

ITEM 1

THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES

To simplify the language in this offering circular, “Stroller Strides[™],” “we,” or “us” means Stroller Strides[™], LLC. “You” means the franchisee or the person or legal entity [includes a corporation, partnership, LLC or other legal entity (collectively “legal entity”) and their owners, officers, and directors] who is buying the franchise. Stroller Strides[™], LLC is a Delaware limited liability company that was formed on October 7, 2002. Our principal business address is 1531 Crescent Place, San Marcos, California, 92078.

Our Predecessor, Lisa Druxman, operated as a sole proprietor (doing business as “Stroller Strides”) from August 2001 to October 2002. Our Predecessor’s principal business address was also 1531 Crescent Place, San Marcos, California, 92078, and Ms. Druxman has been Stroller Strides, LLC’s sole member since our formation in October 2002.

Stroller Strides[™] agents for service of process are disclosed in Exhibit B.

Our Business and the Franchise Offered

Stroller Strides[™] has developed a total fitness program for new moms and their babies. We offer a franchise for the right to operate a Stroller Strides[™] franchise within a prescribed geographical location using Stroller Strides[™] trademarks, trade names, logos, exercise programs and techniques, advertising and marketing materials, training materials, and operating methods it has developed and owns, and which it continues to refine, modify, and improve (the “Stroller Strides[™] System” or the “System”). Using the System, a Stroller Strides[™] franchise operates under the name ‘STROLLER STRIDES[™] STRIDES[®]’ and may offer for sale related retail products bearing the mark ‘STROLLER STRIDES[™] STRIDES[®]’ if we do not have an exclusive retail agreement with another chain of retail stores.

The Stroller Strides[™] System offers a baby-friendly exercise program intended to allow moms to make strides in fitness, in motherhood and in life. Stroller Strides[™] instructors weave songs and activities into an exercise routine, which is designed to entertain and occupy baby, while mom gets her workout. In addition, a Stroller Strides[™] franchise makes it a part of its business to support new moms through its parenting experience via play groups, discussions, and a variety of activities for both mom and baby.

Stroller Strides[™] exercise program consists of power walking combined with total body toning exercises using a baby stroller. In approximately 5060 minutes, participants get a total body workout improving cardiovascular endurance, strength, and flexibility. All classes are taught by certified instructors who are usually also moms. The goal of Stroller Strides[™] is to assist moms in losing pregnancy weight in a safe environment with instructors who are knowledgeable in both pre- and post-natal fitness. It is intended to be an effective workout that moms can do with their children. In addition, it is intended to provide social support, fun and involvement, and also helps establish great role models for kids to experience fitness right from the start.

Stroller Strides[™] classes are available to all expectant parents or parents with children ages newborn to approximately 4 years of age (“stroller age children”), however the target market for our classes are mothers with stroller age children. Most of our clients are mothers between the ages of 25 to 35 years old.

Stroller Strides has also secured the license for its qualified instructors to offer Fit 2 Deliver classes, which are designed to prepare pregnant woman for childbirth. In order to offer this optional Fit 2 Deliver class your instructor must attend a Fit 2 Deliver training class, for an additional cost, set forth in Item 6 of this offering circular.

Our Predecessor owned and operated one Stroller Strides territory in San Diego, California from August 2001 to October 2002. In October 2002, our Predecessor formed Stroller Strides[™], LLC, in which she maintains a sole membership interest. We began our business operations and began licensing the rights to the Stroller Strides[™] System in January 2003. We currently own and operate the same Stroller Strides territory in San Diego, California

that was previously owned and operated by our Predecessor. Neither our Predecessor nor we have ever offered franchises in any other line of business.

~~There are over 100 Stroller Strides™ territories currently operating throughout the United States. Existing Stroller Strides™ locations are operated under license agreements which we intend on converting to franchise agreements. As of December 31, 2003, 9 territories were operating in California under license agreements. Through the effective date of this Offering Circular, a total of 27 territories are currently operating in California under license agreements[†].~~

~~Current licensees will be given the option of converting to franchisees or terminating their business relationship with us at the end of the current term of their license agreement. The terms and conditions of the franchises offered to current licensees will be the same as the terms and conditions of new franchises offered under this offering circular. In January 2005, we began converting our licensing enterprise into a franchise and former licensees were entitled to enter into franchise agreements for no additional charge.~~

You must maintain your own insurance coverage. All exercise instructors must be nationally certified fitness instructors,² or pass our 2-day instructor training course¹. All instructors must also complete our computer instructor training course and be CPR-certified for infants, children and adults. Although not required, we recommend that the exercise instructors be mothers themselves (even if their children are no longer stroller age) or have specialty pre- and/or post-natal fitness training.

———You are not required to personally conduct, attend or supervise classes, or otherwise participate in the management of your Stroller Strides™ franchise, although we highly recommend you do so. Regardless, you must appoint a general manager (which may be you, if you are an individual) who must have successfully completed the initial training required by us, and who must devote the necessary time and effort to the active management and operation of the Stroller Strides™ franchise. The general manager is not required to own an equity interest in the franchised business.

———We may periodically require that you, all general managers, and all instructors attend additional or refresher training programs to correct, improve, or enhance the operations of your Stroller Strides™ franchise. All individuals attending additional or refresher training programs must pay for their own expenses, including travel and accommodations.

———We have the right to periodically add or delete the types of products or programs that you may or must offer to the public. If additional optional or mandatory programs are made available, ~~we will not charge you any additional fees~~ you may be required to pay an additional fee for allowing you to offer the program(s) for sale to the public. ~~However, you must pay public, which could also include for all costs and expenses involved in offering any new program(s) for sale to consumers, including all additional training and equipment costs.~~

You ~~all or~~ and all of your general managers, instructors, and employees must sign a non-disclosure/non-compete/non-solicitation agreement before accessing or using any confidential information or trade secrets relating to our System.

You must ensure your Stroller Strides™ classes are being conducted properly and in accordance with our standards and methods as provided in the training materials and Operating Operations Manual. In addition, we reserves the right to conduct periodic quality assessments of the franchised business by attending one or more of your classes, with or without prior notice. The standards relating to passing or failing the quality assessment are set forth in the Operations Manual. Failing 2 consecutive quality assessments is grounds for termination of the Franchise Agreement by us.

———We reserve the right to determine, in our sole discretion, whether to grant a Stroller Strides™ franchise to any prospective franchisee. We may offer Stroller Strides™ franchises in other states or countries on terms and conditions, which differ from those offered by this offering circular.

We strongly urge you to consult an attorney, accountant, and/or other qualified independent advisor to carefully review this offering circular and to provide you with legal, business, and/or financial advice to assist you in evaluating the franchise opportunity described in this offering circular.

Competition and Industry Regulations

In general, the fitness/weight loss market can be quite competitive. In some markets, these businesses are locally based, while other markets may include regional or national chains as competitors. Your competitors may include other fitness and/or weight loss businesses, health clubs and gyms, and/or other retail exercise products and services (e.g., in-home exercise equipment, diet/weight loss plans, support groups, etc.) At this time, we are aware of 3 other companies offering similar exercise programs targeted at mothers with stroller age children: ~~Strollerfit, Strollerize, and Baby Boot Camp.~~

The physical fitness industry is subject to certain regulations at the local, state, and federal levels. In addition to general business licenses, businesses offering physical fitness programs must comply with various health, safety, labor, bonding, and licensing regulations, as well as all other applicable laws, including regulations relating to unfair competition and persons with disabilities.

You should seek counsel or contact the appropriate local, state, and/or federal agencies for detailed information about these laws and regulations. There are other laws of general applicability that could impact your operation.

NOTES

(1) ~~As of February 15, 2005, Stroller Strides has ceased offering or selling any further licenses in California, although some licensees may have begun operating their businesses after that date.~~

(2) ~~Stroller Strides™ will accept certification from any of the following associations/organizations: American Council On Exercise (ACE), Aerobics and Fitness Association of America (AFAA), National Academy of Sports Medicine (NASM), American College of Sports Medicine (ACSM), and National Strength and Conditioning Association (NSCA).~~

ITEM 2 **BUSINESS EXPERIENCE**

President/Managing Member: Lisa Druxman

~~From 1993 to 2001, Lisa Druxman was the General Manager performed in a number of capacities at The Sporting Club at Aventine, located in San Diego, California. In 2001, Ms. California, which included being a personal trainer, group exercise instructor, fitness director and the general manager. In 2001, Mrs. Druxman started Stroller Strides™ StridesSM as a sole proprietorship. In October 2002, Ms. Druxman formed Stroller Strides™, LLC, a Delaware limited liability company, which began operating in January 2003 and is based in San Diego County, California. Mrs. Druxman is currently the sole member and President of Stroller Strides™, LLC.~~

Treasurer: Steve Frankel

Since 1997, Mr. Frankel has been self-employed as a financial consultant in La Jolla, California. From 1999 to 2002, Mr. Frankel was also Chief Financial Officer at Kearney and O'Banion, Inc, a San Francisco-based construction and design company. In late 2002, Mr. Frankel joined Stroller Strides™, LLC as its Treasurer.

Franchise Consultant: Todd D. Maddocks, Esq.

From February 1994 to the present date Mr. Maddocks has operated Maddocks & Associates, a franchise-consulting firm located in Irving, Texas, which advises numerous early stage franchisors regarding issues relating to rapid growth. He has served as an independent franchise consultant for Stroller Strides since August 2005. From June 1998 – April 2004 he was also a columnist and feature writer for Entrepreneur magazine, focusing on franchise issues.

Franchise Support Director: Susan Glosby

From January 2002 to January 2003 Mrs. Glosby was an instructor for Stroller Strides in San Diego and Monterey, CA. From January 2003 to November 2004 she was the owner of Glosby Fitness, a Stroller Strides Licensee in Monterey, CA. From December 2004 to December 2005 Mrs. Glosby served as our Chief Operating Mom in San Marcos, CA. She became our Franchise Support Director in December 2005 and currently performs in that capacity in San Marcos, CA.

Sales Manager: Kim Maske

From December 1999 to February 2001 Ms. Maske was an Online Sales Representative for iSyndicate, located in San Francisco, CA. From February 2001 to April 2001 she served as an Online Sales Representative for customer relationship management for Salesforce.com, located in San Francisco, CA. During 2002 she performed services as an acupuncturist for Club One, in San Francisco. In February 2004 she was employed by Stroller Strides, in San Marcos, CA as a Sales Representative until her promotion in 2005 to Sales Manager. During this time she also became a Stroller Strides Certified Instructor.

Retail Manager: Ciri Raynor

From May 1999 to April 2001 Ms. Raynor was the Account Supervisor (brand portfolio included Hanes, Hanes Her Way, Hanes Printables, Champion, Champion Jogbra and Journeys retail stores) for Long, Haymes Carr in Winston - Salem, NC. From April 2001 - June 2002 she was the Senior Account Supervisor for Rockett, Burkhead & Winslow located in Raleigh, NC. Later, in Greensboro, NC, from June 2002 to June 2004 Ms. Raynor was Senior Marketing Manager for VF Corp. In June 2004 she founded BREATHE, which is located in Washington, DC and which performs marketing services to a number of clothing lines. BREATHE has also been a Stroller Strides franchisee since February 2005.

National Project Director: Amy Boone Thompson

Since 1997 to December 2006 Ms. Thompson was employed by Club One, Inc. of San Francisco, CA as the Fitness Director. She is also the Co-Founder and Director of the Ms Ultrafit Fitness Competition which is a national fitness competition for women. Since 2005 she is also the owner and Chief Operating Officer of Four Seasons Yoga, Inc. based in San Diego. Amy became our National Project Director in January 2006.

Independent Sales Representative: Rachel Pustilnik

Rachel Pustilnik is an independent contractor who assists us with franchise sales. From July 1997 – October 2001 she served as the Design Manager for Manhattan Associates in Atlanta, GA. From October 2001 to January 2003 she worked for the National Oceanographic and Atmospheric Administration as a Contracts Coordinator, in Charleston, SC. From January 2003 to October 2004 she was the Federal Grants Coordinator for the VA Department of Health in Richmond, VA. She became a Stroller Strides franchise owner, in Richmond, Virginia in October 2004.

Independent Sales Representative: Amy Horack

Amy Horack is an independent contractor who assists us with franchise sales. From May 1999 to May 2001 she worked for Dean and Deluca, in a number of capacities including Asst. Store Manager, Accounting Manager, Assistant to the Director of Unit Administration, and Inside Catering Sales Representative located in Charlotte, NC. From June 2001-February 2002 Ms. Horack worked for Chef's Market as a Catering Sales Representative in Matthews, NC. From February 2002 to May 2004 she served as the Private Party Coordinator/Corporate Sales Director, for Charlotte City Club, in Charlotte, NC. Amy has been a Stroller Strides franchisee and ACE Certified Group Fitness instructor in North Carolina since August 2004.

Independent Sales Representative: Rachael Hever

Rachael Hever is an independent contractor who assists us with franchise sales. Ms. Hever spent from July 1999 to July 2001 as a Merle Norman Cosmetics- Beauty Advisor, in Boise, Idaho. After that, she was a Sales Counselor for LA Weight Loss while located in Tigard, Oregon. Ms. Hever became a Stroller Strides Franchisee in Tigard Oregon in February 2005.

Independent Sales Representative: Kim Silverman

Kim Silverman is an independent contractor who assists us with franchise sales and she is also a Stroller Strides instructor. From February 1996 to August 2001 Ms. Silverman was employed by the Newton Learning Corporation, in San Diego, CA as the Director of Business Development/Sales and Marketing Director. From November 2001 to May 2005 she served as the Vice President/Account Executive for DBM, in San Diego, CA. From May 2005 to the present date she performs as the Vice President/Trainer & Sales of People-on the Go, in San Diego, CA. Since October 2005, through the present date, Ms. Silverman is under contract, as an independent contractor, serving in the capacity of a Franchise Sales Representative, while working from her office in San Diego, CA.

Each of our franchisees are encouraged to provide us with franchise sales leads when they discover someone they believe would be a good fit with the System. If an existing franchisee sends us a lead that results in a franchise sale, that franchisee may receive a gift or a payment of a finder's fee from us; however, we have no obligation to do so.

**ITEM 3
LITIGATION**

~~On or about February 15, 2005, the California Corporations Commissioner issued an order alleging Stroller Strides™ had been offering and selling unregistered franchises in California, and directed us to refrain from offering or selling any further franchises in California until we had registered under the California Franchise Investment Law. Before this order, we had been offering our business opportunity in California in the form of licenses rather than franchises, based upon the legal advice of our attorneys at that time. While we relied upon the advice of our legal counsel and believed our licensing program was in compliance with all pertinent state laws, the California Corporations Commissioner disagreed. Thus, we immediately prepared this offering circular and have submitted it to the State of California.~~

~~Similar to the events in California, on or about March 15, 2005, the Maryland Securities Commissioner notified us of its belief that we were offering unregistered franchises in Maryland. As such, it likewise directed us to refrain from offering any further franchises in Maryland until we had registered our franchise in compliance with the Maryland Franchise Law. Again, before this notice, we had been offering our business opportunity in Maryland in the form of licenses rather than franchises, based upon the legal advice of our attorneys at that time. Although we relied upon the advice of our legal counsel and believed our licensing program was in compliance with all pertinent state laws, the Securities Commissioner of Maryland disagreed. While the matter with the Securities Commissioner was being resolved, we submitted this offering circular and other documentation pursuant to the requirements of the State of Maryland. On June 27, 2005, Stroller Strides and the Securities Commissioner reached an agreement and a Consent Order was issued in which Stroller Strides agreed and was ordered to: (1) cease and desist from the offer and sale of unregistered franchises in Maryland; (2) submit an application to register its franchise offering in the state; (3) enroll in a franchise law compliance training program; and, (4) upon approval of its offering circular, Stroller Strides would send existing licensees a copy of the registered offering circular and notify them that they have the right to rescind their Stroller Strides license agreement.~~

~~On May 27, 2005, Stroller Strides filed a civil action in the United States District Court for the Southern District of California against one of our competitors, StrollerFit, for trademark infringement and cybersquatting based on StrollerFit's unauthorized use of the domain name www.strollerstride.com, which we believe~~

We had been offering our business opportunity throughout the country in the form of licenses rather than franchises, based on the legal advice of our attorneys at the time. While we relied upon the advice of our legal counsel and believed our licensing program was in compliance with all pertinent state laws, the states identified below,
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disagreed. Further details about the proceedings in each of these states are provided below. The last item describes a lawsuit we filed against a competitor that had been using our trademark without authorization.

California

On or about February 15, 2005, the California Corporations Commissioner issued an order alleging Stroller Strides had been offering and selling unregistered franchises in California, and directed us to refrain from offering or selling any further franchises in California until we had registered under the California Franchise Investment Law. Thus, we immediately prepared this offering circular and submitted it to the State of California. On October 24, 2005, the California Corporations Commissioner issued an order approving registration of our offering circular in California.

Maryland

In the Matter of Stroller Strides, LLC, Administrative Proceeding Before the Securities Commissioner of Maryland, Case No. 2005-0193. As a result of an investigation into the franchise related activities of Stroller Strides, LLC ("Stroller Strides"), the Maryland Securities Commissioner ("Commissioner") concluded that grounds existed to allege that Stroller Strides violated the registration, disclosure, and antifraud provisions of the Maryland Franchise Law in relation to the offer and sale of Stroller Strides licenses, which constitute franchises as defined under the Maryland Franchise Law. Stroller Strides represented that it entered into license agreement with four Maryland licensees during the time it was not registered to offer and sell franchises in Maryland. Stroller Strides also acknowledged that it sent promotional and marketing materials to the Maryland licensees, as well as other Maryland residents, which included sample budgets containing representations of potential gross revenue and income. On June 27, 2005, the Commissioner and Stroller Strides agreed to enter into a consent order whereby Stroller Strides, without admitting or denying any violations of the law, agreed to: immediately and permanently cease from the offer and sale of franchises in violation of the Maryland Franchise Law; (2) diligently pursue the completion of its application to register its franchise offering in Maryland; enroll an officer of Stroller Strides in an approved franchise law compliance training program; and, to offer to rescind the license agreements of all Maryland residents to whom it sold unregistered franchises. On October 31, 2005, our franchise registration was deemed effective in the State of Maryland.

Virginia

Based on an investigation by the Virginia Division of Securities and Retail Franchising, (Case #SEC-2005-00065) Virginia alleged that we granted franchises in that state without prior registration, in violation of the Virginia Retail Franchising Act. In January 2006, Stroller Strides and the Division entered into a Settlement Order whereby we were required to offer to rescind the business opportunity purchase agreements for all Virginia purchasers and pay a fine of \$500. Our franchise registration application has been submitted to the Division and remains pending while we satisfy the terms of the Settlement Order with respect to the rescission offers.

Stroller Strides, LLC v. StrollerFit, Inc., et al.

On May 27, 2005, Stroller Strides filed a civil action in the United States District Court for the Southern District of California against one of our competitors, StrollerFit, for trademark infringement and cybersquatting based on StrollerFit's unauthorized use of the domain name www.strollerstride.com, which we believe was ~~was being used to divert to StrollerFit's~~ being used to divert to StrollerFit's website consumers who were actually searching for Stroller Strides. (Stroller Strides, LLC v. StrollerFit, Inc., et al. (Case No.: 05-CV-1125 IEG (rbb).) In October 2005, Stroller Strides reached a settlement with StrollerFit, in which StrollerFit agreed to cease all use of "stroller strides," "stroller strides," "stroller stride," and "stroller striding," "stroller stride," and "stroller striding," as well as all use of the domain name www.strollerstride.com and to transfer ownership of the domain name to us.

—Other than these 3-4 proceedings~~actions~~, no litigation is required to be disclosed in this offering circular.

ITEM 4
BANKRUPTCY

No person or entity previously identified in Item 2 of this offering circular has been involved as a debtor in proceedings under the U.S. Bankruptcy Code.

ITEM 5
INITIAL FRANCHISE FEE

Application Fee

~~You must pay Stroller Strides™~~ After you have received this offering circular and you wish to apply for a franchise, you must pay us a \$99 non-refundable franchise application processing fee upon submission of your application to us: application-processing fee.

Prospective Franchisee Territory Reservation Agreement

If you feel you are not quite ready to enter into a franchise agreement but wish to reserve a territory for a period of time, you may do so, if approved by us, by executing our “**Prospective Franchisee Territory Reservation Agreement**” (the “**Territory Reservation Agreement**”) which is attached to this offering as Exhibit D. A territory may be reserved for either 3 or 6 months (the “**Deposit Period**”) and the cost of the deposit (“**Deposit**”) depends upon the size of the territory being reserved. The rates are shown below:

<u>RESERVATION PERIOD</u>	<u>PLAN A</u>	<u>PLAN B</u>	<u>PLAN C</u>
<u>3 MONTH RESERVATION</u>	<u>\$500</u>	<u>\$600</u>	<u>\$750</u>
<u>6 MONTH RESERVATION</u>	<u>\$1,200</u>	<u>\$1,500</u>	<u>\$2,000</u>

Once you have been approved to reserve a territory you may enter into the then-current form of Franchise Agreement during the Deposit Period, which names the specified territory you reserved. Upon entering into the Franchise during the Deposit Period you shall receive a credit to be applied to the then-current initial franchise fee equal to 50% of the Deposit previously paid to us. The Deposit is non-refundable and is in addition to the Application Fee. You may not operate in the reserved territory until the Franchise Agreement has been signed and the Territory Reservation Agreement provides no franchise rights. Payment of the Deposit does not entitle you to any of the Operations Manuals or other materials. The Territory Reservation Agreement is not assignable by you, except to a business entity entirely within your ownership and control.

By entering into the Franchise Agreement, you warrant that there have been no material or adverse changes in the facts or representations made by you in either the Franchise Application or in the Territory Reservation Agreement.

Initial Franchise Fee

In addition to the non-refundable application processing fee, you must pay an initial franchise fee of ~~\$2,500, \$3,750, or \$5,000,~~ ~~\$3,000,~~ (for a Plan A franchise) \$4,250 (Plan B), or \$5,500, (Plan C) which is based on a territorial pricing plan selected by you, identified as Plan A, Plan B, or Plan C. ~~The initial franchise fee under Plan A is \$2,500; Plan B is \$3,750; and Plan C is \$5,000.~~ The franchise fee is payable in a lump sum due at the signing of the Franchise Agreement and is not refundable under any circumstances. The determination of which plan applies is based on the size, population, and demographics of the territory purchased as follows:

- Plan A: pop. 30,000 – 100,000 and ~~a minimum~~ approximately a 4-mile radius;
- Plan B: pop. 100,001 – 200,000 and ~~a minimum~~ approximately a 7-mile radius; or,
- Plan C: pop. 200,001 – 300,000 and ~~a minimum~~ approximately a 10-mile radius.

We generally limit our territories to a minimum population of 30,000 and maximum population of 300,000. In our sole discretion, we may grant you the right to purchase additional territories (See Item 12 below).

We reserve the right to change the amount of the Application, Territory Reservation, and/or Initial Franchise Fees.

**ITEM 6
OTHER FEES¹**

<u>Name of fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Application Fee	\$99	Payable when submitting franchise application to us.	You may not submit, and we will not review, more than 1 franchise application at a time.
Application Fee	\$99	Payable after receiving the UFOC and upon requesting the demographic analysis from us.	You may not submit, and we will not review, more than 1 franchise application at a time. This Fee is not applied to the Initial Franchise Fee.
Monthly Franchise Fee	Plan A = \$150; Plan B = \$250; or, Plan C = \$350	Payable monthly on the 1 st day of each month for that month.	Monthly fee is waived for the first 3 months after franchise agreement is signed; Monthly fee covers your web page, access to customer toll-free number (you must pay all additional "per minute" fees) and on-line business center; Monthly fees are billed automatically to your credit or debit card.
Monthly Franchise Fee	Plan A = \$160; Plan B = \$270; or, Plan C = \$380	Payable monthly on the same day of each month for the next month. The monthly fee is subject to annual increase as a function of the Consumer Price Index for all items – US Average. A discount applies to annual prepayment. ²	Monthly fee is waived for the first 3 months (prorata for partial months) after franchise agreement is signed; Monthly fee covers your web page, access to customer toll-free number (you must pay all additional "per minute" fees) and on-line business center; Monthly fees are billed automatically to your credit or debit card.
Territory Option Fee ³	From \$500 - \$2,000	Upon request of Territory Option Agreement	Not required when buying the Franchise.
"Per minute" fee for customer toll-free number ²	\$0.069 per minute for each minute of actual use.	Payable monthly immediately upon receipt of the monthly invoice from us.	Toll-free number and on-line business center service provided by third party, Earnware Corporation.
Transfer fee	25% of Initial Franchise Fee in effect at time of transfer.	Before transfer.	Payable when you transfer your franchise to a third party. No charge if franchise transferred to a business entity you control.
"Per minute" fee for customer toll-free number ⁴	\$0.069 per minute for each minute of actual use. (150 minutes are free).	Automatically charged to your credit card in \$40 increments.	This is an optional service and is not required of franchisees. Toll-free number and on-line business center service provided by third party.
Renewal Fee	50% of the then-	Prior to renewal of the	Franchisee is permitted to 2

	<u>current Initial Franchise Fee.</u>	<u>initial 3 year term.</u>	<u>renewals of three years each.</u>
<u>Transfer Fee</u>	<u>35% of Initial Franchise Fee in effect at time of transfer.</u>	<u>Before transfer.</u>	<u>Payable when you transfer your franchise to a third party. No charge if franchise transferred to a business entity you control.</u>
<u>Interest and late charges</u>	<u>Interest accruing daily at the rate of 12% 10% per year, or maximum amount permitted by law, whichever is less.</u>	<u>As incurred.</u>	<u>Daily interest begins to accrue for any payment(s) not received by us when due.</u>
<u>Attorneys' Fees and costs</u>	<u>Will vary with the circumstances.</u>	<u>As incurred.</u>	<u>Prevailing party in litigation, or other proceeding under the Franchise Agreement is entitled to recover attorneys' fees and costs.</u>
<u>Indemnification</u>	<u>Amounts we incur arising from claims involving your franchised business.</u>	<u>As incurred.</u>	<u>You must defend, indemnify, and hold us harmless.</u>
<u>Optional 2-day training course⁵</u>	<u>\$299 per person, and as adjusted from time-to-time, plus expenses.</u>	<u>\$299 due when registering for the course; other expenses as incurred.</u>	<u>You must pay for all expenses incurred in attending the training, including any airfare and accommodations.</u>
<u>Optional Fit 2 Deliver Training⁶</u>	<u>\$399 per person, and as adjusted from time-to-time, plus expenses.</u>	<u>When registering for the course.</u>	<u>You must pay for all expenses incurred in attending the training, including any airfare and accommodations. This training required only if you wish to offer Fit 2 Deliver Classes</u>
<u>Optional Personal Appearance Fee</u>	<u>\$1,000 per day plus travel costs.</u>	<u>Prior to arrival at event.</u>	<u>Lisa Druxman can be engaged to come to your location for a day.</u>
<u>Optional Onsite Consultation</u>	<u>\$500 per day plus travel costs.</u>	<u>Prior to visitation.</u>	<u>This is charged only if you request special assistance in your Territory.</u>

NOTES

(1) All fees under Item 6 are payable to Stroller Strides™ Strides, LLC and are non-refundable.

(2) You have the ability to prepay a year's worth of monthly franchise fees on or before each of your anniversary dates and receive a 5% discount for such prepayment. We may increase the monthly franchise fees during January of each year, but such increase will not exceed the Consumer Price Index published by the US Bureau of Labor Statistics for all items in the U.S. city average with a base year of 1982-1984=100.

(3) The Territory Option Agreement is available to existing franchisees in good standing that, with our prior approval, purchase the option to expand their Territory by adding contiguous space at a later time. The cost of the option depends upon the time frame it is effective and the size of the territory to be added. These costs are set forth below:

<u>OPTION PERIOD</u>	<u>PLAN A</u>	<u>PLAN B</u>	<u>PLAN C</u>
<u>3 MONTH OPTION</u>	<u>\$500</u>	<u>\$600</u>	<u>\$750</u>
<u>6 MONTH OPTION</u>	<u>\$1,200</u>	<u>\$1,500</u>	<u>\$2,000</u>

The payment for the option is non-refundable and no part of the payment is credited to the initial franchise fee balance when the Territory is enlarged. The Territory Option Agreement is attached as Exhibit G.

~~(2)~~(4) You are not required to provide your customers with access to the toll-free number.

~~(3)~~(5) 2-day training course is required only for individuals not nationally certified as fitness instructors.

(6) In February 2006, Stroller Strides entered into a two-year licensing arrangement that will permit properly trained franchisees to offer the Fit 2 Deliver exercise program to prenatal mothers as part of the Stroller Strides curriculum. Prior to offering the Fit 2 Deliver course, instructors must first attend the Fit 2 Deliver training course at a cost of \$399 plus expenses such as travel and accommodations.

The table above summarizes only the fees or payments you must pay us, individuals or business entities currently affiliated with us, or which we currently impose or collect on behalf of a third party. Any other fees should be separately investigated by you.

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**ITEM 7
INITIAL INVESTMENT¹**

	<u>Amount</u>	<u>Method of payment</u>	<u>When due</u>	<u>To whom payment is to be made</u>
Appl. fee	\$99	Cash, credit/debit card, or cashier's check	After receiving the UFOC and upon requesting demographic report. When submitting franchise application to us.	Stroller Strides, LLC
Initial Fee²	\$3,000 to \$5,500 \$2500 to \$5000	Cash, credit/debit card, or cashier's check	At signing of Franchise Agreement	Stroller Strides, LLC
Real Estate and Imprvmnts³	\$0	N/A	N/A	N/A
Office Equip.⁴	\$0 to \$2,000	As incurred	As incurred	Computer retailer/supplier selected by you
Exercise Equip.⁵	\$0	N/A	N/A	N/A
Insurance⁶	\$160 to \$500	As incurred	As incurred	Insurance company selected by you
Bus. entity form.	\$0 to \$3,000	As incurred	As incurred	Secretary of State; state taxing agency; law firm/business formation company;
Bus. License⁷	\$50 to \$100	As incurred	As incurred	City treasurer or similar agency;
Supplies⁸	\$0 to \$1,000	As incurred	As incurred	Suppliers/vendors
Inventory⁹	\$0	N/A	N/A	N/A
Signs¹⁰	\$0	N/A	N/A	N/A
Advertising	\$0 to \$500	As incurred	As incurred	Suppliers/vendors/printers; ad agency;
Training¹¹	\$0 to \$1,000	Lump sum of \$299 per person for training course – cash, credit/debit card, or cashier's check; other expenses, such as travel and food, as incurred.	\$299 due when registering for training course; other expenses due as incurred.	Stroller Strides, LLC (\$299 for training course); airlines, hotels, restaurants; <u>Cost could be higher if optional Fit 2 Deliver course is taken</u>
Permit fees¹²	\$0 to \$45	As incurred	As incurred	Owner of venue
Wages¹³	\$0 to \$2,340	As incurred	Bi-monthly	Fitness instructors

Add'l Funds¹⁴ (3 mths of operations)	<u>\$0-\$900</u>	<u>As incurred</u>	<u>As incurred</u>	<u>Third parties</u>
TOTAL¹⁵	<u>\$3,209 to \$16,984</u> <u>\$2809 to \$15104</u>			

Initial Investment by Plan

<u>Plan A:</u>	<u>\$3209 to \$14484</u>
<u>Plan B:</u>	<u>\$4449 to \$15734</u>
<u>Plan C:</u>	<u>\$5809 to \$16984</u>

————We do not offer direct or indirect financing for any fees or expenditures. We do not guarantee any note, lease or obligation for any fees or expenditures relating to your franchise.

NOTES

(1) Initial Investment

Unless otherwise indicated, estimated initial investment is calculated based on the first 3 months of business operations. All fees that are payable to us are non-refundable. The amount of the initial investment is only an estimate based on our business judgment and prior experience in the market. You should not assume revenues from your customers will necessarily cover your initial expenses, and we cannot predict when, if ever, your franchise will “break-even” or become profitable. You should review these figures carefully with a qualified business or financial advisor, such as an accountant, before entering into any contract with us.

(2) Initial Fee

The initial franchise fee is based on one of three territorial pricing plans selected by you, identified as Plan A, Plan, B, or Plan C. The initial franchise fee under Plan A is ~~\$2,500~~; ~~Plan B is \$3,750~~; and ~~Plan C is \$5,000~~ \$3,000; Plan B is \$4,250; and Plan C is \$5,500. The determination of which plan applies is based on the population, natural boundaries, zip codes and geographic area of the territory purchased as follows: Plan A: pop. 30,000 – 100,000 and/or ~~minimum~~ approximately a 4-mile radius, Plan B: pop. 100,001 – 200,000 and/or ~~minimum~~ approximately a 7-mile radius; or, Plan C: pop. 200,001 – 300,000 and/or ~~minimum~~ approximately a 10-mile radius.

(3) Real Estate and Improvements

It is not necessary to purchase or lease any real estate or retail space to operate your business. All classes are conducted in areas accessible to the general public, such as parks or malls. Some parks and malls charge user fees and you should investigate your local market to see if these charges would be incurred.

(4) Office Equipment

As part of setting up the franchise business, you will need a computer (PC recommended), printer, and Internet access (high speed access is recommended). Recommended software includes an accounting program (e.g., Quick Books), slideshow presentation program (e.g., PowerPoint), and/or a PDF file reader/editor (e.g., Adobe Acrobat). Stroller Strides[™], training software is not Mac compatible at this time.

(5) Exercise Equipment

The Instructor Kit provided to you after payment of your Initial Franchise Fee contains all the exercise equipment necessary to begin conducting classes; The exercise equipment contained in the Instructor Kit (See Item 11 below) is included as part of the Initial Franchise Fee; there is no additional cost for the equipment included in your Instructor Kit. If in the future you need additional exercise tubing, it must be purchased from us or from a third party source approved by us.

~~The exercise equipment contained in the Instructor Kit (See Item 11 below) is included as part of the Initial Franchise Fee; there is no additional cost for this equipment.~~

(6) Insurance

Amounts represent approximate *yearly* cost, usually payable in one lump sum. You must maintain an insurance policy with a company bearing an "A" rating and which provides no less than \$1,000,000 coverage per occurrence or \$3,000,000 in aggregate claims per year.

(7) Business License

Amounts represent approximate *yearly* cost, usually payable in one lump sum. In some states, franchisees that offer Stroller Strides[™] retail products for sale must obtain a seller's permit.

(8) Supplies

Letterhead, registration cards, class coupons, business cards, etc.

(9) Inventory

The necessary goods, supplies, and equipment required for you to begin substantial operations of your Stroller Strides[™] business are provided to you by us in your Instructor Kit (See Item 11 below) and is included in your Initial Franchise Fee. Retail products may be purchased directly from our website, so it is not necessary for you to establish or maintain an inventory of retail products for sale to customers.

—(10) Signs

The necessary goods, supplies, and equipment required for you to begin substantial operations of your Stroller Strides[™] business are provided to you by us in your Instructor Kit (See Item 11 below) and is included in your Initial Franchise Fee. Because it is not necessary to purchase or lease any real estate or retail space to operate your franchise, business signs do not need to be purchased.

(11) Training

Instructors and/or franchisees not nationally certified must attend a 2-day training course conducted by Stroller Strides[™] for the current cost (subject to change) of \$299 per person. Dates and locations of the 2-day training courses vary and are not guaranteed. Those attending the 2-day training course must pay for their own expenses, including travel and accommodations. Attending the 2-day training course does not satisfy or eliminate the requirement that all instructors view the DVD-ROM software training program and pass the exam given at the end

(12) Permit Fees

~~Because classes~~ Classes are typically conducted in parks, at malls, or at other facilities open to the public, permits are generally not necessary. However, permits may be needed in some circumstances to access and use certain venues for conducting classes.
public. Malls and parks may charge access or permit fees. These fees are often based on a percentage of sales, or flat fees. The fees associated with sales can run between 10-30% of gross revenues, and this will be determined by your success in negotiating with the venue provider.

(13) Wages

Many franchisees conduct the classes themselves, so no wages need to be paid under those circumstances. For franchisees that hire instructors, wages are calculated based on a flat fee paid to instructors in the amount of \$15 per class, plus \$2 per person per class. ~~Classes are typically conducted 3 to 5 times a week, with class attendance ranging from approximately 6 to 12 people per class.~~ Using the upper range figures, the \$2340 initial investment amount is calculated as follows: [$\$15 \text{ flat fee} + (\$2 \times 12 \text{ people}) \text{ per class}$] $\times 20 \text{ classes per month} \times 3 \text{ months} = \$2340.$ ~~—\$2,340.~~

(14) Additional Funds

Additional funds are estimated to cover cost overruns and other contingencies. You will need capital to support ongoing costs of your business, such as payroll, independent contractor fees, taxes, loan payments and other expenses. New businesses (franchised or not) often have larger expenses than revenues. The three-month period from beginning business covers the time by which most Franchisees are fully in operation but it does not necessarily mean that you will have reached “break-even”, “positive cash flow”, or any other financial position by that time.

(15) Total

This amount estimates your initial start-up expenses and is calculated based on the first 3 months of operations. These figures are estimates and we cannot guarantee you will not have additional expenses starting the business. Your costs will depend on factors, such as your management skills, local economic conditions and the local market for this business. Stroller Strides has relied on its experience in running a number of Stroller Strides® classes in the San Diego, CA area. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Mandatory Products and Services

———You must use in the operation of your Stroller Strides™-® franchise only those goods and services specified by us, unless otherwise permitted by us in writing. The necessary exercise equipment (i.e., exercise tubing) required to begin conducting classes is provided to you by us in your Instructor Kit (See Item 11 below) and is included in your Initial Franchise Fee. If in the future you need additional exercise equipment, you must purchase these items from us or from independent third party sources as are reasonably approved or designated by us. These purchases must be according to our standards and specifications. We may modify these specifications and standards upon prior written notice to you. We will provide you with a list of our specifications and standards at your request. A current list of approved third party suppliers, if any, is available from us or is in the Operating Operations Manual, as supplemented by us periodically.

— At the present time, we have no purchasing or distribution cooperatives. You are not required to purchase, lease, or sublease any premises from us, and it is not necessary to lease any premises to operate your Stroller Strides™ franchise.

You must offer and conduct only those exercise programs created or approved by us. There is no minimum or maximum number of classes you must offer or conduct, nor is there a minimum or maximum class size. ~~However, based on our prior experience, classes are typically conducted 3 to 5 times a week, with class attendance ranging from approximately 6 to 12 people per class.~~ We do not derive revenue or collect a royalty fee based on the classes you conduct.

We have the right to add additional authorized exercise programs that you may or must offer to the public. To be permitted to offer any new exercise program developed by us, however, you must be in full compliance with the terms and conditions of the Franchise Agreement. In addition, we may require you to comply with certain additional training requirements before we will allow you to offer a new exercise program.

If additional optional or mandatory programs are made available, you may be required to pay an additional fee for allowing you to offer the program(s) for sale to the public, which could also include additional training and equipment costs.

~~If additional optional or mandatory programs are made available, we will not charge you any additional fees for allowing you to offer the program(s) for sale to the public. However, you must pay for all costs and expenses involved in offering any new program(s) for sale to consumers, including all training and equipment costs.~~

All retail products bearing the Stroller Strides™ name and/or trademark(s) must be purchased only from Stroller Strides™. However, there is no requirement or obligation for you to purchase any Stroller Strides™ retail products. All retail items are available to you for purchase and re-sale, through the franchisee portal on the Stroller Strides™ website, at ~~20%~~10% off the retail price. ~~Attached as Exhibit C to this Offering Circular is the current price list for Stroller Strides™ retail items. You may receive a greater discount, up to 20% if items are purchased in sufficient volume.~~ Customers may also purchase retail products directly from our website. If, as part of a purchase from the Stroller Strides™ website, the customer indicates she attends classes in your particular territory, you will receive a ~~20%~~10% commission on that purchase.¹ You cannot create, distribute, or produce for sale your own retail items bearing the Stroller Strides™ name or trademark. We and/or our affiliates may sell equipment, strollers, stroller-related accessories, or products bearing our trademark in your exclusive ~~territory.~~ territory.

~~You must maintain your own insurance coverage, with a company bearing an "A" rating and which provides no less than \$1,000,000 coverage per occurrence or \$3,000,000 in aggregate claims per year.~~

If we enter into agreement with other retailers in your area, they may require exclusive dealership arrangements and in such case your privilege of selling a particular product in your Territory may be indefinitely suspended.

During 2005 our total revenues were \$691,635, and the revenues from the sale of our retail products totaled \$76,844, which represents approximately 11% of our total revenues. Our required Initial Fees and Monthly Fees constituted approximately 58%, or \$401,925, of our total revenue for 2005.

Other Products and Services

— If you want to purchase equipment, inventory and products from non-approved sources, you must submit samples of the items you want to purchase from the non-approved suppliers to us for prior approval. We may, at our option, inspect the premises of the supplier, place of manufacturer and/or distribution of the products, and may re-inspect it periodically.

— We will consider the suppliers' financial stability and its ability to provide products and services that meet our quality standards and specifications, as well as its ability to timely supply the products and services. We will advise you, within ~~60~~30 days after we receive your request, whether the proposed standards and supplier will be our

approved supplier. We may revoke the approved status of a supplier at any time if it fails to meet our standards of service, financial status, and quality of products or operation. We may also restrict the number of approved suppliers for a product or services, if there are an adequate number of sources already available as approved sources for the same type of products and services.

Approved suppliers, if any, do not make payments to us because of transactions with you; however we reserve the right to receive payments from designated suppliers in the future. We do not attempt to negotiate purchase arrangements with suppliers for your benefit for equipment or other items. We do not provide material benefits such as renewal or granting additional franchises to you based on your use of designated or approved suppliers.

NOTES

(1) When purchasing a product from our website, the customer will be prompted to indicate whether she attends classes in a particular territory.

ITEM 9 YOUR OBLIGATIONS

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

<u>Obligation</u>	<u>Section in Franchise Agreement¹</u>	<u>Item in Offering Circular</u>
a. Site selection and acquisition/lease	No obligation is imposed, except for territorial restrictions. (Sections 4.2 and 4.3 of Franchise Agreement (“F.A.”))	No obligation is imposed, except for territorial restrictions. (Item 12)
b. Pre-opening purchases/leases	No obligation imposed.	No obligation imposed.
c. Site development and other pre-opening requirements	Sections 7.6 and 8.9, 8.10, 8.14, 8.15, 8.19 and 9.3 of F.A.	Items 7 and 15
d. Initial and ongoing training	Sections 6.5, 7.2, and 8.9 of F.A.	Items 7 and 15
e. Opening	Sections 7.6 and 8.10 of F.A.	Items 1 and 7
f. Fees	Section 6.1 – 6.11 of F.A.	Items 5-7
g. Compliance with standards and policies/Operations Manual	Sections 4.2, 8.1, 8.2, 8.5, 8.8-8.11, 8.14-8.19, and 9.1-9.3 of F.A.	Items 1, 7, 8, and 13-16
h. Trademarks and proprietary info.	Sections 8.5-8.7, 8.11, 8.17, and 9.1-9.3 of F.A.; Sections 1 and 2 of Nondisclosure Agreement ²	Items 13 and 14
i. Restrictions on products/services offered	Section 8.11 of F.A.	Items 8 and 16
j. Warranty and customer service requirements	Sections 8.14, 8.15, 8.17 of F.A.	Items 15 and 16
k. Territorial development and sales quota	No obligation imposed.	No obligation imposed.
l. Ongoing product/service purchases	Section 8.11 of F.A.	Items 8 and 16
m. Maintenance, appearance, and remodeling requirements	Sections 8.14 and 8.17 of F.A.	Item 15
n. Insurance	Section 8.19 of F.A.	Item 7
o. Advertising	Sections 7.6, 8.5, and 8.6 of F.A.	Items 7 and 11
p. Indemnification	Section 15.5 of F.A.	Item 17
q. Owner’s participation/management/staffing	Section 8.14 of F.A.	Item 15

r. Records and reports	Section 8.18 of F.A.	Item 16
s. Inspections and audits	Sections 8.12, 8.14, 8.18 of F.A.	Item 16
t. Transfer	Sections 11.1-11.3 of F.A.	Item 17
u. Renewal	Section 5.2 of F.A.	Item 17
v. Post-termination obligations	Sections 9.1-9.3 of F.A.; Sections 2.3 and 3.1 of Non-Disclosure Agreement	Item 17
w. Non-competition covenants	Sections 9.2 and 9.3 of F.A.; Section 3.1 of Non-Disclosure Agreement	Items 14 and 17
x. Dispute resolution	Sections 14.1-14.4 of F.A.	Item 17
y. Other	Sections 10.1-10.2, and 15.1-15.20 of F.A.	Items 6 and 17

~~Franchisees typically begin offering classes within 8 to 12 weeks after signing the Franchise Agreement. The factors that affect this time are the ability to locate an approved venue for classes, training of instructors, and satisfying the grand opening requirements as described in the Franchise Agreement.~~

~~You must establish and maintain at your own expense an accounting and record keeping system that conforms to the requirements contained in the Operating Manual. You must submit to us within 30 days after the end of each calendar quarter, financial reports on the year to date income and expenses of your franchise in the format specified in the Operating Manual. You must also submit to us, at the time of filing, copies of all federal and state income tax returns. You will furnish to us, upon our request, complete copies of all records relating to your franchise, and you will maintain and keep all records for at least 2 years after the termination of the Franchise Agreement~~

NOTES

(1) The form of the Franchise Agreement is attached to this Offering Circular as Exhibit ~~D~~E.

(2) The form of the Non-Disclosure, Non-Solicitation, and Non-Competition Agreement is attached to the Offering Circular as Exhibit ~~E~~H.

ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee any note, lease or obligation relating to your franchise.

ITEM 11 OUR OBLIGATIONS

Pre-Opening Obligations

Except as disclosed below, we need not provide any assistance to you.

Before you open your business, we will:

- 1) Designate your exclusive territory and provide you with a demographic analysis to better understand the population and consumer market in your territory¹;
- 2) ~~2) Provide you with 1 Instructor Kit containing:~~
 - ~~(a) a branded Stroller Strides Fitness Stroller~~
 - ~~(a)(b) 30 exercise tubes;~~
 - ~~(b)(c) a Stroller StridesTM -[®] wheeled duffle bag;~~

- ~~(e)~~(d) a first aid kit;
 - ~~(d)~~(e) an instructor manual and forms for use in hiring and/or training instructors;
 - ~~(e)~~(f) instructor training ~~CD-ROM~~DVD-ROM software to train the instructor(s) how to conduct classes;
 - (g) Computer software for tracking class attendance; and,
 - ~~(e)~~(h) miscellaneous marketing materials such as balloons, pens and clipboards all bearing the Stroller Strides trademark;
- 3) Provide you the services of a Web-based public relations agent selected by us for assistance with local advertising and publicity for your grand opening; program provided by a third party that identifies media leads in your local market and will enable you to publicize your grand opening and ongoing announcements;
 - 4) Provide you with advertising templates and samples for use in your particular territory, subject to certain terms and conditions of the Franchise Agreement;
 - 5) Provide you with current pricing information for registration, membership, and classes.² Our current pricing recommended price list for registration, membership, and classes is attached to set forth in Item 19 of this offering circular as Exhibit F.

Our pre-opening obligations to you are identified in Section 7.1, p. 12, and Section 7.7, p. 14, of the Franchise Agreement (See Exhibit ~~DE~~ attached to this Offering Circular).

We will deliver all goods, supplies, and equipment necessary for you to begin substantial operations of your Stroller Strides™ business within ~~thirty (30)~~20 days after execution of the Franchise Agreement (See Section 7.3, p. 13, of the Franchise Agreement [Exhibit ~~DE~~ to this Offering Circular]).

Franchisees typically begin offering classes within 6 to 8 weeks after signing the Franchise Agreement. The factors that affect this time are the ability to locate an approved venue for classes, training of instructors, and satisfying the grand opening requirements as described in the Franchise Agreement.

Obligations To Be Met By Us After the Franchise Business Opens

During the operation of the franchised business, we will:

- 1) Provide access to the on-line business center currently operated by Earnware Corporation. In addition to technical support offered by Earnware Corp., we will be available to assist you in setting up your account with the on-line business center. The on-line business center includes the following services:
 - (a) Unified messaging inbox to retrieve and manage voicemail, e-mail & fax messages;
 - (b) E-mail address & ability to poll any existing Pop3 account;
 - (c) Contacts manager to manage prospective and existing customer information;
 - (d) Toll-free number for customers with voicemail & fax reception;
 - (e) Calendar & task manager;
 - (f) File manager to store, manage and share files & documents from any PC;
 - (g) Access to Stroller Strides™-® ads, press releases, coupons, gift certificates; and,
 - (h) Customizable web page on our website;
- 2) Use our best efforts to ensure we have at all times a supply of exercise equipment and retail items available for purchase by you;
- 3) Provide you with free upgrades and updates to our training software, if any;
- 4) Distribute ~~monthly~~periodic e-mail newsletters to franchisees, instructors, and members;

- 5) Use ~~of our~~ best efforts to develop or license new exercise programs for you to learn and offer to your ~~customers²; customers;~~
- 6) Pursue the development of new retail ~~products; products;~~
- 7) Use our best efforts to respond by telephone or e-mail to any operating problem encountered by you within 3 business days after you notify us of the problem; and,
- 8) Provide you a copy of our Operations Manual which contains mandatory and suggested specifications, standards and procedures. This manual is confidential and remains our property. We may modify or revise this manual periodically, but any modification(s) or revision(s) will not alter your rights and/or obligations under the Franchise Agreement. The table of contents is attached to this offering circular as Exhibit ~~G-I~~.

Our post-opening obligations to you are identified in ~~Section 7.1, p. 12, Section 7.4, p.13, and Section 7.5, p. 14, Sections 7.1, 7.4, 7.5 and 7.6~~ of the Franchise Agreement (See Exhibit ~~DE~~ attached to this Offering Circular).

Advertising

In preparation for your grand opening, we will provide you ~~the services of a public relations agent, with a Web based software program,~~ as chosen by us, for assistance with local advertising and publicity. In addition, we will provide you with advertising templates and samples for use in your particular territory, subject to certain terms and conditions contained in the Franchise Agreement.

Any advertising materials that are created by you, or that materially modify the advertising templates and samples provided to you, must be submitted to us for written approval as provided in the Franchise Agreement.

As part of ~~its~~our marketing and advertising program, we expend a minimum of ~~\$10,000~~\$25,000 per year on public relations, media exposure, and national advertising for the Stroller Strides™ franchise through various methods, which may include print, television, the Internet, and direct ~~mail~~ mail. There is no requirement for us to spend this amount in your Territory.

We do not maintain an advertising fund or an advertising council to advise us on advertising policies. You are not required to participate in local or regional advertising cooperatives.

Computer Hardware and Software

As part of setting up your franchise, you will need a computer (PC recommended) with a DVD-ROM drive, a printer, and Internet access (~~broadband~~(high speed recommended). Recommended software includes an accounting program (e.g., Quick Books), slideshow presentation program (e.g., PowerPoint), and/or a PDF file reader/editor (e.g., Adobe Acrobat). If you currently do not own an adequate computer system, we estimate that you would spend approximately \$2000 acquiring one. (See Item 7 above.)

You will use your computer to review our DVD-ROM ~~software training~~software-training program, as well as for basic accounting practices, receiving and responding to e-mail (including our monthly newsletter), printing out flyers, coupons, and gift certificates, and accessing the on-line business center provided by third party Earnware Corporation. Upon our request, you must provide us with access to all of your computer data and information concerning your Stroller Strides® business, including data and information regarding your website and the on-line business center operated by Earnware Corporation, if applicable.

~~————~~We will provide you with our DVD-ROM training program, which you must view and pass the test given at its conclusion (see “Training” below). Our DVD-ROM training software is not Mac compatible at this time. We will also provide you with a software program, ClassTrac™, that we have developed to help you manage your class attendance and sales. You are not required to use ClassTrac™; ~~you may use other third party software to track class attendance and sales, if available, or no software program at all.~~ ClassTrac™ and this program is not Mac compatible, as well.

In our sole discretion, we may periodically update, upgrade, or replace our training software or ClassTrac™ program, but we do not have a contractual obligation under the Franchise Agreement to provide maintenance, repairs, upgrades, or updates on any software or hardware we provide to you. ~~Any~~We will provide any updates, upgrades, or replacement of our training software will be provided to you by us at no additional charge. With respect to any training software, you must use all upgraded, updated, or replacement software we provide to you. An upgrade of the software could require you to upgrade your hardware, at your sole expense.

~~————~~The current on-line business center is the proprietary property of Earnware Corporation, 6451 El Camino Real, Suite A, Carlsbad, California, 92009, (760) 804-2600. Earnware’s on-line business center is made accessible to you as part of your Monthly Franchise Fee, except for the customer toll-free number provided by Fee-Earnware; additional “per minute” fees will apply if you use the toll-free number. You will be billed directly by Earnware for your use of the toll-free number. (See Item 6 above.)

You are not required to use the on-line business center, although we strongly recommend it. You may not use other third party software, if available, that provides the same or similar services without our prior written consent, which will not be unreasonably withheld.

~~————~~We do not warrant or make any representations regarding any third party software or hardware you use or obtain. Any warranty you may have on software or hardware will be limited to that provided by the applicable manufacturer, vendor, or licensor.

Your use of any electronic media, including the Internet, in relation to your Stroller Strides franchise must comply with all terms and conditions contained in the Franchise Agreement, including those provisions governing advertising, confidentiality, and trademark usage.

Selection of the Location of Your Business

~~————~~You select the general geographic territory in which you will operate your Stroller Strides™ business. ~~We~~ If your desired territory is available for purchase, we then designate the specific geographic boundaries of the chosen territory all territories based on population and land area. (See Items 5 and 12.) We do not, however, designate or approve the site(s) within your territory where you will conduct your classes. Prior to signing any agreement with us, we encourage you to identify possible sites within your desired territory where classes could be conducted. It is not necessary to purchase or lease office or retail space to operate your business. All classes are conducted in areas accessible to the general public, such as parks or malls. You must obtain any required permit(s) or consent to use these spaces, if necessary. We do not require a minimum size for the space to be used to conduct classes; you must use your own judgment to determine the size of the area needed to conduct classes, based on your training and understanding of the Stroller Strides™-® System as well as the number of individuals expected to attend that particular class.

Typical Length of Time to Open Your Business

We will deliver all goods, supplies, and equipment necessary for you to begin substantial operations of your Stroller Strides™ business within ~~thirty (30)~~20 days after execution of the Franchise Agreement (See Section 7.3, ~~p. 43,~~ of the Franchise Agreement [Exhibit ~~DE~~ to this Offering Circular]).

Franchisees typically begin offering classes within 86 to 128 weeks after signing the Franchise Agreement. The factors that affect this time are the ability to locate an approved venue for classes, training of instructors, and satisfying the grand opening requirements as described in sections 7 and 8 of the Franchise Agreement.

Training

You and all other individuals intending to conduct Stroller Strides™ classes must first view the DVD-ROM software training program, which is approximately 2 hours in length, and pass the exam given at its conclusion. In addition, any individual intending to conduct classes must either be a nationally certified fitness instructor instructor⁴(from certification authorities that we approve of) or attend a 2-day training course (approximately 12 hours total training time) conducted by us at a cost of \$299 per person, plus expenses such as travel and accommodations. All instructors must also be adult, infant and child CPR certified prior to teaching any classes.

DVD-ROM training software

Our current training software program consists of the following:

Subject	Training time
Pre- and Post-Natal Fitness	1 hour, 10 minutes
Anatomical Changes During Pregnancy	42 minutes
Teaching Your Stroller Strides Class	15 minutes

At the conclusion of the software training, you must take the test contained on the DVD-ROM and e-mail it online test provided to you, which will submit your test results to us for scoring.

2-day training program

In the past 12 months, approximately 30% of all new licensees attended the 2-day training program. Dates and locations of the 2-day training courses vary depending upon demand. Those attending the 2-day training course must pay for their own expenses, including travel and accommodations.

The 2-day training course consists of the following:

Day 1

Subject	Classroom Training Time	“On the Job” Training Time ⁵
Physiology	2 hours	N/A
Kinesiology/Anatomy	2 hours	N/A
Muscle to Exercise Understanding	1 hour	N/A
Aerobic and Strength Training	1 hour	N/A
Sample class	45 minutes	N/A

Day 2

Subject	Classroom Training Time	“On the Job” Training Time
Using Exercise Tubing	30 minutes	N/A
Teaching practicum	45 minutes	N/A
Teaching Stroller Strides	1 hour	N/A
Pregnancy	1 hour	N/A
Injury	30 minutes	N/A

Attending the 2-day training course does not satisfy or eliminate the requirement that all instructors view the DVD-ROM software training program and pass the exam given at the end. software-training program and pass the online exam.

~~Ms. Druxman, who conducts most of the training sessions herself, and all other training instructors both on the DVD-ROM software and at the 2 day training are nationally certified fitness instructors. In addition, Ms. Druxman has a Master's degree in Psychology with an emphasis in Exercise Adherence and Weight Control.~~

~~Ongoing National Trainer/Instructor Farel Hruska – Mrs. Hruska personally conducts instructor training for those franchisees attending training in San Diego, as well as courses conducted in other parts of the country. She has been employed by Stroller Strides since December 2005 as the National Trainer. Prior to that she was the San Diego Fitness Director for Stroller Strides from 2002 until her promotion to her present position as National Trainer. Farel has 15 years of group exercise experience (step, strength training, personal training) and she is ACE Certified in Group Fitness and Personal Training. Prior to work with Stroller Strides she was the Vice President of Operations, FitzMartin, Inc from September 1997 to March 2000 located in Birmingham, AL.~~

Ongoing training

~~We We typically provide you with E-mail newsletters to provide you with ongoing training relating to the Franchised Business. In very rare instances, we may periodically require that you, all general managers, and all instructors attend additional or refresher training refresher-training programs to correct, improve, or enhance the operations of your Stroller Strides™ franchise. Typically these programs are conducted at our annual national conference All individuals attending additional or refresher training programs must pay for their own expenses, including travel and accommodations.~~

NOTES

~~(1) Obtaining(1) Obtaining permission to use a specific venue for the classes is solely your responsibility. However, we will provide you with information to assist you in the process of obtaining site approval for your classes.~~

~~(2) You(2) You may not change the price of any retail item(s) without our prior written approval.~~

~~(3) If (3) If additional optional or mandatory programs are made available, you may be required to pay an additional fee to us for allowing you to offer the program(s) for sale to the public, which could also include additional training and equipment costs. additional optional or mandatory programs are made available, we will not charge you any additional fees for allowing you to offer the program for sale to the public. However, you must pay for all costs and expenses involved in offering any new program(s) for sale to consumers, including all training and equipment costs.~~

~~(4) Stroller Strides™(4) Stroller Strides will accept certification from any of the following associations/organizations: American Council On Exercise (ACE), Aerobics and Fitness Association of America (AFAA), National Academy of Sports Medicine (NASM), American College of Sports Medicine (ACSM), and National Strength and Conditioning Association (NSCA), or such other organization that we approve from time-to-time.~~

~~(5) Our(5) Our training program consists of the DVD-ROM software program and the 2-day training course.~~

course.

ITEM 12 **TERRITORY**

—You are granted the right to conduct Stroller Strides™ classes within a specific geographic location described in the Franchise Agreement. An approved territory will be granted to you by us, subject to certain terms and conditions under the Franchise Agreement, ~~as measured by~~ based on the population and distance surrounding a geographic region as follows:

- Population 30,000 – 100,000 and ~~a minimum~~ approximately a 4-mile radius (Plan A);
- Population 100,001 – 200,000 and ~~a minimum~~ approximately a 7-mile radius (Plan B); or,
- Population 200,001 – 300,000 and ~~a minimum~~ approximately a 10-mile radius (Plan C).

We generally limit our territories to a minimum population of 30,000 and maximum population of 300,000. It is not necessary to purchase or lease office or retail space to operate your business. All classes are conducted in areas accessible to the general public, such as parks or malls. You must obtain any required permit(s) or consent to use these spaces, if necessary. We do not require a minimum size for the space to be used to conduct classes; you must use your own judgment to determine the size of the area needed to conduct classes, based on your training and understanding of the Stroller Strides™ System as well as the number of individuals expected to attend that particular class.

We and/or our affiliates may not establish other Stroller Strides™ franchises, or other franchises selling Stroller Strides™-type programs under different trade names or trademarks in your approved territory so long as you remain in full compliance with the Franchise Agreement. We and/or our affiliates have the right to market and sell all retail products bearing the Stroller Strides™ logo or trademark.

You do not have an option or right of first refusal under your Franchise Agreement to acquire additional franchises in contiguous areas near you unless you purchase an option by signing the Territory Option Agreement for Existing Franchisees attached as Exhibit G. You may conduct classes at any venue(s) within your territory (provided you obtain the necessary approval and/or permit to conduct classes at the particular venue you select). You may not however, conduct classes anywhere outside your territory, although any person may attend classes within your territory regardless of where they live. You may advertise and solicit business outside your territory only if it is in accordance with our standards and is not ~~withina~~ direct mail piece, flyer or any other direct marketing device, which is specifically targeted for another franchisee's territory.

If you are not ~~in breach under the Franchise Agreement, yet a franchisee,~~ we may allow you to reserve additional territories ~~with a \$500 non-refundable deposit to us per territory. A territory reservation is good for 6 months a territory by signing the Prospective Franchisee Territory Reservation Agreement attached as Exhibit D.~~ You must sign a separate franchise agreement for each additional territory purchased, under the terms and conditions in effect for new franchisees at the time the additional territory is purchased by you.

—There is no minimum sales quota. We will not operate a company-owned franchise or grant any Stroller Strides™ franchises within your territory while the Franchise Agreement remains in effect and you are not in breach of the Franchise Agreement.

We reserve the right to offer, grant and support franchises in similar and other lines of business. We make no representation or warranty to you that there will be any right to participate in such franchises.

You acknowledge that certain of our products, whether now existing or developed in the future, may be distributed in the Territory, in such manner and through such channels of distribution, as we shall determine, including, but not limited to, unaffiliated retail stores, electronic distribution via computer networks (including, without limitation, the World Wide Web, other areas of the Internet and/or other on-line networks); catalogs; direct mail, and other communication methods now or hereafter devised of any nature whatsoever. Franchisee understands that the

Franchise Agreement grants Franchisee no rights (i) to distribute such products through such alternative channels of distribution, or (ii) to share in any of the proceeds received by any such party therefrom.

In addition, we and our affiliates may, as part of our strategic plan, acquire companies that operate businesses under the acquired name and/or service mark. In some instances, the acquired companies will be in the same or similar business as Stroller Strides. The acquired companies may have existing businesses operating in your Territory. In those circumstances where the territory of an acquired business overlaps your Territory, Franchisor may, with the written agreement of both parties, alter the Territory. If mutual agreement as to the territory definition cannot be made, then we, our affiliate and/or licensee may continue to operate the acquired business by the name and/or service marks under which it was identified prior to its acquisition.

ITEM 13 **TRADEMARKS**

———We grant you the right to use certain trademarks, service marks, trade names, logos, and other commercial symbols (collectively, the “Marks”) in operating your Stroller Strides™-® franchise, subject to the terms and conditions in the Franchise Agreement. The following Marks are owned by us and on March 28, 2006, Stroller Strides registered the below mark with the United States Patent and Trademark Office (“USPTO”) principal register (Reg. No. 3073915): The following Marks are owned by us, and an “intent to use” and “actual use” application regarding the name “Stroller Strides” and the design contained below was filed with the United States Patent and Trademark Office (“USPTO”) on May 13, 2002, and is pending (Serial No. 76408620):



On July 28, 2005 we filed for registration of the mark “Stroller Strides helps moms make Strides in fitness, in motherhood, and in life”, with the USPTO in International Class 41, on the principal register. This registration effort was assigned USPTO serial number 78680238.

On May 26, 2005 we filed for registration of the mark, “Stroller Strides” as a standard character mark, with the USPTO in International Classifications 35 and 41, on the principal register. This registration effort was assigned USPTO serial number 78638134.

By not having a Principal Register federal registration for two of the above-listed Marks, (serial number 78680238 and serial number 78638134), Stroller Strides™ Strides does not have certain presumptive legal rights granted by a registration. However, our predecessor, Ms. Lisa Druxman, began public use of the Marks in August 2001, and the Marks have been used in commerce continuously since that time. After formation of Stroller Strides, LLC in October 2002, Ms. Druxman transferred all rights and interests in the Marks to us. As a result, we do claim to possess all common law rights and remedies available to protect the Marks and prohibit or remedy any alleged trademark violations.

violations. The above-listed Marks are not necessarily all of the marks that we own or would permit you to use.

———There are currently no effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, any pending infringement, opposition or cancellation proceeding, or any pending material litigation involving the Marks. There are no agreements currently in effect which would significantly limit the rights of Stroller Strides™ to use or license the use of the Marks listed above in any manner material to the Stroller Strides™ franchise. We do not know of any superior rights or infringing uses that could materially affect your use of the Marks in any state.

—You must follow our rules when you use these Marks. You must use the Marks to identify your Stroller Strides™ Strides® franchise. You must also identify yourself as the independent owner of your Stroller Strides™ Strides® franchise, and obtain the fictitious or assumed name registration as applicable law may require or as we may require to distinguish yourself from us. You cannot use the Marks as part of any corporate or trade name, or with any prefix, suffix, or other modifying words, terms, designs or symbols, except as authorized in writing by us. You may not use the Marks in connection with the sale of any unauthorized product or service or in a manner not authorized in writing by us. Your use of the Marks and any goodwill established by that use ~~will~~would inure to our exclusive benefit.

—You must not advertise, or use in advertising or any other form of promotion, our Marks without the appropriate ~~copyright~~trademark and registration marks or the designations “®™” where applicable.

—You may not make any representation that any of the Marks is invalid, is not owned by us, infringes the rights of any person, or is otherwise open to any form of attack. You may not contest or assist any other person in contesting the validity or ownership of the Marks or take any action adverse to our claimed rights in and to the Marks.

You must notify us immediately in writing when you learn about an infringement of, or challenge to, your use of our Marks. We are not required to protect your use of the Marks or defend you against a claim against your use of the Marks, although we do have the right, if we choose, to defend the claim. However, we will not be obligated under any circumstances to pay for expenses incurred by you in connection with a claim against your use of our Marks. We have the sole discretion to take the action, if any, we deem appropriate and the right to exclusively control any litigation, trademark office proceeding or other administrative proceeding arising out of any infringement, challenge or claim or otherwise concerning any Mark, including the right to designate legal counsel. You must sign all instruments and documents, provide assistance and take any action that, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation, trademark office proceeding or other administrative proceeding or to otherwise protect and maintain our interest in the Marks.

We have the right to modify or discontinue use of any Mark or the specifications for use of any Mark or to require you to begin using new or substitute marks. You must promptly comply with any of these changes at your expense. The Franchise Agreement does not provide you any rights if you must modify or discontinue use of a Mark as a result of a proceeding or settlement. If your use of any or all of the Marks is discontinued, we will have the option of terminating the Franchise Agreement.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We have no rights in any patent, which we consider material to the operation of your franchise. We claim common law protection of the ~~Operating~~ Operations Manual, training materials, and all print, audiovisual, computer data, and other materials developed and distributed for use by your Stroller Strides™ Strides® franchise (collectively, the “Protected Materials”). Subject to the terms and conditions of the Franchise Agreement, your right to use the Protected Materials is not materially limited by any other agreement or known infringing use. We are not obligated to indemnify you if you are made a party to any proceeding because of the common law copyrights.

—We possess and will continue to develop and acquire confidential information relating to the Stroller Strides™ Strides® franchise and our System, including information contained in the Protected Materials. Except for those matters that are generally known in the trade, the System and Protected Materials constitute confidential information and trade secrets, which we reveal to you solely to enable you to establish and operate your Stroller Strides™ Strides® franchise. This confidential information and trade secrets include the Protected Materials and all procedures, standards, specifications, information, ideas, marketing plans, techniques, computer software, technology, customer and supplier lists, and service methods and skills relating to the development and operation of the Stroller Strides™ Strides® franchise and implementation of the System (collectively, “Confidential Information”).

You must maintain the absolute confidentiality of this Confidential Information both during and after the term of the Franchise Agreement. You may not reveal any of the Confidential Information to any other person or entity, except to your general manager, employees and instructors if they need to know the information in connection with their duties. You must not use the Confidential Information in any other business. The use or duplication of the Confidential Information in any other business will constitute an unfair method of competition with us and/or our other franchisees.

You must also use reasonable procedures to prevent the unauthorized use or disclosure of the Confidential Information. These procedures include requiring general managers, instructors and employees to sign a non-disclosure/non-compete/non-solicitation agreement, in a form designated by us, before they may access or use the Confidential Information. You, as franchisee, must also sign a non-disclosure/non-compete/non-solicitation agreement before you can access or use the Confidential Information. (See Exhibit EH to this Offering Circular.)

You must promptly inform us in writing when you learn about unauthorized use of any Confidential Information. We are not obligated to take any action but will respond as we think appropriate.

———Under the Franchise Agreement, you will not acquire any interest in the Confidential Information other than the right to utilize the same in relation to the operation of your Stroller Strides™ franchise during the term of the Franchise Agreement.

———All information provided to you before execution of the Franchise Agreement that is designated by us as Confidential Information may be used by you solely for the purpose of evaluating whether or not to enter into the Franchise Agreement with us and for no other purpose. You may not disclose this Confidential Information to any person or entity other than permitted parties. Permitted parties are your officers, directors, employees who have previously signed the non-disclosure/non-compete/non-solicitation agreement referenced above, your attorneys, agents, consultants, advisors or other independent contractors who need access to this Confidential Information for purposes of your evaluation process, but only if you advise those parties of your obligations.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Training

~~You and all other individuals intending to conduct Stroller Strides™ classes must view the CD-ROM software training program and pass the exam given at its conclusion. (See Item 11 above.) In addition, any individual intending to conduct classes must either be a nationally certified fitness instructor or attend a 2-day training course conducted by us at a cost of \$299 per person. (See Item 11 above.)~~

~~We may periodically require that you, all general managers, and all instructors attend additional or refresher training programs to correct, improve, or enhance the operations of your Stroller Strides™ franchise. All individuals attending additional or refresher training programs must pay for their own expenses, including travel and accommodations.~~

Management of Your Business

~~We do not require personal guarantees to be signed by any partner, investor, shareholder, director, or officer of your Stroller Strides franchise. However, you must at all times faithfully, honestly, and diligently perform your obligations under the Franchise Agreement. However, you are not required to personally conduct, attend or supervise classes, or otherwise participate in the management of your Stroller Strides™ franchise. Strides® franchise, although we highly recommend it. You must appoint a general manager (which may be you, if you are an individual) who must have successfully completed the initial training required by us, and who must devote the necessary time and effort to the active management and operation of the Stroller Strides™ franchise. During the~~

term of the Franchise Agreement, the general manager may not directly or indirectly engage in any business offering exercise classes to new moms and their babies, either as a proprietor, partner, investor, shareholder, director, officer, employee, principal, agent, advisor or consultant. The general manager is not required to own an equity interest in the franchised business.

You must ensure your Stroller Strides^{TM®} classes are being conducted properly and in accordance with our standards and methods as provided in the training materials and ~~Operating Operations~~ Manual. In addition, we reserve the right to conduct periodic quality assessments of your Stroller StridesTM business, with or without prior notice, by attending one or more of your classes. Your failure to correct any deficiencies in the operation of your Stroller StridesTM business may result in termination of the Franchise Agreement with us. Our quality assessment procedure is described in section 8.12 of the Franchise Agreement.

You ~~and your instructors~~ must sign a non-disclosure/non-compete/non-solicitation agreement, in a form designated by us, at the same time you sign the Franchise Agreement. (See Exhibit ~~EH~~ to this offering circular.) The general manager, all instructors, and all employees must also sign a ~~non-disclosure/non-compete/non-non-disclosure/non-compete/non-solicitation~~. The general manager, all instructors, and all employees must sign the non-disclosure/non-compete/non-solicitation agreement within 10 days after they are hired and before they may access or use the Confidential Information relating to the Stroller StridesTM franchise.² ~~Strides® franchise.~~¹

NOTES

(1) If you are an individual and intend on designating yourself as the general manager of the franchised business, the non-disclosure/non-compete/non-solicitation agreement must be signed at the same time as the Franchise Agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must use in the operation of your Stroller Strides^{TM®} franchise only those goods, and offer only those services, specified by us, unless otherwise permitted by us in writing. We require you to offer and sell only those items available from our website. These items include t-shirts, hats, workout tops, baby shirts, baby hats, strollers, and stroller-related products. However, there is no requirement or obligation for you to purchase any Stroller Strides^{TM®} retail products or offer them for re-sale. You may recommend new products for us to sell on our website, though we have sole discretion in deciding whether a specific product will be offered for sale on our website. We reserve the right, in our sole discretion, to change the pricing on any retail product(s) offered upon giving ~~reasonable written notice to you.~~ you 30 days prior written notice.

We require you to offer and conduct only those exercise classes created or approved by us. We have the right to add additional authorized exercise programs that you may or must offer to the public. To be permitted to offer any new exercise program developed by us, however, you must be in full compliance with the terms and conditions of the Franchise Agreement. In addition, we may require you to comply with certain additional training requirements before we will allow you to offer a new exercise program.

If additional optional or mandatory programs are made available, you may be required to pay an additional fee to us for allowing you to offer the program(s) for sale to the public, which could also include additional training and equipment costs.

~~If additional optional or mandatory programs are made available, we will not charge you any additional fees for allowing you to offer the program(s) for sale to the public. However, you must pay for all costs and expenses involved in offering any new program(s) for sale to consumers, including all training and equipment costs. You must comply with the standards and procedures specified in our Operating Operations Manual and training materials. You must conduct your business in strict accordance with the Operating Operations Manual, the training materials,~~

and with the supplemental bulletins and notices, which may be sent to you periodically. We reserve the right to add or delete the types of products or classes which you may or must offer to the public. If we require you to offer additional classes, you may incur additional costs as a result of necessary equipment purchases or other items. There are no limitations on our right to require you to offer additional classes to the public.

—If you operate a Stroller Strides™ franchise, you may not offer exercise classes, and/or sell exercise equipment, strollers, or stroller-related accessories, or any of our other trade secret items for resale except as permitted in writing by us.

Other Products and Services

—If you want to purchase equipment, inventory and products from non-approved sources, you must submit samples of the items you want to purchase from the non-approved suppliers to us for prior approval. We may, at our option, inspect the premises of the supplier, place of manufacturer and/or distribution of the products, and may re-inspect it periodically.

—We will consider the suppliers financial stability and its ability to provide products and services that meet our quality standards and specifications, as well as its ability to timely supply the products and services. We will advise you, within 6030 days after we receive your request, whether the proposed standards and supplier will be our approved supplier. We may revoke the approved status of a supplier at any time if it fails to meet our standards of service, financial status, quality of products or operation. We may also restrict the number of approved suppliers for a product or services, if there are an adequate number of sources already available as approved sources for the same type of products and services.

Approved suppliers, if any, do not make payments to us because of transactions with you, however, we reserve the right to charge these suppliers in the future and will gain revenue from such charges. We do not attempt to negotiate purchase arrangements with suppliers for your benefit for equipment or other items. We do not provide material benefits such as renewal or granting additional franchises to you based on your use of designated or approved suppliers.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
a. Term of the franchise	Section 5.1	Initial term is a minimum period of 3 years+ year, unless terminated earlier by us (see ‘f’ below).
b. renewal or extension of the term	Section 5.2	If in full compliance with Franchise Agreement (“F.A.”), you have two 3 year renewals. If in full compliance with Franchise Agreement (“F.A.”), F.A. will automatically renew each year for an additional 1 year term;
c. requirements for you to renew or extend	Section 5.2	You must cure any curable deficiencies during any applicable cure period before expiration of the initial F.A.; you may be required by us to sign a new franchise agreement.
d. termination by you	Section 12.2	<u>You may not terminate the Franchise Agreement. You may terminate the F.A. after</u>

		the initial 1-year term by giving 60 days written notice to us.
e. termination by us without cause	Section 12.1	We will not terminate you without cause.
f. termination by us with "cause";	Sections 12.1 and 12.3	We can terminate the F.A. if you are in material breach of the F.A. or other agreement between you and us.
g. "cause" defined - curable defaults	Section 12.1	You have 10 days after date of written notice to cure your failure to pay fees or other money due; You have 30 days after date of written notice to cure failure to perform a material obligation under the F.A. not listed in (h) below.
h. "cause" defined - defaults which cannot be cured	Section 12.1	Non-curable defaults: unauthorized use or disclosure of trademark, confidential, or proprietary information; knowingly falsifying any report; 3 or more defaults within 12 consecutive months (even if cured); unapproved transfers; conviction of any felony or any offense directly affecting or involving the franchise; bankruptcy adjudication; any bankruptcy-related petition filed for or against you; closure or abandonment of your franchised business; failing to cure a curable deficiency within 30 days (10 days for failure to pay money); failing 2 consecutive quality assessments.
i. Your obligations on termination/non-renewal;	Section 13.1	Obligations include payment of all amounts due to us; return of proprietary materials, including Operations Manual, instructor manual, and computer software; ceasing all classes; ceasing all use of the trademarks and other proprietary or confidential information or materials; continuing compliance with the terms of the separate Non-disclosure/Non-competition/ Non-Solicitation Agreement (Exhibit H); providing us with written notice within 30 days after termination certifying your compliance with all termination obligations.
j. assignment of contract by us	Section 11.1	F.A. is fully assignable by us if the transferee expressly agrees to perform our obligations under the F.A.
k. "transfer" by you – defined	Section 11.2(a)	Includes any transfer of a franchise interest, including sale, assignment, pledge, gift, conveyance, or other encumbrance of an interest in you, the franchised business, or the F.A.
l. Our approval of a transfer by you	Sections 11.2(c) – (i)	Our prior written approval must be obtained, which will not be unreasonably withheld.
m. conditions for our approval of a transfer	Sections 11.2 (g) and (h)	We must first decline to purchase your business under our right of first refusal. If we so decline, approval will not be unreasonably withheld if transferee qualifies and meets our then-current qualification standards and obtains appropriate training. You must be in good standing under the F.A., pay all unpaid fees, sign a release in

		our favor, and pay us a nonrefundable Transfer Fee equal to 25% <u>35%</u> of the Initial Franchise Fee in effect at the time of transfer. You must sign the necessary assignment/transfer documents, or the transferee must sign a new franchise agreement with us; the terms of the transfer must not be burdensome to transferee; you will remain liable for all obligations to us incurred by you before the transfer and sign all required instruments to evidence this liability. (see also 'r' below)
n. Our right of first refusal to acquire your business	<u>Not applicable</u>	<u>Not applicable</u> We can match any offer for your franchised business within 30 days after receiving written notice from you of the proposed sale or transfer.
o. Our option to purchase your business	Sections 11.2(e) and (f)	We can match any offer for your franchised business within 30 days after receiving written notice from you of the proposed sale or transfer.
<u>o. Our option to purchase your business</u>	<u>Not applicable</u>	<u>Not applicable</u>
p. Your death or disability	Section 11.2(j)	Franchise must be assigned by your estate to approved buyer within 6 months; if transfer not completed within 6 months, we may terminate the F.A.
q. non-competition covenants during the term of the franchise	Sections 9.2 and 9.3	You and all of your instructors/managers must sign a separate non-disclosure/non-compete agreement (Exhibit H); no involvement with competing business anywhere in U.S. during term(s) of the F.A.
r. non-competition covenants after the franchise is terminated or expires	Sections 9.2 and 9.3	No competing business for 24 months within your previous territory or within 10-30 <u>10</u> miles (<u>10</u> miles if within the State of California) of another Stroller Strides territory. Applies to instructors for 12 months.
s. modification of the agreement	Section 15.14	No modification of F.A. unless in writing and signed by both parties; however, Operations Manual subject to change without approval by you.
t. integration/merger clause	Section 15.9 Sections 15.8 and 15.20	Only the express written terms of the F.A. and non-disclosure/non-compete agreement are binding (subject to state law). Any other promises may not be enforceable.
u. dispute resolution by arbitration or mediation	Sections 14.1-14.4	Except for certain claims, all disputes must be submitted to binding and final arbitration in San Diego County, California, in accordance with the rules of the American Arbitration Association. Any arbitration, or action must be filed against the other before the earlier of: 1. one (1) year after the date on which the state of facts giving rise to the cause of action comes to the attention of, or should reasonably have come to the attention of, the party; or, 2. one (1) year after the initial occurrence of any act or omission

		giving rise to the cause of action, whenever discovered (subject to state law).
<u>u. dispute resolution by arbitration or mediation</u>	<u>Sections 14.1-14.4</u>	<u>All disputes may be litigated in San Diego County, California. Any action must be filed against the other before the earlier of: 1) 1 year after the date on which the state of facts giving rise to the cause of action comes to the attention of, or should reasonably have come to the attention of, the party; or, 2) 1 year after the initial occurrence of any act or omission giving rise to the cause of action, whenever discovered (subject to state law).</u>
<u>v. choice of forum</u>	<u>Sections 14.1(b) and 14.2</u>	<u>All arbitration and litigation must be conducted in San Diego County, California. (Subject to certain state law restrictions.)</u>
<u>v. choice of forum</u>	<u>Sections 14.1(b) and 14.2</u>	<u>All litigation must be conducted in San Diego County, California. (Subject to certain state law restrictions.)</u>
<u>w. choice of law</u>	<u>Section 15.13</u>	<u>California law applies. (Subject to certain state law restrictions.)</u>

There is a state specific appendix attached as Exhibit HJ to this Offering Circular for the States of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Carolina, North Dakota, Oregon, Rhode Island, South Carolina, Virginia, and Washington.

These states have statutes which may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise: ARKANSAS [Ark. Code Sections 4-72-201 to 4-72-210], CALIFORNIA [Corporation Code Sections 31000 to 31516; Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Stat. Sections 36b-60 to 36b-80], DELAWARE [Code Sections 2551 to 2556], HAWAII [Rev. Stat. Sections 482E-1 to 482E12], GEORGIA [Code of Ga. Sections 10-1-410 to 10-1-417], ILLINOIS [~~Chap. 85-551; Chap. 815 Sections 602/5-1 to 602/5-13585~~ ILCS 705/1-44], INDIANA [Code, Title 23, Art. 2, Chap. 2.5, Sections 1 to 51; Title 24, Art. 5, Chap.8, Sections 1 to 21], IOWA [Code Sections 523.H.1 to 523H.17], MARYLAND [Art. – Bus. Reg. Sections 14-201 to 14-233], MICHIGAN [Comp. Laws Sections 445.1501 to 445.1545; 445.901 to 445.922], MINNESOTA [Stat. Section 80C.01 to 80C.22], MISSISSIPPI [Code Sections 75-24-51 to 87-410], MISSOURI [Rev. Stat. Sections 407.400 to 407.410], NEBRASKA [Stat. Sections 59-1701 to 59-1761], NEW JERSEY [Rev. Stat. Sections 56:10-1 to 56:10-12], NEW YORK [Bus. Law Sections 680 to 695], NORTH DAKOTA [Century Code Sections 51-19-01 to 51-19-17], OREGON [Stat. Sections 650.005 to 650.085], RHODE ISLAND [Gen'l Laws Sections 19-28.1-1 to 19-28.1-34], SOUTH DAKOTA [Laws Sections 37-5A-1 to 37-5A-87], VIRGINIA [Code 13.1-557-574], WASHINGTON [Code Sections 19.100, et seq.], and WISCONSIN [Stat. Sections 553.01 to 553.78]. These and other states may have court decisions which may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise.

ITEM 18 **PUBLIC FIGURES**

We do not use any public figure to promote our franchise.

ITEM 19 **EARNINGS CLAIMS**

The following information represents the gross revenues for company-operated locations in the San Diego, CA area. The date that operations commenced is indicated for each territory. A new franchised territory with no operating history is likely to post revenues, which are lower than shown below. This information is not audited.~~We do not~~

furnish any oral or written information concerning the actual or potential sales, costs, income or profits of a Stroller Strides™ franchise. Actual results These figures likely will vary from territory to territory, and we cannot estimate the results of any particular franchise.

territory and operator to operator, and your results are likely to differ from those of Stroller Strides. We urge you to discuss and analyze this information with your own business, financial, and legal advisers. The population size, climate, availability of an indoor venue, and composition of your Territory may be radically different than that experienced by Stroller Strides.

YOUR INDIVIDUAL FINANCIAL RESULTS ARE LIKELY TO DIFFER FROM THE SALES RESULTS SHOWN IN THIS EARNINGS CLAIM.

SUCH ACTUAL SALES ARE SALES OF COMPANY OPERATED UNITS AND SHOULD NOT BE CONSIDERED AS THE ACTUAL OR PROBABLE SALES THAT WILL BE REALIZED BY ANY FRANCHISEE. WE DO NOT REPRESENT THAT ANY FRANCHISEE CAN EXPECT TO ATTAIN SUCH SALES.

SUBSTANTIATION OF DISCLOSED EARNINGS WILL BE MADE AVAILABLE TO PROSPECTIVE FRANCHISEES UPON REASONABLE REQUEST.

THE GROSS REVENUES FOR THE DISCLOSED PERIODS ARE AS FOLLOWS:

Unit 1:

<u>Plan B</u>	<u>Opened</u>	<u>2005 Revenue</u>
La Costa	Aug-05	\$ 1,258
Encinitas	Aug-01	\$ 17,543
Carlsbad	Mar-06	\$ 9,225
Total	-	\$ 28,026

Unit 2

<u>Plan B</u>	<u>Opened</u>	<u>2005 Revenue</u>
Oceanside	Feb-05	\$ 3,442
Vista	Mar-02	\$ 18,915
Total	-	\$ 22,357

Unit 3

<u>Plan B</u>	<u>Opened</u>	<u>2005 Revenue</u>
Coronado *	Jan-03	\$ 10,473
Balboa Park	May-05	\$ 3,124
Total	-	\$ 13,596

* Closed for half of year due to instructor illness

Unit 4

<u>Plan A</u>	<u>Opened</u>	<u>2005 Revenue</u>
Scripps Ranch	Apr-05	\$ 1,239
Total	-	\$ 1,239

Unit 5

<u>Plan A</u>	<u>Opened</u>	<u>2005 Revenue</u>
Rancho Bernardo	Nov-03	\$ 13,214
Total	-	\$ 13,214

Unit 6

<u>Plan A</u>	<u>Opened</u>	<u>2005 Revenue</u>
San Elijo	Sep-03	\$ 12,723
Total	-	\$ 12,723

Unit 7

<i><u>Plan A</u></i>	<i><u>Opened</u></i>	<i><u>2005 Revenue</u></i>
Carmel Valley	Mar-02	\$ 6,004
Santa Luz	Apr-05	\$ 3,983
Total	-	\$ 9,987

Unit 8

<i><u>Plan A</u></i>	<i><u>Opened</u></i>	<i><u>2005 Revenue</u></i>
UTC	May-01	\$ 10,596
Total	-	\$ 10,596

ITEM 20
LIST OF OUTLETS

~~There are no current or former Stroller Strides™ franchise outlets operating. Existing Stroller Strides™ territories are operated under license agreements, and we intend on converting these licensees to franchisees upon registration of this Offering Circular as required by certain individual states.~~

FRANCHISED TERRITORY STATUS SUMMARY FOR YEARS 2003/2004/2005

<u>State</u>	<u>Transfers</u>	<u>Cancelled or Terminated</u>	<u>Not renewed by Stroller Strides</u>	<u>Re-acquired by Franchisor</u>	<u>Left the System Other</u>	<u>Total from left columns</u>	<u>Territories operating at year end</u>
Arizona	0/1/0	0/1/1	0/0/0	0/0/0	0/0/0	0/1/1	0/3/6
California	0/0/0	0/2/11	0/0/0	0/0/0	0/0/0	0/2/11	9/25/27
Colorado	0/0/0	0/0/1	0/0/0	0/0/0	0/0/0	0/0/1	0/2/3
Connecticut	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/2
Florida	0/0/0	0/0/1	0/0/0	0/0/0	0/0/0	0/0/1	0/0/3/8
Georgia	0/0/0	0/0/2	0/0/0	0/0/0	0/0/0	0/0/2	0/4/6
Hawaii	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/1
Illinois	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/1/2
Indiana	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1
Louisiana	0/0/0	0/0/1	0/0/0	0/0/0	0/0/0	0/0/1	0/1/0
Massachusetts	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/2/7
Maryland	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/4/4
Missouri	0/0/0	0/0/1	0/0/0	0/0/0	0/0/0	0/0/1	0/1/0
New Hampshire	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1
New Jersey	0/0/0	0/0/2	0/0/0	0/0/0	0/0/0	0/0/2	0/2/6
New York	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/4
North Carolina	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/2/3
North Dakota	0/0/0	0/0/1	0/0/0	0/0/0	0/0/0	0/0/1	0/1/0
Nevada	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/1/1
Ohio	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/1/2
Oregon	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/4
Pennsylvania	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/1/1
South Carolina	0/0/0	0/0/1	0/0/0	0/0/0	0/0/0	0/0/1	0/1/1
Tennessee	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/1/3
Texas	0/0/0	0/1/1	0/0/0	0/0/0	0/0/0	0/1/1	2/3/6
Utah	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1
Virginia	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1	0/0/1	2/6/6
Washington	0/0/0	0/0/3	0/0/0	0/0/0	0/0/0	0/0/3	1/3/5
Wisconsin	0/0/0	0/0/1	0/0/0	0/0/0	0/0/0	0/0/1	0/1/1
Washington, D.C.	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1
Totals:	<u>0/1/0</u>	<u>0/4/28</u>	<u>0/0/0</u>	<u>0/0/0</u>	<u>0/0/1</u>	<u>0/4/28</u>	<u>16/70/113</u>

STATUS OF COMPANY OWNED STORES FOR YEARS 2001/2002/2003/2004/2005³2003/2004/2005

<u>State</u>	<u>Stores Closed During Year</u>	<u>Stores Opened During Year</u>	<u>Total Stores Operating at Year End</u>
California	0/0/0/0/0	1/0/0/0/0	1/1/1/1/1
California	0/0/0	0/0/0	1/1/1 ⁽¹⁾

PROJECTED OPENINGS AS OF MAY 31, 2005 JANUARY 1, 2006

State	Franchise Agreements Signed But Business Not Yet Operating	Projected Franchised New Businesses in the Next Fiscal Year	Projected Company Owned Openings in Next Fiscal Year
Arkansas	0	1	0
Arizona	0	15	1
California	0	5	0
California	4	25	0
Connecticut	0	3	0
Delaware	0	2	0
Florida	0	2	0
Florida	2	15	0
Georgia	0	4	0
Georgia	0	2	0
Illinois	1	5	0
Iowa	0	2	0
Kansas	0	2	0
Maine	0	2	0
Maryland	0	4	0
Missouri	0	1	0
Montana	0	1	0
New Jersey	0	4	0
New Jersey	0	10	0
New Mexico	0	1	0
New York	1	5	0
Nevada	0	3	0
N. Carolina	1	1	0
Oregon	1	1	0
Pennsylvania	0	1	0
Rhode Island	1	1	0
Texas	0	2	0
Texas	1	10	0
Virginia	0	7	0
Totals:	0	45	0

Totals:	13	120	1
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NOTES

(1) All territories listed currently operate under license agreements.

(2) All figures provided for 2005 are through May 31, 2005.

All figures provided for 2005 are through May 31, 2005.

NOTES

(1) Our company-operated locations in the San Diego area constitute 1 single business; the 8 units identified in Item 19 above are intended to provide you with a better understanding of the gross revenues generated in each of those territories.

Attached as Exhibit ~~IK~~ to this Offering Circular are the names, addresses, and telephone numbers of our current ~~licensees-franchisees~~.

—Attached as Exhibit ~~JL~~ to this Offering Circular are the names and last known addresses and telephone numbers of the ~~licensees-franchisees~~ who either had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business as a Stroller Strides® outlet in our fiscal year ending December 31, 2005:
2004:

ITEM 21 **FINANCIAL STATEMENTS**

—~~Exhibit K~~ Exhibit M attached to this Offering Circular contains our audited financial statements for ~~2003 and 2004~~, 2003, 2004 and 2005, as well as our most recent unaudited financial statements ~~for January 1, 2005 through April 30, 2005.~~

~~THE ALL FINANCIAL STATEMENTS FROM JANUARY 1, 2005-2006 AND AFTER THROUGH APRIL 30, 2005 HAVE BEEN PREPARED WITHOUT AN AUDIT. INVESTORS IN, OR SELLERS OF, FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.~~

ITEM 22 **CONTRACTS**

Copies of the following agreements are attached as Exhibits ~~D and E~~, and are considered a part of this Offering Circular:

~~Exhibit D:~~ Franchise Agreement

~~Exhibit E:~~ Non-Disclosure/Non-Compete/Non-solicitation Agreement

Exhibit C Franchise Application

Exhibit D: Prospective Franchisee Territory Reservation Agreement

Exhibit E Franchise Agreement

Exhibit F Automatic Payment Forms

Exhibit G Territory Option Agreement for Existing Franchisee

Exhibit H: Non-disclosure; Non-competition and

Non-Solicitation Agreement

ITEM 23 **RECEIPT**

Attached as Exhibit ~~LN~~ to this Offering Circular is a Receipt prepared in duplicate. Please sign both copies. Keep one copy for your records and return the other copy to Stroller Strides, LLC, 1531 Crescent Place, San Marcos, CA 92078.