Developer is a corporation, Developer shall maintain at all times a current list of all owners of record and all beneficial owners of any class of voting securities in Developer or, if Developer is a partnership or limited liability company or other form of legal entity, Developer shall maintain at all times a current list of all owners of an interest in the partnership, limited liability company or other entity. Developer shall make its list of owners available to Franchisor upon request;

(2) If Developer is a corporation, Developer shall maintain stop-transfer instructions against the transfer on its records of any of its equity securities and each stock certificate representing stock of the corporation shall have conspicuously endorsed upon it a statement in a form satisfactory to Franchisor that it is held subject to all restrictions imposed upon assignments by this Agreement. If Developer is a partnership or limited liability company, its written partnership or limited liability company agreement shall provide that ownership of an interest in the partnership or limited liability company is held subject to all restrictions imposed upon assignments by this Agreement;

(3) If required by Franchisor, Developer's Principals shall each execute the Confidentiality Agreement and Ancillary Covenants in the form of Attachment B to this Agreement; and

(4) If, after the execution of this Agreement, any person ceases to qualify as one of the Developer's Principals or if any individual succeeds to or otherwise comes to occupy a position which would, upon designation by Franchisor, qualify him as one of Developer's Principals, Developer shall notify Franchisor within ten (10) days after any such change and, upon designation of such person by Franchisor as one of Developer's Principals or as a Controlling Principal, as the case may be, such person shall execute such documents and instruments (including, as applicable, this Agreement) as may be required by Franchisor to be executed by others in such positions.

D. Financial Matters

(1) Developer and, at Franchisor's request, each of the Controlling Principals have provided Franchisor with the most recent financial statements of Developer and such Principals. Such financial statements present fairly the financial position of Developer and each of the Controlling Principals, as applicable, at the dates indicated therein and, with respect to Developer, the results of its operations and its cash flow for the years then ended. Each of the financial statements are certified as true and correct and have been prepared in conformity with generally accepted accounting principles and, except as expressly described in the applicable notes, applied on a consistent basis. There are no material liabilities, adverse claims, commitments or obligations of any nature, whether accrued, unliquidated, absolute, contingent or otherwise, which are not reflected as liabilities on the financial statements.

(2) The Controlling Principals shall jointly and severally guarantee Developer's performance of all of Developer's obligations, covenants and agreements described in this Agreement pursuant to the terms and conditions of the Guarantee and Assumption Agreement contained herein, and shall otherwise bind themselves to the terms of this Agreement as stated herein.

(3) Developer shall provide Franchisor with any and all loan documents or other documentation regarding the financing of the business contemplated hereby that Franchisor may request.

(4) Developer shall maintain at all times during the term of this Agreement sufficient working capital to fulfill its obligations under this Agreement.

E. Anti-Terrorist Activities. Developer and its Controlling Principals certify that neither Developer nor its owners, employees or anyone associated with Developer is listed in the Annex to

Executive Order 13224. (The Annex is available at http://www.ustreas.gov/offices/enforcement/ofac/) Developer agrees not to hire or have any dealings with a person listed in the Annex. Developer certifies that it has no knowledge or information that, if generally known, would result in Developer, its owners, employees, or anyone associated with Developer being listed in the Annex to Executive Order 13224. Developer and its Controlling Principals agree to comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Developer and its Controlling Principals certify, represent, and warrant that none of its property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Developer and its owners are not otherwise in violation of any of the Anti-Terrorism Laws. Developer is solely responsible for ascertaining what actions must be taken by Developer to comply with all such Anti-Terrorism Laws, and Developer specifically acknowledges and agrees that Developer's indemnification responsibilities as provided in Section XI. of this Agreement pertain to Developer's obligations under this Section VII.E. Any misrepresentation by Developer under this Section or any violation of the Anti-Terrorism Laws by Developer, its owners, or employees shall constitute grounds for immediate termination of this Agreement and any other agreement Developer has entered into with Franchisor or one of Franchisor's affiliates. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority (including, without limitation, the United States Department of Treasure Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

F. Agreements with Respect to Management Personnel. Developer and its Controlling Principals understand that compliance by all developers operating under the System with Franchisor's training and development requirements is an essential and material element of the System and that Franchisor and developers operating under the System consequently expend substantial time, effort, and expense in training management personnel for the development of the their respective Palm Beach Tan Locations. Accordingly, if, during the term of this Agreement, Developer or any Controlling Principal employs, as a tanning salon manager or any position above the level of a tanning salon manager, any individual who is at the time or was within the preceding thirty (30) days, employed as a tanning salon manager or in any position above the level of tanning salon manager, by Franchisor or any of its Affiliates or any other Palm Beach Tan franchisee or developer, then Developer and the Controlling Principals will pay the former employer of such individual an amount equal to the reasonable costs and expenses, of whatever nature or kind, incurred by the former employer in connection with the training of such employee. The parties agree that such expenditures may be uncertain and difficult to ascertain and therefore agree that the compensation specified herein reasonably represents such expenditures and is not a penalty. An amount equal to the compensation of such employee for the three-month period (or such shorter time, if applicable) immediately prior to the termination of his or her employment with such former employer shall be paid by Developer or the applicable Controlling Principal, as the case may be, prior to such individual assuming the position of tanning salon manager or any position above the level of a tanning salon manager. In seeking any individual to serve as tanning salon manager or any position above the level of a tanning salon manager, Developer and the Controlling Principals shall not discriminate in any manner whatsoever against any individual to whom the provisions of this Section apply on the basis of the compensation required to be paid hereunder if Developer or any Controlling Principal designates or employs such individual. The parties expressly acknowledge and agree that no current or former employee of Franchisor, its Affiliates, Developer, or of any other entity operating under the System shall be a third-party beneficiary of this Agreement or any provision hereof, except for the covenant stated in the immediately preceding sentence. Franchisor hereby expressly disclaims any representations and warranties regarding the performance of any employee or former employee of

Franchisor, its Affiliates, or any Palm Beach Tan franchisee or developer under the System, who is employed by Developer or any of the Controlling Principals in any capacity, and Franchisor shall not be liable for any losses, of whatever nature or kind, incurred by Developer or any Controlling Principal in connection therewith.

VIII. DEFAULT AND TERMINATION; POST-TERMINATION OBLIGATIONS

A. Termination Without Notice or Cure. Developer shall be deemed to be materially in default under this Agreement and all rights granted herein shall automatically terminate without notice to Developer if:

(1) Developer becomes insolvent or makes a general assignment for the benefit of creditors or files a voluntary petition under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state or admits in writing its inability to pay its debts when due;

(2) Developer is adjudicated bankrupt or insolvent in proceedings filed against Developer under any section or chapter of federal bankruptcy law or any similar law or statute of the United States or any state;

(3) A bill in equity or other proceeding for the appointment of a receiver of Developer or other custodian for Developer's business or assets is filed and consented to by Developer, or if a receiver or other custodian (permanent or temporary) of Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction;

(4) Proceedings for a composition with creditors under any state or federal law are instituted by or against Developer;

(5) A final judgment against Developer remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed);

(6) Developer is dissolved;

(7) Execution is levied against Developer's business or property;

(8) Suit to foreclose any lien or mortgage against the premises or equipment of any business operated hereunder or under any Franchise Agreement is instituted and not dismissed within thirty (30) days; or

(9) The real or personal property of any business operated hereunder or under any Franchise Agreement shall be sold after levy by any sheriff, marshal or constable.

B. Termination on Notice. Developer shall be deemed to be materially in default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Developer any opportunity to cure the default, effective immediately upon written notice to Developer, upon the occurrence of any of the following events of default:

(1) If Developer or any of the Controlling Principals is convicted of, or enters a plea of nolo contendere to, a felony, a crime involving moral turpitude or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith or Franchisor's interests therein (a "Criminal Determination"); provided, that if any Controlling Principal is the subject of a Criminal Determination, Developer may cure such default by (i)

promptly notifying Franchisor that Developer intends to acquire such Controlling Principal's ownership interest in Developer, (ii) acquiring such ownership interest within a reasonable period of time, not to exceed ninety (90) days from the date of the Criminal Determination, and (iii) prohibiting such Controlling Principal from having any future involvement in the ownership or operation of the business.

(2) If a threat or danger to public health or safety results from the construction, maintenance or operation of any Palm Beach Tan Location developed under this Agreement.

(3) If Developer or any of the Controlling Principals breach in any material respect any of the representations, warranties and covenants in Section VII.

(4) If Developer or any of the Controlling Principals transfers or attempts to transfer any rights or obligations under this Agreement, or any interest in Developer or the business contemplated hereby contrary to the terms of this Agreement, or if an approved transfer upon death or permanent disability is not effected within the time period and in the manner prescribed by Section IX.F.

(5) If Developer or any of the Controlling Principals fails to comply with the covenants in Section X.

(6) If Developer, or any of the Controlling Principals, repeatedly commits a material event of default under this Agreement, whether or not such defaults are of the same or different nature and whether or not such defaults have been cured after notice by Franchisor.

C. Termination After Notice and Opportunity to Cure. Upon the occurrence of any event set forth below, Developer shall be deemed to be materially in default, and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, by giving Developer written notice stating the nature of the default and the applicable cure period (defined below). Developer may avoid termination by curing such default to Franchisor's satisfaction within the time period set forth below or such longer period as applicable law may require ("cure period"). If a default is not cured within the cure period, Developer's rights under this Agreement shall terminate without further notice to Developer effective immediately upon the expiration of the cure period.

(1) If Developer fails to comply with the Development Schedule, or otherwise fails to satisfy its obligations set forth in Section III and fails to cure such deficiency within thirty (30) days following receipt of written notice from Franchisor (or such longer period as Franchisor may specify in the notice).

(2) If Developer or any of its affiliates fails, refuses, or neglects promptly to pay any monies owed to Franchisor or any of its affiliates, when due under this Agreement or any other agreement and does not cure such default within five (5) days following notice from Franchisor, or if Developer or any of its affiliates commits any other material default under this Agreement or any other agreement between Franchisor or its affiliates and Developer or its affiliates and does not cure such default within the applicable cure period, if any, provided for in the applicable agreement.

(3) If Developer fails to designate a qualified replacement Operating Principal or General Manager within thirty (30) days after any initial or successor Operating Principal or General Manager ceases to serve or if any Operating Principal or General Manager fails to satisfactorily complete Franchisor's management training program and Developer fails to cure such default within ninety (90) days following written notice from Franchisor.

(4) If Developer fails to obtain the execution of the covenants required under Section X.G. within thirty (30) days following Franchisor's request that Developer do so.

(5) If Developer misuses or makes any unauthorized use of the Marks or otherwise materially impairs the goodwill associated therewith or with the System or Franchisor's rights therein and fails to cure such default within twenty-four (24) hours following notice from Franchisor.

(6) If Developer or any of its affiliates are otherwise in default under any Franchise Agreement and fails to cure such default within the applicable cure period, if any, contained in such Franchise Agreement.

(7) If Developer fails to comply with any other term or condition imposed by this Agreement and fails to cure within thirty (30) days following notice from Franchisor.

D. Additional Remedies. Upon default by Developer under Section VIII.B. or C., Franchisor reserves the right to elect to exercise any one or more of the following remedies in lieu of terminating this Agreement: (i) terminate or modify any territorial protections granted to Developer in Section I., (ii) reduce the size of the Territory, (iii) reduce the number of Palm Beach Tan Locations which Developer may establish pursuant to the Development Schedule, or (iv) terminate or modify any right of first offer granted to Developer in Section III.D.

(1) If Franchisor elects to exercise one or more of the additional remedies set forth above, Developer shall continue to develop Palm Beach Tan Locations in accordance with its rights and obligations hereunder, as so modified. To the extent such rights are modified pursuant to this Section VIII.D., Developer acknowledges that Franchisor shall be entitled to establish, and to license others to establish, Palm Beach Tan Locations in some or all of the Territory, except as may be otherwise provided under any Franchise Agreement which is then in effect between Franchisor and Developer.

(2) Franchisor's exercise of any of its remedies under this Section VIII.D. shall not, constitute a waiver by Franchisor to exercise its option to terminate this Agreement at any time with respect to a subsequent event of default of a similar or different nature.

E. Effect on Franchise Agreements; Remedies Non-Exclusive

F. (1) No default under this Agreement shall constitute a default under any Franchise Agreement, unless the default is also a default under the terms of such Franchise Agreement.

(2) No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy provided or permitted by law or in equity.

G. Post-Termination Obligations. Upon the termination or expiration of this Agreement, Developer shall have no right to establish or operate any Palm Beach Tan Location for which a Franchise Agreement has not been executed by Franchisor and delivered to Developer at the time of termination or expiration (but may complete development of and/or operate Palm Beach Tan Locations under then existing Franchise Agreements) and Franchisor may develop, or authorize others to develop, Palm Beach Tan Locations in the Territory. Upon the expiration or termination of this Agreement:

(1) Developer and the Controlling Principals shall comply with the restrictions on confidential information contained in Section X.B. and the covenants against competition contained in Section X.D. Any other person who has executed or who was required to execute similar covenants pursuant to Section X.G. shall also comply with such covenants.

(2) Developer and its Controlling Principals shall promptly pay all sums owing to Franchisor and its subsidiaries or affiliates. Such sums shall include all damages, costs and expenses,

including reasonable attorneys' fees, incurred by Franchisor as a result of any default by Developer, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Developer and on the premises operated under any Franchise Agreement at the time of default.

(3) Developer and the Controlling Principals shall pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor in connection with obtaining any remedy available to Franchisor for any violation of this Agreement and subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section VIII.F.

IX. TRANSFER OF INTEREST

A. By Franchisor. Franchisor shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity without Developer's consent, and upon such transfer or assignment, the transferee or assignee shall be solely responsible for all Franchisor's obligations arising hereunder subsequent to the transfer or assignment. Without limitation of the foregoing, Franchisor may sell its assets to a third party; may offer its securities privately or publicly; may merge, acquire other entities or persons, or be acquired by another entity or person; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring.

B. Transfers That Effect A Change In Control. Developer acknowledges that Developer's rights and duties under this Agreement are personal to Developer and that Franchisor has granted such rights in reliance on the business skill, financial capacity and character of Developer and its Principals. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material event of default. Accordingly, without Franchisor's written consent, neither Developer, nor any Principal, nor any successor or assign of Developer or any Principal, shall sell, assign, transfer, convey, merge, give away, or otherwise dispose of any direct or indirect interest in this Agreement, in Developer's assets, or in Developer, whether or not such sale, assignment, transfer, conveyance, merger, gift, or disposition constitutes a transfer or assignment under applicable law, which effects a Change in Control (as defined in Section XIX.C.) Transfers that do not result in a Change in Control shall be governed by Section IX.G. of this Agreement. Franchisor shall not unreasonably withhold its consent to a transfer that will constitute a Change In Control but Franchisor may require any or all of the following as conditions of its approval to any such transfer. Developer acknowledges and agrees that each of the following conditions is reasonable and necessary to ensure such transferee's full performance of the obligations hereunder.

(1) All accrued monetary obligations of Developer and its affiliates to Franchisor and its affiliates arising under this Agreement, any Franchise Agreement, or other agreement shall have been satisfied in a timely manner and Developer shall have satisfied all trade accounts and other debts in a timely manner;

(2) Developer and its affiliates are not in default of any provision of this Agreement, any Franchise Agreement, or other agreement between Developer or its affiliates and Franchisor or its affiliates; and shall have substantially and timely complied with all the terms and conditions of such agreements during the terms thereof, and Developer must concurrently transfer to the same transferee all Franchise Agreements executed pursuant this Agreement;

(3) The transferor and its principals, if applicable, shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims, against Franchisor and its affiliates, their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, past and present, in their corporate and individual capacities,

including, without limitation, claims arising under this Agreement, any Franchise Agreement and any other agreement between Developer or its affiliates and Franchisor or its affiliates, and under federal, state or local laws, rules, and regulations or orders;

(4) The transferee shall demonstrate to Franchisor's satisfaction that it meets Franchisor's then-current qualifications for developers;

(5) The transferee shall enter into a written agreement, in a form satisfactory to Franchisor, assuming full, unconditional, joint and several, liability for, and agreeing to perform from the date of the transfer, all obligations, covenants and agreements of Developer under this Agreement; and, if transferee is a corporation, partnership, or limited liability company, those of transferee's principals who are designated as controlling principals, shall also execute such agreement and guarantee the performance thereof;

(6) The transferee shall execute Franchisor's then-current form of development agreement which shall supersede this Agreement in all respects and the terms of which may differ from the terms of this Agreement, and, if transferee is a corporation, partnership, or limited liability company, those of transferee's principals who are designated as controlling principals, shall also execute such agreement and guarantee the performance thereof;

(7) The transferor shall remain liable for all of its obligations to Franchisor under this Agreement incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by Franchisor to evidence such liability;

(8) Developer shall pay Franchisor a transfer fee of five thousand dollars ($5,000) and shall reimburse Franchisor for its reasonable costs and expenses associated with the transfer, including, without limitation, legal and accounting fees;

(9) If transferee is a corporation, partnership, or limited liability company, transferee shall make all of the representations, warranties and covenants in Section VII. as Franchisor requests.

C. Transfers for Convenience of Ownership. If the proposed transfer is to a corporation formed solely for the convenience of ownership, Franchisor's consent may be conditioned upon any of the requirements in Section IX.B., except that the requirements in Sections IX.B.(3), (4), (6) and (8) shall not apply. With respect to a transfer to a corporation formed for the convenience of ownership, Developer shall be the owner of all the voting stock or interest of the corporation, and if Developer is more than one individual, each individual shall have the same proportionate ownership interest in the corporation as he had in Developer prior to the transfer.

D. Grant of Security Interest. Neither Developer nor any of its Principal shall pledge, mortgage, encumber or grant a security interest in this Agreement, any of Developer's assets, or any ownership interest in Developer without Franchisor's prior written consent, which will not be unreasonably withheld. In connection therewith, Franchisor may condition its consent on the agreement of the secured party that, in the event of any default, Franchisor shall have the right (but not the obligation) to cure such default.

E. Right of First Refusal. If Developer or a Controlling Principal wishes to transfer any ownership interest in this Agreement, Developer's business, or Developer, pursuant to any bona fide offer received from a third party to purchase such interest, then such proposed seller shall promptly notify Franchisor in writing of each such offer, and shall provide such information and documentation relating to the offer as Franchisor may require. Franchisor shall have the right and option, exercisable within thirty (30) days after receipt of such written notification and copies of all required documentation describing the

terms of the offer, to send written notice to the seller that Franchisor intends to purchase the seller's interest on the terms and conditions offered by the third party. If Franchisor elects to purchase the seller's interest, closing shall occur on or before the later of (i) sixty (60) days from the date of Franchisor's notice to seller of its election to purchase, or (ii) sixty (60) days from the date Franchisor receives or obtains all necessary permits and approvals, or any other date as agreed by the parties in writing. A material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal as an initial offer. Franchisor's failure to exercise the option afforded by this Section IX.E. shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section IX. relating to a proposed transfer.

(1) If the third party offer provides for payment of consideration other than cash, Franchisor may elect to purchase seller's interest for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the reasonable cash equivalent, then that amount shall be determined by two (2) appraisers. Each party shall select one (1) appraiser and the average of the appraisers' determinations shall be binding. Each party shall bear its own legal and other costs and shall share the appraisal fees equally. If Franchisor exercises its right of first refusal, it shall have the right to set off all appraisal fees and other amounts due from Developer to Franchisor or any of its affiliates.

(2) Failure to comply with this Section IX.E. shall constitute a material event of default under this Agreement.

F. Death and Permanent Disability.

(1) Upon the death of Developer or any Controlling Principal who is a natural person (the "Deceased"), the executor, administrator or other personal representative of the Deceased shall transfer the Deceased's interest to a third party approved by Franchisor in accordance with this Section IX. within twelve (12) months after the Deceased's date of death. If no personal representative is designated or appointed and no probate proceedings are instituted for the estate of the Deceased, then the distributee of the Deceased's interest must be approved by Franchisor. If the distributee is not approved by Franchisor, then the distributee shall transfer such interest to a third party approved by Franchisor in accordance with this Section IX. within twelve (12) months after the death of the Deceased. Notwithstanding the foregoing, in circumstances where the Deceased is a Controlling Principal, the transfer of the Deceased's interest to a trust established for the benefit of the Deceased's estate shall be deemed to be a transfer to a third party approved by the Franchisor, provided, that the Developer continues to operate its business in accordance with the Development Agreement under the supervision of an Operating Principal and, if applicable, a General Manager approved by Franchisor. Franchisor's approval of a successor or substitute Operating Principal shall not be unreasonably withheld.

(2) Upon the permanent disability of Developer or any Controlling Principal who is a natural person (the "Disabled"), Franchisor may require the Disabled's interest to be transferred to a third party approved by Franchisor in accordance with this Section IX. within six (6) months after notice to Developer. Notwithstanding the foregoing, a Controlling Principal shall not be required to transfer its interest in Developer in the event of permanent disability, provided, that the operation of Developer's business continues to be conducted in accordance with the Development Agreement under the supervision of an Operating Principal and, if applicable, a District Manager approved by Franchisor, and, if the Controlling Principal suffering the permanent disability is the Operating Principal, a successor or substitute operating principal approved by Franchisor is appointed within a reasonable period of time. Franchisor's approval of a successor or substitute Operating Principal will not be unreasonably withheld. "Permanent disability" shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing his or her obligations under this Agreement for at least ninety (90) consecutive days and from which recovery within such ninety (90) day period is unlikely. Permanent disability shall be confirmed upon examination by a licensed practicing physician selected by Franchisor.

If a person refuses to submit to an examination, then that person shall automatically be deemed permanently disabled. The cost of any examination required by this Section shall be paid by Franchisor.

(3) Developer or its representative must promptly notify Franchisor of any death or claim of permanent disability subject to this Section IX.F. Any transfer upon death or permanent disability shall be subject to those conditions described in this Section IX. for any inter vivos transfer.

G. Transfers That Do Not Effect A Change In Control. If any person holding an interest in this Agreement, Developer's assets or Developer proposes to transfer such interest and such proposed transfer does not effect a Change in Control, then Developer shall promptly notify Franchisor of such proposed transfer in writing and shall provide such information relative thereto as Franchisor may reasonably request prior to the transfer. The transferee shall not be one of Franchisor's competitors. The transferee will be required to execute a confidentiality agreement and ancillary covenants not to compete in the form then required by Franchisor, which form shall be in substantially the same as the form attached to this Agreement as Attachment B. Franchisor reserves the right to designate the transferee as one of the Controlling Principals.

H. Securities Offering. Interests in Developer shall not be offered to the public by private or public offering without Franchisor's prior written consent, which shall not be unreasonably withheld. As a condition of its consent, Franchisor reserves the right to require that, immediately after such offering, Developer and the Controlling Principals retain a Controlling Interest in Developer. Developer shall give Franchisor written notice at least thirty (30) days prior to the commencement of any offering covered by this Section IX.H. All offering materials shall be submitted to Franchisor for review prior to being filed with any governmental agency or distributed for use. Franchisor's review of the offering materials shall be limited solely to the subject of the relationship between Developer and Franchisor. No offering shall imply that Franchisor is participating in an underwriting, issuance or offering of securities. Franchisor may require the offering materials to contain a written statement prescribed by Franchisor concerning the relationship of Developer and Franchisor. Developer, its Controlling Principals and the other participants in the offering must fully indemnify Franchisor, its affiliates, their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, past and present, in connection with the offering. For each proposed offering, Developer shall reimburse Franchisor for its reasonable costs and expenses (including, without limitation, legal and accounting fees) associated with reviewing the offering materials.

I. No Waiver. Franchisor's consent to the transfer of any interest described in this Section IX. shall not constitute a waiver of any claims which Franchisor may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand transferee's exact compliance with any of the terms of this Agreement.

X. COVENANTS

A. Best Efforts. Except as otherwise approved in writing by Franchisor, Developer and Operating Principal or General Manager shall devote full time, energy and best efforts to the management and operation of the business contemplated by this Agreement.

B. Confidentiality. Developer and Controlling Principals shall not communicate or use any Confidential Information to or for the benefit of any other person or entity and, following the termination or expiration of this Agreement shall not use such Confidential Information for their own benefit or the benefit of others. Developer and Controlling Principals shall disclose Confidential Information only to those of Developer's personnel who must have access to it in connection with their employment. Neither Developer nor the Controlling Principals shall at any time, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce all or any part of the Confidential Information, in whole or

in part, nor otherwise make the same available to any unauthorized person. The covenant in this Section shall survive the expiration or termination of this Agreement and shall be perpetually binding upon Developer and each of the Controlling Principals.

C. Improvements. If Developer, Controlling Principals or any of Developer's personnel develop any improvements in the operation or promotion of the franchised business, Developer shall promptly notify Franchisor and provide Franchisor with all necessary related information. Developer acknowledges and agrees that any such improvements shall be Franchisor's sole property and that Franchisor shall be the sole owner of all patents, patent applications, and other intellectual property rights related thereto. Developer hereby assigns to Franchisor any rights that Developer may have or acquire in such improvements, including the right to modify such improvements, and otherwise waives and/or releases all rights of restraint and moral rights in and to such improvements, without compensation, and will obtain any appropriate assignments from others. Developer agrees to assist Franchisor in obtaining and enforcing the intellectual property rights to any such improvement in any and all countries and further agrees to execute and provide Franchisor with all necessary documentation for obtaining and enforcing such rights. Developer hereby irrevocably designates and appoints Franchisor as Developer's agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property right related to the improvement. If the foregoing provisions of this Section X.C. are found to be invalid or otherwise unenforceable, Developer hereby grants to Franchisor a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the improvements to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe Developer's rights in the improvements.

D. Non-Competition/Non-Solicitation. Developer has the right and the obligation, arising from this Agreement, to develop the Territory for the benefit of the System. Developer and Controlling Principals acknowledge that, pursuant to this Agreement, they will receive valuable training, and Confidential Information which are beyond their present skills and experience and which provide a competitive advantage. Developer and Controlling Principals further acknowledge that gaining access to such specialized training, and Confidential Information is a primary reason for entering into this Agreement. In consideration therefor, Developer and the Controlling Principals covenant as follows.

(1) Except as provided in any then-currently effective Franchise Agreement or unless Franchisor otherwise approves in writing, neither Developer nor any Controlling Principal will, during the term of this Agreement or, if applicable, for so long as a person is a Controlling Principal, directly or indirectly, for itself or themselves or through, on behalf of or in conjunction with any person, association or entity:

(a) Divert, or attempt to divert, any customer of the business contemplated hereunder to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Except with respect to Palm Beach Tan Locations operated under valid Franchise Agreements, own, maintain, operate, engage in, or have any financial or beneficial interest in (including as landlord), advise, assist or make loans to, any business that is the same as or similar to a Palm Beach Tan Location, including, without limitation, any retail tanning store or other business which offers tanning services or products, or any other products or services that Palm Beach Tan Locations offer, including, without limitation, body and skin therapy services or products, and which is located within any jurisdiction in which Franchisor has used, sought registration of or registered the same or similar Marks or operates or licenses others to operate a business under the same or similar Marks.

(2) Except as provided in any then-currently effective Franchise Agreement or unless Franchisor otherwise approves in writing, neither Developer nor any Controlling Principal will, for a

continuous uninterrupted period of two (2) years following, (i) for Developer, the expiration, termination, or transfer of all of Developer's interest in this Agreement, or (ii) for the Controlling Principals, the earlier of (a) the expiration, termination, or transfer of all of Developer's interest in this Agreement or (b) the time such person ceases to be a Controlling Principal, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person, association, or entity:

(a) Divert, or attempt to divert, any customer of the business contemplated hereunder to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Except with respect to Palm Beach Tan Locations operated under valid Franchise Agreements, own, maintain, operate, engage in, or have any financial or beneficial interest in (including as landlord), advise, assist or make loans to, any business that is the same as or similar to a Palm Beach Tan Location, including, without limitation, any retail tanning store or other business which offers tanning services or products, or any other products or services that Palm Beach Tan Locations offer, including, without limitation, body and skin therapy services or products, and which business is, or is intended to be, located in the Territory or within a five (5)-mile radius of the location of any Palm Beach Tan Location in existence or under construction during such period.

Sections X.D.(1)(b) and X.D.(2)(b) shall not apply to ownership of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly-held corporation.

E. Scope of Covenants. The parties acknowledge and agree that each of the foregoing covenants contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. If all or any portion of a covenant in this Section X. is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Developer and Controlling Principals expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section. Developer and Controlling Principals agree that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Section X.D., without their consent, effective immediately upon notice to Developer; and agree that they shall immediately comply with any covenant as so modified, notwithstanding the provisions of Section XVI. The periods relating to the obligations set forth in Section X.D.(2) will be tolled for any period of non-compliance.

F. Independence. Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. Developer and the Controlling Principals expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section X. Developer and the Controlling Principals agree to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section X.

G. Execution by Others. Developer shall obtain execution of covenants similar to those set forth in this Section X. from all personnel of Developer (including any General Manager) who have received or have access to Confidential Information. Such covenants shall be substantially in the form of Attachment B. All of Developer's Principals not required to sign this Agreement as a Controlling Principal also must execute such covenants. Franchisor reserves the right, in its sole discretion, to decrease the period of time or geographic scope of the noncompetition covenant set forth in Attachment B or eliminate such noncompetition covenant altogether for any party that is required to execute such agreement under this Section X.G.

H. Injunctive Relief. Failure to comply with the requirements of this Section X. shall constitute a material event of default under this Agreement. Developer and Controlling Principals acknowledge that a violation of this Section X. would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Developer and Controlling Principals accordingly consent to the issuance of an injunction prohibiting any conduct by Developer or Controlling Principals in violation of the terms of this Section X. Developer and Controlling Principals agree to pay all court costs and reasonable legal fees incurred by Franchisor in obtaining specific performance, injunctive relief or any other remedy available to Franchisor for any violation of the requirements of this Section X.

XI. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

A. Independent Contractor. This Agreement does not create a fiduciary relationship between the parties. Developer is an independent contractor and nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose. Developer shall hold itself out to the public as an independent contractor and agrees to take such action as shall be necessary to that end, including, without limitation, exhibiting a notice in a form specified by Franchisor in a conspicuous place in any Palm Beach Tan Location established under a Franchise Agreement. Nothing in this Agreement authorizes Developer or any Controlling Principal to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name, and Franchisor assumes no liability for, and shall not be deemed liable under this Agreement as a result of, any such action, or for any act or omission of Developer or the Controlling Principals or any claim or judgment arising therefrom. All employees hired by or working for Developer shall be the employees of Developer and shall not, for any purpose, be deemed employees of Franchisor or subject to Franchisor's control. Franchisor has no authority to hire, fire, promote, or demote any of Developer's employees or take any disciplinary action whatsoever against any of them. Additionally, Developer must communicate to all employees that Developer, not Franchisor, is their employer; and Developer must ensure that no payroll or other employment-related documents (such as job applications and W-2s) contain or reference the Marks or Franchisor's name. Each of the parties shall file its own tax, regulatory and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof.

B. Indemnification. Developer shall, at all times, indemnify and hold harmless to the fullest extent permitted by law Franchisor, its affiliates, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, successors and assigns, past and present ("Indemnitees") from all Losses and Expenses incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or is based upon any of the following:

(i) The infringement, alleged infringement, or any other violation or alleged violation by Developer or any Controlling Principal of any patent, mark, copyright or other proprietary right owned or controlled by third parties (except as may occur with respect to any rights to use the Marks, any copyrights or other proprietary information granted to Developer under a Franchise Agreement);

(ii) The violation, breach or asserted violation or breach by Developer or any Controlling Principal of any federal, state or local law, regulation, ruling, standard or directive, or any industry standard;

(iii) Libel, slander or any other form of defamation of Franchisor, the System, or any developer or franchisee under the System, by Developer or by any Controlling Principal;

(iv) The violation or breach by Developer or any Controlling Principal of any warranty, representation, agreement or obligation in this Agreement, any Franchise Agreement, or any other agreement between Developer or any of its affiliates and Franchisor or any of its affiliates; and

(v) Acts, errors or omissions of Developer, any Controlling Principal, and their respective affiliates, officers, directors, shareholders, partners, agents, independent contractors, servants, employees and representatives in connection with the performance of the development activities contemplated under this Agreement or the establishment and operation of any Palm Beach Tan Location pursuant to a Franchise Agreement and arising out of Developer's employer/employee relationships.

(1) Developer agrees to give Franchisor immediate notice of any such action, suit, proceeding, claim, demand, inquiry or investigation. At the expense and risk of Developer, Franchisor may elect to control (but under no circumstance is obligated to undertake), and to engage associate counsel of its own choosing with respect to, the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation. Such an undertaking by Franchisor shall, in no manner or form, diminish the obligation of Developer to indemnify the Indemnitees and to hold them harmless.

(2) To protect persons or property or its reputation or goodwill, or the reputation or goodwill of others, Franchisor may, at any time and without notice, consent or agree to settlements or take such other remedial or corrective action as it deems appropriate with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in Franchisor's judgment, there are reasonable grounds to believe that:

(a) any of the acts or circumstances enumerated in Sections XI.B.(i)-(iv) above has occurred; or

(b) any act, error or omission as described in Section XI.B.(v) may result directly or indirectly in damage, injury or harm to any person or any property.

(3) All Losses and Expenses incurred under this Section XI. shall be chargeable to and paid by Developer pursuant to its indemnity obligation, regardless of any action, activity or defense undertaken by Indemnitees or the subsequent success or failure thereof.

(4) The Indemnitees do not assume any liability for acts, errors or omissions of those with whom Developer or the Controlling Principals may contract, regardless of the purpose. Developer shall hold harmless and indemnify the Indemnitees as set forth herein without limitation and without regard to the cause or causes thereof or the negligence (whether such negligence be sole, joint or concurrent, or active or passive) or strict liability of Franchisor or any other party or parties arising in connection therewith.

(5) Under no circumstances shall the Indemnitees be required to seek recovery from third parties or otherwise mitigate their losses to maintain a claim for indemnification hereunder.

(6) This Section XI.B. shall survive the termination, expiration or transfer of this Agreement or any interest herein.

XII. APPROVALS

Whenever this Agreement requires the prior approval or consent of Franchisor, Developer shall make a timely written request to Franchisor and shall obtain such approval or consent in writing. No waiver, approval, consent, advice or suggestion given to Developer, and no neglect, delay or denial of any request therefor, shall constitute a warranty or guaranty by Franchisor, nor does Franchisor assume any liability or obligation to Developer or any third party as a result thereof.

XIII. NON-WAIVER AND REMEDIES

A. No Waiver. No delay, waiver, omission or forbearance of Franchisor to exercise any right, option, duty or power arising out of any breach or default by Developer or Controlling Principals shall constitute a waiver by Franchisor to enforce any such right, option, duty or power against Developer or Controlling Principals, or as to a subsequent breach or default. Franchisor's acceptance of any payments due hereunder subsequent to the due date shall not be deemed to be a waiver by Franchisor of any preceding breach of any terms, provisions, covenants or conditions of this Agreement.

B. Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies provided for herein or available at law or in equity. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. Neither the expiration or termination of this Agreement nor the exercise of Franchisor's rights pursuant to Section VIII. hereof shall discharge or release Developer or any Controlling Principal from any liability or obligation then accrued, continuing beyond, or arising out of, the expiration or termination of this Agreement or the exercise of such rights.

C. Enforcement Costs. In any action or dispute, at law or in equity, that may arise under or otherwise relate to the terms of this Agreement, the prevailing party will be entitled to full reimbursement of its litigation expenses from the other party. Litigation expenses include attorneys' fees, defense costs, witness fees and other related expenses including paralegal fees, travel and lodging expenses and court costs.

XIV. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or sent by prepaid facsimile, telegram or telex (provided that the sender confirms the facsimile, telegram or telex by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission) to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor: Palm Beach Tan Franchising, Inc.
6321 Campus Circle Drive E.
Irving, Texas 75063
Attention: Vice President, Franchising
Facsimile:(972) 966-5271

Notices to Developer and the Controlling Principals:	[Entity] [Address] Attention: [Name] Facsimile: [Number]

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of facsimile, telegram or telex, upon transmission (provided confirmation is sent as described above) or, in the case of expedited delivery service or registered or certified mail, three (3) business days after the date and time of mailing. Business days for the purpose of this Agreement excludes Saturday, Sunday and the following national holidays: New Year's Day, Martin Luther King Day, Presidents' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving and Christmas.

XV. SEVERABILITY AND CONSTRUCTION

A. Severability. Except as expressly provided to the contrary herein, each portion, section, part, term and provision of this Agreement shall be considered severable; and if, for any reason, any portion, section, part, term or provision is determined by a court or agency having valid jurisdiction to be invalid and contrary to, or in conflict with, any existing or future law or regulation, this shall not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties; the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Agreement; and there shall automatically be added such portion, section, part, term or provision as similar as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation.

B. No Third Party Beneficiary. Nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Developer and Franchisor, Franchisor's affiliates, officers, directors and employees and such of Developer's and Franchisor's respective successors and assigns as may be contemplated (and, as to Developer, authorized by Section IX), any rights or remedies under or as a result of this Agreement.

C. Captions. All captions in this Agreement are intended solely for the convenience of the parties and shall not affect the meaning or construction of any provision of this Agreement.

D. Gender. All references to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable. Without limiting the obligations individually undertaken by the Controlling Principals under this Agreement, all acknowledgments, promises, covenants, agreements and obligations made or undertaken by Developer in this Agreement shall be deemed, jointly and severally, undertaken by all of the Controlling Principals.

E. Counterpart Execution. This Agreement may be executed in multiple counterparts and each copy so executed shall be deemed an original.

XVI. ENTIRE AGREEMENT

This Agreement, the documents referred to herein and the Attachments hereto, constitute the entire, full and complete agreement between the parties hereto concerning the subject matter hereof and shall supersede all prior related agreements. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Developer to waive reliance on any representation that Franchisor made in the most recent Franchise Disclosure Document (including its exhibits and amendments) that Franchisor delivered to Developer or its representative, subject to any agreed-upon changes to the contract terms and

conditions described in that Franchise Disclosure Document and reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement). No officer or employee or agent of Franchisor has any authority to make any representation or promise not contained in this Agreement or in any disclosure document for prospective developers and franchisees required by applicable law, and Developer agrees that it has executed this Agreement without reliance on any such representation or promise. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

XVII. DISPUTE RESOLUTION; GOVERNING LAW

A. MEDIATION. THE PARTIES AGREE TO SUBMIT ANY CLAIM, CONTROVERSY OR DISPUTE ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP CREATED HEREBY TO MEDIATION PRIOR TO BRINGING SUCH CLAIM, CONTROVERSY OR DISPUTE IN A COURT OR BEFORE ANY OTHER TRIBUNAL. THE MEDIATION SHALL BE CONDUCTED BY EITHER AN INDIVIDUAL MEDIATOR OR A MEDIATOR APPOINTED BY A MEDIATION SERVICES ORGANIZATION OR BODY EXPERIENCED IN THE MEDIATION OF DISPUTES BETWEEN FRANCHISORS AND FRANCHISEES, AS AGREED UPON BY THE PARTIES AND, FAILING SUCH AGREEMENT WITHIN A REASONABLE PERIOD OF TIME (NOT TO EXCEED FIFTEEN (15) DAYS) AFTER EITHER PARTY HAS NOTIFIED THE OTHER OF ITS DESIRE TO SEEK MEDIATION, BY THE AMERICAN ARBITRATION ASSOCIATION IN ACCORDANCE WITH ITS RULES GOVERNING MEDIATION. MEDIATION SHALL BE HELD AT FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS. THE COSTS AND EXPENSES OF MEDIATION, INCLUDING THE COMPENSATION AND EXPENSES OF THE MEDIATOR (BUT EXCLUDING ATTORNEYS' FEES INCURRED BY EITHER PARTY), SHALL BE BORNE BY THE PARTIES EQUALLY. IF THE PARTIES ARE UNABLE TO RESOLVE THE CLAIM, CONTROVERSY OR DISPUTE WITHIN NINETY (90) DAYS AFTER THE MEDIATOR HAS BEEN CHOSEN, THEN, UNLESS SUCH TIME PERIOD IS EXTENDED BY WRITTEN AGREEMENT OF THE PARTIES, EITHER PARTY MAY BRING A LEGAL PROCEEDING UNDER SECTION XVII.B. NOTWITHSTANDING THE FOREGOING, FRANCHISOR MAY BRING AN ACTION (1) FOR MONIES OWED, (2) FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF, OR (3) INVOLVING THE POSSESSION OR DISPOSITION OF, OR OTHER RELIEF RELATING TO REAL PROPERTY IN ANY COURT HAVING JURISDICTION, WITHOUT FIRST SUBMITTING SUCH ACTION TO MEDIATION.

B. LITIGATION. FOR ANY CLAIMS, CONTROVERSIES OR DISPUTES WHICH ARE NOT FINALLY RESOLVED THROUGH MEDIATION AS PROVIDED ABOVE, DEVELOPER AND CONTROLLING PRINCIPALS HEREBY IRREVOCABLY SUBMIT THEMSELVES TO THE JURISDICTION OF THE STATE AND THE FEDERAL DISTRICT COURTS LOCATED IN THE STATE, COUNTY OR JUDICIAL DISTRICT IN WHICH DEVELOPER'S PRINCIPAL PLACE OF BUSINESS IS LOCATED. DEVELOPER AND CONTROLLING PRINCIPALS HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION FOR THE PURPOSE OF CARRYING OUT THIS PROVISION AND AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON ANY OF THEM IN ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED HEREBY BY ANY MEANS ALLOWED BY TEXAS OR FEDERAL LAW. DEVELOPER AND CONTROLLING PRINCIPALS FURTHER AGREE THAT VENUE FOR ANY SUCH PROCEEDING SHALL BE THE COUNTY OR JUDICIAL DISTRICT IN WHICH FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED; PROVIDED, THAT FRANCHISOR MAY BRING ANY ACTION (1) FOR MONIES OWED, (2)

FOR INJUNCTIVE OR OTHER EXTRAORDINARY RELIEF OR (3) INVOLVING POSSESSION OR DISPOSITION OF, OR OTHER RELIEF RELATING TO, REAL PROPERTY, IN ANY STATE OR FEDERAL DISTRICT COURT WHICH HAS JURISDICTION.

C. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND INTERPRETED AND CONSTRUED UNDER TEXAS LAW (EXCEPT FOR TEXAS CHOICE OF LAW RULES).

D. MUTUAL ACKNOWLEDGMENTS.

(1) THE PARTIES' ACKNOWLEDGE THAT THEIR AGREEMENT REGARDING APPLICABLE STATE LAW AND FORUM SET FORTH ABOVE PROVIDE EACH OF THEM WITH THE MUTUAL BENEFIT OF UNIFORM INTERPRETATION OF THIS AGREEMENT AND ANY DISPUTE ARISING OUT OF THIS AGREEMENT OR THE PARTIES' RELATIONSHIP. EACH PARTY FURTHER ACKNOWLEDGES THE RECEIPT AND SUFFICIENCY OF MUTUAL CONSIDERATION FOR SUCH BENEFIT.

(2) THE PARTIES ACKNOWLEDGE THAT THE NEGOTIATION, EXECUTION AND ACCEPTANCE OF THIS AGREEMENT OCCURRED IN DALLAS, TEXAS, AND FURTHER ACKNOWLEDGE THAT THE PERFORMANCE OF CERTAIN OBLIGATIONS OF DEVELOPER ARISING UNDER THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, THE PAYMENT OF MONIES DUE AND THE EXECUTION OF THE FRANCHISE AGREEMENTS HEREUNDER, SHALL OCCUR IN DALLAS, TEXAS.

E. DAMAGES WAIVER; WAIVER OF JURY TRIAL.

(1) THE PARTIES HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM OR ANY PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS) AGAINST THE OTHER AND THEIR RESPECTIVE AFFILIATES, OFFICERS, DIRECTORS, SHAREHOLDERS, PARTNERS, AGENTS, REPRESENTATIVES, INDEPENDENT CONTRACTORS, SERVANTS AND EMPLOYEES, IN THEIR CORPORATE AND INDIVIDUAL CAPACITIES, ARISING OUT OF ANY CAUSE WHATSOEVER (WHETHER SUCH CAUSE BE BASED IN CONTRACT, NEGLIGENCE, STRICT LIABILITY, OTHER TORT OR OTHERWISE) AND AGREE THAT, IN THE EVENT OF A DISPUTE, THEY SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED. IF ANY OTHER TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING WAIVER SHALL CONTINUE IN FULL FORCE AND EFFECT.

(2) FRANCHISOR AND DEVELOPER AND DEVELOPER'S CONTROLLING PRINCIPALS HEREBY FURTHER IRREVOCABLY WAIVE ANY RIGHT TO A JURY TRIAL IN ANY ACTION ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER AGREEMENTS BETWEEN THEM OR THEIR RESPECTIVE AFFILIATES.

(3) EXCEPT FOR CLAIMS ARISING FROM DEVELOPER'S NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS OWED TO FRANCHISOR PURSUANT TO THIS AGREEMENT, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP OF THE PARTIES CREATED

HEREBY WILL BE BARRED UNLESS A DISPUTE RESOLUTION PROCEEDING IS COMMENCED WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING SUCH CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO SUCH CLAIMS.

XVIII. DEVELOPER'S ACKNOWLEDGMENTS.

A. Independent Investigation. Developer acknowledges that it has conducted a thorough independent investigation of the business venture contemplated by this Agreement and recognizes that the success of this business venture involves substantial business risks and will largely depend upon the ability and efforts of Developer. Franchisor expressly disclaims making, and Developer acknowledges that it has not received or relied on, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

B. Consultation. Developer acknowledges that Developer has received, read and understands this Agreement and the related Attachments and that Franchisor has afforded Developer sufficient time and opportunity to consult with advisors selected by Developer about the potential benefits and risks of entering into this Agreement.

C. FTC Rule Compliance. Developer acknowledges that it received a complete copy of Franchisor's franchise disclosure document required by the Federal Trade Commission's Franchise Trade Regulation Rule (16 C.F.R. Part 436) within the time period required by applicable law.

D. Franchisor's Obligations. Developer acknowledges that it is relying solely on Franchisor, and not on any affiliated entities or parent companies related to Franchisor, with regard to Franchisor's financial and other obligations under this Agreement, and no employee or other person speaking on behalf of, or otherwise representing, Franchisor has made any statement or promise to the effect that Franchisor's affiliated entities or parent companies guarantee Franchisor's performance or financially back Franchisor.

XIX. DEFINITIONS

A. An "affiliate" of a named person is any person or entity that is controlled by, controlling or under common control with such named person.

B. "Booth" or "Booths" means the brand or brands of sunless tanning equipment (including solution) approved by Franchisor.

C. "Change In Control" shall mean the transfer of an interest in the Development Agreement, or in all or substantially all of Developer's assets, or any transfer of ownership interests in Developer which results in the loss by any of the original Controlling Principals of the direct or indirect power to direct the management and policies of the Developer, including those relating to the payment of financial obligations, whether through the ownership of voting securities or interests by contract, or otherwise, each as reasonably determined by Franchisor.

D. "Confidential Information" means any confidential information, knowledge or know-how concerning the methods of development and operation of the Palm Beach Tan Locations which may be communicated to Developer or any of the Controlling Principals or of which they may be apprised under this Agreement. Any and all information, knowledge, know-how, techniques, online access passwords, and any materials used in or related to the System which Franchisor provides to Developer in connection with this Agreement shall be deemed confidential for the purposes of this Agreement.

E. "Controlling Interest" shall mean the direct or indirect power to direct the management and policies of the Developer, including those relating to the payment of financial obligations, whether through the ownership of voting securities or interests by contract, or otherwise, each as reasonably determined by Franchisor.

F. "Controlling Principal" includes, collectively and individually, any Developer's Principal who has been designated by Franchisor as a Controlling Principal under this Agreement.

G. "Conversion Location" means a tanning salon owned by an independent operator who elects to become a Palm Beach Tan developer and/or franchisee and to convert all of his or her independent tanning salon locations to Palm Beach Tan Locations pursuant to a development agreement and/or one or more franchise agreements (as amended by any applicable Conversion Addendum) between such independent operator and Franchisor. A Conversion Location does not include a salon operating under a name other than "Palm Beach Tan" which is purchased by an existing Palm Beach Tan developer/franchisee from an independent operator, even if such salon becomes a Palm Beach Tan Location following the acquisition.

H. "Internet" means a global computer-based communications network.

I. "Intranet" means a restricted global computer-based communications network.

J. "Losses and Expenses," as used in Section XI., shall include, without limitation, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, legal fees, court costs, settlement amounts, judgments, compensation for damages to Franchisor's reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space and costs of changing, substituting or replacing the same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

K. "Principal" means collectively and individually, Developer's spouse, if Developer is an individual, all officers and directors of Developer (including the officers and directors of any general partner of Developer) whom Franchisor designates as Developer's Principals and all holders of an ownership interest in Developer and in any entity directly or indirectly controlling Developer, and any other person or entity controlling, controlled by, or under common control with Developer.

L. "Publicly-held corporation" is a corporation registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, or a corporation subject to the requirements of Section 15(d) of such Act.

[Signature page follows]

IN WITNESS WHEREOF, each of the parties hereto have duly executed and delivered this Agreement as of the date set forth below.

FRANCHISOR:

Palm Beach Tan Franchising Inc.,
a Delaware corporation

By:_____ Date:_____
Roy Sneed,
Vice President, Franchising

FRANCHISEE:

_____ LLC,
a _____ limited liability company

By:_____ Date:_____
[name],
[title]

CONTROLLING PRINCIPALS
GUARANTEE AND ASSUMPTION AGREEMENT

Each of the undersigned acknowledges and agrees as follows:

(1) Each has read the terms and conditions of the Development Agreement and acknowledges that the execution of this Guarantee and Assumption Agreement ("Guarantee") and the undertakings of the Controlling Principals in the Development Agreement are in partial consideration for, and a condition to, the granting of the development rights in the Development Agreement, and that Franchisor would not have granted such rights without the execution of this Guarantee and such undertakings by each of the undersigned;

(2) Each is included in the term "Controlling Principals" as defined in Section XIX.F. of the Development Agreement;

(3) Each individually, jointly and severally, makes all of the covenants, representations, warranties and agreements of the Controlling Principals set forth in the Development Agreement and is obligated to perform thereunder. THESE INCLUDE A NUMBER OF PROVISIONS THAT MAY AFFECT THE LEGAL RIGHTS OF THE UNDERSIGNED, INCLUDING A WAIVER OF JURY TRIAL, WAIVER OF PUNITIVE OR EXEMPLARY DAMAGES AND LIMITATIONS ON WHEN CLAIMS MAY BE RAISED; and

(4) Each individually, jointly and severally, unconditionally and irrevocably guarantees to Franchisor and its successors and assigns that all of Developer's obligations under the Development Agreement will be punctually paid and performed. This Guarantee is a guaranty of payment, and not of collection. Upon default by Developer or upon notice from Franchisor, each will immediately make each payment and perform each obligation required of Developer under the Development Agreement. Without affecting the obligations of any of the Controlling Principals under this Guarantee, Franchisor may, without notice to the Controlling Principals, waive, renew, extend, modify, amend or release any indebtedness or obligation of Developer or settle, adjust or compromise any claims that Franchisor may have against Developer. Each of the Controlling Principals waives all demands and notices of every kind with respect to the enforcement of this Guarantee, including, without limitation, notice of presentment, demand for payment or performance by Developer, any default by Developer or any guarantor and any release of any guarantor or other security for this Guarantee or the obligations of Developer. Franchisor may pursue its rights against any of the Controlling Principals without first exhausting its remedies against Developer and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy. Upon receipt by Franchisor of notice of the death of any of the Controlling Principals, the estate of the deceased will be bound by the foregoing guaranty, but only for defaults and obligations under the Development Agreement existing at the time of death, and in such event, the obligations of the remaining Controlling Principals shall continue in full force and effect.

(5) Additionally, with respect to the individual designated as Operating Principal, Operating Principal acknowledges that the undertakings by Operating Principal under this Guarantee are made and given in partial consideration of, and as a condition to, Franchisor's grant of rights to develop Palm Beach Tan Locations as described herein; Operating Principal individually, jointly and severally, makes all of the covenants, representations and agreements of Developer and Operating Principal set forth in the Development Agreement and is obligated to perform hereunder.

CONTROLLING PRINCIPALS:

_____
∗ [name], individually

∗ Denotes Individual who is Developer's Operating Principal

ATTACHMENT A
TO DEVELOPMENT AGREEMENT

FRANCHISE AGREEMENT

(See Attachment D to Franchise Disclosure Document)

ATTACHMENT B
TO DEVELOPMENT AGREEMENT

CONFIDENTIALITY AGREEMENT AND ANCILLARY COVENANTS

This Confidentiality Agreement ("Agreement") is entered into by and between Palm Beach Tan Franchising Inc., a Delaware corporation ("Franchisor"), [Entity Name] ("Developer") and [individual's name] ("Covenantor") in connection with the Palm Beach Tan Franchising Inc. Development Agreement between Franchisor and Developer dated _____ ("Development Agreement") and is effective as of the date of execution. Initially capitalized terms used, but not defined in this Agreement, have the meanings contained in the Development Agreement.

RECITALS

Franchisor has the right to use and license the use of a System for the establishment and operation of Palm Beach Tan Locations.

The System is identified by certain Marks including, the mark "Palm Beach Tan" and includes certain Confidential Information which provides economic advantages to Franchisor and licensed users of the System.

Franchisor has granted Developer the right to develop Palm Beach Tan Locations pursuant to the Development Agreement.

In connection with his or her duties, it will be necessary for Covenantor to have access to some or all of the Confidential Information.

Franchisor and Developer have agreed on the importance of restricting the use, access and dissemination of the Confidential Information, and Developer therefore has agreed to obtain from Covenantor a written agreement protecting the Confidential Information and further protecting the System against unfair competition.

Covenantor acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

Confidentiality Agreement

1. Covenantor shall, at all times, maintain the confidentiality of the Confidential Information and shall use such Confidential Information only in the course of his or her employment by or association with Developer in connection with the development and/or operation of Palm Beach Tan Locations under the Development Agreement and any Franchise Agreement executed pursuant thereto.

2. Covenantor shall not at any time make copies of any documents or compilations containing any or all of the Confidential Information without Franchisor's express written permission.

3. Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except to other employees of Developer and only to the limited extent necessary

to train or assist other employees of Developer in the development or operation of a Palm Beach Tan Location.

4. Covenantor shall surrender any material containing any or all of the Confidential Information, to Developer or Franchisor upon request, or upon termination of Covenantor's employment by or association with Developer.

5. Covenantor shall not at any time, directly or indirectly, do or omit to do, any act that would, or would likely, be injurious or prejudicial to the goodwill associated with the System.

6. Covenantor acknowledges that all Manuals are loaned by Franchisor to Developer for limited purposes only and remain the property of Franchisor. Covenantor agrees that no Manuals may be reproduced, in whole or in part, without Franchisor's written consent.

Covenants Not to Compete

In order to protect the goodwill of the System, and in consideration for the disclosure of the Confidential Information to Covenantor, Covenantor agrees that, during the term of his or her association with or employment by Developer, and for a period of one (1) year following the earlier of (i) the termination thereof, or (ii) the termination, expiration or transfer of Developer's interest in the Development Agreement, Covenantor will not, without Franchisor's prior written consent or as permitted under valid Franchise Agreements for Palm Beach Tan Locations between Developer and Franchisor:

a. Directly or indirectly divert, or attempt to divert any business opportunity or customer of the System to any competitor; and

b. Directly or indirectly, for himself or through, on behalf of, or in conjunction with any other person, persons, partnership, corporation, limited liability company, or other association, or entity, own, maintain, operate, engage in or have any financial or beneficial interest in (including as landlord), advise, assist or make loans to, any business which is the same as or similar to a Palm Beach Tan Location, including, without limitation, any retail tanning store or other business which offers tanning services or products, or any other products or services that Palm Beach Tan Locations offer, including, without limitation, body and skin therapy services or products, and which is, or is intended to be, located within the Territory or within a five (5)-mile radius of any Palm Beach Tan Location then in existence or under construction.

Miscellaneous

1. Developer shall make all commercially reasonable efforts to ensure that Covenantor complies with this Agreement.

2. Covenantor agrees that:

a. Each of the covenants herein contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The time periods relating to the obligations set forth in this agreement will be tolled for any period of non-compliance.

b. Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final

decision to which Franchisor is a party, Covenantor shall be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

c. In the event of a breach of this Agreement, Franchisor would be irreparably injured and without an adequate remedy at law and, therefore, upon any such breach or attempted breach of any provision hereof, Franchisor shall be entitled, in addition to any other remedies which it may have at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

3. Covenantor shall pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Developer in enforcing this Agreement.

4. Any failure by Franchisor or Developer to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate as or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

5. **THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REFERENCE TO TEXAS CONFLICT OF LAW PRINCIPLES. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF TO THE JURISDICTION OF THE STATE AND THE FEDERAL DISTRICT COURTS LOCATED IN THE STATE, COUNTY OR JUDICIAL DISTRICT IN WHICH FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON HIM IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY TEXAS OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE THE COUNTY OR JUDICIAL DISTRICT IN WHICH THE FRANCHISOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR DEVELOPER MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.**

6. This Agreement contains the entire agreement of the parties regarding the subject matter hereof and may be modified only by a duly authorized writing executed by all parties.

7. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, or sent by facsimile or electronic mail (provided that the sender confirms the facsimile or electronic mail by sending an original confirmation copy by expedited delivery service or certified or registered mail within three (3) Business Days after transmission) to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

If directed to Franchisor, the notice shall be addressed to:

Palm Beach Tan Franchising, Inc.
6321 Campus Circle Drive E.
Irving, Texas 75063
Attention: Vice President, Franchising
Facsimile: (972) 966-5271

If directed to Developer, the notice shall be addressed to:

_____
_____
_____
Attention:_____
Facsimile:(___) _____

If directed to Covenantor, the notice shall be addressed to:

_____
_____
_____
Attention:_____
Facsimile:(___)_____

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of expedited delivery service, on the next Business Day, or, in the case of registered or certified mail, three (3) Business Days after the date and time of mailing, or, in the case of facsimile or electronic mail, upon transmission (provided confirmation is sent by expedited delivery service or registered or certified mail as provided above).

8. Franchisor and its successors and assigns shall be third party beneficiaries of this Agreement, with the full and independent right, at their option and in their sole discretion, to enforce this Agreement.

9. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successors and assigns. The respective obligations of Developer and Covenantor hereunder may not be assigned, without the prior written consent of Franchisor.

[Signature page follows]

IN WITNESS WHEREOF, each of the parties hereto have duly executed and delivered this Agreement as of the date set forth below.

FRANCHISOR:

Palm Beach Tan Franchising, Inc.,
a Delaware corporation

By: _____ Date:_____
Roy Sneed,
Vice President, Franchising

FRANCHISEE:
_____, LLC,
a [state] limited liability company

By: _____ Date:_____
[name]
[title]

ATTACHMENT C
TO DEVELOPMENT AGREEMENT

PRINCIPALS, CONTROLLING PRINCIPALS AND GENERAL MANAGER

A. The following is a list of all of Developer's Principals (as defined in Section XIX.K.), including all shareholders, partners, members or other investors owning a direct or indirect interest in Developer, and a description of the nature of their interest:

NAME	INTEREST IN DEVELOPER	NATURE OF INTEREST

B. The following is a list of all of Developer's Controlling Principals, as defined in Section XIX.F of the Development Agreement:

NAME OF CONTROLLING PRINCIPAL	NAME OF OWNER	OWNERSHIP PERCENTAGE	NATURE OF INTEREST

C. The following is Developer's General Manager:

_____

_____

ATTACHMENT D
TO DEVELOPMENT AGREEMENT

DESCRIPTION OF TERRITORY

_____

_____

_____

ATTACHMENT E
TO DEVELOPMENT AGREEMENT

LEASE RIDER

(a) Landlord acknowledges that Tenant is a franchisee of Palm Beach Tan Franchising Inc., a Delaware corporation ("Franchisor"), and that the Palm Beach Tan Location ("Unit") in the _____ [insert legal name of shopping center] located at _____ [insert address] (the "Premises") is operated under the Palm Beach Tan franchise system, pursuant to a franchise agreement ("Franchise Agreement") between Tenant and Franchisor. Landlord consents to Tenant's use at the Premises of such marks and signs, decor items, color schemes and related components of the Palm Beach Tan system as Franchisor may prescribe for the Unit. During the term of the Franchise Agreement, the Premises may be used only for the operation of the Unit.

(b) Landlord agrees to furnish to Franchisor copies of any and all default notices sent to Tenant pertaining to the Lease and the Premises at the same time that such notices are sent to Tenant. If Tenant has failed to cure such default at the expiration of the applicable cure period, Landlord shall give Franchisor further written notice of such failure ("Franchisor Notice"). Following Franchisor's receipt of the Franchisor Notice, Franchisor shall have the right (but not the obligation) to cure Tenant's default before Landlord shall exercise any of Landlord's remedies arising as a consequence of Tenant's default. Any such cure shall be effected within fifteen (15) days following Franchisor's receipt of the Franchisor Notice. Such cure by Franchisor shall not be deemed to be an election to assume the terms, covenants, obligations and conditions of the Lease.

(c) If Franchisor cures Tenant's default, or if Franchisor notifies Landlord that the Franchise Agreement has been terminated (which termination shall constitute a non-curable default pursuant to the Lease upon Landlord's receipt of Franchisor's notice thereof), Landlord agrees, upon Franchisor's written request, to assign to Franchisor any and all rights that Landlord may have under the Lease to remove and evict Tenant from the Premises and shall cooperate with Franchisor in order to pursue such action to a conclusion.

(d) If Franchisor cures Tenant's default or notifies Landlord of the termination of the Franchise Agreement, Franchisor shall have the right and option, upon written notice to Landlord, to do the following:

1. Undertake to perform the terms, covenants, obligations and conditions of the Lease on behalf of the Tenant (notwithstanding any removal or eviction of Tenant) for a period not to exceed six (6) months from the first (1st) date of any cure by Franchisor; or

2. At any time within or at the conclusion of such six (6) month period, assume the terms, covenants, obligations and conditions of the Lease for the remainder of the term, together with any applicable renewal options. In such event, Landlord and Franchisor shall enter into an agreement to document such assumption. Franchisor is not a party to the Lease and shall have no liability under the Lease unless and until said Lease is assigned to, and assumed by, Franchisor as herein provided.

(e) If, during the six (6) month period set forth in section (d)(1) above or at any time after the assignment contemplated in section (d)(2), Franchisor shall notify Landlord that the franchise for the Unit is being granted to another Palm Beach Tan franchisee, Landlord shall permit the assignment of the Lease to said franchisee, without any further consent of Landlord being required as a condition thereto and without the payment of any fee or other cost requirement. Thereafter, Franchisor shall be released from any and all further liabilities under the Lease. The parties agree to execute any commercially reasonable documents in furtherance of this section.

(f) Tenant will not assign the Lease or renew or extend the term thereof without the prior written consent of Franchisor, nor shall Landlord and Tenant amend or otherwise modify the Lease in any manner that could materially affect any of the foregoing requirements without the prior written consent of Franchisor.

(g) Franchisor shall have the right to enter the Premises to make any modification or alteration necessary to protect the Palm Beach Tan system and marks or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or any other crime or tort. Landlord shall not be responsible for any expenses or damages arising from any such action by Franchisor. Tenant hereby releases, acquits and discharges Franchisor and Landlord, their respective subsidiaries, affiliates, successors and assigns and the officers, directors, shareholders, partners, employees, agents and representatives of each of them, from any and all claims, demands, accounts, actions and causes of action, known or unknown, vested or contingent, which any of them may have, ever had, now has, or may hereafter have by reason of any event, transaction or circumstance arising out of or relating to the exercise of Franchisor's rights pursuant to the Addendum.

(h) All notices sent pursuant to this Addendum shall be sent in the manner set forth in the Lease, and delivery of such notices shall be effective as of the times provided for in the Lease. For purposes of notice under the Lease, Franchisor's mailing address shall be Palm Beach Tan Franchising, Inc., 6321 Campus Circle Drive, Irving, Texas 75063; Attn: Vice President of Franchising, which address may be changed by written notice to Landlord in the manner provided in the Lease.

ATTACHMENT F
To DEVELOPMENT AGREEMENT

REAL ESTATE RELEASE FORM

(To be executed at time of services)

This Real Estate Release ("Release") made by and among _____, as Developer and the undersigned Principals in favor of Palm Beach Tan Franchising, Inc., its subsidiaries and affiliates ("Palm Beach Tan") in connection with that certain Development Agreement dated _____, between Developer and Palm Beach Tan Franchising, Inc. ("Development Agreement").

RECITALS

WHEREAS, in connection with such Development Agreement, Developer has asked Palm Beach Tan for assistance in evaluating and selecting sites or alternate sites for Developer's proposed Palm Beach Tan Locations ("sites"); and

WHEREAS, Developer and the Principals acknowledge that real estate site selection and evaluation is inherently uncertain, and that many known and unknown variables determine the success or failure of a Palm Beach Tan Location, including competition, employee and service standards, traffic patterns, operating costs, and local preferences; and

WHEREAS, Palm Beach Tan is willing to assist Developer in evaluating sites in accordance with the Development Agreement, but only on the condition that Palm Beach Tan incurs no liability whatsoever as a result of such assistance; and

WHEREAS, Developer and the Principals further acknowledge that no speculation or projections that a site could or should achieve any particular sales volume or that one site should achieve a better sales volume than another have been made by Palm Beach Tan, and that Developer and the Principals have not and cannot rely on any speculations or projections if made; and

WHEREAS, Developer and the Principals understand that "site evaluation" and other criteria used by Palm Beach Tan in determining whether or not to grant a franchise for a location are for Palm Beach Tan's benefit only; and

WHEREAS, Developer also may ask Palm Beach Tan for advice regarding construction-related matters: adaptation of Palm Beach Tan's standard general plans and specifications to Developer's approved site, parking and building layout, traffic planning, equipment layout, construction supervision and inspection; and

WHEREAS, Palm Beach Tan is willing to provide advice to Developer with respect to such construction-related matters in accordance with the Development Agreement, on the condition that Palm Beach Tan will incur no liability whatsoever as a result thereof.

NOW, THEREFORE, in consideration of Palm Beach Tan's agreement to assist Developer in selecting or evaluating sites and to provide advice with respect to said construction-related matters in accordance with the Development Agreement, Developer and the Principals do hereby agree as follows:

AGREEMENT

1. Recitals. The Recitals are hereby incorporated into this Agreement by this reference.

2. Release. Developer and the Principals do hereby release and forever discharge Palm Beach Tan and its subsidiaries and affiliates, and their respective officers, directors, shareholders, employees, agents, third-party contractors, successors and assigns, of and from all actions, causes of action, suits, damages, claims, expenses and demands of any type whatsoever which Developer or any Principal now has or hereafter can, shall or may have, for or by reason of any counsel, advice, assistance, or the like relating to site selection, site evaluation, construction-related matters, or any other matters described in the recitals of this Release, and do further agree that this Release shall survive execution, delivery, expiration, and termination, of the Development Agreement and any franchise or other agreement entered into between Palm Beach Tan and Developer.

3. Knowing and Voluntary Release of Claims. Developer and each of the Principals acknowledge that they have carefully read and fully understand the provisions of this Release and that their release of such claims is knowing and voluntary. Developer and each of the Principals further acknowledge that they have had a reasonable opportunity to consult with an attorney prior to executing this Release, and that they have executed this Release voluntarily.

4. No Assignment of Claims. Developer and each of the Principals represent and warrant that they have not assigned or transferred or purported to assign or transfer to any person or entity, any suit, claim, controversy, liability, demand, action, or cause of action released in this Release.

5. Defense to Claims. The parties acknowledge that this Release shall be a complete defense to any claim released hereunder and hereby consent to the entry of a temporary or permanent injunction to end the assertion of any such claim.

6. Attorneys' Fees. In the event that either party institutes legal proceedings of any kind to enforce this Release Agreement, the non-prevailing party shall pay all reasonable costs and expenses associated therewith, including, but not limited to, all reasonable attorneys' fees.

7. Authority. By their signatures below, the parties hereto represent and warrant to each other that they have all necessary authority to enter into this Release.

8. Counterpart Execution. This Release may be executed in multiple counterparts, each of which shall be fully effective as an original.

9. Binding Effect. This Release shall be binding upon the Developer and the Principals, their successors and assigns, and upon any business entity owned in whole or in part by Developer or any Principal which enters into a development, franchise or other agreement with Palm Beach Tan.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned have executed this Release this _____ day of _____, 20____.

DEVELOPER:

By: _____

Its: _____

PRINCIPALS

_____

_____

AMENDMENT TO PALM BEACH TAN FRANCHISING, INC.
DEVELOPMENT AGREEMENT
FOR THE STATE OF CALIFORNIA

The Palm Beach Tan Franchising, Inc. Development Agreement between _____ ("Developer") and Palm Beach Tan Franchising, Inc. ("Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

CALIFORNIA LAW MODIFICATIONS

1. The California Department of Business Oversight requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. California Business and Professions Code Sections 20000 through 20043 provide rights to Developer concerning termination, transfer or non-renewal of a franchise. If the Agreement contains a provision that is inconsistent with the law, the law will control.

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

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

d. The Agreement requires application of the laws of Texas. This provision may not be enforceable under California law.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the California law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Developer on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____.

FRANCHISOR:

Palm Beach Tan Franchising, Inc.,
a Delaware corporation

By: _____
Roy Sneed, Vice President, Franchising

DEVELOPER:

_____

By: _____
[Name &Title]

AMENDMENT TO PALM BEACH TAN FRANCHISING, INC.
DEVELOPMENT AGREEMENT
FOR THE STATE OF ILLINOIS

The Palm Beach Tan Franchising, Inc. Development Agreement between _____ ("Developer") and Palm Beach Tan Franchising, Inc. (the "Company") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

ILLINOIS LAW MODIFICATIONS

1. The Illinois Attorney General's Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, 815 ILCS 705/1-44. To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provide rights to Franchisee concerning nonrenewal and termination of this Agreement. If this Agreement contains a provision that is inconsistent with the Act, the Act will control.

b. Any release of claims or acknowledgments of fact contained in the Agreement that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act shall be void and are hereby deleted with respect to claims under the Act.

c. If this Agreement requires litigation to be conducted in a forum other than the State of Illinois, the requirement is void with respect to claims under the Illinois Franchise Disclosure Act.

d. If this Agreement requires that it be governed by a state's law, other than the State of Illinois, Illinois law will control with respect to franchisees under the jurisdiction of Illinois law.

2. Section XVII should be amended by the addition of the following as the last sentence of the section:

"However, this Section shall not act as a condition, stipulation, or provision purporting to bind any person acquiring any development rights to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987 at Section 705/41."

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Developer on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____.

FRANCHISOR:

Palm Beach Tan Franchising, Inc.,
a Delaware corporation

By: _____
Roy Sneed, Vice President, Franchising

DEVELOPER:

_____

By: _____
[Name & Title]

AMENDMENT TO PALM BEACH TAN FRANCHISING, INC.
DEVELOPMENT AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA

The Palm Beach Tan Franchising, Inc. Development Agreement between _____ ("Developer") and Palm Beach Tan Franchising, Inc. ("Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

MINNESOTA LAW MODIFICATIONS

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80C.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the "Franchise Act"). To the extent that the Agreement/and or disclosure document contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Minnesota Department of Commerce requires that franchisors indemnify Minnesota developers against liability to third parties resulting from claims by third parties that the developer's use of the franchisor's proprietary marks infringes trademark rights of the third party

b. Minn. Stat. Sec. 80C.14, Subds. 3, 4., and 5 requires, except in certain specified cases, that a developer be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the development agreement. If the Agreement contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Act's requirements and shall have no force or effect.

c. If the Developer is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Franchise Act, such release shall exclude claims arising under the Franchise Act, and such acknowledgments shall be void with respect to claims under the Franchise Act.

d. If the Agreement requires that it be governed by the law of a State other than the State of Minnesota or arbitration or mediation, those provisions shall not in any way abrogate or reduce any rights of the Developer as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.

2. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, including your rights to any procedure, forum, or remedies provided for in that law.

3. The Agreement/and or disclosure document is hereby amended to delete all references to Liquidated Damages (as defined) in violation of Minnesota law; provided, that no such deletion shall excuse the developer from liability for actual or other damages and the formula for Liquidated Damages in the Agreement/and or disclosure document shall be admissible as evidence of actual damages.

4. To the extent required by Minnesota Law, the Agreement/and or disclosure document is amended to delete all references to a waiver of jury trial.

5. All sections of the Agreement/and or disclosure document referencing Franchisor's right to obtain injunctive relief are hereby amended to refer to Franchisor's right to seek to obtain.

6. Each provision of this Agreement shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Developer on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment on _____.

FRANCHISOR:

Palm Beach Tan Franchising, Inc.,
a Delaware corporation

By: _____
Roy Sneed, Vice President, Franchising

DEVELOPER:

_____

By: _____
[Name & Title]

AMENDMENT TO PALM BEACH TAN FRANCHISING, INC.
DEVELOPMENT AGREEMENT
FOR THE STATE OF NEW YORK

The Palm Beach Tan Franchising, Inc. Development Agreement between _____ ("Developer") and Palm Beach Tan Franchising, Inc. ("Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

NEW YORK LAW MODIFICATIONS

1. The New York Department of Law requires that certain provisions contained in franchise documents be amended to be consistent with New York law, including the General Business Law, Article 33, Sections 680 through 695 (1989). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If the Developer is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the General Business Law, regulation, rule or order under the Law, such release shall exclude claims arising under the New York General Business Law, Article 33, Section 680 through 695 and the regulations promulgated thereunder, and such acknowledgments shall be void. It is the intent of this provision that non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied.

b. If the Agreement requires that it be governed by the law of a state, other than the State of New York, the choice of law provision shall not be considered to waive any rights conferred upon the Developer under the New York General Business Law, Article 33, Sections 680 through 695.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the New York General Business Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Developer on behalf of itself and its Owners acknowledge that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____.

FRANCHISOR:

Palm Beach Tan Franchising, Inc.,
a Delaware corporation

By: _____
Roy Sneed, Vice President, Franchising

DEVELOPER:

_____

By: _____
[Name & Title]

AMENDMENT TO PALM BEACH TAN FRANCHISING, INC.
DEVELOPMENT AGREEMENT
FOR THE STATE OF NORTH DAKOTA

The Palm Beach Tan Franchising, Inc. Development Agreement between _____ ("Developer") and Palm Beach Tan Franchising, Inc. ("Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

NORTH DAKOTA LAW MODIFICATIONS

1. The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17 (1995). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If the Developer is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the North Dakota Franchise Investment Law, and such acknowledgments shall be void with respect to claims under the Law.

b. Covenants not to compete during the term of and upon termination or expiration of the Agreement are enforceable only under certain conditions according to North Dakota Law. If the Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.

c. If the Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.

d. If the Agreement requires that it be governed by the law of a state, other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, North Dakota Law will control.

e. If the Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.

f. If the Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law.

g. Any provision that provides that the parties waive their right to a jury trial may not be enforceable under North Dakota law.

h. Any provision that provides that the Developer consent to a waiver of punitive and exemplary damages may not be enforceable under North Dakota Law.

i. Any provision that requires the Developer to consent to a claims period that differs from the applicable statute of limitations period under North Dakota Law may not be enforceable under North Dakota Law.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Developer on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____.

FRANCHISOR:

Palm Beach Tan Franchising, Inc.,
a Delaware corporation

By: _____
Roy Sneed, Vice President, Franchising

DEVELOPER:

_____

By: _____
[Name & Title]

AMENDMENT TO PALM BEACH TAN FRANCHISING, INC.
DEVELOPMENT AGREEMENT
FOR THE STATE OF RHODE ISLAND

The Palm Beach Tan Franchising, Inc. Development Agreement between _____ ("Developer") and Palm Beach Tan Franchising, Inc. ("Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

RHODE ISLAND LAW MODIFICATIONS

1. The Rhode Island Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Rhode Island law, including the Franchise Investment Act, R.I. Gen. Law, tit. 19 chap. 28.1 §§ 19-28.1-1 -19-28.1-34. To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If this Agreement requires litigation to be conducted in a forum other than the State of Rhode Island, the requirement is void with respect to any claims brought under Rhode Island Franchise Investment Act Sec. 19-28.1-14.

b. If this Agreement requires that it be governed by a state's law, other than the State of Rhode Island, to the extent that such law conflicts with Rhode Island Franchise Investment Act it is void under Section 19-28.1-14.

c. If the Developer is required in this Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release shall exclude claims arising under the Rhode Island Franchise Investment Act, and such acknowledgments shall be void with respect to claims under the Act.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Developer on behalf of itself and its owner acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____.

FRANCHISOR:

Palm Beach Tan Franchising, Inc.,
a Delaware corporation

By: _____
Roy Sneed, Vice President, Franchising

DEVELOPER:

_____

By: _____
[Name & Title]

AMENDMENT TO PALM BEACH TAN FRANCHISING, INC.
DEVELOPMENT AGREEMENT
FOR THE STATE OF WASHINGTON

The Palm Beach Tan Franchising, Inc. Development Agreement between _____ ("Developer") and Palm Beach Tan Franchising, Inc. ("Franchisor") dated _____ (the "Agreement") shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

WASHINGTON LAW MODIFICATIONS

1. The Director of the Washington Department of Financial Institutions requires that certain provisions contained in franchise documents be amended to be consistent with Washington law, including the Washington Franchise Investment Protection Act, WA Rev. Code §§ 19.100.010 to 19.100.940 (1994). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. Washington Franchise Investment Protection Act provides rights to Developers concerning nonrenewal and termination of the Agreement. If the Agreement contains a provision that is inconsistent with the Act, the Act will control.

b. If the Developer is required in the Agreement to execute a release of claims, such release shall exclude claims arising under the Washington Franchise Investment Protection Act; except when the release is executed under a negotiated settlement after the Agreement is in effect and where the parties are represented by independent counsel. If there are provisions in the Agreement that unreasonably restrict or limit the statute of limitations period for claims brought under the Act, or other rights or remedies under the Act, those provisions may be unenforceable.

c. If the Agreement requires litigation, arbitration, or mediation to be conducted in a forum other than the State of Washington, the requirement may be unenforceable under Washington law. Arbitration involving a franchise purchased in the State of Washington, must either be held in the State of Washington or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

d. If the Agreement requires that it be governed by the law of a state, other than the State of Washington, and there is a conflict between the law and the Washington Franchise Investment Protection Act, the Washington Franchise Investment Protection Act will control.

2. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a developer, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a developer under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the development agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

3. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a developer from (i) soliciting or hiring any employee of a developer of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the development agreement or elsewhere are void and unenforceable in Washington.

4. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Washington law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Developer on behalf of itself and its owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on _____.

FRANCHISOR:

Palm Beach Tan Franchising, Inc.,
a Delaware corporation

By: _____
Roy Sneed, Vice President, Franchising

DEVELOPER:

_____

By: _____
[Name & Title]

LIST OF FRANCHISED LOCATIONS

ATTACHMENT F

LIST OF FRANCHISED LOCATIONS
As of December 31, 2021

*Owner of franchised outlet is a current Developer under our Development Agreement Program.

ALABAMA

Suntime South, LLC *
Alabaster
9200 Highway 119, Ste. 1200
Alabaster, AL 35007
(205) 621-4810

Suntime South, LLC *
Albertville
7360 US-431, Ste.2
Albertville, AL 35950
(205) 455 -4241

Suntime South, LLC*
Athens
932 Hwy 72
Athens, AL 35611
(256) 837-8267

Premiere Entertainment, LLC*
Annalue
814-A Annalue Drive
Auburn, AL 36830
(334) 826-7778

Premiere Entertainment, LLC*
College Street
1499-C South College Street
Auburn, AL 36830
(334) 826-7710

Suntime South, LLC*
Chelsea
24 Chelsea Corners
Chelsea, AL 35043
(205) 678-0963

Premiere Entertainment, LLC*
Cullman
1833 Patriot Way SW
Cullman, AL 35055
256-615-6126

American Tanning Company, LLC
Daphne
28588 US Highway 98
Daphne, AL 36526
(251) 625-2786

Suntime South, LLC*
Decatur
1605 Beltline Highway, Ste. D-11
Decatur, AL 35603
(256) 351-9688

FBC Company, LLC*
Dothan
3850 West Main Street, Ste. 900
Dothan, AL 36303
(334) 677-9444

FBC Company, LLC*
Cottonwood Corners
1640 Ross Clark Circle, Ste. 302
Dothan, AL 36301
(334) 792-0605

FBC Company, LLC*
Northside
3702 Ross Clark Circle, Ste. 2
Dothan, AL 36303
(334) 794-6218

FBC Company, LLC*
Publix Shopping Center
847 Boll Weevil Circle, Ste. 114
Enterprise, AL 36330
(334) 475-2016

Suntime South, LLC*
Cox Creek
403-409 Cox Creek Pkwy
Ste. B&C
Florence, AL 35630
(256) 764-1820

American Tanning Company, LLC
Foley
2135 S. McKenzie St., Suite B
Foley, AL 36535
(251) 970-2826

Suntime South, LLC*
Inverness
4700 Highway 280, Ste. 12
Hoover, AL 35242
(205) 980-9098

Suntime South, LLC*
Trace Crossings
2539 John Hawkins Pkwy, Ste. 133
Hoover, AL 35244
(205) 909-0174

Suntime South, LLC*
The Village at Whitesburg
4800 Whitesburg Dr., Ste. 2
Huntsville, AL 35802
(256) 880-0182

Suntime South, LLC*
Madison
7690 Hwy 72, Suite 103
Madison, AL 35757
(256) 430-1917

Premiere Entertainment, LLC*
Millbrook
123 Kelley Blvd
Millbrook, AL 36054
(334) 285-1555

American Tanning Company, LLC
Mobile Festival Shopping Center
3725 Airport Blvd
Mobile, AL 36608
(251) 345-3330

American Tanning Company, LLC
Cottage Hill
7869 Cottage Hill Rd
Mobile, AL 36695
(251) 607-0696

American Tanning Company, LLC
Mobile
4419 Rangeline Rd.
Mobile, AL 36619
(251) 342-0009

American Tanning Company, LLC
Airport/ Schillinger
7765 Airport Blvd, Ste. 140
Mobile, AL 36608
(251) 633-3580

Premiere Entertainment, LLC*
Pepper Tree
8181 Vaughn Road
Montgomery, AL 36116
(334) 244-0980

Premiere Entertainment, LLC*
Dalraida
4025 Atlanta Highway
Montgomery, AL 36109
(334) 213-0987

Suntime South, LLC*
Northport
80 McFarland Blvd. Ste. 14
Northport, AL 35473
(205) 339-3770

FBC Company, LLC*
Ozark
1548 Highway 231, Ste. F
Ozark, AL 36360
(334) 774-8269

FBC Company, LLC*
Phenix City
5408 Summerville Rd, Ste. 130
Phenix City, AL 36867
(334) 448-8108

Premiere Entertainment, LLC*
Prattville
1878 East Main Street
Prattville, AL 36066
(334) 358-5251

FBC Company, LLC*
Troy
1113 Hwy 231, Ste. D
Troy, AL 36081
(334) 770-4826

Suntime South, LLC*
Trussville
4710 Frank Street, Ste. 108
Trussville, AL 35235
(205) 655-5822

Suntime South, LLC*
University
1130 University Blvd, Ste. B-7
Tuscaloosa, AL 35401
(205) 345-8912

Suntime South, LLC*
Vestavia Hills
634 Montgomery Highway
Vestavia Hills, AL 35216
(205) 822-7531

ARKANSAS

Bronze Body, LLC*
Batesville
2240 Harrison St
Batesville, AR 72501
(870) 793-2999

Bronze Body, LLC*
Bentonville
100 SW 14th Street
Bentonville, AR 72712
(479) 439-0011

Bronze Body, LLC*
Conway
2501 Dave Ward Drive
Conway, AR 72034
(501) 327-8267

Bronze Body, LLC*
Townsend Center
2625 Donaghey Suite 104
Conway, AR 72032
(501) 764-0700

Bronze Body, LLC*
(Relo)
3196 N. College, Suite. 1
Fayetteville, AR 72703
(479) 802-3947

Bronze Body, LLC*
MLK
1121 Martin Luther King Blvd.
Fayette, AR 72701
(479)802-3137

Bronze Body, LLC*
Jonesboro
1810 East Highland Dr.
Jonesboro, AR 72401
(870) 931-6691

Bronze Body, LLC*
Ridge Park (Relo of Elk Park)
1907 West Parker, Ste. F
Jonesboro, AR 72404
(870) 932-8900

Bronze Body, LLC*
Hillltop
3410 E. Johnson Road
Jonesboro, AR 72401
(870) 910-8267

Bronze Body, LLC*
Perris Plaza
12312 Chenal Parkway
Little Rock, AR 72211
(501) 295-7067

Bronze Body, LLC*
North Hills Plaza
4818 North Hills Blvd.
North Little Rock, AR 72116
(501) 246-8806

Bronze Body, LLC*
Paragould
2700 W Kingshighway
Paragould, AR 72450
(870) 236-1919

Bronze Body, LLC*
Russellville
1300 N Arkansas Ave
Russellville, AR 72801
(479) 498-8267

Bronze Body, LLC*
Searcy
2412 East Race Ave
Searcy, AR 72143
(501) 368-8267

Bronze Body, LLC*
Springdale
7058 W Sunset Ave., Suite 6
Springdale, AR 72762
(479) 802-3895

CALIFORNIA

West Coast Tanning, Inc.*
Specialty Shops at Aliso Viejo
22912 Pacific Park Dr.
Aliso Viejo, CA 92656
(949) 716-4826

West Coast Tanning, Inc.*
Beverly Hills
8636 Wilshire Blvd
Beverly Hills, CA 90211
(310) 289-9194

West Coast Tanning, Inc.*
Chino Hills
3825 Grand Ave, A-2
Chino, CA 91710
(909) 364-0888

JGG SETHI, INC.*
Clovis
255 N. Clovis Ave.
Clovis, CA 93612
(559) 325-8268

West Coast Tanning, Inc.*
Limonite
12672 Limonite Street, #3-C
Corona, CA 92880
(951) 272-2322

West Coast Tanning, Inc.*
Magnolia
469 Magnolia Ave, #104
Corona, CA 92881
(951) 272-1343

West Coast Tanning, Inc.*
McKinley
420 McKinley Ste. 102
Corona, CA 92879
(951) 272-1234

West Coast Tanning, Inc.*
Cajalco
3359 Grand Oaks, #101
Corona, CA 92883
(951) 272-8409

West Coast Tanning, Inc.*
Mesa Verde Center
2701 Harbor Blvd D6
Costa Mesa, CA 92626
(714) 556-8266

West Coast Tanning, Inc.*
17th
275 East 17th St
Costa Mesa, CA 92627
(949) 515-4848

JGG SETHI, INC.*
Herndon Place
6737 North Milburn Ave.,#120
Fresno, CA 93722
(559) 436-8268

JGG SETHI, INC.*
First
7761 N. First Street
Fresno, CA 93720
(559) 446-1010

West Coast Tanning, Inc.*
West Hollywood
8715 Santa Monica Blvd
Hollywood, CA 90069
(310) 289-9195

West Coast Tanning, Inc.*
Jamboree Promenade
2626 Dupont Dr.
Irvine, CA 92612
(949) 252-8806

West Coast Tanning, Inc.*
Brentwood
12013 Wilshire Blvd
Los Angeles, CA 90025
(310) 268-8373

West Coast Tanning, Inc.*
Mission Viejo
27640 Marguerite Parkway
Mission Viejo, CA 92692
(949) 347-8600

West Coast Tanning, Inc.*
MacArthur
4341 MacArthur Blvd
Newport Beach, CA 92660
(949) 955-9194

West Coast Tanning, Inc.*
Orange
1273 N Tustin St.
Orange, CA 92867
(714) 289-9904

West Coast Tanning, Inc.*
Petaluma
281 N. McDowell Blvd
Petaluma, CA 94954
(707) 778-0288

S&K Management Group, LLC
Redding
1810 Churn Creek Road
Redding, CA 96002
(530) 226-8261

West Coast Tanning, Inc.*
Riverside
301 E. Alessandro Blvd #3F
Riverside, CA 92508
(951) 789-6500

S&K Management Group, LLC
Rohnert Park
1728A East Cotati Ave
Rohnert Park, CA 94928
(707) 795-8267

West Coast Tanning, Inc.*
San Clemente
943 Avenida Pico
San Clemente, CA 92673
(949) 366-0260

S&K Management Group, LLC
Marlow Center
1791 Marlow Rd. #3
Santa Rosa, CA 95401
(707) 523-3395

West Coast Tanning, Inc.*
Simi Valley
1464 Madera Rd, 1-3
Simi Valley, CA 93065
(805) 579-9904

West Coast Tanning, Inc.*
Jamboree
13195 Jamboree Rd
Tustin, CA 92782
(714) 838-7676

West Coast Tanning, Inc.*
Venice
245 Main St.
Venice, CA 90291
(310) 452-1682

S&K Management Group, LLC
Shilo Center
6500 Hembree Lane
Windsor, CA 95492
(707) 773-6890

GEORGIA

SVI Corporate, LLC
Surrey Center
373 Highland Avenue
Augusta, GA 30907
(706) 739-0120

Suntime South, LLC*
Columbus
6770 Veteran's Parkway, Suite I
Columbus, GA 31909
(706) 223-6709

SVI Corporate, LLC
Evans Towne Centre
4276 Washington Rd, Suite 1B
Evans, GA 30809
(706) 869-0855

SVI Corporate, LLC
Centre at Evans
243 Meridian Dr.
Grovetown, GA 30813
(706) 228-5400

SVI Corporate, LLC
Merchants Village
4115 Columbia Road
Martinez, GA 30907
(706) 860-7991

SVI Corporate, LLC
Pooler
246 Pooler Pkwy, Ste. B
Pooler, GA 31322
(912) 330-8878

SVI Corporate, LLC
Whitemarsh Center
107-B Charlotte Road
Savannah, GA 31410
(912) 897-8261

IDAHO

LST Idaho, LLC
Ram Plaza
590 South Broadway Suite 120
Boise, ID 83702
(208) 343-4415

LST Idaho, LLC
Parkcenter
801 E Parkcenter Blvd
Boise, ID 83706
(208) 323-4826

LST Idaho, LLC
Fairview
7316 W. Fairview Ave.
Boise, ID 83704
(208) 345-4826

LST Idaho, LLC
Oliver Finley Plaza
6843 N. Strawberry Glen Rd Ste. 130
Garden City, ID 83714
(208) 853-6546

LST Idaho, LLC
Meridian Crossroads
1180 North Eagle Road, Space 103
Meridian, ID 83642
(208) 888-7876

LST Idaho, LLC
Overland
1455 Country Terrance Way
Meridian, ID 83642
(208) 321-4826

LST Idaho, LLC
Eagle Island Marketplace
1240 W Chinden, Ste. 102
Meridian, ID 83646
(208) 391-2558

ILLINOIS

Johnson/Clarke, Inc.
Alton
1837 I Homer Adams Pkwy
Alton, IL 62002
(618) 465-2910

Johnson/Clarke, Inc.
Collinsville
561 Beltline Rd
Collinsville, IL 62234
(618) 346-8267

Johnson/Clarke, Inc.
Shiloh
3910 Green Mount Crossing Dr.
Shiloh, IL 62269
(618) 624-8267

INDIANA

Brookman, Inc.
Avon
7609 E US Hwy 36
Avon, IN 46123
(636) 978-2071

True Will, LLC
Forest Park Plaza
95 Forest Park Plaza
Brazil, IN 47834
(812) 420-1198

True Will, LLC
Tuscany Mall
1783 E State Road 163
Clinton, IN 47842
(812) 205-4026

Brookevan, LLC
Pearl Drive
5435 Pearl Drive
Evansville, IN 47712
(812) 428-2500

Brookman, Inc.
Crawfordsville
1650 S. Washington St.
Crawfordsville, IN 47933
(765) 362-8267

Brookevan, LLC
Metro
5706 E. Virginia Street
Evansville, IN 47715
(812) 479-8826

Brookman, Inc.
Greencastle
1360 Indianapolis RD., Ste. D
Greencastle, IN 46135
(314) 739-3325

Brookman, Inc.
Greenwood Centre
707 S. Madison AVe
Greenwood, IN 46143
(317) 884-3591

Brookman, Inc.
Market South
2049 Veterans Memorial Pkwy. S. #9
Lafayette, IN 47909
(314) 842-8267

Brookman, Inc.
South Street
3830 South Street
Lafayette, IN 47905
(636) 349-8005

Brookevan, LLC
Newburgh
8443 Bell Oaks Drive
Newburgh, IN 47630
(812) 858-8200

Brookman, Inc.
Plainfield
409 Plainfield Commons Dr.
Plainfield, IN 46168
(636) 970-9026

True Will, LLC
Sullivan
822 W Wolfe Street
Sullivan, IN 47882
(812) 638-4030

True Will, LLC
S Seventh
4402 S Seventh Street
Terre Haute, IN 47802
(812) 645-0114

True Will, LLC
3rd Street
2305 S Third Street
Terre Haute, IN 47802
(812) 645-0339

True Will, LLC
Lafayette
1834 Lafayette Ave.
Terre Haute, IN 47804
(812) 645-0141

True Will, LLC
Sycamore Terrace
2179 S State Road 46
Terre Haute, IN 47803
(812) 645-0138

Brookman, Inc.
Levee Plaza
322 Brown Street
West Lafayette, IN 47906
(314) 965-8818

Brookman, Inc.
Market West
2060 Sagamore Pkwy. West
West Lafayette, IN 47906
(314) 351-0321

IOWA

Ashley Lynn's, Inc.
Council Bluffs
623 West Broadway
Council Bluffs, IA 51503
(712) 242-0080

Ashley Lynn's, Inc.
Iowa City
115 Hwy 1 West
Iowa City, IA 52246
(319) 338-0810

LOUISIANA

Sunray Tanning Baton Rouge, LLC
Arlington Marketplace
640 Arlingotn Creek Center Ste. 2C
Baton Rouge , LA 70820
(225) 788-8040

Sunray Tanning Hammond
Hammond
1913 SW Railroad Ave.
Hammond, LA 70403
(945) 662-7099

Sunray Tanning Lafayette I, LLC
Time Plaza
5411 Johnston Street
Lafayette, LA 70503
(337) 988-1631

Sunray Tanning Lafayette 2, LLC
Pinhook Village
2800 W Pinhook Roa, Ste. 3
Lafayette, LA 70508
(337) 232-1706

Sunray Tanning Praireville, LLC
Ultima Plaza
37459 Ultima Plaza Blvd.
Prairieville, LA 70769
(225) 673-4894

MINNESOTA

North Central Tan, LLC
Apple Valley
15624 Pilot Knob #500
Apple Valley, MN 55124
(952) 997-2663

North Central Tan, LLC
Normandale
5242 West 84th Street
Bloomington, MN 55437
(952) 831-4717

North Central Tan, LLC
Chanhassen
530 W. 79th St
Chanhassen, MN 55317
(952) 934-5700

North Central Tan, LLC
Windsor Plaza
11995 Singletree Lane, Suite 140
Eden Prairie, MN 55344
(952) 943-9797

North Central Tan, LLC
Maple Grove
7961 Wedgewood Lane North
Maple Grove, MN 55369
(763) 420-0268

North Central Tan, LLC
Uptown
1015 West Lake Street
Minneapolis, MN 55408
(612) 822-8266

North Central Tan, LLC
Shops at Plymouth Creek
3225 Vicksburg Lane North, #C
Plymouth, MN 55447
(763) 694-9797

North Central Tan, LLC
Southdale Square
2936 W. 66th Street
Richfield, MN 55423
(612) 238-3737

North Central Tan, LLC
Roseville
2708 Lincln Drive
Roseville, MN 55113
(651) 639-8226

North Central Tan, LLC
Cedar Point
5330 Cedar Lake Road
St. Louis Park, MN 55416
(952) 544-0801

North Central Tan, LLC
Grand Avenue
1059 Grand Avenue, Suite A
St. Paul, MN 55105
(651) 291-9797

North Central Tan, LLC
Tamarack Village
8144 Coller Way
Woodbury, MN 55125
(651) 735-8266

MISSISSIPPI

Sunray Tanning, LLC
Woodgate Shopping Center
118 Service Drive, Ste. 16
Brandon, MS 39042
(601) 824-3826

Sunray Tanning, LLC
Clinton
727 Clinton Pkwy
Clinton, MS 39056
(601) 910-6062

Sunray Tanning, LLC
Dogwood Promenade
186 Promenade Blvd.
Flowood, MS 39232
(601) 992-3732

Sunray Tanning Cowan Road, LLC
The Exchange
1116 Cowan Road
Gulfport, MS 39507
(228) 864-1326

Sunray Tanning Gulfport, LLC
11422 Hwy 49 North
Gulfport, MS 39503
(228) 539-3450

Sunray Tanning, LLC
Turtle Creek Crossing
6117 U.S. Highway 98, Suite 50
Hattiesburg, MS 39402
(601) 296-2000

Sunray Tanning Long Beach, LLC
Long Beach Village
113 N. Cleveland Ave.
Long Beach, MS 39560
(228) 206-1933

Sunray Tanning, LLC
Colony Crossing
111 Colony Crossing, Suite 300
Madison, MS 39110
(601) 605-8266

Sunray Tanning Ocean Springs, LLC
Ocean Springs Center
3100 Bienville Blvd. #50
Ocean Springs, MS 39564
(228) 875-3031

Sunray Tanning Picayune, LLC
Picayune
1 Sycamore Rd.
Picayune, MS 39466
(601) 799-4200

Sunray Tanning, LLC
Palm Beach Center
6923 Old Canton Road #101
Ridgeland, MS 39157
(601) 956-9790

MISSOURI

Johnson/Clarke, Inc.
Arnold
219 Arnold Crossroads
Arnold, MO 63010
(314) 487-2225

Johnson/Clarke, Inc.
Bridgeton
11245 St Charles Rock Rd
Bridgeton, MO 63044
(314) 739-3325

Johnson/Clarke, Inc.
Chesterfield
1715 Clarkson Rd
Chesterfield, MO 63126
(636) 978-0373

Johnson/Clarke, Inc.
Clayton
120 S Hanley Rd
Clayton, MO 63105
(314) 644-0549

Johnson/Clarke, Inc.
Columbia South
1205 Grindstone Pkwy Ste. 119
Columbia, MO 63201
(573) 447-8267

Johnson/Clarke, Inc.
The Broadway Shops
2703 E. Broadway, Ste. 121
Columbia, MO 65201
(573) 214-0225

Johnson/Clarke, Inc.
Cottleville
6105 Mid Rivers Mall Dr.
Cottleville, MO 63105
(636) 447-9201

Johnson/Clarke, Inc.
Crestwood
9921 Watson Rd
Crestwood, MO 63126
(314) 965-8818

Johnson/Clarke, Inc.
Creve Coeur
12412 Olive Blvd
Creve Coeur, MO 63141
(314) 469-1818

Johnson/Clarke, Inc.
Crystal City
504 Bailey Rd
Crystal City, MO 63019
(636) 931-82673

Johnson/Clarke, Inc.
Eureka (relo)
221 E 5th Street
Eureka, MO 63025
(636) 778-0373

Johnson/Clarke, Inc.
Fenton
548 Old Smizer Mill Rd
Fenton, MO 63026
(636) 349-8005

Johnson/Clarke, Inc.
Manchester
14173 Manchester Rd.
Manchester, MO 63021
(636) 230-8477

Midwest Tan, LLC
City Center Marketplace
704 W Mount Vernon Street
Nixa, MO 65714
(471) 595-4541

Johnson/Clarke, Inc.
O'Fallon
301 South Main St
O'Fallon, MO 63366
(636) 978-2971

Midwest Tan, LLC
Springfield
900 Battlefield, Ste. 108
Springfield, MO 65807
(417) 882- 2593

Midwest Tan, LLC
Eastgate
3635 E. Sunshine Street
Springfield, MO 65809
(417) 889-4827

Ashley Lynn's, Inc.
St Joseph
1815 N Belt Hwy
St Joseph, MO 64506
(816) 676-1181

Johnson/Clarke, Inc.
Hampton
5605 Hampton Ave
St Louis, MO 63109
(314) 351-0321

Johnson/Clarke, Inc.
Telegraph
5561 Telegraph Rd
St Louis, MO 63129
(314) 892-2292

Johnson/Clarke, Inc.
Society for the Blind
8798 Manchester Rd.
St Louis, MO 63144
(314) 961-6900

Johnson/Clarke, Inc.
Tesson
9932 Kennerly Rd.
St. Louis, MO 63128
(314) 842-8287

Johnson/Clarke, Inc.
Wildwood
2434 Taylor Rd
Wildwood, MO 63040
(636) 273-1372

NEBRASKA

Ashley Lynn's, Inc.
15th & Cornhusker
10503 S 15th Street
Bellevue, NE 68123
(402) 933-3335

Ashley Lynn's, Inc.
84th & Giles
8017 South 83rd St
LaVista, NE 68128
(402) 339-6451

Ashley Lynn's, Inc.
56th & Hwy 2
5308 South 56th St
Lincoln, NE 68516
(402) 420-9911

Ashley Lynn's, Inc.
Cornhusker & 27th
2712 Cornhusker Hwy
Lincoln, NE 68504
(402) 464-1234

Ashley Lynn's, Inc.
168th & Q
16819 Q Street
Omaha, NE 68135
(402) 898-1556

Ashley Lynn's, Inc.
96th & Q
5417 South 96th Street
Omaha, NE 68127
(402) 331-1373

Ashley Lynn's, Inc.
78th & Cass
407 North 78th Street
Omaha, NE 68114
(402) 399-8248

Ashley Lynn's, Inc.
144th & Center
14142 West Center Rd
Omaha, NE 68144
(402) 898-0861

Ashley Lynn's, Inc.
108th & Maple
11008 Emmet St
Omaha, NE 68164
(402) 496-4343

Ashley Lynn's, Inc.
42nd & Dodge
4202 Dodge St
Omaha, NE 68131
(402) 502-0470

Ashley Lynn's, Inc.
168th & Burke
16811 Burke St, Bay 116
Omaha, NE 68118
(402) 934-7703

NORTH CAROLINA

SVI Corporate, LLC
The Arboretum
8020 Providence Rd., Ste. 400
Charlotte, NC 28277
(704) 752-3711

SVI Corporate, LLC
Park Towne Village
1600 East Woodlawn Road Ste. 230
Charlotte, NC 28209
(704) 525-5786

SVI Corporate, LLC
Ballantyne Commons East
15235 Joh J. Delaney Dr. #4
Charlotte, NC 28277
(704) 543-4747

SVI Corporate, LLC
Town Center Plaza
(relo of Grande Promenade)
8550 University City Bld.
Charlotte, NC 28213
(704) 549-8266

SVI Corporate, LLC
Northlake Village
9401 D. Statesville, Rd.
Charlotte, NC 28269
(704) 494-3656

SVI Corporate, LLC
Tryon
12806 S Tryon St.
Charlotte, NC 28273
(704) 587-3356

SVI Corporate, LLC
Mt. Holly
2914 Mt. Holly-Hunters Road
Charlotte, NC 28214
(704) 391-7866

SVI Corporate, LLC
Denver
129 Cross Center Road
Denver, NC 28037
(704) 827-8292

SVI Corporate, LLC
Gastonia
2524 Franklin Blvd., Bldge. 2 Suite B-D
Gastonia, NC 28054
(704) 861-8757

SVI Corporate, LLC
Landmark Crossing
1312 Bridford Parkway, Ste. 103B
Greensboro, NC 27407
(336) 299-2626

SVI Corporate, LLC
Garden Creek Center
1615 New Garden Road
Greensboro, NC 27410
(336) 292-0087

SVI Corporate, LLC
Harrisburg
4635 N. Carolina 49 #540
Harrisburg, NC 28075
(704) 455-5012

SVI Corporate, LLC
Second Street Square
960 2nd Street NE
Hickory, NC 28601
(828) 325-0826

SVI Corporate, LLC
Catawba Valley
2315 Catawba Valley Blvd. SE, Ste.2
Hickory, NC 28602
(828) 261-0826

SVI Corporate, LLC
Huntersville
10109 Northcross Center Ct. Ste. 100
Huntersville, NC 28078
(704) 896-7343

SVI Corporate, LLC
The Shops at Sun Valley
6640-D Old Monroe Rd
Indian Trail, NC 28079
(704) 238-8266

SVI Corporate, LLC
Sycamore Commons
2225-E Matthews Township Parkway
Matthews, NC 28105
(704) 846-2660

SVI Corporate, LLC
Monroe
2829 West Hwy 74
Monroe, NC 28112
(704) 238-0512

SVI Corporate, LLC
The Shops at Morrison Plantation
110 B Marketplace Ave.
Mooresville, NC 28115
(704) 663-2938

SVI Corporate, LLC
Mull Tower Center
208 W. Fleming Drive
Morganton, NC 28655
(828) 433-1871

SVI Corporate, LLC
Statesville
124 Ventura Lane
Statesville, NC 28625
(704) 872-2777

SVI Corporate, LLC
Thruway Shopping Center
202 B South Stratford Road
Winston-Salem, NC 27103
(336) 722-1047

NORTH DAKOTA

ND Sun Management, LLC
Fargo
2424 13th Ave S, #203
Fargo, ND 58103
(701) 476-9797

ND Sun Management, LLC
Prairie View Center
4445 17th Ave S
Fargo, ND 58103
(701) 277-9798

North Central Tan, LLC
Grand Forks
4571 S. Washington Street
Grand Fork, ND 58201
(701) 757-4060

OHIO

Super Tan, Inc.
Avon
3605 Detroit Road
Avon, OH 44011
(440) 934-8267

Super Tan, Inc.
Broadview Heights
7987 Broadview Road
Broadview Heights, OH 44147
(440) 717-1788

Super Tan, Inc.
Brooklyn
4774 Ridge Rd
Brooklyn, OH 44144
(216) 739-9855

Super Tan, Inc.
Brunswick
3829 Center Rd
Brunswick, OH 44212
(330) 220-1055

Bronze Body, LLC*
Centerville
1055 S. Main Street
Centerville, OH 45458
(937) 291-9400

Bronze Body, LLC*
Graceland Center
178 Graceland Blvd
Columbus, OH 43214
(614) 854-0883

Bronze Body, LLC*
Bethel
1466 Bethel Rd
Columbus, OH 43240
(614) 273-9600

Bronze Body, LLC*
Polaris Area
8489 Sancus Blvd
Columbus, OH 43240
(614) 846-8900

Bronze Body, LLC*
Olentangy River Rd
1181 Olentangy River Rd
Columbus, OH 43212
(614) 429-0990

Bronze Body, LLC*
Holt Run
1685 Holt Rd.
Columbus, OH 43228
(380) 867-2190

Bronze Body, LLC*
Delaware
833 N. Houk Road
Delaware, OH 43015
(740) 363-8664

Bronze Body, LLC*
Dublin
7617 Sawmill Rd
Dublin, OH 43016
(614) 792-8718

Bronze Body, LLC*
Perimeter
6804 Perimeter Dr.
Dublin, OH 43017
(614) 734-9349

Bronze Body, LLC
Gahanna
1334 N. Hamilton Rd
Gahanna, OH 43230
(614) 414-7373

Bronze Body, LLC*
Grove City
1723 Stringtown Rd
Grove City, OH 43123
(614) 277-1244

Bronze Body, LLC*
Buckeye Grove
5927 Hoover Rd.
Grove City, OH 43123
(614) 686-4430

Bronze Body, LLC*
Southgate
615 Hebron Rd.
Heath, OH 43056
(740) 334-4975

Bronze Body, LLC*
Hilliard (Relo)
2507 Hilliard Rome Rd
Hilliard, OH 43026
(614) 527-0871

Super Tan, Inc.
Lakewood
14879 Detroit Road
Lakewood, OH 44107
(216) 521-0003

Bronze Body, LLC*
Lancaster
1021 N. Memorial Dr.
Lancaster, OH 43130
(740) 277-7506

Bronze Body, LLC*
Clocktower Plaza
927 N. Cable Road
Lima, OH 45805
(419) 224-6969

Bronze Body, LLC*
Marion
1565 Marion Mt. Gilead Rd.
Marion, OH 45458
(740) 725-9335

Super Tan, Inc.
Medina
1110 North Court Street
Medina, OH 44256
(330) 722-2799

ImageTek, LLC
Mentor
7313 Mentor Ave.
Mentor, OH 44060
(440) 946-0445

Super Tan, Inc.
Middleburg Heights
18328 Bagley Road
Middleburg Heights, OH 44130
(440) 239-8337

Bronze Body, LLC*
Newark
1226 W Church St
Newark, OH 43055
(937) 748-4300

Bronze Body, LLC*
New Albany
549 New Albany Rd. West
New Albany, OH 43054
(614) 656-1150

Super Tan, Inc.
Parma Heights
6516 York Road
Parma Heights, OH 44130
(440) 842-9950

Bronze Body, LLC*
Pickerington
1197 Hill Road
Pickerington, OH 43147
(614) 837-4783

Bronze Body, LLC*
Reynoldsburg
8080 E Broad Street
Reynoldsburg, OH 43068
(614) 863-2300

ImageTek, LLC
Solon
6025 Kruse Drive #114
Solon, OH 44139
(440) 519-9100

Bronze Body, LLC*
Springboro
724 N Main St
Springboro, OH 45066
(937) 748-4300

Bronze Body, LLC*
Springfield
1982 N. Bechtle
Springfield, OH 45504
(937) 346-8086

Image Tek, LLC
Streetsboro
1272 State Route 303
Streetsboro, OH 44241
(330) 626-1700

Super Tan, Inc.
Strongsville
14181 Pearl Road
Strongsville, OH 44136
(440) 572-5606

Bronze Body, LLC*
Westerville
6053 Sunbury Road
Westerville, OH 43081
(614) 898-9826

Bronze Body, LLC*
Northridge Crossing
724 North State Street
Westerville, OH 43082
(614) 682-2608

Bronze Body, LLC*
Xenia
1624 West Park Square
Xenia, OH 45385
(937) 372-0200

OREGON

Pacific Beach Tan, Inc.*
Scholls
10041 SW Nimbus
Beaverton, OR 97008
(503) 524-9781

Pacific Beach Tan, Inc.*
Clackamas
9895 SE Sunnyside Rd
Clackamas, OR 97015
(503) 794-1111

Pacific Beach Tan, Inc.*
82ncd (Relo from Woodstock)
9365 SE 82nd, Ste. 9365
Happy Valley, OR 97086
(503) 788-2574

Pacific Beach Tan, Inc.*
Orenco Station
7150 NE Cornell Rd
Hillsboro, OR 97124
(503) 681-8269

Pacific Beach Tan, Inc.*
Tanasbourne
2020 NW Stucki Ave
Hillsboro, OR 97124
(503) 601-5509

Pacific Beach Tan, Inc.*
River Road
5159 River Rd North
Keizer, OR 97220
(503) 390-8267

Vector Enterprises, LLC
Milwaukie
17046 SE McLoughlin Blvd
Milwaukie, OR 97267
(503) 387-5714

Vector Enterprises, LLC
Oregon City
19739 Hwy 213
Oregon City, OR 97045
(503) 518-7903

Pacific Beach Tan, Inc.*
Broadway
1001 NE Broadway
Portland, OR 97232
(503) 284-3806

Pacific Beach Tan, Inc.*
Northwest
206 NW 21st
Portland, OR 97209
(503) 796-0024

Vector Enterprises, LLC
Portland Gateway
1307 NE 102nd Ave Suite F-1
Portland, OR 97220
(503) 258-8267

Pacific Beach Tan, Inc.*
Westgate
525 Taggart Dr. NW
Salem, OR 97304
(503) 390-8269

Pacific Beach Tan, Inc.*
Oak Tower
3850 Commercial St. SE
Salem, OR 97302
(503) 391-8269

Pacific Beach Tan, Inc.*
Bridgeport
7184 SW Hazel Fern Road
Tigard, OR 97224
(503) 968-8267

Pacific Beach Tan, Inc. *
Wood Village
22401 NE Glisan, Street Ste. C
Wood Village, OR 97060
(503) 661-9900

PENNSYLVANIA

Bansi Capital Management, LLC
Paxton Square
6015 Allentown Boulevard
Harrisburg, PA 17112
(717) 671-5776

Bansi Capital Management, LLC
Granite Run Square
1561 Manheim Pike
Lancaster, PA 17604
(717) 569-5626

Bansi Capital Management, LLC
Westshore Plaza
1200 Market Street
Suite 240
Lemoyne, PA 17043
(717) 761-8330

Bansi Capital Management, LLC
Maple Village
984 Loucks Rd.
York, PA 17404
(717) 848-5570

Bansi Capital Management, LLC
York Market Place
2523 East Market Street
York, PA 17402
(717) 600-8765

SOUTH CAROLINA

SVI Corporate, LLC
Centre South
762 Silver Bluff Road
Aiken, SC 29803
(803) 643-0100

SVI Corporate, LLC
Shops on Richland Avenue
3555 Richland Ave SW, Ste. 174
Aiken, SC 29801
(803) 648-6898

SVI Corporate, LLC
Midtown Shopping Center
860 Parris Island Gateway #A-1-A-2
Beaufort, SC 29906
(843) 524-8266

SVI Corporate, LLC
Kitties Crossings
25 Bluffton Road, (HWY 46)
Suite 609
Bluffton, SC 29910
(843) 815-8261

SVI Corporate, LLC
Chapin Crossing
1237 Chapin Rd Ste. A
Chapin, SC 29063
(803) 613-9006

SVI Corporate, LLC
Fort Mill
1750 West Highway 160, Ste. 109
Fort Mill, SC 29708
(803) 547-1244

SVI Corporate, LLC
Irmo Station
7467 St. Andrews Dr.
Irmo, SC 29063
(803) 781-2604

SVI Corporate, LLC
Lake Wylie
5239 Charlotte Highway
Lake Wylie, SC 29710
(803) 631-1946

SVI Corporate, LLC
Lexington Square (Relo Pastime Pavilion)
5232 Sunset Blvd., Ste. E
Lexington SC 29072
(803) 359-3600

SVI Corporate, LLC
Springs Crossing
1856 S Lake Dr.
Lexington, SC 29073
(803) 957-2202

SVI Corporate, LLC
Hendrix Crossing
851 US-378 #102
Lexington, SC 29072
(803) 957-6937

SVI Corporate, LLC
Newberry
2891 Mai St
Newberry, SC 29108
(803) 276-9063

SVI Corporate, LLC
North Augusta Plaza
336 E. Martintown Road
North Augusta, SC 29841
(803) 613-9006

SVI Corporate, LLC
Manchester
1910 Cinema Drive, Ste. 100
Rock Hill, SC 29730
(803) 327-9446

TEXAS

Old Trinity Partners II, LLC*
Abilene
4750 S 14th Ave
Abilene, TX 79605
(325) 692-8267

Old Trinity Partners, LLC*
Hillside Suites
6208 Hillside Road Suite 1400
Amarillo, TX 79109
(806) 322-1790

Old Trinity Partners, LLC*
Soncy Market (Coulter relo)
3562 South Soncy Rd.
Amarillo, TX 79119
(806) 463-5355

Old Trinity Partners, LLC*
Wolflin Village
2331 S. Georgia St.
Amarillo, TX 79109
(806) 331-7007

LST Austin, I, LTD.*
North Hills Town Center (The Arboretum)
4815 West Braker Lane, Suite 520
Austin, TX 78759
(512) 418-8497

LST Austin, I, LTD.*
The Villages of West Lake
701 Capitol of Texas Hwy S, #A-150
Austin, TX 78746
(512) 328-8690

LST Austin, I, LTD.*
The Hancock Center
1000 East 41st Street, #L-200
Austin, TX 78751
(512) 533-9913

LST Austin, I, LTD.*
South Lamar
1509 South Lamar Blvd.
Austin, TX 78704
(512) 712-9826

LST Austin, I, LTD.*
William Cannon
4220 West William Cannon drive
Austin, TX 78749
(512) 358-0826

Mid Tex Tanning, LLC
South Park Meadow
9300 IH 35, STE 600
Austin, TX 78748
512-280-7256

LST Austin, I, LTD.*
The Parke
5001 183A Toll Road Suite L200
Cedar Park, TX 78734
(512) 832-6970

LST Austin, I, LTD.*
College Station
1446 Texas Ave. South
College Station, TX 77840
(512) 695-8265

LST Austin, I, LTD.*
Lakeway
900 Ranch Rd 620 Ste. A101
Lakeway, TX 78130
(830) 629-7866

Old Trinity Partners, LLC*
Longview
405 W. Loop 281, Suite K
Longview, TX 75605
(903) 248-5393

Old Trinity Partners, LLC*
Northpark Village
405 Slide Road #102
Lubbock, TX 79416
(806) 281-1555

Old Trinity Partners, LLC*
Cornerstone Plaza
6012 82nd Street
Lubbock, TX 79424
(806) 698-1111

Old Trinity Partners, LLC*
82nd & University
8215 University #110
Lubbock, TX 79423
(806) 748-9998

Old Trinity Partners, LLC*
Centre at Overton Park
2400 Glenna Goodacre #106A
Lubbock, TX 79401
(806) 368-8152

Old Trinity Partners, LLC*
Town South Center
103 North Brentwood Drive #350
Lufkin, TX 75901
(936) 398-8232

Old Trinity Partners II, LLC*
Midland
4400 N. Midland Dr., Ste150
Midland, TX 79707
(432) 520-8267

LST Austin, I, LTD.*
New Braunfels
651 N Business IH 35, Ste. 725
New Braunfels, TX 78130
(830) 629-7866

Old Trinity Partners II, LLC*
Chimney Rock
6107 Easy Hwy. 191
Odessa, TX 79762
(432) 614-2966

LST Austin, I, LTD.*
Green Lawn Crossing
661 Louis Henna Boulevard, Ste. 370
Round Rock, TX 78664
(512) 388-4648

LST Austin, I, LTD.*
University
201 University Oaks Blvd., Ste. 1210
Round Rock, TX 78665
(512) 248-8520

LST Austin, I, LTD.*
Lincoln Heights
999 East Basse Road, Suite 142
San Antono, TX 78209
(210) 826-4550

LST Austin, I, LTD.*
The Vineyard
1201 N. Loop 1604 W, Ste. #118
San Antonio, TX 78258
(210) 479-7035

LST Austin, I, LTD.*
Bandera Oaks
11398 Bandera Oaks, Suite 207
San Antonio, TX 78250
(210) 681-6030

LST Austin, I, LTD.*
Stone Ridge
21025 Hwy 281 N, Ste. 1322
San Antonio, TX 78264
(210) 481-1184

LST Austin, I, LTD.
City View
11224 Huebner, Suite 103
San Antonio, TX 78230
(210) 558-9171

LST Austin, I, LTD.
University Plaza
316 North Edwards Gary Street
San Marcus, TX 78666
(512) 392-8260

LST Austin, I, LTD.
Schertz
17460 I 35 N. Ste. 210
Schertz, TX 78154
(210) 651-1452

Old Trinity Partners, LLC*
Tyler
5385 S. Broadway Ave
Tyler, TX 75703
(903) 617-6818

Old Trinity Partners, LLC*
Wichita Falls
3801 Call Field Road Suite 500
Wichita Falls, TX 76308
(940) 692-1617

UTAH

LST Utah, LLC
Alpine Valley Center
632 West Main Street, Suite 102
American Fork, UT 84003
(801) 756- 1702

LST Utah, LLC
Draper
264 E 12300 S, Ste. D
Draper, UT 84020
(801) 523-1414

LST Utah, LLC
Fort Union
1138 Fort Union Blvd Ste. M2
Midvale, UT 84047
(801) 255-9175

LST Utah, LLC
Ogden
1657 Skyline Dr. #4
Ogden, UT 84405
(801) 475-7222

LST Utah, LLC
The Orchards
826 E 800 N
Orem, UT 84097
(801) 921-4531

LST Utah, LLC
Sugarhouse
2274 S 1300 E, Ste. G11
Salt Lake City, UT 84106
(801) 484-4474

LST Utah, LLC
Canyon Center
2089 E 9400 S
Sandy, UT 84093
(801) 937-4010

LST Utah, LLC
Saratoga Springs
87 E State Road 73
Saratoga Springs, UT 84045
(801) 766-2100

LST Utah, LLC
Jordan Landing
3812 W 7800 S, Suite 170
West Jordan, UT 84088
(801) 260-0058

LST Utah, LLC
The District
11426 S. Parkway Plaza Dr.
South Jordan, UT 84095
(801) 943-1711

WASHINGTON

Pacific Beach Tan, Inc.*
Battle Ground
720 West Main St #105
Battle Ground, WA 98604
(360) 387-6287

Island Sun Tan JBA LLC
Spokane South Regal
4330 S Regal
Spokane, WA 99223
(509) 443-8267

Island Sun Tan JBA LLC
Northtown Square
4805 N Division St Ste. 101
Spokane, WA 99207
(509) 484-7205

Pacific Beach Tan, Inc.*
192nd
322 SE 192nd Ave. Suite 108
Vancouver, WA 98683
(360) 256-4826

Pacific Beach Tan, Inc.*
Hazel Dell
7720 NE Hwy 99, Ste. 103
Vancouver, WA 98665
(360) 567-0395

Pacific Beach Tan, Inc.*
Mill Plain
11504 SE Mill Plain Blvd.
Vancouver, WA 98684
(360) 896-2188

Pacific Beach Tan, Inc.*
Orchards
13025 NE Fourth Plain, Ste. 101
Vancouver, WA 98682
(360) 604-0609

Pacific Beach Tan, Inc.*
The Crossing
291 C Street #106
Washougal, WA 986711
(360) 844-5751

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

ATTACHMENT G

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM
AS OF DECEMBER 31, 2021

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

CALIFORNIA
S&K Management Group, LLC* (2 Locations)
1894 Churn Creek Rd.
Redding, CA 96002
(530) 226-8261

LOUISIANA

Salon Tropics, Inc. (3 Locations)
37459 Ultima Plaza Blvd., Suite C
Prairieville, LA 70769
(225) 673-4894

MISSOURI
Johnson/Clarke, Inc.*
1109 Dougherty Ferry Rd.
St. Louis, MO 63122
(314) 650-5117

NEBRASKA
Ashley Lynn's, Inc.*
4202 Dodge Street
Omaha, NE 68131
(402)403-0587

OREGON
Pacific Beach Tan, Inc.* (2 locations)
1600 NE Compton Drive, Suite 204
Hillsboro, OR 97006
(503) 206-3004

UTAH
LST Utah, LLC*
1824 W 9000
West Jordan, UT 84088
(801) 568-7002

*Location(s) Closed (Franchisee remains in the system)

LIST OF STATE ADMINISTRATORS

ATTACHMENT H

ATTACHMENT H

LIST OF STATE ADMINISTRATORS

We intend to register this Disclosure Document as a "franchise" in some or all of the following states, in accordance with the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

CALIFORNIA

Commissioner of the Department of
Financial Protection and Innovation
Department of Financial
Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013
866-275-2677

FLORIDA

Florida Department of Agriculture &
Consumer Services
Attn: Finance & Accounting
407 South Calhoun Street
Tallahassee, Florida 32399-0800

HAWAII

Business Registration Division
Department of Commerce
and Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS

Chief, Franchise Bureau
Illinois Attorney General's Office
500 South Second Street
Springfield, Illinois 62706

INDIANA

Securities Commissioner
Indiana Securities Division
Secretary of State
302 West Washington, Room E-111
Indianapolis, Indiana 46204

KENTUCKY

Office of Attorney General
Consumer Protection Division
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601-8204

MARYLAND

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN

Franchise Administrator
Consumer Protection Division
Franchising Section
Michigan Department of Attorney General
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933

MINNESOTA

Franchise Examiner
Department of Commerce
85 7th Place East
Suite 280
St. Paul, Minnesota 55101

NEBRASKA

Nebraska Department of
Banking and Finance
1526 K Street, Suite 300
Lincoln, Nebraska 68508

NEW YORK

Assistant Attorney General
New York State Department of Law
Investor Protection Bureau
28 Liberty Street. 21st Floor
New York, New York 10005

NORTH DAKOTA

Franchise Examiner
North Dakota Securities Department
600 East Boulevard, Fifth Floor
State Capitol - 5th Floor
Bismarck, North Dakota 58505

OREGON

Department of Consumer and
Business Services
Division of Finance and
Corporate Securities
Labor and Industries Building
Salem, Oregon 97310

RHODE ISLAND

Securities Division
Department of Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex - Building 69-1
Cranston, Rhode Island 02920

SOUTH DAKOTA

Franchise Administrator
South Dakota Department of Labor
and Regulation
Division of Insurance
Securities Regulation
124 E Euclid, Suite 104
Pierre, South Dakota 57501

TEXAS

Statutory Document Section
Secretary of State
P.O. Box 12887
Austin, Texas 78711

UTAH

Director
Utah Department of Commerce
Division of Consumer Protection
160 East 300 South
P.O. Box 45804
Salt Lake City, Utah 84111

VIRGINIA

State Corporation Commission
Division of Securities
& Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219

WASHINGTON

Administrator
Director of Financial Institutions
Securities Division
150 Israel Rd. S.W.
Tumwater, Washington 98501

WISCONSIN

Franchise Administrator
Department of Financial Institutions
Division of Securities
201 West Washington Avenue, Suite 300
Madison, Wisconsin 53703

FORM OF GENERAL RELEASE

ATTACHMENT I

FORM OF GENERAL RELEASE

[Current Form for Transfers and Renewals]

Developer [and/or Franchisee], Controlling Principal[s], and their respective officers, directors, employees, successors, assigns, heirs, personal representatives, and all other persons acting on their behalf or claiming under them (the "Releasing Parties"), hereby release and forever discharge Franchisor, its predecessors, parents, subsidiaries, and affiliates and their respective officers, directors, shareholders, employees, successors, and assigns, past and present, from any claims, debts, liabilities, demands, obligations, actions, and causes of action, known or unknown, vested or contingent, which any of them may have ever had, now has, or may hereafter have by reason of any event, transaction, or circumstance arising out of or relating to the Development Agreement and Franchise Agreements, but excluding claims based on any representation that Franchisor made in the most recent Franchise Disclosure Document (including its exhibits and amendments) that Franchisor delivered to Franchisee or its representative in connection with the offer of the Development Agreement and Franchise Agreements, subject to agreed-upon changes to the contract terms described in that Franchise Disclosure Document and reflected in the Development Agreement and Franchise Agreements (including any riders or addenda signed at the same time as the Development Agreement and Franchise Agreements). The Releasing Parties represent and warrant that they have not assigned or transferred, or purported to assign or transfer, to any person or entity, any suit, claim, controversy, liability, demand, action, or cause of action described herein.

[For California franchisees, add: Each of the Releasing Parties expressly waives and relinquishes all rights and benefits which either may now have or in the future have under and by virtue of California Civil Code Section 1542. The Releasing Parties do so understanding the significance and consequence of such specific waiver. Section 1542 provides that "[a] general release does not extend to claims which the creditor does not know or suspect exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor." For the purpose of implementing a general release and discharge as described in Section 1. above, the Releasing Parties expressly acknowledge that this Agreement is intended to include in its effect, without limitation, all claims described in Section 1. above which the Releasing Parties do not know or suspect to exist in their favor at the time of execution hereof, and that this Agreement contemplates the extinguishment of any such claims.]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date indicated below.

FRANCHISOR:

PALM BEACH TAN FRANCHISING, INC.,
a Delaware corporation

By:_____
Name: _____
Title: _____

FRANCHISEE:

_____

By:_____
Name: _____
Title: _____

Date:_____

STATE SPECIFIC ADDENDA TO
FRANCHISE DISCLOSURE DOCUMENT

ATTACHMENT J

ADDENDUM TO PALM BEACH TAN FRANCHISING, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA

1. The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the Franchise Disclosure Document/and or Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

A. Item 3 of the disclosure document is supplemented by the following language:

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

B. Item 17 of the disclosure document is amended by adding the following language:

a. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement or development agreement contain a provision that is inconsistent with the law, the law will control.

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

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

d. The franchise agreement and development agreement require application of the laws of Texas. This provision may not be enforceable under California law.

C. Part II (Analysis of the Actual Operating Gross Revenues of our franchised Palm Beach Tan Locations") of Item 19 of the Franchise Disclosure Document is supplemented by the following language:

The financial performance representation figure(s) does (do) not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue of gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in

operating your Palm Beach Tan Location. Franchisees or former franchisees, listed in the disclosure document, may be one source of this information.

2. California Corporation Code, Section 31125 requires your Franchisor to give you a disclosure document, in the form and containing such information as the Commissioner of Financial Protection and Innovation may require, before a solicitation of a proposed material modification of an existing franchise.

3. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

4. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT.

5. You must sign a general release if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

ADDENDUM TO PALM BEACH TAN FRANCHISING, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS

1. If the franchise agreement requires that it be governed by a state's law, other than the state of Illinois, to the extent that such law conflicts with the Illinois Franchise Disclosure Act (including judicial decisions interpreting the Act), Illinois law will govern.

2. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement (or development agreement) that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside of Illinois.

3. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law or Illinois is void.

4. Your rights upon termination and non-renewal of a franchise agreement (or development agreement) are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure act.

5. Each provision of this addendum shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act, with respect to each such provision, are met independent of this addendum. This addendum shall have no force or effect if such jurisdictional requirements are not met.

ADDENDUM TO PALM BEACH TAN FRANCHISING, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NEW YORK

The State Cover Page is supplemented by the addition of the following risk factor:

"The Franchisor may, if it chooses, negotiate with you about items covered in the prospectus. However, the Franchisor cannot use the negotiating process to prevail upon a prospective Franchisee to accept terms which are less favorable than those set forth in this prospective."

Item 3, "Litigation" is hereby amended by deleting the 2nd paragraph in that item and replacing it by the following language:

"Other than this 1 action:

(1) Neither we, any predecessor, any person identified in Item 2 above, nor any affiliate offering franchises under our principal trademark has pending any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) alleging a violation of any franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable allegations.

(2) Neither we, any predecessor, any person identified in Item 2 above, nor any affiliate offering franchises under our principal trademark has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the date of this disclosure document, has been convicted of a misdemeanor or pleaded nolo contendere to a misdemeanor charge or been held liable in a civil action by final judgment or been the subject of a material complaint or other legal proceeding if such misdemeanor conviction or charge or civil action, complaint or other legal proceeding involved a violation of any franchise, anti-fraud or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, misappropriation of property or comparable allegations.

(3) Neither we, any predecessor any person identified in Item 2 above, nor any affiliate offering franchises under our principal trademark is subject to any currently effective injunctive or restrictive order or decree relating to franchises or under any Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency, is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent."

Item 4, "Bankruptcy" is hereby amended by deleting the 1st paragraph in that Item and replacing it by the following language:

> "Except for this bankruptcy, neither we, nor any affiliate or predecessor or current officer or general partner have during the 10 year period immediately before the date of this disclosure document (a) filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after our officer or general partner held this position with the company or partnership."

Item 17, "Renewal, Termination, Transfer and Dispute Resolution" is amended as follows:

(a) By adding the following in the "Summary" column opposite category d., "Termination by you":

> "To the extent required by the New York General Business Law, you may terminate the Agreement on any grounds available by law."

(b) By adding the following in the "Summary" column opposite category w., "Choice of law":

> "The foregoing choice of law should not be considered a waiver of any right conferred upon you by the General Business Law of the State of New York, Article 33."

New York Insert
(To be inserted immediately before the Acknowledgment of Receipt)

This disclosure document is amended by the addition of the following sentence:

Franchisor represents that this prospectus does not knowingly omit any material fact or contain any untrue statement of a material fact.

ADDENDUM TO THE PALM BEACH TAN FRANCHISING, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF VIRGINIA

1. "Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable."

ADDENDUM TO PALM BEACH TAN FRANCHISING, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF WASHINGTON

1. The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

2. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

3. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

4. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

No Poaching Investigation

On October 18, 2019, Palm Beach Tan Franchising Inc. entered into an Assurance of Discontinuance (AOD) with the Attorney General for the State of Washington. In September 2019, the Washington State Attorney General had initiated an investigation by issuing Civil Investigative Demands to numerous franchisors regarding so-called "no poach" provisions in franchise contracts. The Attorney General alleged that the so-called "no-poach" provisions violated Washington state anti-trust laws. We provided information to the Attorney General about language in our previous form of franchise agreement that restricted a franchisee's ability to solicit or hire works from us or from another franchisee. By entering into the AOD, we admitted no wrongdoing and agreed to remove the provision from any future franchise agreements. We also agreed to amend our franchise agreements in the State of Washington within 60 days of entry of the AOD, not to enforce the provision in legacy agreements, and not to defend the legality of the provision in any litigation while we remove the language from agreements in the ordinary course of ongoing activities and/or transactions with franchisees and licensees. No damages, costs, fines, or penalties were levied as part of the AOD.

STATE EFFECTIVE DATES

ATTACHMENT K

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Illinois	April 18, 2022
Indiana	April 18, 2022
Michigan	April 18, 2022
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

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RECEIPT

This disclosure document summarizes certain provisions of the Franchise Agreement, Development Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Palm Beach Tan Franchising, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Applicable state laws in (a) Connecticut and Michigan require us to provide you the disclosure document at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, (b) New York requires us to provide you the disclosure document at the earlier of the first personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, and (c) Iowa and Maine require us to provide you the disclosure document at the earlier of the first personal meeting or 14 days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Palm Beach Tan Franchising, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (as listed in ***Attachment H*** to this disclosure document).

The name, principal business address, and telephone number of the franchise seller offering the franchise is:

	Name	**Principal Business Address**	**Telephone Number**
	Roy Sneed	6321 Campus Circle Drive E., Irving, TX 75063	972-966-5300
		6321 Campus Circle Drive E., Irving, TX 75063	972-966-5300
		6321 Campus Circle Drive E., Irving, TX 75063	972-966-5300

Issuance Date: April 19, 2021

I received a Disclosure Document dated April 19, 2021. The Disclosure Document included the following Exhibits:

Attachment A – Agents for Service of Process
Attachment B – Operations Manual Table of Contents
Attachment C – Financial Statements
Attachment D – Franchise Agreement, including attachments, state amendments and addenda
Attachment E – Development Agreements, including attachments and state amendments
Attachment F - List of Franchise Locations
Attachment G - List of Franchisees Who Have Left the System
Attachment H - List of State Administrators
Attachment I - Form of General Release
Attachment J - State Specific Addenda to Franchise Disclosure Document
Attachment K - State Effective Dates

Dated:_____

_____
Individually and as an Officer of the company designated below or of a company to be formed and designated below on formation

_____
Printed Name

of_____
(a_____Corporation)
(a_____Partnership)
(a_____Limited Liability Company)

[Keep this page for your records]

RECEIPT

This disclosure document summarizes certain provisions of the Franchise Agreement, Development Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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If Palm Beach Tan Franchising, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (as listed in ***Attachment H*** to this disclosure document).

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		6321 Campus Circle Drive E., Irving, TX 75063	972-966-5300

Issuance Date: April 18, 2022

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Attachment G - List of Franchisees Who Have Left the System
Attachment H - List of State Administrators
Attachment I - Form of General Release
Attachment J - State Specific Addenda to Franchise Disclosure Document
Attachment K - State Effective Dates

Dated:_____

_____
Individually and as an Officer of the company designated below or of a company to be formed and designated below on formation

_____
Printed Name

of_____

(a_____Corporation)

(a_____Partnership)

(a_____Limited Liability Company)

[Sign and return this page]

***Send to*:** Palm Beach Tan Franchising, Inc., 6321 Campus Circle Drive E., Irving, Texas 75063.