



FRANCHISE OFFERING CIRCULAR FOR PROSPECTIVE
FRANCHISEES
STATE OF CALIFORNIA



Comfort, Fit & Style

FOOT SOLUTIONS, INC.
(A Georgia Corporation)
Suite 220
2359 Windy Hill Road
Marietta, Georgia 30067
(866) 338-2597 (TOLL FREE)
(770) 955-0099 (TELEPHONE)
(770) 953-6270 (FAX)
fscorp@footsolutions.com (EMAIL)
www.footsolutions.com (WEB SITE)

The Franchisee will operate a business using the “**FOOT SOLUTIONS**” “**FOOT SOLUTIONS HQ**” service mark and trade name offering foot care services, including computer foot scanning, custom accommodative insoles, orthotics, arch supports and a line of specialty shoes and foot care products.

The initial franchise fee is Twenty Seven Thousand Five Hundred Dollars (\$27,500).

The estimated initial investment required ranges from One Hundred Ninety-Five Thousand Seven Hundred Dollars (\$195,700) to Two Hundred Thirty-Six Thousand Three Hundred Dollars (\$236,300).

Registration of this franchise with the state does not mean the state recommends it or has verified the information in this Offering Circular. If You find anything You think may be wrong or anything important that has been left out, You should contact the Federal Trade Commission and Your state authority.

Information comparing franchisors is available. Call the state administrators listed in Exhibit D of this Offering Circular or Your public library for sources of information.

RISK FACTORS

THE FRANCHISE REQUIRES DISPUTE RESOLUTION AS A CHOICE OF FORUM AND CHOICE OF LAW, TO BE GOVERNED BY AND TO TAKE PLACE IN THE STATE OF GEORGIA, AND SPECIFICALLY IN THE CITY OF ATLANTA. THESE PROVISIONS MAY NOT BE FAVORABLE TO THE FRANCHISEE, AND MAY BE MORE COSTLY AND/OR NOT PROVIDE THE SAME BENEFITS AS A LOCAL ARBITRATOR AND/OR LOCAL LAW.

The date of this offering circular is: JANUARY 2005



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FOOT SOLUTIONS, INC

(FOOT CARE SPECIALTY RETAIL/HEALTH & WELLNESS)

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Information for Prospective Franchisees
Required by the Federal Trade Commission

DATE OF ISSUANCE: JANUARY 2005

To protect You, we've required FOOT SOLUTIONS, INC. give You this information We have not checked it and do not know if it is correct. It should help You to make up Your mind. Study it carefully. While it includes some information about Your contract, do not rely on it alone to understand Your contract. Read all of Your contract carefully. Buying a franchise is a complicated investment. Take Your time to decide. If possible, show Your contract and this information to an advisor, like a lawyer or an accountant. If You find anything You think may be wrong or anything important that's been left out, You should let us know about it. It may be against the law.

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

FEDERAL TRADE COMMISSION

WASHINGTON, D.C. 20580

ITEM 1. THE FRANCHISE, ITS PREDECESSORS
AND AFFILIATES

THE FRANCHISE (FS)

For purposes of incorporating plain English into this offering circular, FS means FOOT SOLUTIONS, INC., the Franchisor. "You" means the person, partnership, or corporation that purchases the Franchise, and includes the Franchisee's owners.

FS will offer You, individuals, partnerships, or corporations, a Franchise Agreement for a single Franchised business to be operated within a specific Area/Territory.

FOOT SOLUTIONS, INC. (FS), is a Georgia corporation, with its principal office located at 2359 Windy Hill Road, Suite 220, Marietta, Georgia 30067. The telephone number is (770) 955-0099, facsimile number is (770) 953-6270, email is fscorp@footsolutions.com, and web site address is www.footsolutions.com. FS currently conducts business under the trade names and service marks of, "FOOT SOLUTIONS" and "FOOT SOLUTIONS HQ" as described in Item 13, in connection with the Franchises described in this offering circular.

The state agents for service of process are listed in Exhibit D.

The Franchise was founded by Raymond J. Margiano, after test marketing the foot care and comfort shoe specialty retail concept from 1996 to 2000. During this period, market surveys, analysis of the pedorthic / orthotic market, interviews and visits with certified pedorthists, podiatrists, and medical and retail specialty shoe outlets took place over a four year period to thoroughly test the concept before beginning the Franchise network. The Franchise was incorporated in the State of Georgia on August 21, 2000, under the name FOOT SOLUTIONS, INC., and began offering and granting Franchises in September of 2000. The first franchise was opened October 2000 in Atlanta, Georgia.

PREDECESSOR

FS has had no predecessors

Description of FS Business and the Franchise Offered Hereby:

FS is a high-tech, specialty foot care retail business that focuses on health, wellness, comfort, fit and style and making people feel good through the utilization of today's technology and special fitting ten step scientific techniques. Computer foot scanning and analysis, custom accommodative insoles, orthotics, arch supports and an extensive line of comfort extra depth shoes designed for dress, play, work or exercise, brings together in one location an integrated system and products for total foot care and comfort. The focus is on working with people to solve foot problems and to make people feel better through proper fit, and to provide shoes and products designed to fit the actual shape of the foot.. The foundation is a replication of the bottom of the foot through computer mapping and custom made insoles and orthotics.

The FS center is a high end specialty retail store typically located in an upscale strip center, with normal operating hours of 10:00 A.M. to 6:00 P.M., Monday through Friday, and 11:00 A.M to 5:00 P.M. on Saturday. This is a business that relies heavily on referrals, and many customers make appointments to ensure sufficient time to achieve proper fit. The business is for people that like to help others, and is about working with the customers to solve their personal foot care and foot problems through the application of the appropriate products and proper fitting and adjustments. The target market is the 40 and older client. Generally, these are the people who must be properly fitted for shoes, due to foot problems that require special attention and specialty products. Another target market is those who exercise regularly or stand on their feet a lot. These are the clients that are searching for shoes that make them feel better, and are interested in preventative measures to keep from developing foot problems. Improved balance, increased strength, better posture, minimize or eliminate foot, ankle, knee, and lower back pain are of great interest to them.

FS Franchises the right to operate a foot care business in a protected territory utilizing FS fitting, marketing, store operating techniques and controls. FS is a specialty foot care retail concept with no major competition in a unique market niche that is in the beginning of its business life cycle. FS brings several services and products together to position itself as a unique business opportunity. There are no regulations specific to the industry, other than the standard laws and regulations applicable to business in general. The basic Franchise is non-medical. Expansion of the business into areas that could be defined as medical may require certification or licensing in some states. Laws and regulations vary from state to state.

The Franchise is characterized by the system, which includes special fitting techniques and products for care of the feet. The system includes management control techniques, store setup assistance, specialty equipment, special startup promotions, advertising and promotional methods and programs; procedures for keeping books and records; and sales and technical training and materials, all of which may be changed, improved, and further developed by FS. Employing the system as set out in the manuals, You will own and operate a specialty foot care specialty retail center, with the services outlined in Your specific Franchise Agreement.

FS identifies the system, under certain trade marks, service marks, logos, emblems, and indicia of origin (names and marks), including, but not limited to, the name and mark "FOOT SOLUTIONS" and "FOOT SOLUTIONS HQ," and such other trade names and service marks as are or will be designated by FS in writing. The names and marks are discussed in more detail in Item 13.

BRIEF OVERVIEW OF THE FOOT SOLUTIONS OPPORTUNITY:

The **FOOT SOLUTIONS (SPECIALTY HEALTH AND WELLNESS RETAIL)** is for the growing percentage of the population who experience sore and tired feet, with a focus on the population over the age of 40, the fastest growing market in the United States today. This is a specialty retail foot care center with high tech computer foot scanning for custom insoles and orthotics, with specially designed shoes for work, play, dress or exercise that not only feel good, but look good. The concept includes a wall of retail products designed for complete foot care. These products are focused on the 300 million dollar market for over-the-counter orthotics and self-help foot care items, in addition to the specialty comfort shoe market. The product mix allows You to focus on foot care for everyone, with reduced inventory required because of the custom procedures, inventory control, and products used and a centralized warehouse. These are amazing products that produce results, and in some cases qualify for reimbursement through Medicare and/or insurance.

The availability of computer scanning technology allows for the generation of custom accommodative inserts, orthotics and customized footwear using today's technology to guarantee a perfect fit. These products have been successfully used to treat many physical problems. Properly designed orthotic inserts can eliminate knee, joint, and lower back problems. Other products available can increase energy, strength, and balance that can be demonstrated with immediate results in Your store. These are high margin, unique product lines and services to help resolve customers' discomfort in the neck, shoulder, back, hips, knees, ankles, and feet. There is a tremendous marketing opportunity, with a wide range of end users available through referrals from professional sources. These products can be used by everyone. This unique, affordable specialty retail business has little competition.

AFFILIATES

Raymond J. Margiano, chief executive officer, founder, and primary shareholder of FS is also the founder and primary shareholder of HEEL QUIK!, INC., the largest and number one ranked personal service shoe repair Franchise in the world, franchising since 1985. There is no similarity or competition between FS and HEEL QUIK!, other than Raymond J. Margiano.

Raymond J. Margiano is also the Founder and major shareholder of SHU-RE-NU EQUIPMENT, INC., in operation since 1985, and the last remaining manufacturer of shoe repair equipment in the United States until it moved manufacturing of equipment outside of the United States. SHU-RE-NU is the largest distributor of shoe repair and orthotic / pedorthic equipment, as well as a unique line of supplies utilized in the shoe repair and orthotic / pedorthic marketplace.

The referenced affiliates do not operate a business of the type to be operated by You; nor does it offer Franchises that compete with Your business. The affiliate companies provide the Founder of FOOT SOLUTIONS, INC. with a wealth of knowledge and support for FS.

A fully staffed FS Training Center, CAD/CAM Custom Orthotic Lab and Warehouse facility, referred to as the Technical Support Center, is located at 1730 Cumberland Point Drive, Suite 5, Marietta, Georgia 30067. NOTE: The Foot Solutions Training Center was approved by the BCP (Board for Certification in Pedorthics) in December 2002 and the Foot Solutions Training Classes, upon successful completion, meet the Pedorthics pre-certification education requirements.

The FS Pedorthists Training Center, Operational Company Store, Marketing Support Center and Corporate offices are located in the Windy Hill Village Shopping Center, Suite 215 and Suite 220, 2359 Windy Hill Road, Marietta, Georgia 30067.

These operations are maintained solely for the purpose of providing support to the FS Franchise operation.

ITEM 2. BUSINESS EXPERIENCE

President/CEO Chairman of the Board: Raymond J. Margiano

Margiano is the primary stockholder of FOOT SOLUTIONS, INC., and brings to the table exceptional experience and working credentials in the field of franchising and building, operating, and growing businesses. Margiano has a Bachelor of Science degree in Business from the University of New Haven and a Masters Degree in Computer Science from Rensselaer Polytechnic Institute. Margiano held executive management positions with Sikorsky Aircraft, United Technologies, Sybron corporate staff, and was General Manager of Bostitch Auto-Soler Division (Textron) before starting his own business. Margiano is the Founder and primary stockholder in HEEL QUIK!, INC., with 700 operations located in 30 countries. Margiano is also the Founder and primary stockholder in SHU-RE-NU EQUIPMENT, INC., the only manufacturer of shoe repair equipment in the United States today, which offers a line of equipment and supplies used in the orthotic / pedorthic market. Margiano has extensive Franchise experience and has been an associate member of FRANNET as an international Franchise consultant for five years. Margiano has actively participated as an international speaker on franchising and business, and has received numerous awards and recognition for his many business achievements (e.g., Atlanta Small Business Person of the Year, Blue Chip Award, etc.).

Board of Directors: William Slater Vincent

Vincent accepted a position as a member of the Board of Directors. He is an Assistant Professor of Business Law at the Kennesaw State College in Georgia, with an M.B.A. and J.D. from Emory University, Atlanta, Georgia; an expert in the areas of consumer and Franchise law. Vincent provides a wealth of knowledge and experience gained through practicing law, lecturing, and consulting with individuals and corporate clients.

Chief Operating Officer: John E. Hellriegel

Hellriegel is a senior executive with extensive experience in Franchise sales and operations, with a BS from Cornell University and an MBA from Georgia State University. Franchise experience includes A&W Restaurants, Checkers Drive In Restaurants, and Dunkin Donuts.

Financial Controller – Phillip Woody

Woody is a seasoned accounting executive holding Senior level and Controller positions in a number of companies in the Atlanta are. Woody has a Bachelor of Business from Georgia State with a major in Accounting.

Vice President of Production and Distribution Center – David M. Winchell

Winchell holds a BA degree in pre-law and an MBA from the University of Nebraska. He is responsible for the successful operation of Shu-Re-Nu, Foot Solutions allied company and fulfillment agent. Winchell has over 25 years of related experience including 13 years with Payless Shoes as a technology executive.

Director of Marketing – Samantha Forness

Forness has a BA in advertising/marketing from the University of Central Florida. Forness has over 10 years experience in marketing/advertising positions including National Marketing Manager for The Athlete's Foot, an international athletic shoe retailer. Forness brings strong franchise/marketing credentials to her position with Foot Solutions.

Vice President Training, Operations and Support: Marjorie Bonsall

Bonsall is a Board Certified Pedorthist and Orthopedic shoe technician with 30 years of practical experience, and is the founder and owner/operator of two (2) independent foot and shoe care centers in

Northern California, known as Walk Rite Shoes, Inc. Bonsall has authored many articles on foot care and proper foot fitting, and is a frequent speaker and educator for the Pedorthic Footwear Association as an experienced buyer and store operator with exceptional sales and marketing skills. Bonsall is an ongoing support consultant primarily in the areas of purchasing, store operations, and general training.

Franchise Support Consultant – William F. Faddock, DPM

Dr. Faddock is a graduate of Ohio College of Podiatric Medicine, Cleveland, Ohio – Doctor of Podiatric Medicine 1969; in private practice from 1969 to 1986; Gill Podiatry Supply from 1986 to 2002. Dr. Faddock provides site evaluation, training, store opening, and ongoing support to the Franchisees, sharing his knowledge and networking within the podiatric medical community. Dr. Faddock was President of the Georgia Podiatric Medical Association, as well as the Chairman of Podiatric Medicine Surgical Section of Atlanta Hospital. Dr. Faddock has trained and assisted a number of doctors in opening practices in the Southeast.

Manager, New Product Development – William J. Ison, CPED

Ison utilizes his 40 years of experience in the shoe industry to provide in-house pedorthic lab and milling center services for prescription orthoses work sent to the corporate center. Ison is involved in training and store support, both in the field and through the corporate office Training facility. Ison held positions as buyer, retail operations manager, general manager of a large group of retail stores, and has an extensive background in the shoe retail business.

New Store Construction and Setup Supervisor - James S. Cabe

Cabe, serves as the equipment support technical person involved in the build out and store opening support team. Cabe was involved in the manufacture of shoe repair machinery, and served as technical service and customer service advisor with Stanley Bostitch (Auto-Soler) and has almost twenty (20) years of experience in the equipment and Franchise business.

Group Leader, Laboratory Technician - Roger P. Chase

Chase assists with training classes on an as needed basis, and serves as in-house technician for pedorthic footwear modification and custom orthotic duties, with more than ten years of experience in footwear modification.

New Store Opening Order Supervisor - Tammy R. Bogumill

Bogumill supervises and processes all new store opening orders for the FS franchise operations, and has in excess of twenty (20) years of experience in the footwear and related industries.

Executive Assistant – Donna Densmore

Densmore reports directly to the CEO providing executive assistance in all phases of the business of franchising at the corporate level. Densmore has a wealth of experience in the footwear industry, she worked for The Athlete's Foot corporate office for three (3) years and has a strong customer service and operational background.

Accounting Manager - Donna English

English serves as Accounting Supervisor, providing support in multiple capacities. Her knowledge and expertise in the day-to-day operation of the corporate office. English has been with the companies for fifteen (15) years, providing stability and continuity to the Accounting Department functions

Franchise Support Contact - Elizabeth Hubauer

Hubauer coordinates the Corporate office's franchise support, including customer service, and has provided administrative support to the Franchisees for over ten (10) years..

Consultant – Podiatrist - Nathan H. Schwartz, D.P.M., F.A.C.F.A.S.

Maryland University - Ohio - College of Podiatric Medicine, Residency - Northlake Community Hospital. Schwartz operates a successful private practice, lectures, and is published. He serves on committees researching treatments for various foot ailments and holds patents. Dr. Schwartz consults with those involved in the training program and on pedorthic footwear modification and frequently speaks at Pedorthic Footwear Association meetings.

ITEM 3. LITIGATION

There is no litigation to be disclosed in this Offering Circular.

ITEM 4. BANKRUPTCY

No person previously identified in ITEM 1. or ITEM 2. of this offering circular has been involved as a debtor in proceedings under the U.S. Bankruptcy Code required to be disclosed in this ITEM 4.

ITEM 5. INITIAL FRANCHISE FEE

You are required to pay FS an initial Franchise fee of Twenty-Seven Thousand Five Hundred (\$27,500) Dollars for a **FOOT SOLUTIONS (SPECIALTY FOOT CARE RETAIL CENTER)**.

The initial Franchise fee is uniform in all cases, and is fully earned by FS upon execution by You of the Franchise Agreement. The initial Franchise fee is paid in full by You upon execution of the Franchise Agreement.

You shall agree and commit to purchase specific equipment required to successfully operate your FS store, including computer foot scanning equipment, point of sale system, and equipment necessary for back room minor modifications and adjustments to shoes and insoles. In addition, store opening inventory, start up supplies, store fixtures, signage, and approved build out materials must be purchased through FS or approved affiliate companies. You shall agree to maintain the FS specific design criteria, by utilizing the same materials, color schemes, and store fixtures, as well as purchase all inventory and stock through FS or approved affiliate companies. FS will approve or disapprove You prior to execution of the Franchise Agreement, and the initial Franchise fee is nonrefundable.

ITEM 6. OTHER FEES

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
<1> Royalty	5% of total net sales	Payable on the 15 th day of the following month	Net sales of the store are to be reported to FS no later than the 15 th of each month. Do not include sales or use tax. Net sales is gross sales less sales or use tax and returns.
<1> Grand Opening Advertising	\$6,000 (minimum) \$10,000	Prior to third month after opening	Grand opening advertising is coordinated and controlled through the FS Marketing Department.
<1> National Advertising	2% of total net sales	Same as royalty fee	The National Advertising Fund is targeted primarily in the areas in which it is collected.
Insurance	Coverage of \$1,000,000 Plus	Paid directly by Franchisee	Comprehensive liability insurance for bodily injury, property damage.
<2> Audit/Accounting	Cost of services	Due by 15 th of each month	Weekly statement of net revenues

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
<1>			
Assignment Fee	\$5,000.00 to \$10,000	At time of transfer (Base fee is \$5,000. Other fees include travel and living expenses, plus \$250 per day for in-the-field support during turnover.)	Transfer fee is due when Your Franchise is sold, for FS consulting, documents, support, and training of new Franchisee in the operation of the store is complete.
<1>			
Additional Training	\$400 per day in-field training in operational store.	Prior to date training commences	FS will train up to four (4) people at the same time. Additional training may be provided at FS Training Center for an additional charge of \$1,000.00 per week per person or \$200 per day if regularly scheduled classes can accommodate trainees. Must be approved in advance.
Improvement/Alterations	At Your expense	As required by the lease and Agreement	FS may not (more than once) during term of Agreement require the store be renovated to conform to the FS image.
<3>			
Participation in Your Council	Not to exceed \$200 per year	As assessed by council of Franchisees	FS does have in place an Advisory Council of franchisee. At this time there are no council support fees.

1/ All fees are imposed by and are payable to FS, and are non-refundable.

2/ FS has the right to audit books at its own expense. If such audit reveals gross revenues have been understated by more than five percent (5%), interest may be assessed from the date of such underpayment, and Franchisee must reimburse the cost of the audit.

3/ FS Franchise owners have controlling voting power on any fees imposed by council cooperatives.

ITEM 7. INITIAL INVESTMENT

The following tables show the average cost to open a FOOT SOLUTIONS (SPECIALTY RETAIL FOOT CARE CENTER). The average cost is based on the experience and best estimates of the Franchisor:

***YOUR ESTIMATED INITIAL INVESTMENT
FOOT SOLUTIONS (SPECIALTY RETAIL FOOT CARE CENTER)***

	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (Note 1)	\$27,500		At Signing of Franchise Agreement	FS
Equipment (Note 2)	\$20,000		Prior to Opening	FS and Affiliates
Opening Inventory (Note 3) (Note 4)	\$65,000 (Shoes) \$7,,000 (Retail)		Primary/Secondary Prior to Opening	FS and Affiliates
Real Estate (Leasehold Improvements) (Note 5)	\$10,000 to \$20,000		Prior to Opening	Contractors and Affiliates
Signage (Note 6)	\$3,000 to \$8,000		Prior to Opening	Vendor
Advertising (Note 7)	\$6,000 to \$10,000		Opening	Vendor
Fixtures (Note 8)	\$12,500 to \$15,000		Prior to Opening	Vendor or Affiliates
Travel and Living Expenses (Note 9)	\$2,000 to \$5,400		Prior to Opening	Transportation, Hotel, Meals, etc. Providers
Liability Insurance (Note 10)	\$1,200 to \$2,400		Prior to Opening	Insurance Company

AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Point of Sale System (Note 11)	\$4,000 to \$5,000	Prior to Opening	FS
Miscellaneous Opening Costs (Note 12)	\$2,000 to \$4,000	Opening	Suppliers, Utilities, etc.
TOTAL COSTS: \$165,700 TO \$196,300			
Working Capital (Note 13)	\$30,000 to \$40,000	Opening	Miscellaneous
GRAND TOTAL: \$195,700 TO \$236,300			

FS DOES NOT OFFER FINANCING FOR ANY FEES LISTED, BUT WILL PROVIDE ASSISTANCE AND SUGGESTIONS ON THE BEST WAY TO OBTAIN FINANCING. THE RANGE OF COSTS LISTED TO OPEN A FOOT SOLUTIONS FRANCHISE ARE ESTABLISHED FROM ACTUAL STORE OPENINGS. HOWEVER, COSTS WILL VARY FROM STORE TO STORE DEPENDING ON A NUMBER OF VARIABLES. THE INITIAL PHASE OF THE BUSINESS IS DEFINED AS THE FIRST NINETY (90) DAYS FROM PURCHASE OF THE FRANCHISE.

NOTES TO INITIAL INVESTORS:

1. The Initial Franchise Fee is described in detail at Item 5.
2. The FOOT SOLUTIONS (SPECIALTY FOOT CARE RETAIL CENTER) equipment may be purchased or leased from third parties and/or paid for in cash, financed by said third parties or through a financial institution arranged by You. Such items may include, computerized foot scanner, and back room equipment used for shoe fitting and modifications. All equipment must be purchased through FS.
3. The initial shoe inventory will include an opening comfort shoe inventory from approximately ten different suppliers. There is a base inventory of shoes for work, dress, and play. The opening inventory is controlled and selected by FS, and is a key component to the success of the business. Changes must be requested in writing and must be approved by the corporate entity. You may expand your inventory using approved vendors and products after store opening. All stores must carry primary inventory and have recommended selection of secondary inventory.
4. The initial retail inventory is comprised of an extensive line of foot and shoe care products, as well as a line of socks for diabetes and other specialty items.
5. Leasehold improvements may include partition walls, drop ceilings, counters, lighting, floors, restrooms, counters, air conditioning, electrical, etc. Such improvements will vary substantially, depending on the location and leasehold improvements already made to the leased premises. NOTE: Wallpaper, slat walls, and carpeting must be purchased through FS.
6. The signage consists of individual letters and/or neon back lit FOOT SOLUTIONS signs for internal and external use. Internal signage is purchased through FS; external signage may be purchased through an approved vendor.
7. The initial promotional materials and activities involved in the grand opening advertising campaign may include such items as television commercials and infomercials, radio, direct mail letters, brochures, newspaper ads, and other advertising which are necessary to establish Your future success. There is a three (3) month plan which must be implemented thirty (30) days prior to store opening, and will be controlled through the FS Marketing Department.
8. Store fixtures include point of sale counter, chairs, benches, display center piece, window display units, and storage shelves.
9. Travel and living expenses are used to cover transportation costs, hotel and living expenses during the ten (10) days of training held in Atlanta, Georgia.
10. Comprehensive liability insurance for product liability, bodily injury, and property damage in the amount of a minimum of one million dollars.

11. Computerized point of sale system is a critical point of the FS system, and is part of the complete store opening package. This system must be purchased through FS.

12. Miscellaneous opening costs include deposits, utilities, legal fees, accounting fees, cleaning materials, office supplies, uniforms, license to operate the store, telephone, and other appropriate services.

13. Additional funds may also include monies that You need to pay personnel, to purchase additional shoe and product lines, and to cover store expenses during the first three (3) months of operation of the store. In addition, additional funds will be needed for on-going marketing and advertising, including a minimum of Two Thousand Dollars (\$2,000.00) per month or Ten Percent (10%) of sales, whichever is greater, to build the business during the first year. FS does not offer You, directly or indirectly, financing for any items. Your costs will depend on factors such as: how much You follow the FS methods and procedures; Your management skill, experience and business acumen; local economic conditions and market for our service/product; prevailing wage rates; competition; and sales level reached during the three (3) to six (6) month period. FS utilized its extensive franchising and years of business experience, as well as test stores and other stores opened, to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the Franchise.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

The FOOT SOLUTIONS foot care concept is designed to operate using specific equipment, materials, lines of comfort shoes, and products to give You the best possible chance of success to maximize Your potential return on investment

Products, equipment, and systems have been chosen, and are implemented after extensive testing and analysis. The primary purpose for purchasing a Franchise is to not have to reinvent the wheel, and to reduce the costs of opening a new business and reduce the risk. You are acquiring years of experience and operating knowledge when You purchase a Franchise. That is one of the primary reasons for the overwhelming success of a Franchise versus an independent owner/operator business.

Group purchasing power, advertising, and branding sets You apart from an independent, providing You a greater opportunity for recognition, acceptance, and success. With these facts in mind, it is imperative that You implement and use the FS products, services, equipment, designs, advertising, marketing, and business systems.

You will receive lists of specific items, and FS identifies those items that must be purchased through FS or approved affiliate companies and vendors. FS has required specifications for equipment, supplies, fixtures, systems, inventory, as well as goods and services related to Your Franchise business. You must purchase these specific items through FS or one of its affiliates. Areas of critical importance include, but are not limited to, the following:

1. Computer scanning and digitizing equipment (2 systems).
2. Point of sale system.

3. Store fixtures and build out materials (slat wall, carpeting, wall paper, counter, seating and display fixtures).
4. Back room equipment for shoe modifications.
5. Back room supplies.
6. Opening shoe and retail inventory.

As FS grows, whenever and wherever possible, it will attempt to private label supplies for the exclusive use of its Franchise associates. In the case of availability of such private labeled products, You will be required to carry and utilize private label products in Your store. These products will consist of specialty shoes, specialty retail foot care items, and computerized foot scanning equipment. These products must be purchased through FS or one of its affiliates. Group purchasing is important to the success of FS and all Franchisees must participate.

If You would like to purchase any items from another supplier, You may request FS to perform an analysis of such products. Based on the information and samples provided, FS will test and review the proposed supplier's financial and business reputation, delivery performance, credit rating, etc. There is no charge for this service. FS has a quarterly review process and all requests will be reviewed and voted on at the Quarterly Review Meeting. Designated and approved suppliers will make a reasonable operating profit on Your purchases. It should be noted where group purchases are made, savings will be passed on to You whenever and wherever possible. All products must support the FS marketing objectives and meet the basic specification requirements. Any products and/or vendors not on the FS Approved List MUST be approved ***in writing*** by FS ***before*** being offered in your store.

FS shall be entitled, upon request, to periodically review inventory reports from You, including product identification and serial/item numbers, and You shall provide such reports in accordance with the request of FS.

FS derives no revenue or other material consideration from approved suppliers. The proportion of the required purchases is estimated to be sixty percent (60%) of those goods and services necessary to establish and operated the Franchised business. FS has no purchasing or distribution cooperatives at this time.

ITEM 9. FRANCHISEE'S OBLIGATIONS

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

<u>OBLIGATION</u>	<u>SECTION IN FRANCHISE AGREEMENT</u>	<u>ITEM IN OFFERING CIRCULAR</u>
a. Site selection and acquisition/lease	Section 8. C. & D.	Item 6. & 11.
b. Pre-opening purchases/leases	Section 7.A. Section 8. H. & I.	Item 8. & 11.
c. Site development and other pre-opening requirements	Section 7. A. thru G.	Item 6., 8., & 11.
d. Initial and ongoing training	Section 12. A. & B.	Item 11.
e. Opening	Section 8. E.	Item 11.
f. Fees	Section 4., 5., & 6.	Item 5., 6., & 7.
g. Compliance with standards and policies/procedures manual(s)	Section 7. D. Section 8. A. & Section 10.	Item 11.
h. Trademarks and proprietary information	Section 9. A., B., & C. Section 11. A., B., & C.	Item 13. & 14.
i. Restrictions on products/services offered	Section 8. I. & O.	Item 9. & 16.
j. Warranty and customer service requirements	Section 8. G.	Item 11.
k. Territorial development and sales quotas	Section 2. A. & B. Section 15 A. thru D.	Item 12.
l. Ongoing product/service purchases	Section 8. I. & O.	Item 8.

m. Maintenance, appearance and remodeling requirements	Section 8. J., K., & L.	Item 6.
n. Insurance	Section 14.	Item 6.
o. Advertising	Section 6. & Section 7. E.	Item 6.
p. Indemnification	Section 20. A. B. & C.	Item 11.
q. Owner's participation/management/staffing	Section 8. F. & Section 18. A.	Item 11. & 15.
r. Records/reports	Section 13. A. B. & C.	Item 6. & 11.
s. Inspections/audits	Section 8. N. & Section 13. D.	Item 6. & 11.
t. Transfer	Section 15. & Section 16.	Item 17.
u. Renewal	Section 3. B. & Section 17.	Item 17.
v. Post-termination obligations	Section 17.	Item 17.
w. Non-competition covenants	Section 18.	Item 17.
x. Dispute resolution	Section 22. A. & B.	Item 17.

ITEM 10. FINANCING

FS does not offer You direct or indirect financing. FS does not guaranty Your note, lease, or obligations.

FS does assist You in establishing a business plan and loan proposal package that You can submit to a bank, leasing company, or Small Business Administration (SBA) program administrator, and FS has been pre-approved by the SBA.

ITEM 11. FRANCHISOR'S OBLIGATIONS

Pre-Opening Obligations:

1. FS will provide pre-opening consultation and training regarding certain areas, including site selection of the store, obtaining financing for your business, opening supply list for the store, initial forms for reporting gross revenues, construction site approval, selling of certain equipment, fixtures and signs you need for the store operation, point of sale system, store blue line layout design, and review of Your opening costs for approvals. If required, architectural stamps and more more detailed drawings must be obtained locally and paid for by Franchisee. (Franchise Agreement, Section 7. (A), (B), (C), (D), (E), and (F), pp. 6 and 7).
2. FS will, upon Your purchase of a Franchise, begin Your pre-opening training program, including videos, DVD's manuals, and web site access. FS will loan to You one (1) copy of the manual(s) for the term of the Franchise Agreement (Franchise Agreement, Section 7. (D), p.7).
3. FS will approve Your lease before execution, if the store will be leased by You (Franchise Agreement, Section 8. (C) p. 8).
4. FS will advise You in the preparation of placement of opening advertising and promotional items during the grand opening campaign. Pre-opening, grand opening, and the first three months of operation are critical to Your success, and You must follow the FS marketing plan. An advertising/marketing package including camera ready artwork, sample coupons, ads, press releases, and other miscellaneous materials are provided to You. FS provides advice, support and specific guidelines to be followed, in connection with Your advertising funds, after the first two months of opening the operation. You are encouraged to utilize Your advertising funds in the most appropriate way and at Your discretion within the area or territory in which You are operating Your Franchise. However, it is strongly recommended that You utilize the suggested marketing and advertising program. (Franchise Agreement, Section 6. (B), p. 5).
5. FS will provide for You and/or Your manager/personnel, not to exceed four (4) persons, pre-opening training programs for a period of two (2) weeks at a location to be designated by FS. Most training is done at FS Pedorthic Training Facility located in Atlanta, Georgia. You are required to attend the initial two (2) week training program. Additional training is not required; however, upon request would be made available at the training center during a regularly scheduled class at no additional cost. A request for additional in-the-field training may be provided at a charge of up to \$400 per day. Such training will be provided by an instructor determined by FS to be qualified and experienced in the subjects to be taught relevant to the Franchise operation. Instructional materials will include videos, manuals, training on all aspects of running the business (hands-on computer foot scanning, fitting, shoe/insert modifications, direct interaction with customers in actual sales environment). (Franchise Agreement, Section 7. (B), p. 6). The required two (2) week training program is provided to the new Franchisee at no additional charge, other than the Franchisee's travel and living expenses. FS has and would provide additional training to the Franchisee if requested and needed. Such additional training is not required and/or necessary in most cases. (Franchise Agreement, Section 12. (A), (B), and (C) p.16). Any additional trainees, beyond the four (4) initial trainees, will be required to pay a training fee of One Thousand Dollars (\$1,000.00) per week.

TRAINING COURSE SUMMARY

Specific training sessions have been established for the FS Franchise opportunity.

The training sessions will cover:

1. Marketing/ Advertising
2. Customer Service
3. Quality Control
4. Operational Procedures
5. Inventory Control Procedures
6. Accounting Procedures and Controls
7. Computer Foot Scanning
8. Shoe Fitting and Basic Pedorthist Training
9. Computer Training (Point of Sale)
10. Shoe and Insert Modifications
11. Sales
12. Branding Strategies
13. Housekeeping
14. Store Opening and Hands-On Training (Opening Minimum – Two Days)
15. Award Certification – End of Training
16. Continuing Training (Videos, Seminars, Web Site)

The Training Sessions are focused and intense, requiring Your complete attention. The days are long and our objective is to maximize your exposure to our products, services, techniques over a short period of time.

All of the FS Franchise opportunities are easily learned. However, the training will be more effective if You study the required website sessions, pre-training videos, brochures, and manuals prior to the actual training sessions. Also, follow up review is recommended as required for refresher.

NOTE: To complete the Pedorthic Pre-Certification Education Requirements in addition to the two (2) week program, there will be in-store, hands-on training, website training, and the trainee must pass the final exam to qualify for certification exam.

Training Programs:

Because of the importance to the operation of the Store, FS requires You and Your designated manager or assistant to attend and complete, to the satisfaction of FS, the pre-opening training programs conducted at the FS training facility, and/or at a site to be chosen by FS at a date or dates to be set by FS. The schedule for training is determined by the store opening date, and is set as close as possible to that date.

Based on the experience of FS, it has been determined that the longer the period between the training and store opening, the less effective the training program is. FS shall provide and pay only for the training instructors, facilities and training materials in connection with Your initial training. At the option of FS, any person employed as the manager of the Store may be required to attend and satisfactorily complete an initial training program. You shall complete and/or shall cause Your employees to complete to the satisfaction of FS, such other initial or additional training as FS may require from time to time in accordance with provisions of the Franchise Agreement.

You and Your employees may also attend such optional training programs as FS may from time to time offer, upon Your payment of a training fee, at the then-current rate per person charged by FS. Any such training fees will be in addition to any other training cost to be paid by You. You must pay all expenses incurred by the Franchisee and its employees for both required and optional training, including the cost of travel, lodging, and subsistence. The expense involved in attending the training program are not included in the Franchise fee and is Your obligation.

FS currently conducts its training programs in Atlanta, Georgia. The initial training will consist of two (2) weeks at the training facility. The training covers such topics as: Computer Foot Scanning, Analysis and Operation, Shoe Fitting, Pedorthist Training, Point of Sale (POS) Training, Operating Procedures, Effective Selling Skills, Telephone Techniques, Procedures for Running the Day-To-Day Business, In-depth Training On The Equipment, Inventory Order and Control, Marketing Tips (proven successful in increasing revenues), Start-up Business Organization Systems and Procedures, and use of forms and contracts necessary for the store. FS will provide the initial training to You upon payment of the total Franchise fee and execution of the Franchise Agreement. Training classes are scheduled once a month at the training facility in Atlanta, Georgia. FS further provides in-the-field support with set up and grand opening.

Various members of the FS corporate staff and other consultants will be involved in the training sessions.

NOTE: Completion of FS complete two (2) week pedorthic training classes, pre-web, DVD training exercises as well as in field training will give you the 120 hours needed to take the C-Ped exam given by BCP twice a year (November/May). We recommend that each store has at least one C-Ped on staff within six (6) to twelve (12) months after initial opening.

Continuing Obligations

During the operation of the Franchised business, FS will:

1. FS will approve all advertising and promotional plans and materials You desire to use, other than those provided by FS corporate. However, FS strongly recommends you follow the FS Marketing plan. (Franchise Agreement, Section 6. (C), p. 6).
2. FS will make such other training programs and/or materials available to Your personnel, as FS deems appropriate at such time and place designated by FS (Franchise Agreement, Section 7 (B), p. 6).
3. FS will make available to You on a continuous, and on going basis, advertising and promotional materials for use by You for local, area and regional advertising of the store (Franchise Agreement, Section 8 (E), p. 8).
4. FS will from time to time offer You, at no charge, bulletins on sales and services, marketing developments and other operational procedures on FS private intranet site. (Franchise Agreement, Section 7 (E), (p. 7).
5. FS may offer You additional consultation advice by representative of FS, providing guidance by telephone and/or by personal visitation from FS representatives, from time to time at the discretion of FS. FS has monthly telephone portal sessions and on going field support. (Franchise Agreement, Section 7 (F), p. 7).
6. FS may conduct, on an annual or other basis, workshops and seminars for the management and operation of Your store, and provide up-to-date sales methods, solicitation techniques, other items, and information for the purpose of helping You generate more gross receipts. You shall bear all costs of attendance at such workshops, seminars or meeting given by FS, including any enrollment fees, transportation, lodging, and subsistence. FS highly recommends attendance at annual meetings to take advantage of continuing training in new procedures and methods available through the workshops and round table discussions with fellow Franchisees. (Franchise Agreement, Section 7 (G), p. 7).

Site Selection Methods Used by FS:

FS focuses on upscale strip center spaces of 1000 to 1400 square feet, with the main concern being accessibility, safety, visibility, and easy to find locations. The FS criteria for analyzing potential sites consist of foot and vehicle traffic counts, volume of sales per square foot, average household income in area, average number in household, age and profession of population, growth patterns of area, construction activity (retail, office, and residential), including proximity of medical facilities, retirement homes, etc. All USA site selection is performed by an FS Nationally approved retail brokerage firm. Store location is critical to your success and FS will work directly with you to analyze the area and approve the site..

Typical Length of Time:

The typical length of time between signing the Franchise Agreement and opening of Your business is estimated to be two (2) to six (6) months. Factors affecting the length of time may include obtaining a satisfactory site, lease negotiations, construction, financing arrangements, local ordinance compliance questions, and delivery and installation of equipment, supplies, fixtures, and signage. Our job is to work with you on a time line that is best for you.

Advertising:

FS NATIONAL ADVERTISING FEE.

The FS national advertising funds are primarily targeted to the specific areas in which they are collected. As FS grows, the scope of the advertising campaign will be expanded to regional and ultimately national. You will be required to allocate an amount equal to two percent (2%) of Your "Net Sales" during the preceding calendar month for national advertising, which will be paid directly to FS corporate. FS provides You with an advertising/marketing package, including camera ready artwork and suggested forms of coupon, ad copy, press release forms, and other useful items to be used by You for local advertising. The National Advertising Funds are collected at this time on a monthly basis, and the national advertising campaign is being implemented in stages effective January 2005.

FS will maintain and administer the National and/or Regional Advertising Fund as follows:

1. FS will oversee all advertising and promotional programs with sole discretion to approve or disapprove the creative concepts, materials, and media used in such programs, and the placement and allocation of such. The National Fund will be intended to maximize general public recognition and acceptance of the Names and Marks for the benefit of the system; and FS will undertake no obligation in administrating the National Fund to make expenditures for You which are equivalent or proportionate to its contribution, or to ensure any particular Franchisee benefits directly or on a pro-rata basis from the advertising or promotion conducted under the National Fund.
2. The National Fund, all contributions to, and any earnings will be used exclusively to meet any costs of maintaining, administering, directing, and preparing advertising activities, including the cost of preparing and conducting advertising campaigns and various media; marketing surveys and other public relations activities; employing advertising agencies to assist; and providing promotional brochures and other marketing materials to the Franchised businesses operating under the system. If FS elects to establish a nationwide "800" or toll free number, the cost incurred in connection with the number may be paid with contributions and earnings from the National Fund, and any such earnings may be maintained in an account separate from the other monies of FS, and will not be used to defray any of FS expenses except for reasonable administration costs and overhead FS may incur in activities reasonably related to the administration or direction of the National Fund and in advertising programs for You and the system. The National Fund and any earnings thereon will not otherwise benefit FS. FS must maintain separate bookkeeping accounts for the National Fund.

3. You must contribute to the National Fund by a separate check made payable to the FS National Fund. National Advertising Fund fees are paid on a monthly basis and due on the 15th of each month. All funds collected will be exclusively used for marketing and advertising of FS.
4. FS anticipates all contributions to and earnings of the National Fund will be expended for the purposes described above, during the taxable year in which the contributions and earnings are received. If excess amounts remain in the National Fund at the end of the taxable year, all expenditures in the following taxable year will be made first out of accumulated earnings for the previous years, next out of earnings in the current year, and finally from contributions.
5. The National Fund is not and will not be an asset of FS. A statement of the operations of the National Fund as shown on the books of FS will be prepared annually by an independent certified accountant selected by FS, and will be made available to You.
6. Although the National Fund is intended to be of perpetual duration, FS will maintain the right to terminate the National Fund. However, the National Fund will not be terminated until all monies in the National Fund have been expended for the purposes described above.
7. Local advertising by You will be expended at a minimum amount equal to at least two percent (2%) of monthly "Net Sales" during the preceding calendar month.

ITEM 12. TERRITORY

You will be granted an exclusive territory for a specific approved location. The average exclusive territory covers approximately 100,000 people per store, and is normally established by a protected radius of miles surrounding the store or postal codes. This number fluctuates based on the demographics of the area and other variables.

You will operate from one location and must receive permission from FS before relocating. You will be allowed to relocate Your store upon the closing of the existing store, and relocate to a new and specifically approved location. However, the new location must not be within another currently approved Franchisee's territory.

FS will not operate stores nor grant Franchises for a similar or competitive business within Your area. FS or its affiliates are not allowed to establish within Your area company-owned outlets or other channels of distribution under the FS name or under a different Trade Name or Trade Mark.

You do not receive the right to acquire additional Franchises within Your initial granted area. However, You can purchase additional Franchises and/or contiguous territories.

There is no minimum sales quota. You maintain the rights to Your area even though the population increases.

ITEM 13. TRADEMARKS

You will have the right to operate a FS Health and Wellness foot care center, and related businesses, within the FS system under trademarks, service marks, logos, emblems, or indicia of origin, to the Name and Mark "FOOT SOLUTIONS HQ", "FOOT SOLUTIONS" and/or any other trade names, service marks, and trademarks that may be designated by FS in the manual(s), or otherwise in writing, for use in connection with the system.

You must use the Name and Mark "FOOT SOLUTIONS HQ," Service Mark Registration No. 2,479,987, Registered August 21, 2001; and/or "FOOT SOLUTIONS and Design," Service Mark Registration No. 2,558,576, Registered April 9, 2002; and any other proprietary marks as approved in writing by FS for Your use; and must use them only in a manner authorized or permitted by FS.

FOOT SOLUTIONS HQ



There are no infringing uses actually known to FS that could materially affect Your use of the Names and Marks. There are no agreements currently in effect which significantly limit the right of FS to use or license the use of the service marks, trade name, logo types, or other commercial symbols, which are in any manner material to the Franchise.

FS is the owner of all right, title, and interest in and to the Names and Marks; FS has taken and will take steps as are reasonably necessary to preserve and protect the ownership and validity of the Names and Marks; FS will use and permit You and other Franchisees to use the Names and Marks only in accordance with the system and standards and specifications which represent the goodwill associated with and symbolized by the Names and Marks.

There are no presently effective determinations of the Patent Office, the trademark and trial appeal board, the trademark administrator of any state, or any court, nor any pending infringement, opposition, or cancellation; nor any pending material litigation involving such trademarks, service marks, trade names, logo types, or other commercial symbols, which are relevant to their use in any state.

With respect to Your use of the Names and Marks:

- (a) You shall use only the Names and Marks as are approved in writing by FS for Your use, and shall use them only in the manner authorized and permitted by FS;
- (b) You shall use the names and marks only in connection with the operation of the Franchised business within the Territory and in the advertising for the store;
- (c) You shall use and display, as FS may require in the operation of the store, a notice in a form approved by FS indicating You are a "Franchised Operator" under the system, and that the Names and Marks are used by You under such Franchise;
- (d) Unless otherwise authorized or required by FS, You shall operate and advertise the Store under the Name and Mark "FOOT SOLUTIONS";
- (e) Your right to use the Names and Marks is limited to such uses as are authorized under this agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights;
- (f) You shall not use the Names and Marks to incur any obligations or indebtedness on behalf of FS;
- (g) You shall not use the Names and Marks as part of Your corporate or other legal name, nor shall You use the Names and Marks as Your own in connection with any electronic communications via computer on the internet as a web page, or via e-mail transmission.
- (h) You shall comply with the instructions of FS in filing and maintaining the requisite trade name or fictitious name restrictions, and shall execute any documents deemed necessary by FS or its counsel to obtain the Names and Marks to maintain their continued validity and enforceability; and
- (i) In the event that any litigation involving the Names and Marks is instituted or threatened against You, You must promptly notify FS. FS will take the appropriate action to defend You and the Company against a claim against Your use of the FS trademark.

You must acknowledge that FS will be owner of all right, title, and interest in and to the Names and Marks, and the goodwill associated with and symbolized by them; that the Names and Marks are valid and serve to identify the system and those who are Franchised under the system; that You may not directly or indirectly contest the validity or the ownership of the Names and Marks; that Your use of the Names and Marks does not give the Franchisee any ownership interest or other interest in or to the Names and Marks, except according to the Franchise granted by the Franchise Agreement; and that any and all goodwill arising from Your use of the Names and Marks in the Franchised business under the system will solely and exclusively benefit FS. Upon expiration or termination of the Franchise Agreement, and the Franchise granted, no monetary amount will be assigned as attributable to any goodwill associated with Your use of the System or the Names and marks.

Except as provided in the Franchise Agreement, the right to use the Names and Marks granted under the Franchise Agreement is non-exclusive. Thus, FS may: (1) use the Names and Marks in connection with selling products and services; (2) FS would not be allowed to develop and establish other systems and franchise opportunities to compete with existing franchisees..

FS reserves the right to substitute different Names and Marks for use in identifying the system, the Store, and other Franchised businesses operating under such; and You agree not to register or attempt to register such Names and Marks in Your name or that of any other firm, person, or corporation; and that it will not use the Names and Marks or any form as part of any corporate name, without the expressed written permission of FS.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

FS does not own rights in or to any patents or copyrights that are material to the Franchise. However, FS intends to obtain copyright protection for its manuals, and certain marketing, sales, and operations literature.

You do not receive the right to use an item covered by a patent or copyright, but You can use the proprietary information in the FS manuals described in Item 11. Although FS has not filed an application for a copyright registration for the manuals, it claims a copyright, and the information is proprietary. Item 11 describes limitations on the use of the manuals by You and Your employees. You must also promptly tell us when You learn about unauthorized use of this proprietary information. FS is not obligated to take any action, but will respond to this information as determined appropriate. You will be indemnified for losses brought by a third party concerning Your use of this information.

Confidential Operations Manuals and Private Web Site:

You must conduct Your business in accordance with the provisions, standards, and procedures set forth in the FS manuals and private web site. You must at all times treat the manuals and private web site created for or approved for use in the operation of the store, and any information contained therein, as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. The manuals and all information on the private web site shall remain at all times the sole property of FS, and such proprietary rights shall be reclaimed by FS immediately upon expiration or termination of the Franchise Agreement.

FS may revise the contents of the manuals and private web site, and You expressly agree to comply with each new or changed provision, or any revisions to the contents of the manuals. Revisions to the contents of the manuals shall be deemed effective upon notice to You by FS that such revisions are available on the FS web site. You shall at all times assure Your manual is current and up to date by reviewing such immediately upon being notified of updates. If a dispute as to the contents of the manuals occurs, the terms of the masters of the manuals maintained at the FS Corporate Office, shall be controlling. You shall not at any time, without prior written approval of FS, copy, duplicate, record, or otherwise reproduce the manual in whole or in part for use by any unauthorized person. However, such manuals may be downloaded and printed for use by You and Your authorized personnel without FS approval.

ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

The Franchise Agreement does not require Your personal participation of You in the Franchised business. FS does not place limitations on those individuals You hire as on-premises supervisors; however, You must agree to maintain a competent, conscientious, trained staff, including at least one fully trained (as approved by FS), full-time manager. FS should be advised of key management and personnel changes affecting the operation, and You should take the steps necessary to ensure Your employees preserve good customer relations. FS recommends on-premises supervision by You whenever and as much as possible. In the event You are a corporation, all shareholders must jointly and severally guarantee performance under the Franchise Agreement, and must bind themselves to the terms of the Franchise Agreement, unless You are a corporation registered under the Securities Exchange Act of 1934. FS has no established standards requiring the Franchisee as a business entity to state the amount of equity interest an on-premises supervisor might have in the Franchise operation. FS requires the Franchisee obtain from each employee, representative, or agent, an agreement to not disclose and to maintain the trade secrets of the Franchisor. FS also requires specific covenants not to compete be enforced by the Franchisee for the protection of the Franchise network as a whole.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

FS requires You to offer and sell those goods and services approved and recommended as established in Items 8. and 9. Any and all products or vendors not on the FS approved vendor list You propose to include in Your store, must be requested in writing and approved by FS, in advance of sale or use in Your store. Brand development and image is critical in your future success with your FS business. You must work within the established system.

You are not limited by the terms of the Franchise Agreement or any other agreement, or any device or practice of FS, in the customers with whom You may do business or in the prices You may charge. However, we do recommend that you use the suggested list price by Foot Solutions for products and services.

You must report Your sales and be current with royalty payments to maintain good standing. Failure to do such is a default under Your Franchise Agreement, and is grounds for termination of Your Franchise, as stipulated in Item 17.

ITEM 17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

The table lists important provisions of the Franchise and related agreements. You should read these provisions in the agreements attached to this offering circular.

	<u>PROVISION</u>	<u>SECTION IN FRANCHISE AGREEMENT</u>	<u>SUMMARY</u>
a.	Term of the Franchise	Item 3. Section A.	20 years from date of execution of Agreement
b.	Renewal or extension of the term	Item 3. Section B.	If You are in good standing You can renew the term of the Agreement for two (2) periods of ten (10) years each
c.	Requirements for You to renew or extend	Item 3. Section B. 1. through 7.	Written notice election to renew (6-12 months), pay fee, renovation, sign new Agreement, training requirements, and sign release
d.	Termination by You	Item 16. Section A.	You can terminate the Agreement if FS fails to cure breach within thirty (30) days after delivery of written notice
e.	Termination by FS without cause	None	
f.	Termination by FS with cause	Item 16. Section B.	FS can terminate only if Franchisee fails remedy breach within ten (10) days delivery written notice
g.	"Cause" defined - defaults which can be cured	Item 16. Section C. 1. through 10.	Cure period for: failure to notify of transfer of Franchise, understates gross sales, non-payment of fees, and any other default listed

h.	“Cause” defined - defaults which cannot be cured	Item 16. Section D. 1. and 2.	Non-curable defaults: unauthorized assignment, or files bankruptcy
i.	Your obligations on termination/ non-renewal	Item 17. Section A. through Section G.	Payment of amounts due, disenfranchisement, non-compete obligations
j.	Assignment of contract by FS	Item 15. Section A.	Agreement is assignable to FS with no restrictions
k.	“Transfer” definition - by You	Item 15. Section B.	Includes transfer of contract, assets, or change of ownership
l.	FS approval of transfer by Franchisee	Item 15. Section B. through Section D.	FS has the right to approve all transfers, will not unreasonably withhold approval
m.	Conditions for FS approval of transfer	Item 15. Section B., 1., 2., & 3.	Assignee/transferee qualifies, fee paid, new Franchise Agreement executed, and training scheduled (FS approved)
n.	FS right of first refusal to acquire Your business	Item 15. Section D.	FS will assist Franchisee with store sale, if FS does not exercise right of first refusal
o.	FS option to purchase Your business	Item 15. Section D.	FS has right of first refusal, and may obtain bona fide sale offers
p.	Your death or disability	Item 15. Section B.	Transfer of Franchise by will, trust, or laws of intestate succession must be approved by FS
q.	Non-compete covenants during the term of the Franchise Agreement	Item 18. Section A.	No involvement in competition in or out of U.S. or foreign countries where FS is located

r.	Non-compete covenants after the Franchise terminates or expires	Item 18. Section D. 1., 2., & 3.	No involvement in competition for one (1) year within the exclusive territory, or five (5) miles of location of any existing FS
s.	Modification of the Franchise Agreement	Item 22. Section J.	No modification to the Agreement, but manual(s) may be modified
t.	Integration/ merger clause	Item 22. Section G.	Binding effect upon parties (subject to laws)
u.	Dispute resolution by arbitration	Item 22. Section C.	FS elects to enforce the Agreement by arbitration in Atlanta, Georgia
v.	Choice of forum	Item 22. Section A.	Litigation involving the Agreement shall be in Atlanta, Georgia
w.	Choice of law	Item 22. Section A.	Governed by laws of the State of Georgia

“These states have statutes which may supersede the Franchise Agreement in Your relationship with FS, including the areas of termination and renewal of Your Franchise: ARKANSAS (Stat. Section 70-807), CALIFORNIA (Bus. & Prof Code Sections 20000-20043), CONNECTICUT (Gen. Stat. Section 42-133e et seq.), DELAWARE (Code, tit.), HAWAII (Rev. Stat. Section 482E-1, ILLINOIS (Rev. Stat. 815 ILCS 705/19 and 705/20, INDIANA (Stat. Section 23-2-2.7), IOWA (Code Sections 523H.1-523H.17), MICHIGAN (Stat. Section 19.854(27)), MINNESOTA (Stat. Section 80C.14), MISSISSIPPI (Code Section 75-24-51), MISSOURI (Stat. Section 407.400), NEBRASKA (Rev. Stat. Section 87-4011), NEW JERSEY (Stat. Section 56:10-1), SOUTH DAKOTA (Codified Laws Section 37-5A-51), VIRGINIA (Code 13.1-557-574 - 13.1-564), WASHINGTON (Code Section 19.100.180), WISCONSIN (Stat. Section 135.03). These and other states may have court decisions which may supersede the Franchise Agreement in Your relationship with FS, including the areas of termination and renewal of Your Franchise.”

ITEM 18. PUBLIC FIGURES

FS does not use any public figure to promote its Franchise.

ITEM 19. EARNING CLAIMS

FS does not furnish or authorize its salespersons to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of an FS Franchise operation. Actual results vary from unit to unit and FS cannot estimate the results of any particular Franchise. FS can state that products purchased through the FS distribution network have an average cost of sales of forty percent (40%), and an average customer sale of \$200 per visit. These numbers are based on actual costs of products and services offered and sales made in the FS Corporate store located at Windy Hill Road, Marietta, Georgia.

ITEM 20. LIST OF FRANCHISEES

The name and last known home address and telephone number of every Franchisee who has had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recent completed fiscal year, or who has not communicated with FS within ten (10) weeks of the application date, are as follows:

Dennis Underkoffler, 25531 Sarita Drive, Laguna Hills, California 92653 Phone: 949-837-6022

FS does not own or operate any company stores. A complete list of Franchisees, business addresses and telephone numbers can be found at Exhibit C attached hereto.

Charts attached hereto:

Franchised Store Status Summary for Year 2004
Status of Company Owned Stores for Year 2004
Projected Openings as of December 31, 2005

ITEM 21. FINANCIAL STATEMENTS

The financial statements and other documents listed below are attached to this offering circular as Exhibit A, and appear in the following order:

1. The Consent of Accountants for use of the audited Balance Sheet of FS, for December 31, 2004.
2. The audited financial statements of FS for December 31, 2002, December 31, 2003, and December 31, 2004..

ITEM 22. CONTRACTS

A copy of the Franchise Agreement offered by FS, in the form in which it will be signed, is attached for Your review as Exhibit B.

ITEM 23. RECEIPT

The last page of the Offering Circular is a detachable document acknowledging receipt of the Offering Circular by the prospective Franchisee. The Receipt is a separate document found attached to the Offering Circular as Exhibit E. Upon receiving the offering circular, please sign the receipt and return it to the FS corporate office.

**FRANCHISED STORE STATUS SUMMARY
FOR YEAR 2004**

STATE	TRANS FERS	CANCELLED OR TERMINATED	NOT RENEWED	REACQUIRED BY FRANCHISOR	LEFT THE SYSTEM OR OTHER	FRANCHISES OPERATING AT YEAR END
AL						1
AZ	1					7
CA	1	1				13
CO	1					8
CT						1
FL						8
GA	1					10
IL	1					3
IN						3
IA						2
KY						1
LA						1
MD						1
MI						5
MN						4
MO	1					2
NC						2
NJ						6
NV						3
NY						6
OH						4
OR						4
PA						4
SC						2
TN						3
TX						13
UT						2
VA						4
CANADA						14
TOTALS	6					137

- 1) NOTE: All numbers are as of December 31, 2004.
- 2) Numbers in "Total" column may exceed the number of stores affected because several events may have affected the same store. For example; the same store may have had multiple owners.

**STATUS OF COMPANY OWNED STORES
FOR YEAR 2004**

STATE	STORES CLOSED	STORES OPEN	TOTAL
GA	0	1	1

PROJECTED OPENINGS AS OF DECEMBER 31,2004

STATE	AGREEMENTS SIGNED BUT STORE NOT OPENED	PROJECTED FRANCHISED NEW STORES IN THE NEXT FISCAL YEAR	PROJECTED COMPANY OWNED OPENINGS IN THE NEXT FISCAL YEAR
AL		1	
AZ	1	1	
CA	8	6	
CO	1	2	
CT		1	
DC		1	
FL	4	6	
GA	1	4	
HI		1	
IL	2	4	
IA		1	
IN		1	
KS	1		
MA		2	
MD			
MI	3	2	
MN	1	2	
MO		2	
NC	1	2	
NJ	2	2	
NM	2		
NV	2		
NY		4	
OH		4	
OR			
PA	2	2	
RI		1	
SC		2	
TN	1	1	
TX	1	4	
UT		1	
VA	2	2	
WA		1	
CANADA	2	4	
MALAYSIA	1	2	
SINGAPORE	1	1	
PUERTO RICO	1	1	
TOTALS	40	71	

PROJECTED OPENINGS AS OF DECEMBER 31,2004

STATE	AGREEMENTS SIGNED BUT STORE NOT OPENED	PROJECTED FRANCHISED NEW STORES IN THE NEXT FISCAL YEAR	PROJECTED COMPANY OWNED OPENINGS IN THE NEXT FISCAL YEAR
AL		1	
AZ	1	1	
CA	8	6	
CO	1	2	
CT		1	
DC		1	
FL	4	6	
GA	1	4	
HI		1	
IL	2	4	
IA		1	
IN		1	
KS	1		
MA		2	
MD			
MI	3	2	
MN	1	2	
MO		2	
NC	1	2	
NJ	2	2	
NM	2		
NV	2		
NY		4	
OH		4	
OR			
PA	2	2	
RI		1	
SC		2	
TN	1	1	
TX	1	4	
UT		1	
VA	2	2	
WA		1	
CANADA	2	4	
MALAYSIA	1	2	
SINGAPORE	1	1	
PUERTO RICO	1	1	
TOTALS	40	71	

FRANCHISED STORE STATUS SUMMARY
FOR YEAR 2004

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LA						1
MD						1
MI						5
MN						4
MO	1					2
NC						2
NJ						6
NV						3
NY						6
OH						4
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UT						2
VA						4
CANADA						14
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STATUS OF COMPANY OWNED STORES
FOR YEAR 2004

STATE	STORES CLOSED	STORES OPEN	TOTAL
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