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INFORMATION FOR PROSPECTIVE FRANCHISEES
REQUIRED BY THE FEDERAL TRADE COMMISSION

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

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

Federal Trade Commission

Washington, D.C. 20580

THIS OFFERING CIRCULAR WAS ISSUED ON MARCH 24, 2006 FOR FTC STATES ACCORDING TO THE REQUIREMENTS OF THE FEDERAL TRADE COMMISSION. (HOWEVER, THE EFFECTIVE DATE OF THIS OFFERING CIRCULAR IN CALIFORNIA, HAWAII, ILLINOIS, INDIANA, KENTUCKY, MARYLAND, MICHIGAN, MINNESOTA, NEBRASKA, NEW YORK, RHODE ISLAND, TEXAS, VIRGINIA, WASHINGTON, AND WISCONSIN IS DIFFERENT AND IS LISTED IN EXHIBIT A). CERTAIN STATES REQUIRE FRANCHISORS TO MAKE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS OFFERING CIRCULAR. IF APPLICABLE, THESE ADDITIONAL DISCLOSURES WILL BE FURNISHED TO YOU IN EXHIBITS L AND M.



Women's Health Club

FRANCHISE OFFERING CIRCULAR

Liberty Fitness Holdings, LLC
a Delaware limited liability company

1701 Directors Blvd.

Suite 110

Austin, TX 78744

Telephone: 512-623-3660

www.libertyfitness.com

The franchisee will operate a business (a "Club") specializing in offering 30-minute fitness services using adjustable hydraulic strength training and aerobic cardiovascular equipment and exercise programs, and weight loss programs primarily directed to women, as well as the sale of proprietary and private label products, if and when developed, prepared for sale in the system.

The initial franchise fee is \$30,600. You will also need to pay us \$13,982 to buy exercise equipment for your Club. The initial investment for one franchised Club is estimated to range from \$106,218 to \$159,372. Please see Items 5 and 7 for more details.

If you sign a Multi-Unit Agreement to establish 3 Clubs, you will not have to pay a development fee, but when you sign the Multi-Unit Agreement, you will also sign all 3 Franchise Agreements, and pay the initial franchise fee for those agreements, which we will reduce by \$3,500 for each of the 3 Clubs (your reduced total initial franchise fee for all 3 Clubs will be \$81,300).

If you sign a Multi-Unit Agreement to establish 6 Clubs, you will not have to pay a development fee, but when you sign the Multi-Unit Agreement, you will also sign all six Franchise Agreements, and pay the initial franchise fee for those agreements, which we will reduce by \$6,500 for each of the 6 Clubs (your reduced total initial franchise fee for all 6 Clubs will be \$144,600). If you sign a Multi-Unit Agreement, you will also still purchase exercise equipment for each of your locations (currently, the cost of this equipment \$13,982 per Club).

If you sign an Area Development Agreement (ADA), which grants the right to develop multiple Liberty Fitness clubs in a specified territory and serve as our area representative, the Area Development Fee will range from \$150,000 to \$560,000, depending on the number of clubs to be developed by the Developer and the size of the territory to be served. See Item 5 for more details. The ADA is not offered in Illinois.

Risk factors:

- *1. THE FRANCHISE AGREEMENT PERMITS THE FRANCHISEE TO LITIGATE ONLY IN TEXAS. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO LITIGATE WITH THE FRANCHISOR IN TEXAS THAN IN YOUR HOME STATE.
- *2. THE FRANCHISE AGREEMENT STATES THAT THE LAW OF DELAWARE GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THE FRANCHISE AGREEMENT REQUIRES THAT DISPUTES NOT RESOLVED WITH MEDIATION MUST PROCEED TO BINDING ARBITRATION IN TEXAS. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN TEXAS THAN IN YOUR HOME STATE.
4. ACCORDING TO THE AUDITED FINANCIAL STATEMENT APPEARING IN EXHIBIT J OF THIS OFFERING CIRCULAR, AS OF DECEMBER 31, 2004 THE FRANCHISOR HAD \$412,393 IN CURRENT ASSETS AND \$469,050 IN CURRENT LIABILITIES. THIS MEANS THAT FOR EVERY DOLLAR OF LIABILITIES DUE WITHIN ONE YEAR, THE FRANCHISOR HAD \$0.88 IN CURRENT ASSETS. DURING THE TIME OF ITS ORGANIZATION AND EARLY START UP FROM ITS INCEPTION TO DECEMBER 31, 2004, THE FRANCHISOR POSTED A LOSS OF \$1,193,026 CAUSING IT TO HAVE A DEFICIT NET WORTH OF \$1,203,214. WE ENCOURAGE YOU TO REVIEW THIS INFORMATION WITHIN THE CONTEXT OF THE 2004 AND 2005 FINANCIAL STATEMENTS INCLUDED IN EXHIBIT J.

5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

* LOCAL LAW MAY SUPERSEDE THESE FRANCHISE AGREEMENT PROVISIONS. CERTAIN STATES REQUIRE THE SUPERSEDING PROVISIONS TO APPEAR IN AN ADDENDUM IN THIS OFFERING CIRCULAR. PLEASE SEE EXHIBITS L AND M.

Information about comparisons of franchisors is available. Call the state administrators listed in Exhibit E or your public library for sources of information.

Registration of this franchise with the state does not mean that the state recommends it or has verified the information in this offering circular. If you learn that anything in this offering circular is untrue, contact the Federal Trade Commission and the state administrators listed in Exhibit E.

This offering circular is effective in California, Hawaii, Illinois, Indiana, Kentucky, Maryland, Michigan, Minnesota, Nebraska, New York, Rhode Island, Texas, Virginia, Washington, and Wisconsin only as of the dates that are listed in Exhibit A. The offering circular was issued by the Franchisor on March 24, 2006 for states listed with an "amended as" date, in order to satisfy the requirements of the Federal Trade Commission. Certain states require franchisors to make additional disclosures and contract amendments related to the information contained in this offering circular. Please refer to Exhibits L and M for these disclosures and contractual amendments.

**LIBERTY FITNESS HOLDINGS, LLC
UNIFORM FRANCHISE OFFERING CIRCULAR**

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Exhibits

<p>A. Effective Dates</p> <p>B. Franchise Agreement (with Electronic Debit Agreement), and Site Selection Addendum</p> <p>C. Multi-Unit Agreement</p> <p>D. Area Development Agreement (Not offered in Illinois)</p> <p>E. List of State Administrators</p> <p>F. Agents for Service of Process</p> <p>G. Franchise Brokers; Developers</p> <p>H. List of Current and Former Liberty Fitness Holdings, LLC Franchisees</p>	<p>I. List of Liberty Fitness' Company-Owned Clubs</p> <p>J. Liberty Fitness Holdings, LLC Audited Financial Statements</p> <p>K. Tables of Contents for Manuals</p> <p>L. State-specific Disclosures</p> <p>M. State-specific Agreement Amendments</p> <p>N. Franchisee Compliance Certification</p> <p>O. Receipts (2 copies)</p>
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