

**SUPPLEMENT TO THE PALM BEACH TAN FRANCHISING, INC.
FRANCHISE DISCLOSURE DOCUMENT
DATED APRIL 16, 2012**

CONVERSION ADDENDUM TERMS

Items 5, 6, and 7 of the Palm Beach Tan Franchising, Inc Franchise Disclosure Document dated April 16, 2012 ("FDD") contain certain disclosures concerning the initial franchise fee, royalty fee, and costs associated with establishing the Palm Beach Tan Location. 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"), and you sign the Franchise Agreement(s) on or before January 31, 2013, we will offer you the following terms, which modify one or more of the terms disclosed in Items 5, 6, and 7 of the FDD, and which terms will be documented by your signing the Conversion Addendum attached to this supplemental disclosure as Attachment 1

(a) Initial Franchise Fee The initial franchise fee for each Franchise Agreement will be reduced to \$10,000

(b) Royalty Fee The royalty fee will be 2% of the Gross Sales of the Location \$0 up to (and including) the applicable Monthly Benchmark Amounts, plus 15% of the Gross Sales of the Location in excess of the applicable Monthly Benchmark Amount, the Monthly Benchmark Amounts will be included in Exhibit 2 to the Conversion Addendum

(c) Conversion Allowance

If the existing tanning facility that is being converted to a Palm Beach Tan Location is the only salon that you or your affiliates are converting to a Palm Beach Tan Location and it has annual average revenues of less than \$250,000, or if there are multiple existing tanning facilities that you or your affiliates are converting to Palm Beach Tan Locations and they have, on a combined basis, annual average revenues per salon of less than \$250,000, we will reimburse you for the actual reasonable cost(s) of all exterior store-front Palm Beach Tan signs,

If the existing tanning facility that is being converted to a Palm Beach Tan Location is the only salon that you or your affiliates are converting to a Palm Beach Tan Location and it has annual average revenues of \$250,000 or more, or if there are multiple existing tanning facilities that you or your affiliates are converting to Palm Beach Tan Locations and they have, on a combined basis, annual average revenues per salon of \$250,000 or more, we will pay for the reasonable cost of the following items that contain the Palm Beach Tan marks: all Palm Beach Tan signage installed at the salon in connection with the conversion, computer hardware and software, to include 2 to 3 point-of-sale computer systems with appropriate software and data transmission equipment (as determined by the Conversion Audit), 1 front door hours sign (cling-type sign), 1 front door logo mat, 1 set of price cards or new booklets, 1 standard vendor pack of referral cards, 1 initial base kit of 11" x 17" room logo advertising posters for tanning rooms, 1 standard vendor pack of tri-fold brochures for new customers, 1 standard vendor pack of lotion display laminate cards, and 1 large palm tree logo for behind front counters

ATTACHMENT 1
TO THE SUPPLEMENTAL DISCLOSURE
TO THE PALM BEACH TAN FRANCHISING, INC.
DATED APRIL 16, 2012

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Supplemental Disclosure Attachment 1 - Solo Page

CONVERSION ADDENDUM
Conversion Addendum
to Palm Beach Tan Franchise Agreement

This Conversion Addendum ("Addendum") to the Palm Beach Tan Franchise Agreement ("Franchise Agreement") dated _____, 20__, by and between Palm Beach Tan Franchising, Inc ("Franchisor") and _____ ("Franchisee") is made and entered 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 salon located at _____ 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 Franchisee's existing tanning store, Franchisor and Franchisee desire to amend the Franchise Agreement to establish terms and conditions applicable to the conversion of Franchisee's existing 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 Fees. Section IV A is hereby deleted in its entirety and is replaced with the following:

"A Franchise Fee. Franchisee shall pay to Franchisor an initial franchise fee of Ten Thousand Dollars (\$10,000) upon the execution of this Agreement. The initial franchise fee shall be deemed fully earned and nonrefundable upon receipt by Franchisor."

3 Royalty Fee. Section IV B 1 of the Franchise Agreement is hereby deleted in its entirety and is replaced by the following:

"(1) Franchisee shall pay to Franchisor a continuing monthly royalty fee in an amount equal to (i) two percent (2%) of the Gross Sales of the Location from \$0 up to (and including) the applicable Monthly Benchmark Amounts, plus (ii) fifteen percent (15%) of the Gross Sales of the Location in excess of the applicable Monthly Benchmark Amount. The Monthly Benchmark Amounts are set forth in Exhibit 2 to the Conversion Addendum hereto. For months indicating that the Monthly Benchmark Amounts are "To Be Determined", on or before _____, Franchisor shall determine such Monthly Benchmark Amounts based on the information contained in the Location's point-of-sale system, and the parties agree to amend Exhibit 2 to the Conversion Addendum to reflect such Monthly Benchmark Amounts."

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