



In November 2010, Merrithew Health & Fitness™ announced some important changes to our equipment distribution in the UK. At that time, our message stated that Pilates Solutions Limited (PSL) would continue to offer training in the UK under its Active Training banner. Since then, further developments in the business operations of Pilates Solutions Limited have unfolded which have negatively impacted the conveyance of STOTT PILATES® education to the UK market.

At this time, we would like to provide a transparent account of the extent of our efforts to support and work with Pilates Solutions Limited through the financial hardships that have ultimately led to the demise of their business. As we position our company for growth in the UK, Merrithew Health & Fitness would also like to provide as much comfort and clarity as possible to all parties involved in order to manage through this difficult situation.

On January 12th, 2011 Merrithew Health & Fitness was advised by Marriotts Recovery LLP, in their role as appointed administrators, that Pilates Solutions Limited, inclusive of Active Training, had entered the administration process. On January 14th, in accordance with the terms and conditions of the STOTT PILATES Licensed Training Center agreement and acting on behalf of the best interests of STOTT PILATES students and instructor trainers, we informed Pilates Solutions Limited and its administrators that we were terminating the education training agreement, effective immediately.

Pilates Solutions Limited entered into a STOTT PILATES equipment distribution agreement and a Licensed Training Center agreement in 2003. This mutually-beneficial arrangement lasted for several years and was a logical next step for Merrithew Health & Fitness after establishing a direct toehold in the UK market prior to 2003. With the economic downturn of 2008, Pilates Solutions Limited entered into a protracted period of financial instability from which it never successfully emerged. During this time, Merrithew Health & Fitness supported Pilates Solutions Limited in every manner possible including continuing to provide equipment to PSL for resale to UK customers despite a history of non-payment. Our extended efforts to assist Pilates Solutions Limited, over the course of many months, now leave Merrithew Health & Fitness with a significant unpaid balance and as the single largest unpaid creditor in this administration process.

Despite this unfavorable outcome, Merrithew Health & Fitness feels confident that every conceivable action was taken on our part to try and preserve this important relationship. Our best efforts simply could not overcome the dire financial position that had rendered Pilates Solutions Limited unable to adequately discharge their responsibilities as a distributor and education provider.

Merrithew Health & Fitness, through its premier STOTT PILATES brand, is now the equipment and education provider in the UK. Education courses, workshops, exams and schedules are being coordinated through our head office in Toronto. We are now working directly with YMCA Fit to ensure STOTT PILATES education will continue to be offered through this organization. We are excited by the opportunity to once again provide STOTT PILATES equipment and education directly to the UK market. More information about education, equipment and growing your Pilates business can be found in our online FAQs. Please contact us at UKtraining@stottpilates.com with any questions or concerns.

As a vital member of the STOTT PILATES community, we thank you for your patience and understanding in this matter. With renewed focus and commitment, we look forward to serving the UK market in 2011 and beyond.

Sincerely,

Lindsay G. Merrithew
President & CEO