

**Form B - Franchisor's Costs and Sources of Funds**  
PPW FRANCHISING, LLC

RECEIVED LOS ANGELES OFFICE

[JUL 30 2013]

SUPPLEMENTAL INFORMATION

1 Disclose

A The states in which this proposed registration application is effective

None

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

California	Minnesota
Illinois	New York

C The states that have refused to register this franchise offering

None.

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

None

E The states in which this proposed registration of these franchises has been withdrawn within the last five years, and the reasons for revocation or suspension

None

2 Source of Funds for Establishing New Franchises

Disclose the Franchisor's total costs for performing its pre-opening obligations to provide goods or services in connection with establishing each franchised business, including real estate, improvements, equipment, inventory, training and other items stated in the offering

**SEE ATTACHED.**

**FORM B – Franchisor’s Costs and Sources of Funds**  
PPW FRANCHISING, LLC

**FRANCHISOR’S COSTS AND SOURCE OF FUNDS**

- 1 Disclose the Franchisor's total costs for performing its pre-opening obligations to provide goods or services in connection with establishing each franchised business, including real estate, improvements, equipment, inventory, training and other items stated in the offering:

<b>Category</b>	<b>Costs</b>
<b>Real Estate</b>	<b>\$50</b>
Written site selection criteria, a floor plan for a prototypical PPW Studio, and guidelines that consider important demographic and physical characteristics for the location of PPW Studios – these materials have already been developed by our staff and we either will provide printed copies or electronic access to them resulting in negligible incremental costs to us to perform this pre-opening obligation	
<b>Improvements</b>	<b>\$100 – \$1,000</b>
Review and approval of the franchisee’s construction and design plans – as this is handled by our existing staff, we incur no incremental expense in connection with this review or approval process	
Providing construction specifications and advice for remodeling approved space as a PPW Studio – these materials have been developed by our staff resulting in negligible incremental costs to us to furnish these guidelines to each franchisee We may periodically inspect progress and will conduct a final inspection before we will issue a certificate of completion. We may conduct inspections remotely through Skype technology or in some other manner not requiring a physical visit to your location The estimated cost includes travel and one night’s lodging to visit a distant location in connection with a final inspection	
We may recommend an architect, space planner or contractor to assist the franchisee with the preparation of construction and build-out plans and drawings We incur no incremental expense to provide this support or to approve the franchisee’s selection of an architect, design personnel and contractor	
<b>Equipment</b>	<b>\$0</b>
Our affiliate, PPW Enterprises, LLC, a Delaware limited liability company, is the exclusive supplier of FitFormer™ machines Each franchisee will pay PPW Enterprises for the machines according to PPW Enterprises’ current published price list and we do not underwrite any portion of the expense A member of our staff will assist each franchisee to place their initial order for FitFormer™	

machines We incur no incremental costs to provide this assistance to each franchisee

**Inventory** \$0

Specifications for all fitness equipment, supplies, furnishings, exterior and interior signs, Branded Retail Merchandise inventory and a list of the suppliers that we currently designate or recommend

**Training** \$250 – \$2,000

Training – We incur no significant incremental cost to deliver the initial training program other than travel expenses for one staff member who provides the New Studio Opening training module in the franchisee’s Franchised Studio Otherwise, we conduct initial training at our corporate offices or an operating Pilates ProWorks® studio. All initial training modules are taught by our staff members Consequently, we have no incremental costs for training facilities or instructors.

**Other (describe)** \$50

Confidential Manuals – Our confidential manuals have been developed by our staff members and we incur no significant incremental cost other than nominal photocopying expenses to furnish each franchisee with a set or, if furnished in electronic format, access to our network Intranet

Review and approval of franchisee construction plans and alternative suppliers. We incur no incremental costs as this is handled by our staff \$0

Advice re grand opening program We incur no incremental costs as this is handled by our staff \$0

Designation of Protected Area We incur no incremental costs as this is handled by our staff \$0

**Total** **\$450 – \$3,100**

2 State separately the sources of all required funds

The source of these funds are general operating revenues

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