

## Item 1.

### The Franchisor, Its Predecessors and Affiliates

To simplify the language in this Offering Circular, "We", "Us" or "Our" means CURVES INTERNATIONAL, INC., the Franchisor. "You" means the person who buys the Franchise. If You are a corporation or partnership, "You" includes the owners of the Franchise. We are a Texas corporation that was incorporated in October 1995. We maintain Our principal place of business at 100 Ritchie Road, Waco, Texas 76712. We do business under our corporate name and under the name *Curves*® and *Curves for Women*®. We do not engage in any other business activity. Our agents for service of process are listed on Attachment C.

Our predecessor was Curves for Women, Inc., a Texas corporation incorporated in August 1992. Curves for Women, Inc. began the development of procedures and systems which were to form the foundation for Us. Curves for Women, Inc. owned and operated 2 aerobics and weight loss centers in Texas from August 1992 to October 1995 when they were sold. Curves for Women, Inc. has never offered any franchises for this business or franchises in any other lines of business. Unless stated in this Offering Circular to the contrary, information for Us and Curves for Women, Inc. are the same. Curves for Women, Inc. is not active. The business address of Curves for Women, Inc. is 100 Ritchie Road, Waco, Texas 76712.

Curves for Women II, L.C., a Texas limited liability company formed in August 1994, is Our affiliate. The principal business address of Curves for Women II, L.C. is 100 Ritchie Road, Waco, Texas 76712. Curves for Women II, L.C. owned and operated a *Curves for Women*® fitness center from August 1994 to April 1997 when it was sold. Curves for Women II, L.C. offers for sale to *Curves for Women*® franchisees products and extra equipment. Curves for Women II, L.C. does not and has never offered any franchises for this business or franchises in any other lines of business.

Heavin Ideas In Action, Inc., a Texas corporation formed September 24, 1993, is Our affiliate. The principal address of Heavin Ideas In Action, Inc. is 100 Ritchie Road, Waco, Texas 76712. Heavin Ideas In Action, Inc. manufactures and sells products and extra equipment. Heavin Ideas In Action, Inc. does not and has never offered any franchises for this business or franchises in any other lines of business.

CFW Spain, Inc., a Nevada corporation formed in December 2002, is Our affiliate. The principal business address of CFW Spain, Inc. is 101 Convention Center Drive, Suite 700, Las Vegas, Nevada 89109. Since its origin, CFW Spain, Inc. has offered and continues to offer for sale *Curves*® and *Curves for Women*® franchises in the country of Spain. CFW Spain, Inc. does not and has never offered any franchises in any other lines of business.

CFW Group, Inc., a Nevada corporation formed in February 2002, is Our affiliate. The principal business address of CFW Group, Inc. is 101 Convention Center Drive, Suite 700, Las Vegas, Nevada 89109. Since February 2002, CFW Group, Inc. has offered and continues to offer for sale *Curves*® and *Curves for Women*® franchises internationally. CFW Group, Inc. does not and has never offered any franchises in any other lines of business.

CFW Mexico, Inc., a Nevada corporation formed in February 2002, is Our affiliate. The principal business address of CFW Mexico, Inc. is 101 Convention Center Drive, Suite 700, Las Vegas, Nevada 89109. Since February 2002, CFW Mexico, Inc. has offered and continues to offer for sale *Curves*® and *Curves for Women*® franchises in the country of Mexico. CFW Mexico, Inc. does not and has never offered any franchises in any other lines of business.

CFW Latin America, Inc., a Nevada corporation formed in March 2003, is Our affiliate. The principal business address of CFW Latin America, Inc. is 101 Convention Center Drive, Suite 700, Las Vegas, Nevada 89109. Since March 2003, CFW Latin America, Inc. has offered and continues to offer for sale *Curves*® and *Curves for Women*® franchises internationally. CFW Latin America, Inc. does not and has never offered any franchises in any other lines of business.

Member Dues for Curves, Inc., a Nevada corporation formed in April 2004, is Our affiliate. The principal business address of Member Dues for Curves, Inc. is 101 Convention Center Drive, Suite 700, Las Vegas, Nevada 89109. Since April 2004, Member Dues for Curves, Inc. has offered and continues to offer electronic fund transfer services to franchisees. Member Dues for Curves, Inc. does not and has never offered any franchises in any lines of business.

We are in the business of granting and providing services to Our franchisees consisting of the opportunity to open and operate a thirty minute fitness and weight-loss center under the *Curves*® and *Curves for Women*® trade names, trademarks and system of operating procedures. References to either *Curves*® or *Curves for Women*® within this Offering Circular are the same. We have offered *Curves for Women*® franchises since October 1995. We do not own or operate any franchises for an extended period of time. We do not sell franchises in other lines of business.

We will grant You the right to operate 1 *Curves*® thirty minute fitness and weight-loss center at a location specified in the Franchise Agreement found in this Offering Circular as Exhibit B. You will offer thirty minute fitness and weight reduction instruction to the general public as an independently owned and operated entity using Our system of operations, logos and trademarks. We will advise and assist You in the following areas to enhance Your ability to open and operate a *Curves*® thirty minute fitness and weight loss center: site selection; the hiring of staff; training of You and Your staff; designing and laying out an efficient center; and operation of the center.

Our prior business experience includes 4 years of the operation of *Curves for Women*® fitness centers. We have additionally allowed 15 independently owned and operated fitness centers to utilize the basic *Curves for Women*® fitness program and equipment since 1992.

Your competitors include other national fitness chains and local fitness centers. You will offer Your services in a developed market. We believe the fitness program We provide for You will give You a unique product in comparison to Your competition and thus provide You with a competitive edge in the fitness industry for women.

There are no specific national standards regulating the fitness industry or the franchise. Many states have laws regulating fitness center contracts, weight loss instruction, weight loss products, operations and licenses. These regulations vary from state to state and could affect Your operations.

## Item 2.

### Business Experience

#### Chief Executive Officer and Director: Howard Gary Heavin

Mr. Heavin has served as Our Chief Executive Officer and Our Chairman of the Board of Directors since October 1995. He served as Our President from March 2004 to November 9, 2005 and from October 1995 to April 1997. He was President and Chairman of the Board of Directors of Curves for Women, Inc. from 1992 until 1995. He holds a Bachelor's degree in Health and Nutritional Counseling from Thomas Edison State College. Mr. Heavin has been in the health and fitness industry for approximately 24 years, including the development of Woman's World, a chain of fitness facilities, the manufacture of exercise equipment, counseling weight loss clients and providing consulting services for club owners internationally. Mr. Heavin was Chief of Operations for Powercise, and a Director of sales of Maxxim Medical. Mr. Heavin is the author of *Curves on the Go*, *Curves*, *Curves Member Guide*, *Sweet Joy of Sugar Free Living*, *Heavin Formula*, *Permanent Results Without Permanent Dieting*. He developed the original designs for the equipment system used by *Curves*® franchises.

#### Executive Vice President and Director: Diane M. Heavin

Ms. Heavin has served as Our Executive Vice President since August 2005. She held the position of Vice President from October 1995 to June 2004. She has and continues to hold the position of Treasurer for Us since October 1995. Ms. Heavin was an operating officer of Curves for Women, Inc. from August 1992 to October 1995. In addition she has been a Supervisor of a *Curves for Women*® center in Harlingen. Ms. Heavin also has 5 years of experience as a newspaper advertising representative and has been responsible for the development of advertising for *Curves*® and *Curves for Women*®.

#### President : Mike Raymond

Mr. Raymond has served as Our President since November 10, 2005. He served as Our Senior Vice President of Marketing and Advertising from August 2005 to November 10, 2005. He served as Our Director of Marketing from May 2002 to July 2005. Mr. Raymond was previously employed as Director of Marketing at Arthur Andersen, LLP in St. Louis, Missouri from April 1999 to April 2002.

#### Senior Vice President of Legal Affairs and Chief General Counsel: Roger N. Schmidt

Mr. Schmidt has served as Our Senior Vice President of Legal Affairs since August 2005 and as Our Chief General Counsel since August 2001. Mr. Schmidt served as Our Vice President from June 2004 to August 2005. He served as Our Secretary from January 2002 to June 2004. Mr. Schmidt was employed by The Olajuwon Group, a multi-franchisee in the food industry, as general counsel for the year prior to being Our Chief General Counsel. He has owned and managed a successful civil litigation firm in Houston, Texas for over 20 years. Mr. Schmidt obtained a Juris Doctorate Degree of Law from South Texas College of Law in 1975.

Senior Vice President of Product Distribution: David Heavin

Mr. David Heavin has served as Our Senior Vice President of Product Distribution since August 2005. He was employed by Heavin Ideas In Action, Inc., Our affiliate, as Chief Executive Officer from February 1992 to June 2005. Mr. David Heavin has served as President of Heavin Ideas In Action, Inc. since June 2005.

Senior Vice President of Product Development: Glenna Heavin

Mrs. Glenna Heavin has served as Our Senior Vice President of Product Development since August 2005. She was employed by Heavin Ideas In Action, Inc., Our affiliate, as President from February 1992 to June 2005. Mrs. Glenna Heavin has served as Vice President of Heavin Ideas In Action since June 2005.

Treasurer and Chief Financial Officer: Ronnie Glaesmann

Mr. Glaesmann, a CPA, has served as Treasurer and Chief Financial Officer since January 2006. He also served as Our Controller from December 2004 to December 2005. From March 2004 to December 2004, Mr. Glaesmann was Vice President of National Stage Equipment Co. He served in various executive roles during the last 7 years of his 11 year tenure with Hillcrest Health Systems, which spanned the period from September 1993 to February 2004. Mr. Glaesmann obtained his MBA from Baylor University in 1997 and his Bachelors of Business Administration in Accounting from Texas A&M University in 1984.

Vice President of Franchise Sales: Steve Beatty

Mr. Beatty has served as Our Vice President of Franchise Sales since August 2005 and as Our Director of International Franchise Sales since July 2004. He has also been self employed as a franchise broker for Us since August 1998.

Secretary and General Counsel: Kevin D. Ayers

Mr. Ayers has served as Our Secretary since June 2004 and Our General Counsel since April 1997. He was employed by The Dwyer Group, Inc, a conglomerate of franchise companies, for 2 years prior to working for Us. Mr. Ayers had previously worked in the fitness industry for over 8 years prior to obtaining his degrees. Mr. Ayers obtained a Juris Doctorate Degree of Law from Baylor University School of Law in 1995 and a Bachelor of Business Administration from the Baylor University School of Business in 1995.

### Item 3.

#### Litigation

**Curves International, Inc. v. Playmore International, LED., Elizabeth Rhodes and Debra Gray Boyd.** Cause No. 2004-2378-4; C.A. No. W-04-CA-241. In July 2004, We filed an action against Defendants seeking specific performance. Defendants alleged to have agreed to a sale of their franchise, and, upon notice of the agreed sale, We exercised Our option of a first right of refusal under the franchise agreement to purchase their franchise. Defendants failed to transfer their franchise to Us, and We are seeking specific performance of the franchise agreement to effect the transfer. As of the update date of this offering circular, this case is still pending.

**4039971 Canada Inc. V. 9125-3294 Quebec & Curves International, Inc.** No. 600-17-024263-068. On February 3, 2005, an action was filed against Us seeking recovery of damages for alleged encroachment. As of the date of this offering circular, this case is still pending.

**Curves International, Inc. V. Leah Shtesl & Atara Sne.** No. 2003-4394-4. On December 23, 2003, We filed an action against the defendants seeking to recover damages for defendants' abandonment of their franchise and thereafter opening a competing business. As of the date of this offering circular, this case is still pending.

**Curves International, Inc. v. Donna Ann Cannon, Walter G. Cannon.** Civil Action No. W05CA277. On July 19, 2005, We filed an action against two former franchisees (Defendants) who opened four competing fitness centers in violation of the terms of their franchise agreements. We are seeking a permanent injunction against Defendants, as well as damages for breach of contract, tortious interference with business relations, conspiracy to interfere with a contract, violation of a covenant not to compete and misappropriation of trade secrets. As of the date of this offering circular, this case is still pending.

**Curves International, Inc. v. Yolanda Coccoli, John Coccoli.** Civil Action No. W05CA279. On July 19, 2005, We filed an action against two former franchisees (Defendants) who opened a competing fitness center, in violation of the terms of their franchise agreements. We are seeking a permanent injunction against Defendants, as well as damages for breach of contract and violation of a covenant not to compete. As of the date of this offering circular, this case is still pending.

**Curves International v. Scott T. Smith.** Civil Action No. W05-CA278. On July 19, 2005, We filed an action against a former franchisee (Smith) who opened a competing fitness business, a violation of the terms of his franchise agreements. We are seeking damages for breach of contract, violation of a covenant not to compete, and misappropriation of trade secrets. As of the date of this offering circular, this case is still pending.

**Melissa Ann Kitchen v. Curves International, Inc.** Cause No. 048-212283-05. On July 8, 2004, an action was filed against Us for alleged tortious interference and civil conspiracy by the ex-fiancé of a former franchisee who further alleges she was an owner on the franchise. As of the date of this offering circular, this case is still pending.

Other than these 7 actions, no litigation is required to be disclosed in this Offering Circular.

No person or franchise broker in Item 2 of this Offering Circular nor are we subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

**Item 4.**

**Bankruptcy**

No person previously identified in Items 1 or 2 of the Offering Circular has been involved as a debtor in proceedings under the U.S. Bankruptcy Code required to be disclosed in this Item.

## Item 5.

### Initial Franchise Fee

We have the following different initial franchise fees:

For a territory with a population in excess of 15,000, You must pay Us an initial franchise fee of \$39,900.00 for the grant of a franchise which includes the equipment system used in *Curves*® franchises with 24 stations. If You are a current *Curves*® franchisee and You split Your existing territory into 2 separate territories whereby the population of the new territory is in excess of 15,000, You must pay Us an initial franchise fee of \$29,900 for the grant of a franchise in that new territory resulting from the splitting of Your existing territory which includes the equipment system used in *Curves*® franchises with 24 stations.

For a territory with a population less than 10,000, You must pay Us an initial franchise fee of \$31,900 which will include the equipment system used in *Curves*® franchises, however, with only 16 stations. If You are a current *Curves*® franchisee and You split Your existing territory into 2 separate territories whereby the population of the new territory is less than 10,000, You must pay Us an initial franchise fee of \$24,900 for the grant of a franchise in that new territory resulting from the splitting of Your existing territory which includes the equipment system used in *Curves*® franchises with 16 stations. For purposes of this Offering Circular, the franchise with a population less than 10,000 will be identified as a Small Market Franchise.

We have the sole right to determine which initial franchise fee will be charged when the population of the territory is between 10,000 and 15,000 using some of the following factors, although We do retain the right to consider other factors as well: demographics of territory, size of territory, location of surrounding *Curves*® franchises, proposed rent amount of location site (if available) and any experience You may have working in or owning a *Curves*® franchise.

Any of these one-time fees provides the grant of the franchise for the term of the franchise period in accordance with the terms and conditions of the Franchise Agreement. The initial franchise fee is not refundable in whole or in part. The total amount of the initial franchise fee is due and payable upon the signing of the Franchise Agreement. A delivery fee in the amount of between \$1,250.00 to \$2,350.00 is also due and payable upon the signing of the Franchise Agreement. The exact amount of the delivery fee is primarily, but not solely, determined by the actual costs of the delivery of the equipment. The delivery fee is not refundable. You may be able to finance the initial franchise fee through Us. See Item 10 for more information on financing the initial franchise fee through Us. You cannot open Your franchise if We have not approved the location site of Your franchise.



**Item 6.**

**Other Fees**

Name of fee	Amount	Due Date	Remarks
Monthly Royalty Fee (See Note 1)	5% of the previous month's gross income (as defined in the Franchise Agreement) for Your franchise or \$395.00 per month throughout the first 12 months of the term of the Franchise Agreement under certain conditions as outlined and subject to the limitations set out in Note 2 below (See Note 2)	On or before the first or fifth day of each month (See Note 2)	(See Note 2)
Monthly Advertising Fee (See Note 1)	3% of the previous month's gross income (as defined in the Franchise Agreement) for Your franchise or \$195.00 per month throughout the first 12 months of the term of the Franchise Agreement under certain conditions as outlined and subject to the limitations set out in Note 3 below (See Note 3)	On or before the 20 <sup>th</sup> day of each month (See Note 3)	(See Note 3)
Training Fee (See Note 1)	(See Note 4)	(See Note 4)	(See Note 4)
Re-Location Fee (See Note 1)	\$500.00	Prior to any relocation of Your franchise location site	You must pay this fee to Us and receive written approval from Us prior to relocating Your franchise location site.
Delay of Opening Fee (See Note 1)	\$1,000.00	On demand	Applies if You change the date of opening Your franchise after the date has already been approved by Us.

Transfer Fee (See Note 1)	\$5,000.00	Prior to the transfer	You must pay this fee to Us when Your franchise is sold. There is a \$1,000 fee if the transfer is to a corporation owned solely by You.
Escrow Fee	\$1,800	Prior to the transfer	You must pay this fee to Us in escrow to pay for any unpaid amounts owed to Us during the process of the transfer.
Assignment Fee (See Note 1)	\$1,000.00	Prior to the assignment	You must pay this fee to Us when You assign Your franchise to any entity owned by You.
Late Fee (See Note 1)	\$35.00	On demand	Applies to any fee owed under the Franchise Agreement that is more than 5 days late.
Interest (See Note 1)	The highest rate allowable by law on any balance unpaid by more than 30 days	On demand	Payable on all overdue amounts.

Notes:

1. All fees are imposed by Us and are payable to Us unless We tell you otherwise. All fees are non-refundable.
2. The Monthly Royalty Fee shall commence either upon the opening of Your franchise to the general public or the expiration of 180 days from the execution of the Franchise Agreement, whichever occurs first. You must open Your franchise no later than 180 days from the date of execution of Your Franchise Agreement. Monthly Royalty Fees shall be paid by electronic funds transfer initiated by Us from Your bank account or in any other form that We require in accordance with the Franchise Agreement. Regardless of the previous month's gross income for Your franchise, in no event will the Monthly Royalty Fee be less than \$195.00 or more than \$795.00. If You are a current *Curves*® franchisee and You split Your existing territory into 2 separate territories and You are currently paying a Monthly Royalty Fee of \$395.00 on the existing territory that You are splitting, then the Monthly Royalty Fee for Your new franchise that resulted from the split of Your existing territory is and will not ever be less than \$395.00, however, after the first 12 months of the term of the Franchise

Agreement, the Monthly Royalty Fee throughout the remaining term of the Franchise Agreement, and any extension thereto, shall be obtained by multiplying \$395.00 by a fraction, the numerator of which is the Consumer Price Index, Urban Wage Earners and Clerical Workers, all items for the metropolitan area geographically nearest to Your franchise location, published by the Bureau of Labor Statistics, U.S. Department of Labor, or its successors, or if none, by any other instrumentality of the United States or the state in which the franchise is located for the month of December of each succeeding year during the term of the Franchise Agreement, and the denominator of which is the Consumer Price Index for the first full calendar month of the first year of the Franchise Agreement.

3. The Monthly Advertising Fee shall commence either upon the opening of Your franchise to the general public or the expiration of 180 days from the execution of the Franchise Agreement, whichever occurs first. You must open Your franchise no later than 180 days from the date of execution of Your Franchise Agreement. Monthly Advertising Fees shall be paid by electronic funds transfer initiated by Us from Your bank account or in any other form that We require in accordance with the Franchise Agreement. Regardless of the previous month's gross income for Your franchise, in no event will the Monthly Advertising Fee be less than \$95.00 or more than \$395.00. If You are a current *Curves*® franchisee and You split Your existing territory into 2 separate territories and You are currently paying a Monthly Advertising Fee of \$195.00 on the existing territory that You are splitting, then the Monthly Royalty Fee for Your new franchise that resulted from the split of Your existing territory is and will not ever be less than \$195.00, however, after the first 12 months of the term of the Franchise Agreement, the Monthly Royalty Fee throughout the remaining term of the Franchise Agreement, and any extension thereto, shall be obtained by multiplying \$195.00 by a fraction, the numerator of which is the Consumer Price Index, Urban Wage Earners and Clerical Workers, all items for the metropolitan area geographically nearest to Your franchise location, published by the Bureau of Labor Statistics, U.S. Department of Labor, or its successors, or if none, by any other instrumentality of the United States or the state in which the franchise is located for the month of December of each succeeding year during the term of the Franchise Agreement, and the denominator of which is the Consumer Price Index for the first full calendar month of the first year of the Franchise Agreement. All advertising fund contributions and interest, dividends and other amounts earned thereon shall be used exclusively on national, regional or local media or other marketing techniques or programs designated to communicate the services of the franchises to the public in Our sole discretion, as well as for any creation and production costs incurred by Us and for any reasonable accounting, administrative and legal expenses associated with the advertising fund and for other purposes deemed appropriate by Us to enhance and promote the general recognition of Our franchises. The allocation of the advertising fund between national, regional and local expenditures and administrative expenditures will be made by Us in Our sole business judgment.
4. We do not charge You any additional fee for the training program, except that We do charge You \$1,000 for the training program if You purchase an already opened franchise from one of Our franchisees. You are required to attend a mandatory 4½ day training class at a time We designate. Training will be held in Waco, Texas. Your expenses and Your personnel's expenses incident to attendance at the training class, including travel, lodging, meals, transportation, and other incidental expenses, shall be paid by You.

**Item 7.**

**Initial Investment**

	<b>Lowest Estimated Amount</b>	<b>Highest Estimated Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to Be Made</b>
Initial Franchise Fee	\$24,900 (See Note 1)	\$39,900 (See Note 1)	(See Note 1)	(See Note 1)	Us
Travel and Living Expenses While Training (See Note 2)	\$ 1,000	\$ 2,000	As Arranged	As Incurred	Independent Vendor
Real Estate and Improvements	(See Note 3)	(See Note 3)	(See Note 3)	(See Note 3)	(See Note 3)
Education Requirements	(See Note 4)	(See Note 4)	(See Note 4)	(See Note 4)	(See Note 4)
Furniture and Equipment (See Note 5)	\$ 500	\$ 1,500	As Arranged	When Arranged	Independent Vendors
Supplies (See Note 6)	\$ 200	\$ 400	As Arranged	As Incurred	Independent Vendors
Computer	\$ 500	\$ 1,000	As Arranged	When Arranged	Independent Vendors
Signs	\$ 625	\$ 1,100	As Arranged	When Arranged	Independent Vendor
Advertising (See Note 7)	\$ 300	\$ 600	Cash	As Incurred	Independent Vendors
Deposits (See Note 8)	\$ 500	\$ 1,000	As Arranged	As Incurred	Independent Vendors
Insurance (See Note 9)	\$ 150	\$ 600	As Arranged	When Arranged	Independent Carrier
Delivery Fee	\$ 1,250	\$ 2,350	Cash	On Delivery of Equipment	Us

Additional Funds - 3 Months (See Note 10)	\$ 1,500	\$ 3,000	Cash	As Incurred	Various Payees
Total	\$ 31,425	\$ 53,450			

(Does not include real estate costs.)

Notes:

1. See Item 5. Depending upon the conditions as provided in Item 5 above, the franchise has an Initial Franchise Fee of \$24,900, \$29,900, \$31,900 or \$39,900.00. You must pay the total amount of the Initial Franchise Fee upon the signing of the Franchise Agreement. All payments for the Initial Franchise Fee must be paid by a cashier's check, or any other method as required by Us in accordance with the Franchise Agreement, payable to Us in Waco, Texas. The Initial Franchise Fee is not refundable.
2. You should allow at least \$1,000.00 for travel, lodging, food and other miscellaneous living expenses incurred during training. Your actual cost will vary, depending on the distance to be traveled, Your method of travel, and Your personal circumstances.
3. If You do not own building space for Your franchise, You must lease or purchase the business premises for the franchise. Too many variables exist, such as buying versus renting and Your personal preference as to space and accessories, to ascertain an exact cost for real estate. If renting, We suggest using a building with minimum amount of space to keep Your monthly costs as low as possible. Rent will vary depending on factors such as size, condition and location of the leased premises. We recommend the size of Your building for Your franchise to be approximately 1,000 to 1,200 square feet. We recommend Your building for Your franchise be located in a secondary rent location to reduce Your monthly rent. We must approve Your location site before You sign a lease and open the franchise.
4. You or the person managing Your franchise must satisfactorily complete and obtain a certification in the field of health and wellness.
5. You may purchase any type of furniture or miscellaneous items You prefer. The equipment is covered by Your Initial Franchise Fee.
6. Includes any supplies or materials you deem as necessary to operate efficiently, such as any forms, writing material, writing utensils, posters, weight information devices, etc.
7. You will need to advertise locally in the initial start-up phase to help establish name recognition in Your locality.
8. Includes security deposits, utility costs, incorporation fee, or any requirements by Your locality as to any type of permits or licensing.

9. You will need to purchase and maintain in effect at all times during the term of the Agreement a policy or policies of insurance, naming Us as an additional insured on the face of each policy, public liability in no less than the following amounts: bodily injury - \$1,000,000 each person; \$1,000,000 each accident, and property damage - \$1,000,000 each accident. You must also purchase workers' compensation and automobile liability insurance as required by state law.
  
10. We recommend that you have additional funds available during the start-up phase of Your franchise. These amounts are Our estimates of the amount needed to cover Your expenses for a 3 month period from the date You open for business. These figures are only estimates and We cannot assure You that You will not have additional expenses starting Your franchise. Your actual costs will vary according to Your approach to the franchise; Your management skill, experience and business acumen; local economic conditions; the local market for the franchise's services; the prevailing wage rate in Your market; and, competition and the rate of growth of Your franchise.

There are no other direct or indirect payments to Us for the purchase of the franchise.

## Item 8.

### Restrictions on Sources of Products and Services

You must purchase only exercise equipment and health and fitness products and inventory from Us or from a source We designate as We require from time to time to keep Your franchise current within Our system and to provide the maximum amount of quality in Your franchise. Required purchases in the on-going operation of Your franchise are minimal. We may receive revenue or material considerations on any required purchases in the event We require You to purchase any additional equipment or products. Since We have started franchising in October 1995, We have not required any purchase of additional exercise equipment or any health and fitness products. Our revenue from the sale of required equipment would be based on an increase to the cost of manufacturing the equipment. At the current time, We have not derived any revenue from the sale of required purchases of equipment. You must purchase a phone, fax machine, and stereo from independent vendors for the operation of Your franchise. We may require You to purchase or acquire certain computer hardware and/or software as We from time to time deem necessary for the operation of Your franchise within Our system. We require You to provide to Us an e-mail address for communication purposes. In the year ending December 31, 2005, We derived no revenue from the sale of required equipment, supplies and products. The cost of equipment, supplies and products represents approximately 2% of Your total purchases in connection with the establishment of Your franchise. We do not have any purchasing or distribution cooperatives.

You can only purchase products and/or supplies with Our trademark or logo from Our affiliates Heavin Ideas In Action, Inc. and Curves For Women II, L.C. You are not required to purchase products and/or supplies with Our trademark or logo. In the year ending December 31, 2005, Heavin Ideas In Action, Inc. and Curves For Women II, L.C. derived \$46,600,000 in revenue from the sale of these products and/or supplies with Our trademark or logo to franchisees, or approximately 31.9% of Our total revenues of \$145,999,019. Your purchase of these products and/or supplies with Our trademark or logo will represent a varied percentage of your overall purchases in operating the franchise depending on how much You want to spend.

You must purchase a sign for Your franchise specifically approved by Us. Our approval is based upon Our desire to provide the public with consistency in the design and appearance of Our trademark. You may purchase Your sign from Our approved supplier of signs, Jackson Signs. You are not required to purchase Your sign from Jackson Signs. Jackson Signs pays Us approximately 10% of purchases of signs by Our franchisees. The cost of a sign represents approximately 3% of Your total purchases in connection with the establishment of Your franchise. You may purchase software for operating Your franchise from Our approved supplier Go Figure, Inc. You are not required to purchase software from Go Figure, Inc. Go Figure, Inc. pays Us approximately 25% of all monthly licensing fees collected.

You may purchase Your check drafts directly from Our affiliate Curves for Women II, L.C. Curves for Women II, L.C. acquires revenues from the sale of check drafts to franchisees. In the year ending December 31, 2005, Curves for Women II, L.C. derived \$1,907,000 in revenue from the sale of check drafts to franchisees, or approximately 1.3% of Our total revenues of \$145,999,019. Your purchase of check drafts will represent approximately 1 to 3% of your overall purchases in operating the franchise.

**Item 9.**

**Franchisee's Obligations**

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

<i>Obligation</i>	<i>Section in Agreement</i>	<i>Item in Offering Circular</i>
a. Site selection and acquisition/lease	Section 4 of Franchise Agreement	Items 7 and 11
b. Pre-opening purchases/leases	Section 4 of Franchise Agreement	Item 7
c. Site development and other pre-opening requirements	Section 4 of Franchise Agreement	Items 7 and 11
d. Initial and ongoing training	Sections 9 of Franchise Agreement	Item 11
e. Opening	Section 5 of Franchise Agreement	Item 6
f. Fees	Sections 3, 4D, 5C, 10, 16 and 22L of Franchise Agreement	Items 5, 6 and 7
g. Compliance with standards and policies/Operating Manual	Sections 6 and 9 of Franchise Agreement	Item 11
h. Trademarks and proprietary information	Section 12A of Franchise Agreement	Items 13 and 14
i. Restrictions on products/services offered	Section 6 and 7 of Franchise Agreement	Items 8 and 16
j. Warranty and customer service requirements	None	
k. Territorial development and sales quotas	None	
l. Ongoing product/service purchases	Section 6 and 7 of Franchise Agreement	Items 8 and 16
m. Maintenance, appearance and remodeling requirements	Section 6 of Franchise Agreement	Item 11



n. Insurance	Section 14A of Franchise Agreement	Items 7 and 8
o. Advertising	Sections 10B of Franchise Agreement	Items 6 and 11
p. Indemnification	Section 14B of Franchise Agreement	Items 6, 13 and 14
q. Owner's participation/management/staffing	Sections 6H and 9D of Franchise Agreement	Items 11 and 15
r. Records and reports	Section 11 of Franchise Agreement	Item 6
s. Inspections and audits	Section 6J and 11C of Franchise Agreement	Items 6 and 11
t. Transfer	Section 16 of Franchise Agreement	Item 17
u. Renewal	Section 2 of Franchise Agreement	Item 17
v. Post-termination obligations	Section 19 of Franchise Agreement	Item 17
w. Non-competition covenants	Section 20B of Franchise Agreement	Item 17
x. Dispute resolution	Section 21 of Franchise Agreement	Item 17

## **Item 10.**

### **Financing**

If We approve financing, We will finance \$13,000 of the Initial Franchise Fee for a period not to exceed 30 months at an interest rate of whichever is less between 15% per annum or the highest rate allowed by law. Note payments must be made by electronic funds transfer. We require a security interest usually secured by the equipment, any real estate, stocks and bonds, or other collateral as We deem appropriate. In Our Note, security agreement and guaranty, You must waive Your rights to certain notices of a collection action but You do not waive any defenses in any Note, security agreement or guaranty. If You are a corporation, Your principal shareholders must personally guarantee the debt. You may prepay the Note at any time without penalty. If You default, We can accelerate the payments on the Note calling the full amount of the Note due. If We call the Note, the remaining principal and any accrued, unpaid interest will become due and payable to Us. If You do not pay the entire balance, You may be responsible for court costs and attorneys' fees We incur in collecting the debt. We may terminate Your franchise if You do not pay Us. We have not nor do We intend to sell, assign or discount to a third party any part of Our financing arrangements with You or Our franchisees. We do not receive any payments from any person for the placement of financing with such person. We do not guarantee any notes, leases or obligations. An example of Our Note is attached as Exhibit C.

## Item 11.

### Franchisor's Obligations

Except as disclosed below, We need not provide any assistance to You.

Before You open Your business, We will:

1. Designate Your territory (Franchise Agreement, Exhibit A).
2. You are solely responsible for site selection and securing a lease for the premises. We must approve Your location site before You can open Your franchise. You shall have the facility completed and furnished in accordance with Our specifications within 180 days of acceptance of this Agreement by Us unless otherwise approved in writing by Us. (Franchise Agreement, Section 4A). Unless otherwise approved in writing by Us, if You do not open Your franchise within 180 days from the date of execution of this Agreement, We have the right to terminate this Agreement without refunding any part of the Initial Franchise Fee. (Franchise Agreement, Section 3B).
3. Advise as to methods of training staff to work in and assist in operating a franchise (Franchise Agreement, Section 9D).
4. Assist in the plan or office design showing the location of equipment for an efficient use of equipment and utilization of space (Franchise Agreement, Section 6).
5. Provide You with the necessary equipment and manuals listed in the Franchise Agreement to open Your franchise (Franchise Agreement, Section 6A and Exhibit B). You may view the operating manual before you purchase Your franchise.
6. Advise as to promotion and advertising of Your franchise (Franchise Agreement, Section 7A).
7. Train You and Your designated general manager for 4 to 5 days consisting of the following: (Franchise Agreement, Section 9A)

<u>Subject</u>	<u>No. of Hours</u>	<u>Instructor</u>	<u>Experience</u>
Exercise physiology	6	Cassie Findley	over 15 years working as Wellness Director at Baylor University.
Nutritional counseling	6	Ashli Thomas	registered dietician since 2003.
Marketing	8	Gary Heavin and Brice Campbell	Gary Heavin - over 21 years of owning and operating clubs. Brice Campbell- several years of marketing experience working for major marketers and advertising agencies.

Sales	8	Janell Gilman	25 years experience in organizational development and process improvement.
Business Systems	4	Janell Gilman	25 years experience in organizational development and process improvement.
Equipment Class Systems	2	Gary Heavin	Gary Heavin - over 21 years of owning and operating clubs.

On-the-job training may be provided for each of these subjects if We, at Our discretion, send an independent contractor to assist You in the operation of Your franchise. Training will be held in Waco, Texas, or any other place as We designate, and will last for 4 to 5 days. Training shall be held at a time designated by Us. You and Your designated manager are required to attend and complete the training to Our satisfaction. You and Your designated manager may be required by Us to attend additional training necessary to the operations of Your franchise.

Though the time may vary, the typical length of time between the signing of the franchise agreement and the opening of Your franchise is approximately 180 days. Factors which may affect this time period are the following: Your completion of initial training; Your ability to locate a building and obtain a lease and Our approval of the location site; registration with state and/or local authorities for the opening of Your franchise; the delivery of Your equipment; the scheduling of Your opening date; and the scheduling, if provided, of Our independent contractor to assist You in the operation of the franchise.

All expenses as to travel and living for the initial training and any additional training must be paid by You. The training program will usually be conducted each month except in November. Gary Heavin has been with Us since October 1995, Mike Raymond has been with Us since May 2002, Ashli Thomas has been with Us since August 2004 and Janell Gilman has been with Us since August 2002. Information on Gary Heavin may be found in Item 2 in this Offering Circular.

8. Provide, at Our expense and at Our discretion, an independent contractor to assist in the operation of Your franchise. (Franchise Agreement, Section 7A).

During the operation of Your business, We will:

1. Assist with sales promotions for use in Your franchise (Franchise Agreement, Sections 7A and 10B)
2. Advise as to source of supply for equipment, services, supplies, products and materials (Franchise Agreement, Sections 6 and 7B).
3. Provide additional training, periodic seminars, advice and assistance to You that We may deem proper and advisable. (Franchise Agreement, Section 7A).

We provide national advertising to You through a national advertising fund ("Advertising Fund") in any of the following forms: print, online and electronic media. We use outside advertising agencies to create and place advertising in coordination with Our in-house advertising/marketing

department. Neither We nor any of Our affiliates receive payments, other than reimbursements, from the Advertising Fund. We are not required to spend any amounts on advertising in the specific territory where You are located, however, We generally use the Advertising Fund for national advertising in an effort to benefit all *Curves*® and *Curves For Women*® franchises. The Advertising Fund is used to promote the products and services sold by *Curves*® and *Curves For Women*® franchises and is not used to sell additional *Curves*® and *Curves For Women*® franchises.

We also provide You with advertisements for use in local advertising. You may only use the advertisements that We approve in writing or that We provide to You.

The Advertising Fund is a separate fund which collects advertising fees from all franchisees according to each franchise agreement. If We own any franchises, We will also contribute to the Advertising Fund on the same basis as the franchisees. All fees collected under the Advertising Fund must be used for advertising including all costs associated with the development of advertising, promotion, and marketing of goods and services provided to the public by *Curves*® and *Curves For Women*® franchises. Any advertising fees that are not spent in the same year that they accrue will be used in subsequent years for advertising. You must contribute the amounts described in Item 6, under the heading "Advertising Fees and Expenses".

We have an Advertising Council that consists of 6 persons that are *Curves*® franchisees from the United States and Canada. The Advertising Council operates in an advisory capacity only. We have the power to adjust, or dissolve, the Advertising Council in any way that We deem as necessary.

The Advertising Fund is administered by Our accounting personnel through the direction of Our marketing personnel. An audited financial statement for the Advertising Fund is available to You upon written request after 120 days from the end of the last fiscal year. During the last fiscal year of the Advertising Fund, the Advertising Fund spent 82% of its income on media placement, including agency commission, 15% for the production of advertisements, websites and other promotional materials, 3% for administrative expenses and all other expenses (fees for outside services, such as a telemarketing firm that routes 800 number calls to local clubs, a company that administers a help desk for Our *Curves*® franchisee website and some legal fees).

You are required to have available in Your franchise the necessary computer hardware and software to carry on business with Us over the internet and online, as those terms are understood in the computer technology world, including an active email address which shall, at all times, be provided to Us. You are responsible for all communications We send to You to Your e-mail address. You are responsible for all communications We send to You to the e-mail address We provide. You are required to complete and send certain reports on the operation of Your franchise to Us through Our designated web site. In the event We approve a software program or an operating system for the operation of Your franchise, You must purchase and use the approved software program in the operation of Your franchise and purchase the necessary computer hardware to run the approved software program. Any software program or operating system will be used to record membership sales and provide Us with this information along with membership information. We will have the right to access this information (Franchise Agreement, Sections Am and N).

## **Item 12.**

### **Territory**

You will receive territorial rights to operate 1 *Curves*® franchise at a specific location as specified in Exhibit A of the Franchise Agreement. The franchise area is based primarily on population. Your territory size should range anywhere from populations of 5,000 people to 40,000 people. You will operate from 1 location and must receive Our written consent before relocating. We have no present intention to establish a company-owned facility using Our trademark or trade name within Your area. We have no restrictions regarding operating a company-owned store within Your area. We are restricted from granting a franchised outlet to anyone other than You within Your area. You cannot solicit customers, provide services or advertise outside of Your area. We reserve the right to use other channels of distribution or operate a company-owned unit under a different proprietary trademark or grant other franchises which sell or lease dissimilar products or services under a different proprietary trade name, trademark, service mark or other commercial symbol in Your territory while Your Franchise Agreement is in effect.

You do not receive the right to acquire additional franchises within Your area.

Continuation of Your area or territory does not depend upon the achievement of any sales volume, market penetration or other contingency, and there are no circumstances under which We will alter Your area or territory without Your written consent.

### Item 13.

#### Trademarks

We grant you the right to operate a franchise under the name *Curves*®. You may also use Our other current or future trademarks to operate Your franchise. By trademark We mean trade names, trademarks, service marks and logos designated by Us to identify Your franchise. We registered the following trademarks on the United States Patent and Trademark Office principal register:

<u>Description</u>	<u>Registration Number</u>	<u>Registration Date</u>
Curves for Women®	1,996,990	August 27, 1996
Curves®	2,923,501	February 1, 2005

You must follow Our rules when You use these marks. You cannot use a name or mark as part of a corporate name or with modifying words, designs or symbols except for those which We license to You. You may not use Our registered marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by Us.

There are no currently effective determinations of the U.S. Patent and Trademark Office, the trademark trial and appeal board, the trademark administrator of any state or any court, no pending infringement, opposition or cancellation proceedings and no pending litigation involving any of the marks that may significantly affect the ownership or use of any mark listed above.

No agreements limit Our right to use or license the use of Our marks.

You must notify Us immediately when You learn about an infringement of or challenge to Your use of Our marks. We will take the action We think appropriate. We will indemnify You or reimburse You for Your liability and reasonable costs if there is a challenge to Your authorized use of Our marks provided You have notified Us immediately after You learned of the challenge and cooperate with Us in defending the challenge as required.

You must notify or discontinue the use of a mark if We modify or discontinue the mark. If this happens, You will be responsible for Your tangible costs of compliance (for example, changing signs or letterhead). You may not directly or indirectly contest the validity of Our ownership of the marks or Our right to use or license Our marks, trade secrets, confidential information or business techniques that are part of Our business.

We do not know of any infringing uses that could materially affect Your use of Our marks.

## Item 14.

### **Patents, Copyrights and Proprietary Information**

You do not receive the right to use an item covered by a patent or copyright, but you can use the proprietary information in Our Confidential Operations Manual. Although We have not filed an application for a copyright registration for the Confidential Operations Manual, We claim a copyright and the information is proprietary. The use of this manual is limited only to You and Your employees. You must also promptly tell us when you learn about unauthorized use of this proprietary information. We are not obligated to take any action but will respond to this information as We think appropriate. We will indemnify You for losses brought by a third party concerning Your use of this information.



## **Item 15.**

### **Obligation to Participate in the Actual Operation of the Franchise Business**

If You are an individual, You must directly perform or supervise operations of the franchise unless We consent otherwise. If We agree that You need not personally perform or supervise the franchise, the franchise must be directly supervised by an individual who has successfully completed Our training program. The manager need not have an ownership interest in a corporate or partnership franchisee. The manager must sign a written agreement to conform with the covenants not to compete described in Item 17. You or any manager supervising Your franchise cannot have an interest or business relationship with any of Our competitors. If You are a corporation, direct, on-site supervision must be done by a designated shareholder who meets with Our approval, an “operating principal”. If You are a corporation, Your principal shareholders must sign a guaranty assuming and agreeing to pay all monetary obligations under the Franchise Agreement.

## **Item 16.**

### **Restrictions on What the Franchisee May Sell**

You must offer and sell only the goods and services which conform to Our standards and specifications (see Item 8).

You must offer all goods and services that We designate as required for all franchisees. We restrict these required services to providing thirty minute and weight-loss services and to offering for sale weight-loss related products, as specified in the Confidential Operations Manual, and in the changes as may be periodically given to You.

We have the right to add additional authorized services and equipment that You must offer. There are no limits on Our right to do so although We have no present plans to do so.

You must comply with all applicable laws and regulations and obtain all appropriate governmental approvals for the franchise. You must operate in conformity with the methods, standards and specifications We prescribe to maintain uniformity within Our system and to provide the highest degree of quality and service. You must not deviate from Our standards and specifications without Our prior written consent.

We limit or restrict You (and other franchisees) to the territory on "Exhibit A" of the Franchise Agreement in offering, selling or advertising Your goods and services but We do not otherwise limit or restrict Your solicitation of customers.

**Item 17.**

**Renewal, Termination, Transfer and Dispute Resolution**

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

<i>Provision</i>	<i>Section in Franchise Agreement</i>	<i>Summary</i>
a. Term of the franchise	Section 2	Term is 5 years.
b. Renewal or extension of the term	Section 2	We can grant or deny You a renewal. If We grant a renewal and You accept it, You must sign a new Franchise Agreement for a term of 5 additional years; however, You do not have a right to renew.
c. Requirements for You to renew or extend	Section 2	You cannot be in default of current Agreement, give written notice, sign new Agreement, update Your location to comply with then current standards, sign general release.
d. Termination by You	Sections 13, 16 and 18	By mutual agreement with Us, by sale of the franchise, or if We open a <i>Curves For Women</i> ® franchise in Your territory.
e. Termination by Us without cause	None.	We cannot terminate Your Agreement without cause.
f. Termination by Us with cause	Section 18	We can terminate only if You are in default of Agreement.
g. "Cause" defined-defaults which can be cured	Section 18B	Any default by You of any provision of Your Agreement and not covered by Section 18A of Your Agreement has 10 days to cure (subject to local state law)
h. "Cause" defined-defaults which cannot be cured	Section 18A	Listed defaults can cause immediate termination of the Franchise Agreement.

i. Your obligations on termination/nonrenew	Section 19	Obligations include complete de-identification and payment of amounts due (also see r, below)
j. Assignment of contract by Us	Section 16K	No restriction on Our right to assign.
k. "Transfer" by You-definition	Section 16	Includes transfer of contract or assets or ownership change.
l. Our approval of transfer by You	Section 16	We have the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for Our approval of transfer	Section 16	You are not in default, proper notification by You to Us, new franchisee qualifies, training fee paid, transfer fee paid, purchase agreement approved, payment of all debts owed by You associated with Your business, training arranged, release signed by You, copy of letter from certified public accountant acknowledging review of the transfer for the new franchisee and current agreement signed by new franchisee (also see r, below).
n. Our right of first refusal to acquire Your business	Section 17	We can match any offer for Your business.
o. Our option to purchase Your business	None.	
p. Your death or disability	Section 16I	Franchise must be assigned by estate to approved buyer within 90 days.
q. Non-competition covenants during the term of the franchise	Section 20B	No involvement in competing business anywhere in the U.S., other than existing business.
r. Non-competition covenants after the franchise is terminated or expires	Section 20B	No competing business for 1 year within 10 miles of Your location site or another <i>Curves for Women</i> ® or <i>Curves</i> ® franchise (including after assignment).
s. Modification of the agreement	Section 22K	No modification except by written agreement signed by both parties.

t. Integration/merger clause	Section 22P	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 21	If You have a dispute regarding Your Franchise Agreement, it must be mediated.
v. Choice of forum	Section 22C	Litigation must be where Franchisor's principal business address is then located unless local state law supersedes this provision.
w. Choice of law	Section 22C	Texas law applies unless local state law supersedes this provision.

These states have statutes which may supersede the Franchise Agreement in Your relationship with Us including the area of termination and renewal of Your franchise: ARKANSAS (Stat. Section 79-807), CALIFORNIA (Bus. & Prof. Code Sections 2000-20043), CONNECTICUT (Gen. Stat. Section 42-133e et seq.), DELAWARE (Code, tit.), HAWAII (Rev. Stat. Section 482E-1), ILLINOIS (815ILCS705/19, 705/20), INDIANA (Stat. Section 23-2-7), IOWA (Code Sections 523H.1-523H.17), MICHIGAN (Stat. Section 19.854(27)), MINNESOTA (Stat. Section 80C.14), MISSISSIPPI (Code Section 75-24-51), MISSOURI (Stat. Section 407.400), NEBRASKA (Rev. Stat. Section 87-401), NEW JERSEY (Stat. Section 56:10-1), SOUTH DAKOTA (Codified Laws Section 37-5A-51), VIRGINIA (Code 13.1-557-574-13.1-564), WASHINGTON (Code Section 19.100.180), WISCONSIN (Stat. Section 135.03). These and other states may have court decisions which may supersede the Franchise Agreement in Your relationship with Us including the areas of termination and renewal of Your franchise.

These states have statutes which limit Our ability to restrict Your activity after the Franchise Agreement has ended: CALIFORNIA (Bus. & Prof. Code Section 16,600), FLORIDA (Statutes Section 542.33), MICHIGAN (Compiled Laws Section 445.771 *et seq*), MONTANA (Codes Section 30-14-201), NORTH DAKOTA (Century Code Section 9-08-06), OKLAHOMA (Statutes Section 15-217-19), WASHINGTON (Code Section 19.86.030). Other states have court decisions limiting Our ability to restrict Your activity after the Franchise Agreement has ended.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The franchise agreement requires mediation. The mediation will occur at a mutually convenient place for you, us, and the mediator with the costs being borne by both parties equally.

The franchise agreement requires application of the laws of the state of Texas. This provision may not be enforceable under California law.

**Item 18.**

**Public Figures**

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

**Item 19.**

**Earnings Claims**

*Representations Regarding Earnings Capability*

We do not furnish or authorize Our salespersons to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of a CURVES INTERNATIONAL, INC. franchise. Actual results vary from unit to unit and We cannot estimate the results of any particular franchise.



Item 20.

List of Outlets

**FRANCHISED  
STORE STATUS SUMMARY  
FOR YEARS 2005/2004/2003**

STATE	TRANSFERS	CANCELED OR TERMINATED	NOT RENEWED	REACQUIRED BY FRANCHISOR	LEFT THE SYSTEM OTHER	TOTAL FROM LEFT COLUMNS (2)	FRANCHISES OPERATING AT YEAR END (1)
Alabama	5/7/13	1/2/5	0/0/0	0/0/0	0/0/0	6/9/18	100/75/50
Alaska	0/0/1	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1	18/17/13
Arizona	14/10/7	0/1/0	0/0/0	0/0/0	0/0/0	14/11/7	121/111/91
Arkansas	5/6/2	0/0/2	0/0/0	0/0/0	0/0/0	5/6/4	54/42/35
California	105/65/21	11/1/0	0/0/0	0/0/0	0/0/0	116/66/21	821/797/646
Colorado	11/11/5	1/0/2	0/0/0	0/0/0	0/0/0	12/11/7	115/109/100
Connecticut	15/17/8	5/7/2	0/0/0	0/0/0	0/0/0	20/24/10	113/116/119
Delaware	3/3/3	0/0/0	0/0/0	0/0/0	0/0/0	3/3/3	26/26/22
Dist. of Columbia	0/0/1	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1	6/5/3
Florida	42/31/17	2/0/0	0/0/0	0/0/0	0/0/0	44/31/17	409/361/256
Georgia	14/15/6	0/0/0	0/0/0	0/0/0	0/0/0	14/15/6	212/195/130
Hawaii	6/5/2	0/0/0	0/0/0	0/0/0	0/0/0	6/5/2	32/32/29
Idaho	5/3/0	1/0/1	0/0/0	0/0/0	0/0/0	6/3/1	38/34/31
Illinois	45/46/39	3/0/1	0/0/0	0/0/0	0/0/0	48/46/40	372/366/301
Indiana	17/11/21	0/1/3	0/0/0	0/0/0	0/0/0	17/12/24	188/177/145
Iowa	14/22/6	0/1/0	0/0/0	0/0/0	0/0/0	14/23/6	114/111/102
Kansas	1/3/2	0/3/0	0/0/0	0/0/0	0/0/0	1/6/2	59/52/39
Kentucky	8/3/0	0/1/2	0/0/0	0/0/0	0/0/0	8/4/2	97/86/52
Louisiana	8/6/2	0/1/4	0/0/0	0/0/0	0/0/0	8/7/6	79/65/48
Maine	12/2/0	0/0/0	0/0/0	0/0/0	0/0/0	12/2/0	79/77/51
Maryland	16/11/3	3/0/0	0/0/0	0/0/0	0/0/0	19/11/3	171/157/94
Massachusetts	41/31/4	22/2/0	0/0/0	0/0/0	0/0/0	63/33/4	217/231/218
Michigan	37/50/23	6/3/1	0/0/0	0/0/0	0/0/0	43/53/24	352/352/331
Minnesota	35/47/47	11/5/3	0/0/0	0/0/0	0/0/0	46/52/50	206/212/218
Mississippi	4/7/2	2/1/7	0/0/0	0/0/0	0/0/0	6/8/9	48/41/32
Missouri	30/13/9	0/1/3	0/0/0	0/0/0	0/0/0	30/14/12	163/156/132
Montana	1/3/2	1/0/1	0/0/0	0/0/0	0/0/0	2/3/3	23/23/19
Nebraska	5/5/3	0/0/0	0/0/0	0/0/0	0/0/0	5/5/3	40/37/31
Nevada	17/6/3	2/0/1	0/0/0	0/0/0	0/0/0	19/6/4	55/52/43
New Hampshire	9/8/2	1/0/0	0/0/0	0/0/0	0/0/0	10/8/2	66/66/56
New Jersey	31/20/3	5/1/0	0/0/0	0/0/0	0/0/0	36/21/3	249/247/225
New Mexico	2/2/3	0/0/1	0/0/0	0/0/0	0/0/0	2/2/4	44/39/29
New York	62/22/16	12/1/2	0/0/0	0/0/0	0/0/0	74/23/18	423/425/365

<i>STATE</i>	<i>TRANSFERS</i>	<i>CANCELED OR TERMINATED</i>	<i>NOT RENEWED</i>	<i>REACQUIRED BY FRANCHISOR</i>	<i>LEFT THE SYSTEM OTHER</i>	<i>TOTAL FROM LEFT COLUMNS (2)</i>	<i>FRANCHISES OPERATING AT YEAR END (1)</i>
North Carolina	26/18/10	1/1/0	0/0/0	0/0/0	0/0/0	27/19/10	236/211/156
North Dakota	1/1/3	0/0/0	0/0/0	0/0/0	0/0/0	1/1/3	16/16/15
Ohio	38/16/3	0/0/0	0/0/0	0/0/0	0/0/0	38/16/3	351/324/238
Oklahoma	5/11/8	0/1/1	0/0/0	0/0/0	0/0/0	5/12/9	72/63/47
Oregon	5/10/11	0/0/0	0/0/0	0/0/0	0/0/0	5/10/11	110/106/85
Pennsylvania	34/15/8	2/0/2	0/0/0	0/0/0	0/0/0	36/15/10	392/364/265
Puerto Rico	0/1/0	0/0/0	0/0/0	0/0/0	0/0/0	0/1/0	39/25/7
Rhode Island	4/7/2	0/0/0	0/0/0	0/0/0	0/0/0	4/7/2	36/36/36
South Carolina	6/10/3	1/0/0	0/0/0	0/0/0	0/0/0	7/10/3	106/92/70
South Dakota	14/5/2	0/0/1	0/0/0	0/0/0	0/0/0	14/5/3	35/34/28
Tennessee	11/18/7	0/0/0	0/0/0	0/0/0	0/0/0	11/18/7	151/134/97
Texas	46/31/28	4/0/8	0/0/0	0/0/0	0/0/0	50/31/36	460/411/311
Utah	8/8/8	1/0/1	0/0/0	0/0/0	0/0/0	9/8/9	57/53/48
Vermont	3/5/1	0/0/0	0/0/0	0/0/0	0/0/0	3/5/1	31/31/25
Virginia	7/9/4	0/1/1	0/0/0	0/0/0	0/0/0	7/10/5	185/158/109
Washington	24/7/9	0/0/0	0/0/0	0/0/0	0/0/0	24/7/9	182/175/150
West Virginia	10/4/2	0/0/0	0/0/0	0/0/0	0/0/0	10/4/2	63/54/39
Wisconsin	24/63/33	2/10/0	0/0/0	0/0/0	0/0/0	26/73/33	222/222/224
Wyoming	4/2/3	0/0/0	0/0/0	0/0/0	0/0/0	4/2/3	23/18/13
<b>Totals</b>	890/729/421	100/45/55	0/0/0	0/0/0	0/0/0	990/777/476	7,877/7,419/6,019

- Note: All numbers are as of December 31 for each year.
- The numbers in the "Total" column may exceed the number of franchises affected because several events may have affected the same franchise. For example, the same franchise may have had multiple owners.

**PROJECTED OPENINGS  
AS OF DECEMBER 31, 2005**

<i>STATE</i>	<i>FRANCHISE AGREEMENTS SIGNED BUT STORE NOT OPEN (1)</i>	<i>PROJECTED FRANCHISED NEW STORES IN THE NEXT FISCAL YEAR</i>	<i>PROJECTED COMPANY OWNED OPENINGS IN NEXT FISCAL YEAR</i>
Alabama	4	5	0
Alaska	0	1	0
Arizona	5	3	0
Arkansas	1	3	0
California	14	40	0

<i>STATE</i>	<i>FRANCHISE AGREEMENTS SIGNED BUT STORE NOT OPEN (1)</i>	<i>PROJECTED FRANCHISED NEW STORES IN THE NEXT FISCAL YEAR</i>	<i>PROJECTED COMPANY OWNED OPENINGS IN NEXT FISCAL YEAR</i>
Colorado	1	1	0
Connecticut	0	2	0
Delaware	0	0	0
District of Columbia	1	0	0
Florida	22	18	0
Georgia	4	3	0
Hawaii	0	0	0
Idaho	2	1	0
Illinois	1	9	0
Indiana	0	8	0
Iowa	0	3	0
Kansas	3	2	0
Kentucky	2	3	0
Louisiana	1	3	0
Maine	0	1	0
Maryland	4	2	0
Massachusetts	0	5	0
Michigan	0	6	0
Minnesota	1	1	0
Mississippi	1	5	0
Missouri	1	3	0
Montana	0	1	0
Nebraska	1	3	0
Nevada	1	2	0
New Hampshire	0	0	0
New Jersey	0	4	0
New Mexico	1	3	0
New York	2	22	0
North Carolina	3	3	0
North Dakota	0	0	0
Ohio	4	15	0
Oklahoma	2	2	0
Oregon	2	1	0
Pennsylvania	4	16	0
Puerto Rico	5	11	0
Rhode Island	0	0	0
South Carolina	1	2	0

<i>STATE</i>	<i>FRANCHISE AGREEMENTS SIGNED BUT STORE NOT OPEN (1)</i>	<i>PROJECTED FRANCHISED NEW STORES IN THE NEXT FISCAL YEAR</i>	<i>PROJECTED COMPANY OWNED OPENINGS IN NEXT FISCAL YEAR</i>
South Dakota	0	1	0
Tennessee	1	2	0
Texas	6	18	0
Utah	2	2	0
Vermont	0	0	0
Virginia	10	6	0
Washington	1	2	0
West Virginia	1	4	0
Wisconsin	0	3	0
Wyoming	0	1	0
<b>Totals</b>	<b>115</b>	<b>252</b>	<b>0</b>

1. As of December 31, 2005.

We do not operate any company-owned units.

The names, addresses and telephone numbers of all franchisees are listed on Attachment B.

The name and last known home address and telephone number of every franchisee who has had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who has not communicated with Us within 10 weeks of the application date of this Offering Circular is listed on Attachment D.

## **Item 21.**

### **Financial Statements**

We have attached as Exhibit A to this Offering Circular our combined financial statements as of December 31, 2004 and 2005, and for each of the 3 years in the period ended December 31, 2005. These financial statements have been prepared in accordance with accounting principles generally accepted in the United States and have been audited by Ernst & Young LLP, independent auditors, as stated in their report appearing in Exhibit A.

**Item 22.**

**Contracts**

EXHIBIT B - Sample copy of Our Franchise Agreement with exhibits and addendums

EXHIBIT C - Promissory Note and Security Agreement

EXHIBIT D - Transfer of Service Agreement

**Item 23.**

**Receipt**

See the last page of this Offering Circular.

**RECEIPT**

**THIS OFFERING CIRCULAR SUMMARIZES CERTAIN PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS OFFERING CIRCULAR AND ALL AGREEMENTS CAREFULLY.**

**IF WE OFFER YOU A FRANCHISE, WE MUST PROVIDE THIS OFFERING CIRCULAR TO YOU BY THE EARLIEST OF:**

- (1) THE FIRST PERSONAL MEETING TO DISCUSS OUR FRANCHISE; OR**
- (2) TEN BUSINESS DAYS BEFORE THE SIGNING OF A BINDING AGREEMENT; OR**
- (3) TEN BUSINESS DAYS BEFORE A PAYMENT TO US.**

**YOU MUST ALSO RECEIVE A FRANCHISE AGREEMENT CONTAINING ALL MATERIAL TERMS AT LEAST FIVE BUSINESS DAYS BEFORE YOU SIGN A FRANCHISE AGREEMENT.**

**IF WE DO NOT DELIVER THIS OFFERING CIRCULAR ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND ANY APPLICABLE STATE AGENCY.**

**I have received a Uniform Franchise Offering Circular dated . This Offering Circular included the following Exhibits and Attachments:**

- Exhibit A: Financial Statements**
- Exhibit B: Franchise Agreement**
- Exhibit C: Promissory Note and Security Agreement**
- Exhibit D: Transfer of Service Agreement**
  
- Attachment A: List of State Administrators**
- Attachment B: List of Current Franchise Locations**
- Attachment C: List of Agents for Service of Process**
- Attachment D: List of Franchisees Who Have Left the System**
- Appendix**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Prospective Franchisee**

\_\_\_\_\_  
**Printed Name**