



**EXHIBIT A TO THE
STROLLERFIT® OFFERING CIRCULAR**

FRANCHISE AGREEMENT WITH EXHIBITS

**STROLLERFIT® INC.
FRANCHISE AGREEMENT**

Date of this Agreement: _____

Required Opening date – No Later Than: _____

Expiration Date: _____

Franchisor: StrollerFit® Inc.

Franchisee: _____

In this Agreement, we refer to StrollerFit® Inc., as "we," "us" or "ourselves," or "Franchisor." We refer to you as "you" or as the "Franchisee." In a number of places in this Franchise Agreement, you are asked to initial certain items to show that they have been fully discussed with you, and read, understood and agreed to by you. Initialing those areas does not lessen the importance of other areas or mean they're not fully enforceable. Please initial below and at all other points indicated.

Your Initials: _____ / _____

1. INTRODUCTION, DEFINITIONS, AND PRELIMINARY AGREEMENTS.

1.1 Introduction.

A. We've developed a distinctive method for the operation, marketing, promoting, advertising and managing of the StrollerFit® Core Business Franchise of exercise programs, classes and related products for the post-natal, pre-toddler period aimed at parents with (as a general rule) a 6 week to a 3 year old child.

B. To simplify this Agreement and make it easier to read and understand, we have defined certain terms used in this Agreement in Article 20. When you see a capitalized word, or if you do not understand the meaning of a particular pronoun reference, look at Article 20 to see whether the term has been defined. Capitalized words that are not defined in Article 20 are defined in the section where they first appear.

C. You applied for a franchise to own and operate a StrollerFit® Core Business Franchise and your application has been approved by us in reliance on the information you gave us.

D. Your StrollerFit® franchise is a licensing arrangement, awarded under specific terms and conditions. You must comply fully with this Agreement and the Manuals in order to use the StrollerFit® Marks, System and other Intellectual Property.

E. You agree that it is critical to you, us and each Franchisee for the System to be flexible to respond to commercial opportunities and challenges. An inability to change the System could adversely affect all StrollerFit® Franchisees. You, therefore, agree and anticipate that the Manual and the System

may be changed by us, from time to time in our Business Judgment. You agree to comply with the Manuals and the System as they are changed by us.

F. Every detail of your StrollerFit® Core Business Franchise is important — not only to you, but to us and to all StrollerFit® Franchisees — to increase and maintain the value of the Marks and the businesses associated with them. Therefore, during the term of this Agreement, you must at all times develop, maintain and operate your StrollerFit® Core Business Franchise in accordance with each StrollerFit® System Standard, as modified and supplemented by us from time to time in our Business Judgment, and understand that such changes may require additional investments and/or changes by you in operations and other areas of your Franchised Business.

G. Without your commitment to the System and to fulfill each of the obligations detailed in this Agreement, we would not form this franchise relationship with you.

2. AWARD OF FRANCHISE.

2.1 Award of Franchise; Term, Your Basic Commitment.

A. We are pleased to award you a franchise to operate a single StrollerFit® Core Business Franchise at location(s) in the Territory to be approved by us, and to use the Marks and the StrollerFit® System in the operation of that StrollerFit® Core Business Franchise. If this Agreement is awarded in connection with a new franchise, the franchise is awarded for a term of two years, commencing on the date of this Agreement. The applicable Expiration Date is noted on the first page of this Agreement.

B. If this Agreement is awarded in connection with the grant of a successor franchise, then the term of this Agreement will be governed by the successor provisions of the franchise agreement under which you operated during the initial term (which is now expired). The applicable Expiration Date is noted on the first page of this Agreement.

C. The Franchise awarded to you by this Agreement is to operate the StrollerFit® Core Business Franchise and to use the Marks and the System only for purposes of conducting a business in accordance with the provisions of this Agreement, the Manuals and other communications from us. You must not conduct the business of the StrollerFit® Core Business Franchise, use the Marks and/or distribute the Products/Services for any purpose other than as approved by us in writing. You will not engage in any other business or activity that may conflict with your obligations under this Agreement, damage or impair the goodwill associated with the Marks or StrollerFit®'s business generally, or reduce the Gross Class Revenues or product sales of your StrollerFit® Core Business Franchise.

2.2 Scope of Franchise Award, Special Accounts, Site Licenses, Host Locations Right of First Refusal, No Other Territorial or Similar Rights, Our Retained Rights, etc

A. **Location and Customers.** The Franchise is awarded for the operation of a StrollerFit® Core Business Franchise at location(s) to be approved by us and you agree to conduct only that business and operate only from approved location(s). You may not change the location(s) from which you operate the StrollerFit® Core Business Franchise without our prior written consent, which may be granted at our sole discretion. Other than as described in section 11.3 (C), there is no limitation on the location of customers you may solicit or service, except that you may not solicit or service national or regional accounts being solicited or serviced by us or other StrollerFit® Core Business Franchises. If you would like to use the Marks or System at another location, then you must have our prior written consent. Any additional franchise is available only at our sole discretion.

B. **Territory.** Your Territory has been determined by population density, market potential, demographics, proximity of hospitals, fitness facilities, parks, parent-baby retail outlets, and by direct

market information inquiries made by us within a particular area. Your Territory is described on Exhibit 2.2 attached hereto and by this reference incorporated herein.

If we receive a request to modify the originally agreed upon boundaries of a Franchisees' territory in a manner that does not increase the size of the territory in terms of population or geography, and we, in our Business Judgment, agree to such a modification, you will be required to pay a Territory Adjustment Fee of \$250 upon the execution of a written modification and sign a general release of all claims, known and unknown, in our prescribed form. The present form of releasing language is attached as Exhibit 1.2.

C. **Franchisor Reserved Rights.** Except as provided elsewhere in this Agreement, and provided that you are not in default of any of your obligations under this Agreement or any other agreement with, us and/or any Affiliate, for the term of this Agreement we will not locate or award a franchise for, and or operate ourselves (or through an Affiliate) another StrollerFit[®] Core Business Franchise within your Franchise Territory. We may award franchises for, and/or operate ourselves (or through an affiliated company), StrollerFit[®] Businesses or other businesses of any type to be located anywhere in adjacent and/or other territories, and you have no rights or expectations with respect to, and will not attempt in any way to restrict the establishment, operation or otherwise of, any Similar Business or other business (whether or not using the Marks and/or System) located anywhere outside the Franchise Territory, irrespective of how close any such business(es) may be to the Franchise Territory or the distance from, impact on, or vicinity of, your StrollerFit[®] Core Business Franchise or the number of StrollerFit[®] Core Business Franchises in any area or market.

D. **Distribution Channels.** We and Franchisor-Related Persons/Entities also expressly reserve the rights to sell StrollerFit[®] Brand (or any other brand) Products and Services (whether or not competitive) to customers located anywhere (including within the Territory) using any channel of distribution located anywhere (for example through the Internet or mail), subject to Section 2.3(B) below, and certain conditions in relation to specific opportunities in relation to national or regional accounts as described below. In addition you will comply with any future System Standards regarding inter-franchise sales and System-wide co-operation. For example a System Standard may develop that would allow customers of any StrollerFit[®] business to buy a coupon which could be redeemed at any other StrollerFit[®] location.

E. **Site License.** A "Site License" is one type of national or regional account distribution opportunity that we may enter into, in which we may award a fitness center, or other business, chain (the "Site Licensee") the rights to operate a StrollerFit[®] Core Business Franchise at its locations within your Territory at any time. As long as you are in Good Standing you will receive 25% of the net class revenues actually received by us from a StrollerFit[®] Core Business Franchise operated by a Site Licensee within your Territory. The right to receive these proceeds is subject to our right to set off set out in section 9.5 of this Agreement. You have no right to receive any share of any revenues from Products sold by any Site Licensee.

F. **Host Location.** A second type of national or regional account distribution opportunity is a "Host Location" arrangement in which (for example) a medical-out-patient provider may wish to offer StrollerFit[®] classes and products to its patients at its location but it would prefer that a StrollerFit[®] licensee came to its premises to provide the classes and products. The following terms and conditions apply to Host Location Opportunities:

1. We will provide you with a right of first refusal for any Host Location Opportunity in your Territory, subject to the process described in Section 2.2 (F) 2, below, and to your being in Good Standing, ready, willing and able to perform and meeting our then-current financial, operational and other business standards for the award of such Host Location Opportunities to Franchisees. Such standards may be modified by us from time to time in our Business Judgment.

2. A right of first refusal regarding a Host Location Opportunity will be processed as follows: We will provide you written notice of a Host Location Opportunity expected to be physically located in your Territory. You will have 15 days in which to advise us in writing that you wish to participate in the Host Location Opportunity. If you do not notify us within such period, then we may pursue such Host Location Opportunity and/or grant any other person/entity the right to participate in such Host Location Opportunity without any liability to you. If you timely notify us in writing that you do wish to participate in the Host Location Opportunity, then we may condition your participation on compliance with such terms and conditions as we consider appropriate to the particular Host Location Opportunity in our Business Judgment. Such conditions may include, but are not limited to: your execution of such agreements and related documents as are then generally used by us in connection with the award of the applicable Host Location Opportunity; payment of all initial fees and any other applicable fees; meeting any eligibility requirements as are then generally applied by us to candidates for a Host Location Opportunity; and the execution by you (and any Affiliate and owner of yours) of a General Release, as defined in Article 20. If you do not meet the conditions applicable to the award of the Host Location Opportunity and/or any opening requirements that may be included in any Host Location Opportunity agreements, then we and/or any Affiliate may pursue such Host Location Opportunity and/or grant any other person/entity the right to participate in it, without any liability to you. Site Licenses and Host Location opportunities shall be included within the definition of Special Accounts as listed in Article 20.

G. **Changes.** We, and/or our Affiliates can acquire, be acquired by, merge, affiliate or co-brand with, or engage in any transaction with other businesses (whether competitive or not), with franchises/outlets located anywhere, acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere. We can develop or become associated with other concepts (including co-branding and/or other franchise systems), whether or not in the post-natal and pre-toddler markets, whether or not using the StrollerFit® System and/or the Marks, and award franchises under such other concepts for locations anywhere. Such transactions may include (but are not limited to) arrangements involving competing outlets and brand conversions (to or from the StrollerFit® Marks and System). All such transactions are expressly permitted under this Agreement, and you agree to participate at your expense in any such conversion as instructed by us, without any liability to you.

H. **Good Standing.** If you are not in Good Standing, we may reduce, eliminate or otherwise modify your territorial rights. We do not make any representation or assurance that you can or will achieve such performance minimums contained in this Agreement.

2.3 E-Commerce/Email Business and Special Accounts - Current Policies.

A. Your use of the Internet, World Wide Web, and other electronic or other means of marketing and distribution of goods and/or services can be restricted by us in our Business Judgment. As a pre-opening condition you must fully complete your designated StrollerFit® WebPages as a sub-website of the StrollerFit® Website located at www.StrollerFit.com. You must keep your designated WebPages fully operational and updated at all times. You will not market or sell through such venue(s) or any channel of distribution other than your StrollerFit® Core Business Franchise without our written permission, which we can grant, condition or deny in our Business Judgment. You agree to participate in any Special Account(s) (as defined in Article 20) only as we may specify from time to time. In consideration for Franchisor providing this service you agree that you will regularly monitor your assigned StrollerFit® email account, respond promptly to customer and other enquiries and use it as your primary StrollerFit® Core Business Franchise email account.

B. We, the Franchisor-Related Persons/Entities and anyone we designate may offer/provide any Products and/or Services or otherwise through the Internet, World Wide Web, direct mail and/or other similar venues (no matter where the Customer is located), whether or not in connection with any use of the Marks and/or System. Our current policy on direct retail sales by us to Special Accounts, or through the Internet or by direct mail, is to credit to you a portion of our revenues (or net income) from sales to

customers who designate your StrollerFit® Core Business Franchise at the time of purchase by entering your StrollerFit® Core Business Franchise account number as long as you are in Good Standing. Such credits may be applied to your royalty and/or other obligations/activities as we consider appropriate in our Business Judgment. This policy and any related terms and conditions may be changed and/or eliminated by us at any time in our Business Judgment.

I have read Sec. 2.1, 2.2, and 2.3, any questions I had were answered, I understand them, and I agree with them.

Your Initials: _____ / _____

3. DEVELOPMENT AND OPENING OF YOUR STROLLERFIT® CORE BUSINESS FRANCHISE

3.1 Site Selection and Pre-Opening Conditions.

In order to commence operations of your StrollerFit® Core Business Franchise you must have completed all of the following Pre-Opening Conditions:

A. **Site.** You must have a site or sites acceptable to us within 60 days of this Agreement. You must not make any commitments about a location until you have our written location acceptance which we will not unreasonably withhold. Acceptance by us of any location is not a recommendation, approval or endorsement of such site. We make no representations or warranties as to the success of any site or as to any other matter of any kind relating to the site. It is your responsibility to ensure that the location complies with any local laws and regulations including any requirements under the Americans with Disabilities Act. If you fail to find a site within 60 days then we may Terminate this Agreement without refunding any fees to you.

B. **Instructor.** You must be or have a certified instructor named and approved by us within 60 days of the Agreement.

C. **Training.** You and your Managing Instructor (if any) must have completed all pre-opening training,

D. **Payments.** All amounts due us (and/or any Affiliate) shall have been paid.

E. **Insurance.** You must be in compliance with all provisions of sections 7.5 and have delivered to us a copy of the certificate of insurance naming us and our Affiliates as named insureds.

F. **Compliance with Law.** You must be in compliance with all provisions of section 10.3 below, including delivering to us a form of Participant Waiver Agreement, duly approved by your local counsel.

G. **Permits.** You must have acquired all necessary business and other permits required for you to operate the StrollerFit® Core Business Franchise within your Territory;

H. **Inventory, Schedules and WebPages.** You must have acquired the Required Inventory, completed your class schedules and your WebPages as set out in section 2.3 below.

I. **Marketing Plan.** You must have delivered to us a marketing plan acceptable to us.

J. **Confidentiality and Non-Compete Agreements**. You must have delivered to us copies of all agreements required to be executed by your initial Staff as set out in sections 8.1 and 8.2.

3.2 Grand Opening Program - Marketing. You must complete all the Pre-Opening Conditions and commence operations of your StrollerFit® Core Business Franchise within 90 days from the date of this Agreement. You will open and commence operations of your StrollerFit® Core Business Franchise with a grand opening in accordance with your Approved Marketing Plan. It is anticipated that the marketing expenses you will incur for your Grand Opening will range from \$50 to \$500. We will furnish advice and guidance to you with respect to such program that you agree to follow.

3.3 Relocation of StrollerFit® Class Location. Any relocation:

- A. must be to a location within the Territory
- B. requires our prior written consent, which we may grant, condition or withhold in our Business Judgment (and which may be withheld, in any case, if you are not in Good Standing),
- C. will be at your sole expense.

If your StrollerFit® location is damaged, condemned or otherwise rendered unusable, or if, in your and our judgment, there is a change in the character of the location of your StrollerFit® location sufficiently detrimental to its business potential to warrant its relocation, you agree to find an alternative location from which to deliver classes and operate the StrollerFit® Core Business Franchise.

4. COMPUTER HARDWARE AND SOFTWARE SYSTEMS

4.1 You must own and operate in the StrollerFit® Core Business Franchise a computer system which supports Internet access, an email account, and printing capabilities, and meeting our then-current requirements. In our Business Judgment we may elect to introduce to the System computer software or hardware (including point of sale and back office systems) which you may, but shall not be required to purchase, use, maintain and update at your expense any such systems meeting our specifications, as we may modify them. You agree to maintain your systems online to allow us access to system data and information. You agree to comply with our then-current Terms of Use and Privacy Policies and any other requirements regarding all computer and other systems, including Internet usage. Supplier and/or licensor charges for use, maintenance, support and/or updates of and to the required systems are payable by you upon receipt. Neither we nor any of the Franchisor-Related Persons/Entities will have any liability and/or obligation (and neither you, nor any Affiliate of yours, will make any claims) about any failures, errors or any other occurrences relating to any computer or system hardware or software without an express written warranty from us, even if recommended or specified by us.

4.2 "Electronic Information" shall mean any information stored in your computer system(s) or exchanged between the Franchisor's Website and the your computer system(s) relating to the operation of your StrollerFit® Core Business Franchise, including, but not limited to, financial transactions, products sold, contact information, customer information and training schedule information.

4.3 We shall be deemed to be the exclusive owner of the Electronic Information and will allow you to access and use the Electronic Information during the Term and during the term of any Successor Franchise. Subject to the provisions of this Agreement, all laws relating to privacy and the rights of third parties, we may use the Electronic Information in any way we think fit in our Business Judgment.

4.4 Upon a transfer of the whole of the assets or a change of control of the equity of the Franchised Business, which transfer has been approved by us in accordance with the Franchise Agreement, we shall grant the new franchisee all rights necessary to use the Electronic Information on

the terms of our then current franchise agreement. If you are required by law to provide any of the Electronic Information to any third party, then we shall provide you with a copy of the Electronic Information solely for the purposes of compliance with the applicable law.

5. TRAINING AND GUIDANCE.

5.1 Training.

A. You and any StrollerFit® Managing Instructor (as defined in section 10.4(B)) must successfully complete our initial training program before operating your StrollerFit® Core Business Franchise and obtain a CPR certification, including infant CPR which must be current at all times. The Initial Franchise Fee covers an initial training program for you and any initial StrollerFit® Managing Instructor. We may charge a reasonable fee for training of additional and/or subsequent Managing Instructors provided that you may not hire or engage more than one Managing Instructor at any time. We can choose to eliminate or shorten training for persons previously trained or with comparable experience.

B. The initial training program will be at a time and place, and for such period, as we specify in our Business Judgment. You will be responsible for all travel, living, incidental and other expenses for you and your personnel attending the initial training program and any other voluntary or mandatory training programs, seminars or meetings, unless otherwise agreed to by us in writing. We may charge a tuition fee for any optional training programs.

C. You and any Managing Instructor must attend additional and/or refresher training programs, including national and regional conferences, conventions and meetings, as we may reasonably require to correct, improve and/or enhance your operations, the System and its members.

5.2 Guidance and Assistance. We will provide guidance in the operation of your StrollerFit® Core Business Franchise. This guidance can be furnished in whatever manner we consider appropriate in our Business Judgment, including electronically, in writing or telephonically, through training programs and/or on-site consultations, or training videos, among other methods. We may elect to charge a reasonable fee for any on-site consultations or training videos.

5.3 Manuals. During the term of the Franchise, we will loan you (or allow you electronic or other access to) one copy of the Manuals. If we advise you that all or part of the Manuals or other specifications, standards and operating procedures are posted on a Website, you agree that it is your responsibility to monitor the Website for any changes, additions or deletions in the information provided. You will continuously comply, at your sole expense, with all provisions of, and additions/deletions/changes to, the Manuals which will (a) take precedence over all prior communications, and (b) include mandatory specifications, standards and operating procedures which are a part of this Agreement.

6. MARKS.

6.1 Goodwill and Ownership of Marks. You have a non-exclusive right to use the Marks and only as expressly authorized by us under this Agreement. As between you and us, we have all rights in and to the Marks. All goodwill belongs exclusively to us and you will not obtain any goodwill in the Marks as a result of this Agreement, your operation of the Franchise or for any other reason. Any unauthorized use of the Marks is a breach of this Agreement and an infringement of our proprietary rights. You agree that if you breach any obligation regarding the Marks, we would have no adequate remedy at law and that we will be entitled to equitable relief. You will not oppose, or engage in any acts or omissions inconsistent with, our rights in and to the Marks. This Agreement applies to all trademarks, service marks and other commercial symbols that we may authorize you to use throughout its Term.

6.2 Limitations and Use of Marks. You will use the Marks as the sole identification for your StrollerFit® Core Business Franchise. You will not use any Mark, or modified version or derivative of a

Mark, or any other mark or form of commercial identification confusingly similar to the Marks, as part of any business or trade name, in any co-branded manner, or in any other manner not expressly authorized by us in advance and in writing. Prior to adoption and/or use, any proposed corporate and/or trade name must be approved by us in our Business Judgment. You will give such trademark and other notices (including notices of independent ownership) as we direct and will, at your expense, obtain fictitious or assumed name registrations as may be required under law. You will display the Marks as required by us and will not use the Marks so as to negatively affect their goodwill. You will not use any Mark in connection with the performance or sale of any unauthorized services or products or at any location or in any other manner not expressly authorized in writing by us.

6.3 Notification of Infringements and Claims. You agree to immediately notify us of any apparent or actual infringement of, or of any challenge to your use of, the Marks. You will not communicate with any third party with respect to such a claim. We will take such action as we deem appropriate in our Business Judgment. As owner of the Marks, we have the exclusive right to control any settlement, litigation or proceeding arising out of or related to any such matters.

6.4 Discontinuance of Use of Marks. You agree to comply at your expense with any directions from us to discontinue, modify, substitute or add Marks. We cannot and do not make any guaranty that a modification, discontinuance or otherwise may not be required for any reason. In such event, we will have no liability or obligation to you. You agree to make no claim in connection with any modification, discontinuance or other action, and/or with any dispute regarding the Marks. There is always a possibility that there might be one or more businesses using a name and/or marks similar to ours and with superior rights. We urge you to research this possibility, using telephone directories, local filings and other means, prior to signing any documents or making any payments or commitments

7. RELATIONSHIP OF THE PARTIES; INSURANCE AND INDEMNIFICATION

7.1 Independent Contractor. You are an independent contractor under this Agreement; neither of us is an agent, joint venturer, partner or employee of the other for any purpose. You agree to comply with our requirements for identifying your StrollerFit® Core Business Franchise and its operations as independently owned and operated. Neither of us is authorized to bind the other in any way. We will have no liability for any claim or injury directly or indirectly related to the operations of your StrollerFit® Core Business Franchise.

7.2 Taxes. You are solely responsible for any and all taxes levied in connection with your StrollerFit® Business, its assets and operations.

7.3 Indemnification. You must indemnify, defend and hold us, and each of the Franchisor-Related Persons/Entities, any Marketing Fund, and all StrollerFit® franchisees (all of the foregoing being individually and collectively the "Indemnified Parties") harmless against, and you agree to reimburse the Indemnified Parties for, all losses, liabilities, obligations, damages, reasonable defense costs, and/or taxes, however arising, growing out of or otherwise connected with and/or related to any act, error and/or omission of yours (including, but not limited to, your operation of your StrollerFit® Core Business Franchise, and/or any act or omission of your employees and/or agents), including but not limited to reasonable attorneys' fees. The Indemnified Parties have the right to defend and/or settle any such claim against them, with no obligation to you. Your indemnification obligations survive this Agreement.

7.4 Disclosure. We can disclose, in offering circulars and other places we designate, and/or as required by law, any information relating to your StrollerFit® Core Business Franchise, including your name, any address and/or phone number(s), revenues, expenses, results of operations and/or other information. Any disclosure by us will be for reasonable business purposes.

7.5 Insurance. You agree to acquire and maintain throughout the term of this Agreement insurance for the StrollerFit® Core Business Franchise of such kind, and with such coverages and in such

amounts, as we may require from time to time in the Manuals and otherwise, including but not limited to workers compensation and general comprehensive liability coverages. Each insurance policy must: i) name us, our Affiliates, shareholders, officers and directors as additional insureds; ii) contain waivers of subrogation in favor of us and our Affiliates (which shall be operative only so long as available in the State having jurisdiction over an affected claim and provided further that no policy of insurance is invalidated thereby); iii) be written as primary policies which provide that any insurance that we may carry is strictly excess, secondary and non-contributing with any insurance carried by you; iv) contain a provision that we, although named as an additional insured, shall nevertheless be entitled to recovery under the policy for any loss occasioned to us, our agents and/or employees by reason of your negligence, or the negligence of your employees or agents; v) provide thirty (30) days' prior written notice to us of any material modifications, cancellation, or expiration of such policies; vi) be endorsed as needed to provide cross-liability coverage for you and us; and vii) provide for severability of interests. You will provide annual certificates of all such required coverage, and will certify on a monthly basis that you are in compliance with this provision, as required in section 12.1.

8. CONFIDENTIAL INFORMATION; EXCLUSIVE RELATIONSHIP.

8.1 Confidential Information - Non-Disclosure and Non-Use.

A. "Confidential Information" includes all information (current and future) relating to the operation of a StrollerFit® Core Business Franchise or the System, including, among other things, all: (i) Manuals, training, techniques, processes, policies, procedures, systems, data, the Electronic Information, and know how regarding the development, marketing, operation and franchising of StrollerFit® Core Business Franchise; (ii) exercise programs, designs, specifications and information about Products and Services and (iii) all information regarding customers and suppliers, including any statistical and/or financial information and all lists.

"Confidential Information" is not intended to include any information that: 1) is or subsequently becomes publicly available other than by breach of any legal obligation, 2) was known by you prior to you becoming a StrollerFit® Franchisee, or 3) became known to you independent of your relationship with us and other than through a breach by you of a legal obligation.

You agree that we own and control all domain names and URLs ("Uniform Resource Locator") relating to any StrollerFit® Core Business Franchises, as well as all Confidential Information, Electronic Information, information, lists, and data related to past, present and future customers of your StrollerFit® Core Business Franchise. Your only interest in any of this proprietary and/or Confidential Information is the right to use it pursuant to this Agreement. You have the burden of proof and of going forward in any dispute between you and us involving the proprietary or confidential nature of any information.

B. Both during the term of this Agreement and thereafter, you agree:

1) to use the Confidential Information only for the operation of your StrollerFit® Core Business Franchise under this Agreement;

2) to maintain the confidentiality of the Confidential Information;

3) not to make or distribute, or permit to be made or distributed, any unauthorized copies of any portion of the Confidential Information;

4) not to alter, appropriate, use or distribute any StrollerFit® Designated Equipment or Product designs or specifications, or any substantially similar designs or specifications; and

5) to implement all prescribed procedures for prevention of unauthorized use or disclosure of the Confidential Information.

C. You agree to disclose to us all ideas, techniques, methods and processes relating to a StrollerFit® Core Business Franchise which are conceived or developed by you and/or your employees, or independent contractors. We will have the perpetual right to use, and to authorize others to use, such ideas, etc., without payment to you. You agree to disclose to us all ideas, techniques, methods and processes relating to a StrollerFit® Core Business Franchise which are conceived or developed by any of your customers and, at our request, you will introduce us to the relevant customer(s). Should we use any customer idea in the System we shall have the right to do so without payment to you.

D. You will cause each of your employees, independent contractors, agents, principals and Affiliates to sign a form of confidentiality agreement containing substantially the same provisions as are set forth in this Section and as may be approved by us. You will provide us copies of the same upon request. You will also ensure that your Managing Instructor(s), if any, each sign a form of agreement with you which will ensure your compliance with the provisions of section 8.2 below.

E. If your StrollerFit® Core Business Franchise is to be located and/or operated within, in conjunction with or as part of another business, or is operated at a Host Location, you will first arrange for the other business and its personnel (as specified by us) to enter into appropriate arrangements to protect our Intellectual Property and other interests, including (but not limited to) signing of agreements with us and/or with you regarding non-competition, non-use, confidentiality, non-solicitation and non-hiring of employees and non engagement of independent contractors, non-solicitation of customers and indemnity/insurance arrangements.

8.2 Exclusive Relationship, Restrictions on Similar Businesses During Franchise Term and After Transfer, Termination, Expiration, Repurchase, etc.

A. In Term Restrictions: During the term of this Agreement and any successor franchise, neither you, nor any Affiliate of yours, nor any Managing Instructor, shareholder, member or partner of yours (if you are or become a business entity), nor any Immediate Family member of any of the foregoing, will:

1. have any direct or indirect interest anywhere in any Similar Business, or in any entity awarding franchises or licenses or establishing joint ventures or other business enterprises for the operation of Similar Businesses; or
2. perform any services anywhere as an employee, independent contractor, agent, representative or in any capacity of any kind for any Similar Business, or for any entity awarding franchises or licenses or establishing joint ventures to operate Similar Businesses; or
3. employ or try to employ any employee or engage any independent contractor of ours, of a Franchisor-Related Person/Entity or of any other StrollerFit® Franchisee, without providing notice to the respective employer or contractor and obtaining their prior written consent.

B. Post Term Restrictions: For 18 months after the later of the following terminating events: (i) any Transfer, Repurchase and/or Termination of this Agreement; (ii) the expiration of this Agreement (if a Successor Franchise is not granted); and/or (iii) the date on which you stop operating your final StrollerFit® Core Business Franchise or using the Marks and/or System, all of the persons and entities named in Section 8.2 (A) above:

1. will not accept or solicit any person, firm or company that has been a StrollerFit® customer during the 12-month period prior to termination, nor try to divert any such customers from any StrollerFit® Core Business Franchise, StrollerFit® Host Location or StrollerFit® Site Licensee or StrollerFit® enterprise of any kind (including any operations owned by any Franchisor-Related Persons/Entity); and

2. will be subject to all of the restrictions stated in Section 8.2 (A) and (B), above, with respect to Similar Businesses located, and/or services to be performed, in the Territory and in the marketing area of any StrollerFit® Core Business Franchise ("Marketing Area"). For the purposes of this Agreement, a Marketing Area for a StrollerFit® Core Business Franchise is defined as the geographic area within a 25 mile radius of such StrollerFit® Core Business Franchise.

3. If you violate any of the foregoing restrictions, our remedies will include (but not be limited to) the right to obtain equitable relief and to receive all profits generated in connection with the operation of any Similar Business until the date you cease to violate such restrictions. All competitive restrictions will be extended for the length of time that any breach of the Post Termination Obligations is ongoing. If any of the restrictions of this Section are determined to be unenforceable to an extent because of excessive duration, geographic scope, business coverage or otherwise, they will be reduced to the level that provides the greatest protection to us and the StrollerFit® System, but which is still enforceable, notwithstanding any choice of law or other provisions in this Agreement to the contrary.

I have read Sec. 8.1 and 8.2, any questions I had were answered, I understand them, and I agree with them.

Your Initials: _____ / _____

9. FEES.

9.1 Initial Franchise Fee, Releases, etc.

A. An Initial Franchise Fee of \$3,750 is fully earned and payable to us on signing of this Agreement, and is entirely nonrefundable.

B. The language of the General Release attached as Exhibit 1.2 is incorporated in and effective upon the signing of this Agreement, excepting only those claims solely related to the offer and sale of this Franchise where such releases are expressly prohibited by applicable law.

C. As a condition to the occurrence of any of the following events (the "Events"), you and/or any affiliate/owner of yours will sign a General Release, excepting only (where such releases are expressly prohibited by applicable law) those claims solely related to the offer and sale of the new Franchise:

1. the awarding of any future, additional or other franchise, or opportunity to service a Host Location;

2. the renewal of this franchise and/or awarding of a successor franchise; any assignment or transfer (as defined in this Agreement) by you and/or any affiliate/owner of you; and/or

3. any other event described in this Agreement as being conditioned in whole or in part upon such a General Release (as defined in Article 20.)

9.2 Royalty – Required Inventory - Percentage and Minimum, Payment Dates.

A. **Royalty.** You must pay us without offset, credit or deduction of any nature, a monthly Royalty Fee equal to 15% of the Gross Class Revenues or the then prevailing Monthly Minimum whichever is greater. The minimum royalty required is as follows:

First 90 days after Execution Date
For each month thereafter

No Minimum
\$150 Monthly Minimum

The Royalty Fee will be paid and reported monthly as specified in section 12.1 below or as otherwise prescribed in the Manuals from time to time. Minimum and/or percentage royalties are to be paid by the fifth day after each royalty period. Royalty payments are due commencing with the royalty period in which you begin StrollerFit® Core Business Franchise or 90 days after the Effective Date of this Agreement, whichever is earlier. The current royalty period is a calendar month, but the time covered by a royalty period may be changed by us in our Business Judgment to any other period. If such change is made, any amounts, including minimums, which are paid based on, or calculated in relation to, a royalty period will be appropriately adjusted, as will any related matters. You must use your best efforts to maximize Gross Class Revenues.

B. Required Inventory. We currently require that you will at all times during the operation of your StrollerFit® Core Business Franchise maintain an inventory of various Designated Equipment, and Products as set out in Exhibit 9.2 (B) attached hereto and by this reference incorporated herein (the "Required Inventory"). The items and quantities on the Exhibit 9.2 (B) may be altered/deleted/changed and added to from time to time on 30 days advance written notice from us to you. The notice may be provided electronically. We can require that Designated Equipment, Products and/or Services only be supplied by us, a Franchisor-Related Person/Entity and/or a designee of ours and we and/or one or more Franchisor-Related Person/Entities may derive additional revenues (and possibly profits) as a result of your purchases of such Designated Equipment, Products/Services. You and we have agreed on the foregoing royalty rates based, in part, on your commitment to maintain the Required Inventory and not to use and/or obtain any such Designated Equipment, Products and/or Services from any source other than the source we require and the fact that royalties are not charged on revenues received from sales of Designated Equipment or Products. The possibility of such arrangements, and your and our mutual expectations that you will faithfully fulfill your obligations to purchase such items as provided herein, and that the provisions of this subsection will be fully enforceable, form part of the underlying financial and business model on which your relationship with us, and the economic provisions of this Agreement, including Royalty rates, are based.

9.3 Electronic Funds Transfer. You must participate in our then-current electronic funds transfer and reporting program(s). All royalties owed and any other amounts designated by us must be received or credited to our account by pre-authorized bank debit by end of business on the tenth day after a royalty period. You authorize us to debit your account by an amount equal to the minimum continuing royalty if a royalty payment is not received when due, and to collect the balance of any amounts owed in accordance with this Agreement. Any such non-payment or late payment of the actual amount due is a breach of this Agreement. We may also require that any amounts owed or to be owed to us and/or any of the Franchisor-Related Persons/Entities be paid by charges against your credit card, and you must provide us with appropriate authorizations on our request.

9.4 Interest and Late Fees on Late Payments and/or Reports. All amounts you owe us and/or our Affiliates bear interest at the highest applicable legal rate for open account business credit, but not to exceed 1.5% per month. Additionally, we may require you to pay an administrative late fee of \$25 for each late report and/or late payment. If we experience repeated late payments by you, then we may require you to pay all amounts by cashier's check.

9.5 Application of Payments, Set-Offs. As to you and/or any Affiliate of yours, we can:

A. apply any payments received to any past due, current, future or other indebtedness of any kind in our Business Judgment, no matter how payment is designated by you.

B. set off, from any amounts that may be owed by us, any amount owed to us or any marketing fund; and

C. retain any amounts received for your account (and/or that of any Affiliate of yours), whether rebates from suppliers or otherwise, as a payment against any amounts owed to us.

We can exercise any of the foregoing rights in connection with amounts owed to or from us and/or any Franchisor-Related Person/Entity or any Marketing Fund.

9.6 Mandatory Convention Attendance, Possible Fee. You are required to attend all meetings designated by us as mandatory (including without limitation any StrollerFit® annual convention), unless otherwise excused by us. We may charge a fee for attendance and you will bear all other costs of attendance. Exceptions to this requirement may be considered in our Business Judgment.

10. STROLLERFIT CORE BUSINESS - IMAGE AND OPERATION.

10.1 System Compliance, Regular Upgrading.

A. You agree to operate your StrollerFit® Core Business Franchise in full compliance with the then-current StrollerFit® System and the Manuals. You agree to promptly comply at your expense with all then-current requirements, standards and operating procedures relating to every aspect of an StrollerFit® Core Business Franchise and its operations (including without limitation use of Designated Equipment, Products and Services, computer hardware and software; supplier programs and operating systems; signs, logos, designs and advertising/marketing materials and forms; website designs and formats).

B. You must maintain your StrollerFit® Core Business Franchise at your expense according to all StrollerFit® standards for StrollerFit® Core Business Franchises and promptly undertake all changes as are required by us from time to time in our Business Judgment. If you fail to do so, we may do so on your behalf. You agree to reimburse us within 10 days of our delivery of an account statement. You may not make any alterations to your StrollerFit® Core Business Franchise as originally approved by us without our prior written approval.

C. You agree at your sole expense that you and your employees and independent contractors will wear any then-current StrollerFit® career apparel during all StrollerFit® Classes and promotional activities.

10.2 Designated Equipment, Products, Services and/or Suppliers. Your StrollerFit® Core Business Franchise must purchase, use and offer such Designated Equipment, Products and Services, as are specified by us from time to time in accordance with section 9.2 and Exhibit 9.2.(B) You may not offer, allow others to offer, or deal with any products or services not approved by us from time to time. If we disapprove a particular item, you will not use it. Provided that you communicate your concerns clearly we will use diligent efforts to assist you in resolving any disputes with suppliers approved and/or designated by us.

10.3 Compliance with Laws; Waivers and Disclaimers.

A. You will operate your StrollerFit® Core Business Franchise in full compliance with all applicable laws, ordinances and regulations. We make no representations or assurances as to what (if any) licenses, permits, authorizations or otherwise may be required in connection with your StrollerFit® Core Business Franchise. It is your sole responsibility to identify and obtain all authorizations necessary to your operation. You will maintain high standards of honesty, integrity, fair dealing and ethical conduct in your business activities. You will notify us in writing within 5 days of the commencement of any

proceeding and/or of the issuance of any governmental order or action impacting you and/or your StrollerFit® Core Business Franchise.

B. In the marketing and operation of your StrollerFit® Core Business Franchise you must use each of, and only, the contracts, waivers and/or other forms and/or materials as are designated by us from time to time. We may provide you with template or sample forms of such items but it is your responsibility to have all such items which are to be used with prospective and/or actual clients/customers, employees and independent contractors, reviewed, at your expense, by an attorney licensed to practice law in the state(s) where your StrollerFit® Core Business Franchise will be located and/or operate, for compliance with all applicable state legal requirements. We make no warranty or representation that any contracts, waivers and/or other forms and/or materials, whether supplied by us or otherwise, are in compliance with the laws of any particular state(s).

C. **Written Customer Waivers and Disclaimers.** You must obtain a written waiver of liability from every person who attends and participates in a StrollerFit® class or program. Waivers must be approved by your local counsel as enforceable and applicable under the law of your State. **ANY DESIGNATED EQUIPMENT, PRODUCTS AND/OR SERVICES PROVIDED BY US, THE FRANCHISOR-RELATED PERSONS / ENTITIES AND / OR ANY "APPROVED" PERSON / COMPANY / REFERRAL ARE PROVIDED WITHOUT ANY WARRANTIES, EXPRESS OR IMPLIED, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE BEING EXPRESSLY DISCLAIMED, ABSENT A SPECIFIC WRITTEN WARRANTY EXPRESSLY PROVIDED IN CONNECTION WITH A PARTICULAR ITEM OR SERVICE. YOUR CUSTOMER WAIVER FORM SHOULD ALSO DISCLAIM THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.**

<p>I have read 10.3, any questions I had were answered, I understand it, and I agree with it.</p> <p>Your Initials: _____ / _____</p>

10.4 Management and Personnel of Your StrollerFit® Core Business Franchise.

A. At all times your StrollerFit® Core Business Franchise must employ or contract with a certified Instructor who has successfully completed the StrollerFit® training, and who has all necessary credentials and certifications to deliver the StrollerFit® Classes and Programs (the "StrollerFit® Certified Instructor"). It is anticipated that you will own and operate your StrollerFit® Core Business Franchise and that you will be the StrollerFit® Certified Instructor. In instances where a Franchisee is either a corporate entity or a "passive investor" (including, for example, a spouse who finances the operation for his/her spouse), the Franchisee will be permitted to avoid certification him/her self and instead allow certain aspects of the business to be managed and conducted by a Managing Instructor (see below).

B. A Managing Instructor is defined as a non-owner who is responsible for certain aspects of operating the franchise and has to be approved by us and is required to be trained and pass all StrollerFit® certifications at least 30 days before operating any StrollerFit® Core Business Franchise. Franchisee will be responsible for all costs associated with the certification and any changes in any Managing Instructor. You must keep us advised, in writing, of all management and non-management personnel involved in the operation or otherwise of your StrollerFit® Core Business Franchise.

C. You are required to assure the performance of all aspects of the Franchise Agreement, including but not limited to providing and signing the monthly reports, certifications, maintaining insurance, collecting waivers, and you will guarantee the performance of your Managing Instructor. You are not permitted to delegate business responsibilities to your Managing Instructor. Subject to our

approval of your Managing Instructor you may delegate operational class activities that otherwise would be performed by a StrollerFit® Franchisee such as conducting classes, training instructors, and other non-business and non-financial aspects of StrollerFit® Core Business Franchise activities. It is your responsibility to ensure that your Staff shall perform all StrollerFit® Core Business Franchise activities in accordance with System Standards and this Agreement. Any breach of this Agreement by any of your Staff shall be a default subject to section 15 below.

D. You may be required to participate in an annual review process which may be conducted in person by a StrollerFit® corporate trainer, corporate representative or Regional Director or may be completed by you in another medium including but not limited to a video report.

10.5 Customer Satisfaction, Quality Controls, etc. We may institute various programs for auditing customer satisfaction and/or other quality control measures. We may require you to pay for such program costs. You agree to request your customers to participate in any surveys performed by or on behalf of us, using forms prescribed by us from time to time. The current Systems Standards are set out in the Manuals.

11. MARKETING.

11.1 Your Local Store Marketing Activities.

A. You shall carry out marketing activities to promote your StrollerFit® Core Business Franchise and to participate in the building of the Brand. If we request it, you will submit verification of your expenditures in a form prescribed by us in our Business Judgment. Appropriate local advertising expenditures may include, but are not limited to, classified telephone directory listings and advertising. The value of discounts, coupon redemptions and/or products or services given without charge will not be considered to meet your local advertising obligation under this Section.

B. Your advertising must be in good taste and conform to ethical and legal standards and our requirements. We will provide you with marketing materials in one or more multi-media formats which may include a marketing video, a DVD or a CD Rom containing certain templates, forms, logos print ads, starter brochures and access to the StrollerFit® website. You must at all times maintain up to date information on your designated StrollerFit® sub-website pages which will be accessible to all potential customers using the Internet. You do not need to obtain our approval to use the marketing materials that we provide to you if you use them in substantially the form that they were intended to be used. However you must not use any other advertising materials including advertising and promotional materials (and any use of the Marks and/or other forms of commercial identification) for any media, including the Internet, World Wide Web or otherwise, without our prior written approval, which we may condition or withhold in our Business Judgment. You must use all materials and programs designated by us as mandatory.

C. Your advertising shall be primarily targeted towards customers in your own Territory. This clause is not intended to prohibit advertising in local newspapers, radio, the internet or other media which may reach (i) other franchise territories and (ii) areas where no franchise or licensing rights have been granted ("Open Territories"), but is intended to prohibit, for example, the deliberate posting of flyers in a store in a neighboring territory and any other direct marketing outside your Territory. Notwithstanding the previous sentence you may at all times (i) direct your marketing efforts to Open Territories and (ii) with the consent of another franchisee, market in that franchisee's territory. For example neighboring franchisees may consent to allow each other to hold mothers meetings or to distribute brochures or make visits to health practices which may benefit both StrollerFit® Core Business Franchises.

12. RECORDS, REPORTING AND AUDITS.

12.1 Reports. You agree to establish and maintain record keeping and accounting systems, and on a monthly basis to furnish us reports and provide us financial, accounting and/or other records related to the operation of your StrollerFit® Core Business Franchise as set out in the Manuals, including certification of compliance with this Agreement and in particular certification of claims made and customer complaints, signing of confidentiality agreements and customer waiver records, and maintenance of insurance. All such records shall be preserved for 5 years from the dates of their preparation (and for such other time period as required by law), all as specified by us in the Manuals or other written instruction or on request. The Franchisee must submit and certify all reports. Certification may not be delegated to a Managing Instructor. Pursuant to our rights in section 4 above, we have the right to have full access to your computer system(s) and all Electronic Information they contain relating to the operation of your StrollerFit® Core Business Franchise.

12.2 Audits. We can choose to conduct a full audit during business hours of your StrollerFit® Core Business Franchise and financial/accounting records at any time during this Agreement on 7 days notice and within six months of its termination or expiration. You agree to cooperate with such an audit. Any underpayments are subject to Section 9.4 and must be paid within 15 days of invoice. Willful underpayments are cause for termination, in addition to our other remedies. If a variance of 5% or more between actual and reported revenues is discovered by the audit then you will pay for all costs associated with the audit.

13. TRANSFER.

13.1 Transfers by us. This Agreement, and any or all of our rights and/or obligations under it, are fully transferable by us in our sole discretion, in whole or in part, without your consent. We may be sold and/or we may sell any or all of our intellectual property and/or other assets, go public, merge, acquire entities or enter other transactions without liability to you.

13.2 Transfers by you. The rights and duties created by this Agreement are personal to you (or your owners, if the Franchisee is a business entity). We have awarded the Franchise relying on the individual integrity, ability, experience and financial resources of you or such owners. Therefore, neither this Agreement, the Franchise, the Franchisee nor your StrollerFit® Core Business Franchise (or any interest of any kind in, or the assets of, any of them) may be transferred without our prior written approval. Any transfer or attempted transfer without our approval is null and void. A transfer of ownership, possession or control of your StrollerFit® Core Business Franchise, or of its assets, may only be made with a transfer of the Franchise. Any transfer in the event of death or disability will be governed by Section 13.2 (C) below.

A. All of the following conditions must be met prior to, or concurrently with, the effective date of any transfer. We may waive any condition in our sole and absolute discretion.

1. You (and your owners) and your StrollerFit® Core Business Franchise must sign a general release of claims in our then current form and be in full compliance with this Agreement, the Manuals, all other agreements between you and us (including any of our respective Affiliates) and meet all then current standards; the transferee must expressly assume all obligations under all such agreements; and the transfer must comply with all laws;

2. The transferee and its owners must meet our then current requirements for new franchisees, sign our then current forms of general release, license agreement and ancillary documents, which will provide that the license term will be for the balance of the term of this Agreement or for the full term of the applicable program awarded the transferee, whichever is greater;

3. You or the transferee must pay us with your application for a transfer a non-refundable transfer fee of \$1,000;

4. Any payment obligation of the transferee to you under a financing agreement is subordinated to the transferee's obligations to us; and

5. We may (but are not required to) withhold or condition our consent to any transfer in our sole discretion.

B. We will consent to a transfer from you to a business entity owned by you and formed for the sole purpose of operating the StrollerFit® Core Business Franchise if the conditions described in 13.2 (A), above, and the following conditions are met:

1. You must have and maintain management control of the business entity and personally manage its affairs; and

2. The transferee must enter into an approved form of assignment in which it assumes all of your obligations to us, and all current and future owners of the business entity must sign an approved form of guarantee jointly and severally obligating them to comply with this Agreement. The current approved Guarantee form is Exhibit 1 of this Agreement; and

3. No public offerings of debt or equity ownership in the transferee entity may be conducted, and no shares of any type issued without obtaining our prior written consent.

C. If the Franchisee, or if the owner of the Franchisee with a controlling interest, dies or is permanently disabled, then his or her interest in this Agreement, the Franchise and/or the Franchisee shall be transferred to a third party subject to all of the provisions of this Article 13. Any transfer under this Section shall be completed within 6 months from the date of death or permanent disability. We or our delegated manager can (but are not required to) operate the Franchised Business on your behalf and at your expense in the event of your death, disability or absence. All revenues received by the StrollerFit® Core Business Franchise while we (or our designee) are managing it will be kept in a separate fund. All StrollerFit® Core Business Franchise expenses, including compensation, travel and living expenses for our delegated manager may be paid out of such fund. We can pay ourselves a management fee reasonable under the circumstances and in our Business Judgment. If such fund is insufficient to pay StrollerFit® Core Business Franchise expenses, we will notify your estate. The estate must, within 5 business days, or as soon as possible pursuant to the relevant probate laws, deposit such amounts as will be required by us to attain a reasonable fund balance. Operation of the StrollerFit® Core Business Franchise by us during any such period will be on behalf of your estate provided that we will only have a duty to use reasonable efforts and will not be liable to any creditor of yours or for any debts, losses or obligations incurred by the StrollerFit® Core Business Franchise. We and our delegated manager will be indemnified by your estate against any costs and/or liabilities related in any way to our or her management and the operation of the Franchised Business. This Section 13.2 (C) will not limit our right to Terminate this Agreement as herein provided or affect any of our other rights under this Agreement.

D. Our consent to a transfer is not a waiver of any claims we may have against you, and you are not relieved of any obligations to us (including any default by transferee) unless you have an express written release signed by us. Your post termination obligations will survive any transfer.

13.3 Our Right to Repurchase.

A. We have a right, but not an obligation, to repurchase your Franchise, your Franchised Business and the assets of your Franchised Business. We may exercise this right in our Business

Judgment by giving you written notice at any time during the term of this Agreement and on or within 60 days of expiration of the Term.

B. The Repurchase price will be the greater of (i) 3 times the Initial Franchise Fee or (ii) 0.4 times annual revenues of your StrollerFit® Core Business Franchise. All sales, transfer and/or similar taxes are to be paid by you. The going concern value of the Franchised Business has been factored into the Repurchase price, but in no event does or will the Repurchase price be deemed include any goodwill or other monetary factor for the Marks, StrollerFit® System elements, Confidential Information, Intellectual Property or any other assets, tangible or intangible, which are proprietary to us and/or any Franchisor-Related Person/Entity

C. Pending the closing of such a Repurchase, we will have the right to appoint a manager to maintain the operation of your Franchise. You will forever indemnify and hold us harmless against all obligations incurred in connection with the business prior to purchase. You will furnish us with a complete list of accounts unpaid by you within 10 days of our notice of intent to exercise this option. We may (but are not required to) pay these unpaid bills directly to the parties owed and deduct them from the purchase price in lieu of paying such portion of the purchase price directly to you.

D. The Post Termination Provisions (including, but not limited to, de-identification and return of all Manuals) will be continuing obligations of yours. We will receive all Customary Representations and Warranties from you, your owners and your Affiliates in connection with any such Repurchase. We can require that the closing of the sale be through an escrow. You and we will comply with any applicable bulk sales and/or similar laws, and you will maintain all insurance policies until the date of closing. We will also have the right, in our Business Judgment, to pay any amounts otherwise payable to you directly to your creditors in satisfaction of your obligations.

E. Any Repurchase price to be paid under this Section 13.3 will be paid in full at closing. We can offset against the Repurchase price, and any installments thereof, any amounts owed by you (or any Affiliates) to us (or any Franchisor-Related Persons/Entities). In connection with our exercise of any rights under this Section 13.3, you (and each owner/Affiliate) will execute a General Release.

F. We will not assume, or have any responsibility for, any liabilities, debts or obligations of yours, and you will indemnify us and each of the Franchisor-Related Persons/Entities from any and all claims by third parties arising out of, or related in any way to, any Repurchase. Notwithstanding the foregoing sentence, costs paid or incurred in connection with the transaction, including but not limited to, all appraisal fees and closing costs, will be shared equally between you and us, but excluding attorneys' fees paid or payable to the respective attorneys for the parties. You and we will comply with all applicable laws in connection with any such Repurchase and will cooperate in complying with all such requirements.

13.4 Our Right of First Refusal.

A. We have a right of first refusal regarding any proposed transfer subject to this Agreement, excluding only those transfers which are subject to Section 13.2 B. For each non-excluded proposed transfer, you will provide us with a true and complete copy of the offer received by you (and any ancillary agreements), and the conditions to transfer described in Sections 13.2 will be met. The offer and the price and terms of purchase must apply only to an interest in this Agreement, the Franchise, your StrollerFit® Core Business Franchise or the Franchisee. Any value attributable to the goodwill of the Marks, StrollerFit® System elements, Confidential Information or any other assets, tangible or intangible, related to the StrollerFit® Brand and System will be excluded from the purchase price, but goodwill related solely to the value of your StrollerFit® Core Business Franchise as a going concern business shall be deemed to be included in the price as determined pursuant to section 13.3 B.

B. We will give you written notice of our decision to exercise our right of first refusal within 30 days from the date of our receipt of the offer and ancillary documents. We will be entitled to purchase

any interest subject to all Customary Representations, Warranties and Agreements. We will have the right to set off against any amount of money payable by us all amounts due from you and/or your Affiliates to us and/or our Affiliates. We will also have the right, in our Business Judgment, to pay any amount otherwise payable to you directly to your creditors in satisfaction of your obligations. In connection with such purchase, you and each transferor will sign a General Release.

C. If we do not exercise our right of first refusal, you or your owner may complete the sale to such purchaser on the exact terms of such offer, subject to the conditions of this Article 13. If there is a material change in the terms of the sale, we will have an additional right of first refusal on the same terms and conditions as are applicable to the initial right of first refusal. Our rights under this or any other Section are fully assignable.

14. SUCCESSOR FRANCHISE.

14.1 Your rights and our obligations under this Agreement terminate at the expiration of the initial term, but at that time, subject to the provisions below, you will be eligible to be awarded a successor franchise for your StrollerFit® Core Business Franchise for an additional one year term and for subsequent one year terms thereafter (any and each such one year agreement being called a "Successor Franchise"). The awarding of a Successor Franchise will be in our Business Judgment. Any Successor Franchise will be on the terms of our then current franchise agreement (which may materially differ, in economic and other areas, from this Franchise Agreement and its requirements) but start up terms (e.g. grand openings, commencement of minimum royalties, etc.) will not apply, and no new initial franchise fee will be required to be paid.

14.2 Any award of a Successor Franchise will depend upon your meeting our then-current qualification conditions, including your continuing compliance under this Agreement (or any other agreement between you and us, and/or our Affiliates); your signing and delivering to us the then current form of the franchise agreement offered by us, subject to 14.1, and a general release of all claims, known and unknown, in our prescribed form (except for any claims exclusively related to the Successor Franchise, where expressly required by law); The present form of releasing language is attached as Exhibit 1.2.

14.3 Conditions for renewal shall include but not be limited to: (i) Franchisee shall be in good Standing, (ii) the Franchisee or a Managing Instructor approved by us has been re-certified either (a) by StrollerFit® (for a fee of \$250) or (b) by a nationally accredited fitness certifying agency approved by us. Franchisee is responsible for all costs associated with recertification and travel. If the term is extended beyond one year Franchisee will be required to be re-certified every two years (in Cincinnati or at a location otherwise designated by us).

14.4 You must give us written notice of your desire to obtain the Successor Franchise not less than 6 months, but not more than 9 months, before the expiration of the initial term of this Agreement and not less than 3 months, but not more than 6 months, before the expiration of any Successor Franchise. Within 45 days after our receipt of the notice, we will give to you in writing any reasons which could cause us to not award the Successor Franchise, including any deficiencies requiring correction; and our then-current requirements, specifications and standards for new StrollerFit® Core Business Franchises.

15. TERMINATION OF THE FRANCHISE.

15.1 Termination

A. We may terminate your rights and our obligations immediately on notice to you, and without any right to cure, if you:

1. furnish to us information containing material misstatements or omissions which make the other information false or misleading; or
2. make or attempt to make an unauthorized transfer; or
3. abandon your StrollerFit® Core Business Franchise and/or lose the right to deliver classes at the approved location and cease to deliver classes for a period of two consecutive calendar weeks; or
4. file a voluntary or involuntary petition in bankruptcy or experience any other act of insolvency or any proceedings for the benefit of creditors; or
5. are convicted or plead no contest to a felony, or other crime or offense that is likely to adversely affect your or our reputation or StrollerFit® good will; or
6. engage in any act or omission which unfavorably affects the reputation of the Franchisee or any owner, your StrollerFit® Core Business Franchise, us or the goodwill associated with the Marks (including, but not limited to, child abuse, health or safety hazards, or drug or alcohol problems); or
7. make any unauthorized use, duplication or disclosure of any Confidential Information, the Marks, or the Manuals; or
8. have 5 or more material customer complaints with respect to your StrollerFit® Core Business Franchise in any 12 month period, whether or not resolved; or
9. commit three or more breaches of any obligation under this Agreement and/or the Manuals, or under any other agreement with us, and/or any Affiliates, whether or not cured, or the same as or similar to any prior default.

B. This Agreement will automatically Terminate on delivery of our written notice of Termination to you in compliance with Article 18 (without further action by us and without further opportunity to cure beyond that set forth in this Section) if within 30 calendar days after delivery of our written notice to you, you have failed to cure any other provision of this Agreement including the System Standards as set out in the Manuals from time to time (other than those included in section 15 (A), above), or if any such default cannot reasonably be corrected within such 30- day period, then you must undertake diligent efforts within such 30-day period to come into full compliance. You must furnish, at our request, proof acceptable to us of such efforts and the date full compliance will be achieved. In any event, all such defaults must be fully cured within 60 days after delivery of the initial written notice to you of Termination.

C. Any default under this Agreement is a default under any other agreement between you and us and any of our Affiliates, and any default under those agreements is a default under this Agreement.

15.2 Non-Exclusive Remedies. Whenever we have a right to Terminate this Agreement, we (and any Franchisor-Related Person/Entity) will have all remedies allowed at law and in equity. No right or remedy which we may have (including Termination) is exclusive of any other right or remedy, and we may pursue any rights and/or remedies available. In every instance in which we have the right to Terminate this Agreement under this Article 15, we may elect in our Business Judgment to cancel any and/or all of your territorial or similar rights (including, but not limited to, any rights of first refusal), whether arising under this Agreement or in any other manner or document.

15.3 Extended Cure Period. Notwithstanding anything to the contrary in this Agreement, we reserve the right to grant to you in our Business Judgment an extended cure period for any breach. You acknowledge that our decision to grant such an extended cure period will not operate as a waiver of any of our rights and that we may choose to condition such any such an extension upon the signing of a General Release by you, each owner and Affiliates of yours.

15.4 Our Right To Discontinue Supplying Items Upon Default. We and any Franchisor-Related Persons/Entities have the right, in addition to all other rights and remedies, to require upon the issuance of a default that you pay C.O.D (i.e., cash on delivery) or by certified check for any

goods/services related to the operation of your Franchised Business. We and any Franchisor-Related Persons/Entities also have the right to stop selling and/or providing any goods and/or services to you until you have cured all defaults.

15.5 Management of the StrollerFit® Core Business Franchise After Notice of Default.

A. If we issue a notice of default, we will have the right (but not the obligation) to manage or delegate the management of your StrollerFit® Core Business Franchise until you have cured all defaults, or if the default is not curable, then indefinitely. You agree that this right is necessary and to us and to all StrollerFit® Franchisees and the System as a whole to protect and maintain the value of the Marks and the businesses associated with them.

1. If the default(s) is capable of cure: all revenues received by the StrollerFit® Core Business Franchise while we (or our designee) are managing it will be kept in a separate fund. All StrollerFit® Core Business Franchise expenses, including compensation, travel and living expenses for our appointed manager, may be paid out of such fund. We will be paid a management fee reasonable under the circumstances and in our Business Judgment. If such fund is insufficient to pay StrollerFit® Core Business Franchise expenses, we will notify you. You must, within 5 business days, deposit such amounts as will be required by us to attain a reasonable fund balance. Operation of the StrollerFit® Core Business Franchise by us during any such period will be on your behalf; provided that we will only have a duty to use reasonable efforts and will not be liable to any creditor of yours or for any debts, losses or obligations incurred by the StrollerFit® Core Business Franchise. This Section 15.5 will not limit our right to Terminate this Agreement as herein provided or affect any of our indemnity or other rights under this Agreement.

2. If the default(s) is not capable of cure, for example on abandonment, and we elect to Terminate the Franchise then all the provisions above in section 15.5 (A) 1 shall apply except that all revenues received by the StrollerFit® Core Business Franchise while we (or our designee) are managing it will be kept in a separate fund until the date of Termination. At Termination, Franchisor shall be entitled to retain and apply revenues from the fund to fully compensate Franchisor for any sums owed, to Franchisor by Franchisee. Any balance shall be delivered to Franchisee within 60 days of Termination.

16. POST TERMINATION OBLIGATIONS.

16.1 On transfer, termination, repurchase or expiration of this Agreement you will immediately return the Manuals and any other Confidential Information, discontinue holding yourself out as a current/former StrollerFit® franchisee, discontinue any and all use of the StrollerFit® Marks and name and fully de-identify yourself and your StrollerFit® Core Business Franchise as a StrollerFit® franchisee, cancel all fictitious/assumed name registrations using the Marks, pay all amounts owed us, and/or our Affiliates, and take such other actions as may be necessary to fulfill the intention of this Section 16.1.

16.2 All obligations which expressly or by their nature survive the termination, transfer and /or expiration of this Agreement will continue in full force and effect, including Sections 7.3, 8, 9.5, 12.2, 16, 17, 18, and 19.

17. DISPUTE AVOIDANCE AND RESOLUTION.

17.1 You and we believe that it is important to resolve any disputes amicably, quickly, cost effectively and professionally and to return to business as soon as possible. You and we have agreed that the provisions of this Article 17 support these mutual objectives and, therefore, agree that except for the enforcement of those matters referred to in section 17.4(B) below when Franchisor shall be entitled to take immediate action to protect its interests, any litigation, claim, dispute, suit, action, controversy, or proceeding **of any type whatsoever** including any claim for equitable relief and/or where you are acting as a "private attorney general," suing pursuant to a statutory claim or otherwise, between or involving you

and us on whatever theory and/or facts based, and whether or not arising out of this Agreement, ("Claim") will be processed in the following manner,

A. First, make arrangements to discuss any dispute in a professional and timely manner. We agree that both parties shall use reasonable business efforts and act in good faith to amicably resolve any disputes within 30 days after either you or we give written notice to the other proposing that we should make arrangements to do so.

B. Second, if not resolved, submitted, within one year of the date of the dispute resolution meeting, to the exclusive jurisdiction of the United States District Court in the County encompassing the Franchisor's then-current headquarters (the "Proper Federal Court"). At the date of this Agreement the relevant venue would be the County of Hamilton, State of Ohio. The court action will be held only in the Proper Federal Court, subject to the following exceptions:

1. if a basis for federal jurisdiction does not exist, then any such proceeding will be brought exclusively before a court in the most immediate state judicial district in the County encompassing the Franchisor's then-current headquarters and having subject matter jurisdiction (the "Proper State Court");

2. proceedings to remove or transfer a matter to the Proper Federal Court and/or to compel arbitration as contemplated by this Agreement may be brought in the court where the applicable action is pending and/or the Proper State or Federal Court.

17.2 Fees and Costs. The parties will bear their own fees and costs, including attorneys' fees; provided that for matters not settled through agreement of the parties, the court may assess all, or any portion, of the fees and costs incurred in connection with any action and/or appeal (including attorneys' fees) against the party who does not prevail.

17.3 TERMS APPLICABLE TO ALL PROCEEDINGS, WAIVER OF TRIAL BY JURY, CLASS ACTION RIGHTS. With respect to any litigation or other proceeding of any kind, you and we:

A. **KNOWINGLY WAIVE ALL RIGHTS TO TRIAL BY JURY;**

B. **WILL PURSUE ANY PROCEEDING ON AN INDIVIDUAL BASIS ONLY, AND NOT ON A CLASS-WIDE OR MULTIPLE PLAINTIFF BASIS;** provided that if this provision is not enforceable for any reason, then you and we agree that with respect to any multiple plaintiff or class action, a court will supervise the procedural aspects directly related to the multiple plaintiff/class nature of the proceeding (e.g. certification of the class, appropriateness of class representation, approval of attorneys' fees incurred on behalf of the class, approval of any settlement, etc.) and the court will decide all substantive matters related to the actual claims, including liability and damages.

17.4 Survival of Obligations.

A. Each provision of this Article 17, together with the provisions of Article 19, will be deemed to be self-executing and continue in full force and effect subsequent to and notwithstanding the expiration, Termination, Repurchase, rescission, or finding of unenforceability of this Agreement (or any part of it) for any reason; will survive and will govern any Claim for rescission; and will apply to and govern any Claim against, or with respect to, the Marketing Fund. Notwithstanding any bankruptcy or other proceeding, you and we wish to have the dispute avoidance and resolution provisions of this Agreement strictly enforced according to their terms.

B. Non-competition, non-solicitation, non-hire/engagement, non-use, confidentiality, and protection of the Marks and indemnity/hold harmless obligations, and all other Post Termination Provisions provided in this Agreement will survive the expiration and/or Termination of this Agreement according to their terms.

17.5 Binding Effect, Modification. This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns, and successors in interest, and will not be modified except by means of a written agreement signed by both you and us. However, you and we understand and agree that changes to the Manuals made in accordance with this Agreement are binding and do not require any acceptance by you, written or otherwise, to be effective and enforceable.

17.6 Our Exercise of "Business Judgment" and/or Meaning of "Sole Discretion"; Express Agreement.

A. When we use the phrases "sole and absolute discretion," "sole discretion" and/or "Business Judgment," whether in this Agreement or another context, you and we agree that we have the wholly unrestricted right to make decisions and/or take (or refrain from taking) actions. We will use our judgment in exercising such discretion based on our assessment of the interests we consider appropriate and will not be required to consider your individual interests or the interests of any other Franchisee(s). You, we and all other Franchisees have a collective interest in working within a franchise system with the flexibility to adjust to business conditions, including but not limited to the competitive environment, new regulatory developments and emerging business opportunities. Therefore, you and we agree that the ultimate decision-making responsibility for the StrollerFit® System must be vested in us. So long as we act in compliance with the requirements of this Agreement, we will have no liability for the exercise of our discretion in accordance with the provisions of this Agreement.

B. You and we will execute this Agreement in the belief that it is the basis for our business relationship and should be enforced according to its express provisions. Neither you nor we have any expectation that the rights and obligations described herein will be defined or determined to be other than as expressly written, or that additional obligations will be imposed on you or us which you or we have not expressly assumed in writing. It would be contrary to your and our intentions and expectations to impose any doctrine, rule of interpretation or "covenant" such as an "implied covenant of good faith and fair dealing."

17.7 Severability; Substitution of Valid Provisions. Each provision of this Agreement, and any portion of any provision, is severable (including, but not limited to, any provision related to dispute resolution). To the extent that any provision of this Agreement, or any specification, standard or operating procedure prescribed by us, is invalid or unenforceable, you and we agree that such provisions will be modified or enforced to the fullest extent permissible under, and to be compliant with, governing law. This Agreement will be deemed automatically modified to comply with governing law if such law requires: (i) a greater time period for notice of the Termination of, or refusal to renew, this Agreement; or (ii) the taking of some other action not described in this Agreement. Such modifications to this Agreement will be effective only in such jurisdiction. You and we agree that the unenforceability of any provision of this Agreement will not affect the remainder of this Agreement. If any limitation on your and/or our rights (including, but not limited to, any limitation on damages, waiver of jury trial, shortened period in which to make any claim or otherwise) is held unenforceable with respect to one party, then such limitation will not apply to the other party.

17.8 Waivers. Subject to the provisions of Section 17.5, no waiver by either party of any breach, default or unfulfilled condition under this or any other agreement between the parties will be deemed a waiver of any subsequent or other breach, default or unfulfilled condition. No waiver will be effective unless in writing and signed by an authorized representative of the signing party.

17.9 Choice of Laws. You and we agree on the practical business importance of certainty as to the law applicable to your and our relationship and its possible effect on the development and competitive position of the System. Therefore, you and we also agree that except as otherwise expressly provided in this Agreement, this Agreement and all other matters, including, but not limited to respective rights and obligations, concerning you and us, will be governed by, and construed and enforced in accordance with, the laws of Ohio. You and we agree that this provision will be enforced without regard to the laws of such state relating to conflicts of laws or choice of law; except that the provisions of any law of that state regarding franchises (including, without limitation, registration, disclosure, and/or relationship laws) will not apply unless such state's jurisdictional, definitional and other requirements are met independently of, and without reference to, this Section.

I have read each of sections 17.1 through 17.9, any questions I had were answered, I understand them, and I agree with them.

Your Initials: _____ / _____

18. NOTICES AND PAYMENTS. All written notices and reports to be delivered by the provisions of this Agreement or of the Manuals will be deemed so delivered when delivered by hand, immediately on transmission by facsimile transmission or other electronic system, including email or any similar means, one business day after being placed in the hands of a commercial courier service for overnight delivery, or 3 business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to us at StrollerFit[®] Inc., 100 E-Business Drive, Suite 290, Cincinnati, OH (or our then-current headquarters), to the attention of the President or CEO, and to you, at the address appearing in your application for a franchise or in our records. Any required payment or report not actually received by us during regular business hours on the date due will be deemed delinquent. Notice to any one Franchisee, or owner of the Franchisee, will be deemed effective as to all Franchisees under this Agreement and all owners of the Franchisee(s). Any party may change its address for receipt of notices by providing prior written notice of such change to the other party.

BE SURE YOU READ THE FOLLOWING ARTICLE 19 CAREFULLY. IT IS IMPORTANT AND IT IS IN THIS AGREEMENT TO MAKE SURE THAT NEITHER YOU NOR WE HAVE ANY MISUNDERSTANDINGS.

19. ACKNOWLEDGMENTS AND REPRESENTATIONS, ENTIRE AGREEMENT, NO FIDUCIARY RELATIONSHIP, ETC.

A. You and we agree that your and our relationship is not a fiduciary or similar special relationship, but rather is an ordinary commercial relationship between independent business people with arms length dealings.

B. You acknowledge that you (and each of your owners, if you are a Business Entity) have had the opportunity and been advised by us to have this Agreement and all other documents reviewed by your own attorney, and that you have read, understood, had an opportunity to discuss and raise questions and agreed to each provision of this Agreement. You agree that you have been under no compulsion to sign this Agreement.

C. You and we expressly acknowledge and agree that the provisions of Article 17, above, (whether relating to waiver of jury trial, venue, limitations on damages, prohibition against multiple plaintiff-class actions, shortened statutes of limitation, and/or otherwise) may require you to travel to a

distant location to resolve a dispute, expend additional funds, and/or raise challenges for you and/or us in prosecution of claims/actions. You and we view these provisions in the context of a diverse franchise system with both large and small, sophisticated and unsophisticated participants, and that requires uniformity and predictability. As such, you and we knowingly accept such provisions and limitations as justified by business necessities and representative of a reasonable balancing of your and our interests, and those of the System as a whole, and not as unfair or burdensome.

D. You and we agree that this Agreement contains the final, complete and exclusive expression of the terms of your and our agreement, along with concurrently signed writings, such as but not limited to personal guarantees, Statement of Prospective Franchisee, addenda, exhibits, releases and any other related documents (collectively, the Related Documents) and supersedes all other agreements and/or representations of any kind or nature. Any understandings, agreements, representations, or otherwise (whether oral or written) which are not fully expressed in this Agreement and the Related Documents are expressly disclaimed by you and us, including but not limited to any promises, options, rights of first refusal, guarantees, and/or warranties of any nature (excepting only the written representations made by you in connection with your application for this franchise). Neither you nor we believe it to be fair or reasonable for the other party to have to deal with allegations about understandings, representations, etc. not fully expressed in writing in this Agreement.

E. You specifically acknowledge that you have not received or relied on (nor have we or anyone else provided) any statements, promises or representations that you will succeed in the franchised business or at any location; achieve any particular sales, income or other levels of performance; earn any particular amount, including any amount in excess of your Initial Franchise Fee or other payments to us; or receive any rights, goods, or services not expressly set forth in this Agreement.

F. You represent, warrant and agree that no contingency, prior requirement, or otherwise (including but not limited to obtaining financing) exists with respect to you fully performing any or all of your obligations under this Agreement. You further represent to us, as an inducement to our entering into this franchise relationship, that you have made no misrepresentations or material omissions in obtaining the Franchise.

G. You acknowledge that you have not received or relied on (nor have we or anyone else provided, except as may have been contained in the Uniform Franchise Offering Circular received by you):

1. any sales, income or other projections of any kind or nature; or
2. any statements, representations, charts, calculations or other materials which stated or suggested any level or range of sales, income, profits or cash flow; or
3. any representations as to any profits you may realize in the operations of the Franchised Business or any working capital or other funds necessary to reach any 'break-even' or any other financial level.

If any such information, promises, representations and/or warranties have been provided to you, they are unauthorized and inherently unreliable. You agree to advise us, in writing, of the delivery of any such information. You must not rely upon any such information, nor will we be bound by it. We do not, nor do we attempt to, predict, forecast or project future performance, revenues or profits of any you or any franchisee. We are unable to reliably predict the performance of a StrollerFit® Core Business Franchise even operated by us, and we certainly cannot predict results for your StrollerFit® Core Business Franchise.

You understand and agree that StrollerFit® Franchisees are separate and distinct from us and are independently owned and operated and that while we may encourage you to speak with such Franchisees in connection with your evaluation of this franchise opportunity, they do not act as our agents

or representatives in providing any information to you and we will have no obligations or liabilities with respect to (and you should not rely on) any information, opinions or otherwise they may provide to you.

H. You acknowledge and agree that the success of the business venture contemplated to be undertaken by you is speculative and will be dependent on your personal efforts, and success is not guaranteed. You further acknowledge that our franchise system is relatively unproven and our business model is still under development. You acknowledge and represent that you have entered into this Agreement and made an investment only after making an independent investigation of the opportunity, including having received a list with your Uniform Franchise Offering Circular of others currently operating, or who have operated, our franchises.

I. You acknowledge that you (and each of your owners) has received, fully read and understood, and all questions have been answered regarding, (1) a copy of our Uniform Franchise Offering Circular with all exhibits at least 10 business days prior to signing any binding documents or paying any sums (whichever occurred first), and (2) a copy of this Agreement and all other agreements complete and in form ready to sign at least 5 business days prior signing any binding documents or paying any sums (whichever occurred first).

J. You understand, acknowledge and agree that (1) we may have offered franchises in the past, may currently be offering franchises and/or may offer franchises in the future, on economic and/or other terms, conditions and provisions which may significantly differ from those offered by this Agreement and any related documents and (2) we may, from time to time, deal with our Franchisees on differing economic and/or other terms (including making special arrangements for payments of amounts due, waiving defaults and/or otherwise) to suit individual business circumstances, in each case in our Business Judgment and without being required to offer similar terms to other Franchisees, such flexibility being a practical necessity to respond to distinct business situations.

K. You understand that we are relying on you to bring forward in writing at this time any matters inconsistent the representations contained in this Article 19. You agree that if any of the statements or matters set forth in this Article 19 are not true, correct and complete that you will make a written statement regarding such next to your signature below so that we may address and resolve any such issue(s) at this time.

L. You acknowledge and agree that our officers, directors, employees, and agents act only in a representative capacity and not in an individual capacity, and that no other persons and/or entities other than us has or will have any duties or obligations to you.

I have read each of sections 19 (A) through (L), any questions I had were answered, I understand them, and I agree with them.
Your Initials: _____ / _____

20. DEFINITIONS.

The following definitions apply to terms used this Agreement:

“Affiliate” - Any person or entity which controls, is controlled by or is under common control with another person or entity; in addition, as to the Franchisee, any owner of any interest in the Franchisee or the Franchise, any employee or agent of the Franchisee, and/or any independent contractor performing functions for, or on behalf of, the Franchisee, and any entity controlled by any of the foregoing.

“Agreement” - This Franchise Agreement.

“Attorneys’ Fees” - Includes, without limitation, legal fees, whether incurred in preparation of the filing of any written demand or claim, action, hearing, arbitration, or other proceeding to enforce the obligations of this Agreement, or during any such proceeding, plus all costs incurred in connection therewith.

“Brand” - The StrollerFit® brand, and any other Marks as applied to various goods and/or services as authorized by us from time to time.

“Business Entity” - Includes a corporation, partnership, joint venture, limited liability company, limited partnership, or other form of business recognized in any jurisdiction. If you are a Business Entity, then we may require each of your owners in our Business Judgment to guaranty your performance. Our current form of Owners Guaranty is attached as Exhibit 1 of this Franchise Agreement.

“Business Judgment” - Means that we are allowed to exercise our judgment however we consider to be appropriate in our sole and absolute discretion, except that we will not do so arbitrarily. You and we agree that we have the unrestricted right to make decisions and/or take (or refrain from taking) actions, except that we will not do so arbitrarily, and we have this right even if a particular decision/action may have negative consequences for you, a particular franchisee or group of franchisees. You understand and agree that the exercise of Business Judgment is critical to our role as Franchisor of the System and to our goals for its continuing improvement. This is a defined term for the purposes of this Agreement and is not intended to incorporate principles related to the application of the business judgment rule in a corporate law context.

“Customary Representations, Warranties and Agreements” - Includes commitments generally made by a transferor in connection with a transfer of a business and/or related assets, including but not limited to: representations as to ownership, condition and title to stock and/or assets, liens and encumbrances relating to the stock and/or assets, validity of contracts, and liabilities, contingent or otherwise, relating to the business/assets/entity to be acquired; full indemnification obligations and non-competition covenants by the transferor and each Affiliate, substantially similar to those required in Sections 7.3 and 8.2 of this Agreement; the delivery at closing of instruments transferring good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us in our Business Judgment), and demonstrating that all sales, transfer and/or similar taxes are to be paid by the transferor through escrow if we so require; the transfer at closing of all licenses and permits which may be assigned or transferred.

“Designated Equipment” - Equipment that meets our requirements and which you must obtain and use in the operation of your StrollerFit® Core Business Franchise.

“Franchise” - The right to operate the StrollerFit® Core Business Franchise at one or more approved locations under the terms of this Agreement.

“Franchised Business” - The business operations conducted by, at or in connection with your StrollerFit® Core Business Franchise.

“Franchisor-Related Persons/Entities” – StrollerFit® Inc., and each and all of the following, whether past, current and/or future: each and all company(ies) and/or person(s) acting through, in concert with us and/or any of the foregoing, and/or as Affiliates of ours and/or of any of the foregoing; each and all of the partners, shareholders, officers, directors, agents, attorneys, accountants, and/or employees of us and/or any of the foregoing; and each and all of the predecessors, successors and/or assigns of us and/or any of the foregoing.

“General Release” - A general release, in the then-current form prescribed by us at the time such release is to be delivered, of any and all claims, liabilities and/or obligations, of any nature whatsoever, including those existing as of, and/or arising before, the date of any such release, however arising, known

or unknown, whether against us and/or any or all of the Franchisor-Related Persons/Entities, and any Marketing Fund and whether by you, any owner of you (if you are or become a Business Entity) and/or any Affiliate of any of the foregoing. A copy of our general releasing language as currently used by us (which is subject to change) is attached as Exhibit 1.2 and is approved by you.

“Good Standing” - You are in “Good Standing” if you (and each of your owners and Affiliates) are not in default of any obligation to us and/or any of the Franchisor-Related Persons/Entities, whether arising under this Agreement or any other agreement between you (and each of your owners and Affiliates) and us (and/or any of the Franchisor-Related Persons/Entities), the Manuals or other System requirements (collectively, the “Obligations”); provided that you are not in Good Standing if you have been in default of any Obligations and such defaults are incurable by nature and/or part of a series of repeated defaults as defined in this Agreement.

“Gross Class Revenues” - Gross Class Revenues includes all charges and/or revenues which are, or could be, received or earned by you from any customer for the payment of the fees to participate in any and all StrollerFit® classes and programs. Gross Class Revenues does not include any revenues associated with sale of Designated Equipment or Products other than classes. All sales and/or billings for class and program fees, coupons and gift certificates, whether collected or not, will be included in Gross Class Revenues, with no deduction for credit card or other charges. Gross Class Revenues does not include sales tax collected and paid when due to the appropriate taxing authority and actual customer refunds, adjustments and credits.

“Immediate Family” - With respect to any person, “Immediate Family” includes that person’s spouse and/or domestic partner and each of their respective parents, guardians, grandparents, siblings, children, grandchildren, aunts, uncles, cousins, nieces and/or nephews.

“Intellectual Property” - Includes, regardless of the form or medium involved:

- 1) all StrollerFit® Software, including the data and information processed or stored thereby;
- 2) the Manuals and all other directives, policies or information we issue from time to time;
- 3) all customer relationships and information;
- 4) the Marks;
- 5) all Confidential Information and our trade secrets; and
- 6) all other proprietary, copyrightable and/or trade secret information and materials developed, acquired, licensed or used by us in our operation of the System.

“Manuals” - Specifications, standards, policies and procedures prescribed by us and published to you in any media (including electronic) and which are to be followed in the operation of your StrollerFit® Core Business Franchise as they may be changed or eliminated by us in our Business Judgment.

“Marks” - The trademarks, service marks and other commercial names and symbols now and/or in the future owned by, used by (or licensed to) us to identify the services and/or products offered by StrollerFit® Core Business Franchises, including (but not limited to) “StrollerFit®”, “mommymuscle™” and other logos and identifiers designated by us from time to time, whether or not registered.

“Post Termination Provisions” - Those promises contained in this Agreement that survive its expiration, Transfer, Repurchase, or Termination for any reason, including without limitation the confidentiality, non-competition, indemnification, and dispute resolution and other provisions contained in Articles 8, 15, 16, and 17.

“Products” and “Services” - Goods, products and services designated by us from time to time for use, sale or otherwise to be provided (and/or used) at and/or from your StrollerFit® Core Business Franchise and/or in association with the Marks.

“Repurchase” - Repurchase includes (but is not limited to) any acquisition by us (and/or any of the Franchisor-Related Persons/Entities) of your rights in and/or to any of the following:

- 1) this Agreement;
- 2) the Franchise;
- 3) the ownership of the Franchisee;
- 4) your StrollerFit® Core Business Franchise; or
- 5) any assets associated with any of the foregoing.

“Similar Business” - Any enterprise that offers, is otherwise involved in, or deals with any goods, products and/or services, which are substantially similar to those goods, Products and/or Services now or in the future authorized by us to be offered at or from a StrollerFit® Core Business Franchise (including any such enterprise and/or entity awarding franchises or licenses to operate or be involved with any such business). Our receipt of any royalties with respect to any Similar Business is not an approval of your involvement with any Similar Business.

“Special Accounts” - Classes of special customers (which may include national accounts, other large businesses, government agencies, and/or otherwise) as designated by us from time to time in our Business Judgment.

“Staff” - Any Managing Instructor, and any other employees and independent contractors hired or engaged by you to perform services in the operation of your StrollerFit® Core Business Franchise from time to time.

“StrollerFit® Core Business Franchise” - A “StrollerFit® Core Business Franchise” is the business of advertising, marketing, enrollment of customers and delivery of StrollerFit® exercise classes and programs and the sale of the Products and Services at locations to be approved by us and using the Marks and StrollerFit® System.

“System” - The distinctive format and method of doing business developed and used for the operation of a StrollerFit® Core Business Franchise, and subject to change by us at any time in our Business Judgment.

“System Standards” - Standards prescribed by us in our Business Judgment from time to time, in the Manuals or elsewhere, for the operation, marketing and otherwise of StrollerFit® Core Business Franchises

“Terminate” or “Termination” - “Terminate” or “Termination” when used in this Agreement means the Termination or cancellation of your rights and our obligations under this Agreement for any reason before the initial term expires. All of our rights are not cancelled on Termination since you have certain obligations that survive the ending of the Agreement in any manner, such as, but not limited to certain promises regarding non-competition, confidentiality and indemnity. Both of us are bound by the dispute resolution provisions (Article 17) this Agreement, even after the Agreement is ended for any reason.

“Territory” - The geographic area described in Exhibit 2.2.

“Transfer” - Defined in Article 13.

IN WITNESS WHEREOF, you and we have executed and delivered this Agreement in
____Two____ counterparts on the day and year first above written.

THIS AGREEMENT WILL NOT BECOME EFFECTIVE UNLESS AND UNTIL SIGNED BY THE PRESIDENT/CEO OR A VICE PRESIDENT OF FRANCHISOR. NO FIELD REPRESENTATIVE OR OTHER PERSON IS AUTHORIZED TO EXECUTE THIS AGREEMENT FOR FRANCHISOR.

FRANCHISOR:

StrollerFit® Inc.

A Delaware corporation

By: _____
Signature

Printed Name
Title: _____

FRANCHISEE (Corp., LLC or Partnership)

Legal Name of Franchisee Entity

a _____
Jurisdiction of Formation Corporation, LLC or Partnership

By: _____
Name

Signature

Title

FRANCHISEE:

Signature

Printed Name

Signature

Printed Name

STROLLERFIT® INC.

EXHIBIT 1

**OWNER'S GUARANTY AND ASSUMPTION OF
BUSINESS ENTITY FRANCHISEE'S OBLIGATIONS**

In consideration of, and as an inducement to, the execution by StrollerFit® Inc., a Delaware corporation, ("Franchisor") of a franchise agreement of even date herewith (the "Agreement") between Franchisor and _____, a(n) _____ (state/province of formation) _____ (type of entity: LLC, LLP, corporation, etc.) (the "Business Entity Franchisee"), each of the undersigned hereby personally and unconditionally, jointly and severally:

1) guarantees to Franchisor and the Franchisor-Related Persons/Entities (as defined in the Agreement) and each of their successors and assigns, for the term of the Agreement, and for any renewal/successor franchise term, and thereafter as provided in the Agreement, that the Business Entity Franchisee will punctually pay and perform, each and every undertaking, agreement and covenant set forth in the Agreement, as currently set forth and as amended and/or otherwise changed in the future, including any successor franchise agreement;

2) agrees to be personally bound by, and personally liable for, the breach of, each and every provision in the Agreement (including all confidentiality, non-competition, indemnity and Post Termination Provisions), as currently set forth and as amended or otherwise changed in the future, including any successor franchise agreement; and

3) agrees to be personally bound by, and personally liable for, each past, current and/or future obligation of the Business Entity Franchisee to Franchisor and the Franchisor-Related Persons/Entities and each of their successors and assigns.

The undersigned intending that the guarantees and other obligations herein be unqualifiedly general and without limitation in scope, nature and/or effect. Franchisor and the Franchisor-Related Persons/Entities and each of their successors and assigns, need not bring suit first against the undersigned in order to enforce this guarantee and may enforce this guarantee against any or all of the undersigned as it chooses in its/their sole and absolute discretion.

Each of the undersigned waives: presentment, demand, notice of demand, dishonor, protest, nonpayment, default and all other notices whatsoever, including (without limitation): acceptance and notice of acceptance, notice of any contracts and/or commitments, notice of the creation and/or existence of any liabilities under the Agreement or otherwise and of the amounts, terms or otherwise thereof; notice of any defaults, disputes or controversies between the Franchisor and the Business Entity Franchisee or otherwise, and any settlement, compromise or adjustment thereof; any right the undersigned may have to require that an action be brought against Franchisor, Business Entity Franchisee or any other person as a condition of liability, and any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each of the undersigned consents and agrees that:

- 1) his or her direct and immediate liability under this guaranty will be joint and several;
- 2) he and/or she will render any payment or performance required under the Agreement on demand if the Business Entity Franchisee fails or refuses to do so punctually;
- 3) such liability will not be contingent or conditioned on pursuit by Franchisor or otherwise of any remedies against the Business Entity Franchisee or any other person;

4) such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor or otherwise may from time to time grant to the Business Entity Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this guaranty, which will be continuing and irrevocable during the term of the Agreement and any renewal/successor franchise term;

5) the liabilities and obligations of the undersigned, whether under this document or otherwise, will not be diminished or otherwise affected by the Termination, rescission, expiration, renewal, award of a successor franchise, modification or otherwise of the Agreement;

6) terms not defined in this document will have the meanings assigned in the Agreement; and

7) the provisions of Articles 15 through 18 of the Agreement are incorporated in and will apply to this document as if fully set forth herein and will apply to any dispute involving the Franchisor and the Franchisor-Related Persons/Entities and any Marketing Fund and each of their successors and assigns and any of the undersigned.

In connection with such guarantee and the Franchisor (a) not requiring that the Franchise be initially awarded in the name of one or more of the Guarantors and/or (b) not requiring the payment of a full transfer fee in connection with any related transfer from the undersigned to the Business Entity Franchisee, each of the undersigned hereby grants a General Release of any and all claims, liabilities and/or obligations, of any nature whatsoever, however arising, known or unknown, against the Franchisor and the Franchisor-Related Persons/Entities any Marketing Fund and each of their successors and assigns.

IN WITNESS WHEREOF, each of the undersigned has here unto affixed his or her signature on the same day and year as the Agreement was executed.

GUARANTOR(S)

PERCENTAGE OF OWNERSHIP
OF BUSINESS ENTITY FRANCHISEE

_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

Business Entity Franchisee:

_____, a _____ corporation.

By _____

Its _____

Franchise Agreement Number: _____

STROLLERFIT® INC.
EXHIBIT 1.2

CURRENT FORM OF
RELEASING LANGUAGE
(ACCEPTED BY FRANCHISEE AND SUBJECT TO CHANGE BY FRANCHISOR)

Release - General Provisions. The Franchisee(s), jointly and severally, hereby release and forever discharge each and all of the Franchisor-Related Persons/Entities (as defined below), of and from any and all causes of action, in law or in equity, suits, debts, liens, defaults under contracts, leases, agreements or promises, liabilities, claims, demands, damages, losses, costs or expenses, of any nature whatsoever, howsoever arising, **known or unknown**, fixed or contingent, past or present, that the Franchisee(s) (or any of them) now has or may hereafter have against all or any of the Franchisor-Related Persons/Entities, by reason of any matter, cause or thing whatsoever from the beginning of time to the date hereof (the "Claims"), it being the mutual intention of the parties that this release be unqualifiedly general in scope and effect and that any Claims against any of the Franchisor-Related Persons/Entities are hereby forever canceled and forgiven.

THE FRANCHISEE(S) ACKNOWLEDGES THAT THEY ARE FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO 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."

THE FRANCHISEE(S), BEING AWARE OF THIS CODE SECTION, HEREBY EXPRESSLY WAIVE ALL OF THEIR RIGHTS THEREUNDER AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT OF ANY APPLICABLE JURISDICTION, INCLUDING, WITHOUT LIMITATION, CALIFORNIA AND/OR JURISDICTIONS OF FRANCHISEE(S)' RESIDENCE AND LOCATION OF FRANCHISED UNIT.

(FOR FRANCHISEES SUBJECT TO THE CALIFORNIA FRANCHISE INVESTMENT LAW, ADD THE FOLLOWING TEXT: *"provided that if this Release is given in connection with the award of a franchise, then this release will not apply to Claims relating to the offer and sale of such franchise under the California Franchise Investment Law or any rule or order issued thereunder."*)

The Franchisee(s) expressly assume the risk of any mistake of fact or fact of which they may be unaware or that the true facts may be other than any facts now known or believed to exist by Franchisee(s), and it is the Franchisee(s) intention to forever settle, adjust and compromise any and all present and/or future disputes with respect to all matters from the beginning of time to the date of this document finally and forever and without regard to who may or may not have been correct in their understanding of the facts, law or otherwise. All releases given by the Franchisee(s) are intended to constitute a full, complete, unconditional and immediate substitution for any and all rights, claims, demands and causes of action whatsoever which exist, or might have existed, on the date of this document. The Franchisee(s) represent and warrant that they have made such independent investigation of the facts, law and otherwise pertaining to all matters discussed, referred to or released in or by this document as the Franchisee(s), in the Franchisee(s) independent judgment, believe necessary or appropriate. The Franchisee(s) have not relied on any statement, promise, representation or otherwise, whether of fact, law or otherwise, or lack of disclosure of any fact, law or otherwise, by the Franchisor-Related Persons/Entities or anyone else, not expressly set forth herein, in executing this document and/or the related releases.

Franchisee(s) Initials: _____

No Assignment or Transfer of Interest. The Franchisee(s) represent and warrant that there has been, and there will be, no assignment or other transfer of any interest in any Claims that the Franchisee(s) may have against any or all of the Franchisor-Related Persons/Entities, all Claims having been fully and finally extinguished, and the Franchisee(s) agree to forever indemnify and hold the Franchisor-Related Persons/Entities harmless from any liability, claims, demands, damages, losses, costs, expenses or attorneys' fees incurred by any of the Franchisor-Related Persons/Entities as a result of any person asserting any interest in any of the Claims and/or any voluntary, involuntary or other assignment or transfer, or any rights or claims under any assignment, transfer or otherwise. It is the intention of the parties that this indemnity does not require payment by any of the Franchisor-Related Persons/Entities as a condition precedent to recovery against the Franchisee(s) under this indemnity.

Franchisee(s) Initials: _____

Attorneys' Fees. If the Franchisee(s), or anyone acting for, or on behalf of, the Franchisee(s) or claiming to have received, by assignment or otherwise, any interest in any of the Claims, commence, join in, or in any manner seek relief through any suit (or otherwise) arising out of, based upon or relating to any of the Claims released hereunder or in any manner asserts against all or any of the Franchisor-Related Persons/Entities any of the Claims released hereunder, the Franchisee(s) agree to pay all attorneys' fees and other costs incurred by any of the Franchisor-Related Persons/Entities in defending or otherwise responding to said suit or assertion directly to the Franchisor-Related Persons/Entities incurring such costs.

Franchisee(s) Initials: _____

"Franchisor-Related Persons/Entities." Franchisor, Franchisor's affiliates, any advertising or marketing fund, any franchisee advisory group and each of the following, whether past, current or future: companies and/or persons acting through and/or in concert with us and/or with any of the foregoing; partners, shareholders, officers, directors, agents, attorneys, accountants, and/or employees of ours and/or of any of the foregoing; and predecessors, successors and/or assigns of ours and/or of any of the foregoing.

Franchisee(s) Initials: _____

Date of Releases, Joint and Several Liability. The releases granted hereunder will be deemed effective as of the date hereof. The liabilities and obligations of each of the Franchisee(s) (and any other person/entity providing releases to the Franchisor-Related Persons/Entities) will be joint and several.

Franchisee(s) Initials: _____

STROLLERFIT® INC.

EXHIBIT 2.2

TERRITORY

The "Territory" is as follows:

_____ * As depicted on the map attached hereto _____

Note: Boundary lines include only the area within the boundary line and extend only to the middle of the boundary demarcation (for example, only to the middle of a street or highway.) You have no rights under this Agreement or otherwise with respect to a facility on the other side of the boundary line, street or highway or otherwise, and no matter how close to such boundary a facility may be, regardless of the distance from, impact on, or vicinity of, your StrollerFit® Core Business Franchise approved locations or the number of StrollerFit® Core Business Franchises, other outlets or otherwise in any area or market. Your rights are limited as set forth in the Franchise Agreement.

FRANCHISOR:

StrollerFit® Inc.

A Delaware corporation

By: _____
Signature

Title: _____

FRANCHISEE:

Signature

Printed Name

Signature

Printed Name

STROLLERFIT® INC.

EXHIBIT 9.2 (B)

REQUIRED INVENTORY

Prior to opening the Franchisee shall purchase the following required initial inventory (or as stated in the then current Operations Manual):

Product used in the StrollerFit® Classes to be used as "loaners" in the course of the classes

At the date hereof the required Loaner items are as follows:

- 3 x **mommy**muscle™ Tubes
- 3 x **mommy**muscle™ Bands
- 3 x **mommy**muscle™ fit 'n fun balls
- 1 x **mommy**muscle™ fit 'n fun mat (Patent Pending)

Product used in the StrollerFit® Classes which may be purchased by customers.

At the date hereof the required items which may be purchased by customers are as follows:

- 15 StrollerFit® Kits
- 5 x **mommy**muscle™ Tubes
- 5 x **mommy**muscle™ Bands
- 5 x **mommy**muscle™ fit 'n fun balls
- 2 x **mommy**muscle™ fit 'n fun mats (Patent Pending)

At all times during the Term of this Agreement you shall maintain an Inventory of the following Products:

Product used in the StrollerFit® Classes to be used as "loaners" in the course of the classes

At the date hereof the required Loaner items are as follows:

- 3 x **mommy**muscle™ Tubes
- 3 x **mommy**muscle™ Bands
- 3 x **mommy**muscle™ fit 'n fun balls
- 1 x **mommy**muscle™ fit 'n fun mats (Patent Pending)

Product used in the StrollerFit® Classes which may be purchased by customers.

At the date hereof the required items which may be purchased by customers are as follows:

- 5 StrollerFit® Kits
- 5 x **mommy**muscle™ Tubes
- 5 x **mommy**muscle™ Bands
- 5 x **mommy**muscle™ fit 'n fun balls
- 2 x **mommy**muscle™ fit 'n fun mat (Patent Pending)

StrollerFit® apparel items to be worn by you and your instructors during the classes and promotional events.

Franchisee is not required to carry StrollerFit® apparel items but must not carry any apparel items which are not branded with the StrollerFit® name or mark.

Franchisee may acquire and use in inventory non-branded non apparel items as long as those items have the exact same functionality as the equivalent StrollerFit® items. For example a non-branded exercise mat that does not have the same colors and shapes printed on it will not be functionally equivalent to a StrollerFit® exercise mat because those colors and shapes are specifically referred to during the classes and are a unique, functional part of the StrollerFit® System.

We may update and amend the required inventory from time to time. Franchisee agrees to comply with the Required Inventory provisions from time to time on thirty days advance written notice.

FRANCHISEE

By: _____

Printed Name: _____

Title: _____

Date: _____

STROLLERFIT, INC.
FRANCHISE AGREEMENT

Franchisee

Location

Date of Agreement

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