

Sales	8	0	Waco, Texas
Business Systems and Paperwork	4	0	Waco, Texas
Equipment Training	3	0	Waco, Texas

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 monthly or bi-monthly. Our training materials consist of Our manuals and slides. Gary Heavin, instructing as to sales, has been with Us since October 1995 and has over 25 years experience in the fitness industry owning and operating several fitness facilities. Cassie Findley, MS Ed., instructing as to the Curves workout, exercise physiology, special populations and equipment training, has been with Us since September 2004 and has over 30 years of experience in the fitness industry and 15 years teaching in higher education along with being the former Assistant Dean of Student Life at Baylor University. Mike Raymond, instructing as to marketing, has been with Us since May 2002 and has over 25 years of marketing experience for major marketers and advertising agencies. Nadia Rodman, RD, instructing as to nutrition education, has been with Us since September 2006 and has been a registered dietician since 2005 as well as an experienced weight management instructor. Vicki Langan, instructing as to business systems and paperwork, has been with Us since August 2006 and has a strong experience base as a senior operations leader for a large corporation. Additional information on Gary Heavin, Mike Raymond and Vicki Langan may be found in Item 2 in this Disclosure Document.

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 do not have an advertising council composed of franchisees that advises Us on advertising policies.

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 81% of its income on media placement, including agency commissions, 12% for the production of advertisements, websites and other promotional materials, 7% 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 costs associated with promotional partnerships).

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. We estimate Your costs associated with this computer system to be in the range between \$500 and \$1,500. Your costs could be greater than \$1,500 depending upon what computer system You choose to purchase. We do not have the ability to estimate potential upgrade or maintenance costs of Your computer systems. 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 6A, M 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, before relocating, You must receive Our written approval, considering, among other factors, the location site in relation to Your area and in relation to the distance from other Curves franchises. 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. We do reserve the right to sell products, with or without Our trademark, within Your area through other channels of distribution, such as the Internet or direct marketing sales.

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® with figurine	1996990	August 27, 1996
Curves for Women®	2946238	May 3, 2005
Curves®	2923501	February 1, 2005

We have filed all required affidavits concerning these marks. The Curves for Women® with figurine mark has been renewed.

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 thereto 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**

**THE FRANCHISE RELATIONSHIP**

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

<i>Provision</i>	<i>Section in franchise or other agreement</i>	<i>Summary</i>
a. Length of the franchise term	Franchise Agreement - Section 2	Term is 5 years.
b. Renewal or extension of the term	Franchise Agreement - 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 franchisee to renew or extend	Franchise Agreement - Section 2	You cannot be in default with any provision of the current Agreement. You must give Us written notice as required by the current Agreement of Your desire to renew. You must sign a new Agreement that may be materially different as to the terms and conditions from Your original Agreement, including a possible adjustment to Your territory. You must update Your location site to comply with the then current standards. You must sign a general release.
d. Termination by franchisee	Franchise Agreement - Sections 13, 16 and 18	By mutual agreement with Us, by sale of the franchise, or if We open a <i>Curves®</i> franchise in Your territory.
e. Termination by franchisor without cause	None.	We cannot terminate Your Agreement without cause.
f. Termination by franchisor with cause	Franchise Agreement - Section 18	We can terminate only if You are in default of the Agreement.

g. "Cause" defined – curable defaults	Franchise Agreement - 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 – non-curable defaults	Franchise Agreement - Section 18A	Listed defaults in Section 18A of the Agreement can cause immediate termination of the Franchise Agreement.
i. Franchisee's obligations on termination/nonrenewal	Franchise Agreement - Section 19	Obligations include complete de-identification and payment of amounts due (also see r, below)
j. Assignment of contract by franchisor	Franchise Agreement - Section 16K	No restriction on Our right to assign.
k. "Transfer" by franchisee - defined	Franchise Agreement - Section 16	Includes any change of interest in the ownership of the franchise or franchise agreement.
l. Franchisor approval of transfer by franchisee	Franchise Agreement - Section 16	We have the right to approve all requests for transfers.
m. Conditions for franchisor approval of transfer	Franchise Agreement - Section 16	You are not in default, proper notification by You to Us of requested transfer as required under the Agreement, providing Us with a copy of a purchase agreement that meets Our approval, compliance with all conditions listed under Section 16C of the Agreement. Some of these conditions include qualification of prospective buyer as a franchisee, payment of all fee and escrow amounts, payment of all debts owed by You associated with Your business, training arranged as required for the prospective buyer, release signed by You, copy of letter from certified public accountant acknowledging review of the transfer for the new franchisee and a then current agreement signed by new franchisee (also see r, below).
n. Franchisor's right of first refusal to acquire franchisee's business	Franchise Agreement - Section 17	We can match any offer for Your business.

o. Franchisor's option to purchase franchisee's business	None.	
p. Death or disability of franchisee	Franchise Agreement - Section 16I	Franchise must be assigned by estate to approved buyer within 90 days.
q. Non-competition covenants during the term of the franchise	Franchise Agreement - 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	Franchise Agreement - 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	Franchise Agreement - Section 22K	No modification except by written agreement signed by both parties.
t. Integration/merger clause	Franchise Agreement - 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	Franchise Agreement - Section 21	If You have a dispute regarding Your Franchise Agreement, it must be mediated.
v. Choice of forum	Franchise Agreement - 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	Franchise Agreement - 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 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 Our offices in Waco, Texas with the costs 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.

We may challenge the enforceability of any state law listed above that declares void or unenforceable any provision in the Franchise by bringing an appropriate legal action or by raising the claim in a legal action or mediation that You initiate.

A provision in the Franchise Agreement that terminates the agreement on Your bankruptcy may not be enforceable under Title 11, United States Code Section 101.

## **Item 18.**

### **Public Figures**

We do not employ any public figure or celebrity in Our management, nor do We use a public figure or celebrity to promote Our franchises.

## **Item 19.**

### **Financial Performance Representations**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet You are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize Our employees or representatives to make any such representations either orally or in writing. If You are purchasing an existing outlet, however, We may provide You with the actual records of that outlet. If You receive any other financial performance information or projections of Your future income, You should report it to the franchisor's management by contacting Curves International, Inc., Attention: Roger Schmidt or Kevin D. Ayers, 100 Ritchie Road, Woodway, Texas 76712, 254-399-9285, the Federal Trade Commission, and the appropriate state regulatory agencies.

**Item 20.**

**Outlets and Franchisee Information**

**Systemwide Outlet Summary  
For years 2005 to 2007**

Column 1	Column 2	Column 3	Column 4	Column 5
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2005	7,439	7,885	446
	2006	7,885	7,746	-139
	2007	7,746	7,090	-656
Company-Owned	2005	0	0	0
	2006	0	2	2
	2007	2	1	-1
Total Outlets	2005	7,439	7,885	446
	2006	7,885	7,748	-137
	2007	7,748	7,091	-657

**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)  
For years 2005 to 2007**

Column 1	Column 2	Column 3
State	Year	Number of Transfers
Alabama	2005	5
	2006	17
	2007	16
Alaska	2005	0
	2006	5
	2007	1
Arizona	2005	13 See Note 1
	2006	17
	2007	23
Arkansas	2005	5
	2006	12
	2007	8
California	2005	105 See Note 1
	2006	166 See Note 2
	2007	117 See Note 3
Colorado	2005	11
	2006	16 See Note 2
	2007	21
Connecticut	2005	15

	2006	18
	2007	15
Delaware	2005	3
	2006	1
	2007	1
District of Columbia	2005	0
	2006	2
	2007	0
Florida	2005	42
	2006	69
	2007	68 See Note 3
Georgia	2005	14
	2006	28 See Note 2
	2007	33
Hawaii	2005	6
	2006	4
	2007	4
Idaho	2005	6
	2006	6 See Note 2
	2007	9
Illinois	2005	46
	2006	48 See Note 2
	2007	40
Indiana	2005	17
	2006	27
	2007	26
Iowa	2005	14
	2006	22 See Note 2
	2007	10
Kansas	2005	1
	2006	8
	2007	10 See Note 3
Kentucky	2005	7 See Note 1
	2006	16 See Note 2
	2007	15
Louisiana	2005	8
	2006	3
	2007	17
Maine	2005	12
	2006	19
	2007	11
Maryland	2005	16
	2006	22
	2007	20
Massachusetts	2005	41
	2006	44



	2007	28
Michigan	2005	36 See Note 1
	2006	41
	2007	47
Minnesota	2005	34 See Note 1
	2006	36
	2007	39
Mississippi	2005	4
	2006	4
	2007	3
Missouri	2005	30
	2006	28 See Note 2
	2007	15
Montana	2005	1
	2006	6
	2007	4
Nebraska	2005	5
	2006	3
	2007	4
Nevada	2005	17
	2006	15
	2007	9
New Hampshire	2005	9
	2006	18 See Note 2
	2007	8
New Jersey	2005	31
	2006	42
	2007	26 See Note 3
New Mexico	2005	2
	2006	4
	2007	4
New York	2005	62
	2006	58 See Note 2
	2007	50
North Carolina	2005	23 See Note 1
	2006	40
	2007	35
North Dakota	2005	1
	2006	2 See Note 2
	2007	3
Ohio	2005	40
	2006	64
	2007	49 See Note 3
Oklahoma	2005	5
	2006	11
	2007	9

Oregon	2005	5
	2006	17 See Note 2
	2007	15
Pennsylvania	2005	34
	2006	57
	2007	54 See Note 3
Puerto Rico	2005	0
	2006	5
	2007	4
Rhode Island	2005	4
	2006	9
	2007	3
South Carolina	2005	6
	2006	14 See Note 2
	2007	16
South Dakota	2005	14
	2006	6 See Note 2
	2007	5
Tennessee	2005	10 See Note 1
	2006	16
	2007	27
Texas	2005	46
	2006	78 See Note 2
	2007	64
Utah	2005	8
	2006	10
	2007	8
Vermont	2005	3
	2006	13
	2007	5
Virginia	2005	7
	2006	16
	2007	13
Washington	2005	24
	2006	30
	2007	18
West Virginia	2005	10
	2006	11
	2007	8 See Note 3
Wisconsin	2005	24
	2006	42
	2007	28
Wyoming	2005	5
	2006	1
	2007	3
Total	2005	887 See Note 1

	2006	1,267 See Note 2
	2007	1,069 See Note 3

**Notes:**

1. In the fiscal year 2005, 9 franchises were transferred more than once. The territory names of those franchises are as follows: Tucson, AZ – Northwest; Encinitas, CA; Tompkinsville, KY; Leonard/Addison, MI; Inver Grove Heights, MN; Cornelius, NC; Denver, NC; Statesville, NC – North; and Mountain City, TN.
2. In the fiscal year 2006, 19 franchises were transferred more than once. The territory names of those franchises are as follows: Fremont, CA – East; Westminster, CO – East (three transfers); Lawrenceville, GA – East; McCall, ID; Chicago, IL – Midway/Summit; Lake Mills, IA; Rock Valley, IA (three transfers); Shelbyville, KY; Kansas City, MO – Downtown North; East Rockaway/Hewlett, NY; Weare, NH; Mandan, ND; Fairview/Wood Village/Troutdale, OR; Marion/Mullins, SC; North Sioux City, SD; Houston, TX – Garden Oaks; Houston, TX – Spring Valley; Lake Dallas, TX; and Orange, TX.
3. In the fiscal year 2007, 10 franchises were transferred more than once. The territory names of those franchises are as follows: Canoga Park, CA – South; Bonita Springs, FL – North; Callaway, FL (three transfers); Hutchinson, KS; Newton, KS; Deptford, NJ; Cleveland, OH – Downtown; Whitehall, PA; Crab Orchard/Coal City, WV; and Weirton, WV.

**Status of Franchised Outlets  
For years 2005 to 2007**

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Term- inations	Col. 6 Non- Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations- Other Reasons	Col. 9 Outlets at End of the Year
Alabama	2005	76	25	1	0	0	0	100
	2006	100	7	1	0	0	0	106
	2007	106	0	4	0	0	0	102
Alaska	2005	17	1	0	0	0	0	18
	2006	18	1	0	0	0	0	19
	2007	19	0	0	0	0	0	19
Arizona	2005	111	10	0	0	0	0	121
	2006	121	5	0	0	0	0	126
	2007	126	1	2	0	0	7	118
Arkansas	2005	42	12	0	0	0	0	54
	2006	54	3	0	0	0	0	57
	2007	57	0	6	0	0	0	51
California	2005	797	36	7	0	0	4	822
	2006	822	17	24	0	0	18	797
	2007	797	8	16	0	0	53	736

Colorado	2005	109	6	0	0	0	0	115
	2006	115	4	0	0	0	0	119
	2007	119	1	3	0	0	1	116
Connecticut	2005	117	2	0	0	0	5	114
	2006	114	0	6	0	0	5	103
	2007	103	0	12	0	0	12	79
Delaware	2005	25	0	0	0	0	0	25
	2006	25	0	0	0	0	1	24
	2007	24	0	0	0	0	3	21
District of Columbia	2005	5	1	0	0	0	0	6
	2006	6	1	1	0	0	0	6
	2007	6	0	0	0	0	0	6
Florida	2005	362	51	1	0	0	1	411
	2006	411	22	10	0	0	12	411
	2007	411	2	35	0	0	27	351
Georgia	2005	195	17	0	0	0	0	212
	2006	212	7	2	0	0	3	214
	2007	214	2	5	0	0	15	196
Hawaii	2005	32	0	0	0	0	0	32
	2006	32	1	1	0	0	0	32
	2007	32	0	0	0	0	0	29
Idaho	2005	35	5	1	0	0	0	39
	2006	39	3	0	0	0	0	42
	2007	42	0	0	0	0	1	41
Illinois	2005	366	11	2	0	0	1	374
	2006	374	1	15	0	0	7	353
	2007	353	2	14	0	0	25	316
Indiana	2005	177	11	0	0	0	0	188
	2006	188	1	3	0	0	0	186
	2007	186	0	4	0	0	9	173
Iowa	2005	111	3	0	0	0	0	114
	2006	114	3	0	0	0	1	116
	2007	116	0	1	0	0	7	108
Kansas	2005	52	7	0	0	0	0	59
	2006	59	8	4	0	0	0	63
	2007	63	1	1	0	0	1	62
Kentucky	2005	86	11	0	0	0	0	97
	2006	97	5	1	0	0	2	99
	2007	99	2	2	0	0	2	97
Louisiana	2005	65	14	0	0	0	0	79
	2006	79	5	2	0	0	1	81
	2007	81	4	0	0	0	1	84
Maine	2005	77	2	0	0	0	0	79
	2006	79	0	6	0	0	6	67
	2007	67	0	4	0	0	13	50
Maryland	2005	158	17	3	0	0	0	172

	2006	172	5	2	0	0	3	172
	2007	172	1	15	0	0	9	149
Massachusetts	2005	234	5	16	0	0	6	217
	2006	217	1	12	0	0	11	195
	2007	195	1	16	0	0	24	156
Michigan	2005	354	5	4	0	0	2	353
	2006	353	3	12	0	0	1	343
	2007	343	3	14	0	0	13	319
Minnesota	2005	216	2	4	0	0	7	207
	2006	207	0	4	0	0	3	200
	2007	200	1	10	0	0	17	174
Mississippi	2005	41	8	0	0	0	2	47
	2006	47	6	3	0	0	1	49
	2007	49	3	1	0	0	3	48
Missouri	2005	156	7	0	0	0	0	163
	2006	163	4	5	0	0	1	161
	2007	161	0	1	0	0	6	154
Montana	2005	23	1	1	0	0	0	23
	2006	23	0	1	0	0	0	22
	2007	22	0	0	0	0	0	22
Nebraska	2005	36	4	0	0	0	0	40
	2006	40	2	0	0	0	0	42
	2007	42	1	1	0	0	0	42
Nevada	2005	52	5	1	0	0	1	55
	2006	55	1	1	0	0	3	52
	2007	52	0	2	0	0	5	45
New Hampshire	2005	67	0	1	0	0	0	66
	2006	66	0	6	0	0	0	60
	2007	60	1	2	0	0	2	57
New Jersey	2005	248	6	1	0	0	4	249
	2006	249	0	10	0	0	3	236
	2007	236	0	17	0	0	12	207
New Mexico	2005	39	5	0	0	0	0	44
	2006	44	1	1	0	0	0	44
	2007	44	2	0	0	0	1	45
New York	2005	428	7	6	0	0	6	423
	2006	423	5	25	0	0	6	397
	2007	397	2	30	0	0	22	347
North Carolina	2005	211	27	1	0	0	0	237
	2006	237	5	4	0	0	1	237
	2007	237	4	3	0	0	9	229
North Dakota	2005	16	0	0	0	0	0	16
	2006	16	0	0	0	0	0	16
	2007	16	0	0	0	0	0	16
Ohio	2005	324	27	0	0	0	0	351
	2006	351	11	18	0	6	7	337

	2007	337	0	17	0	0	17	303
Oklahoma	2005	63	10	0	0	0	0	73
	2006	73	3	3	0	0	0	73
	2007	73	2	3	0	0	2	70
Oregon	2005	106	4	0	0	0	0	110
	2006	110	2	0	0	0	1	111
	2007	111	2	1	0	0	2	110
Pennsylvania	2005	364	30	1	0	0	1	392
	2006	392	6	7	0	0	2	389
	2007	389	1	11	0	0	16	363
Puerto Rico	2005	25	12	0	0	0	0	37
	2006	37	8	1	0	0	2	42
	2007	42	0	11	0	0	6	25
Rhode Island	2005	36	0	0	0	0	0	36
	2006	36	0	0	0	0	1	35
	2007	35	0	3	0	0	2	30
South Carolina	2005	92	14	1	0	0	0	105
	2006	105	5	3	0	0	2	105
	2007	105	1	1	0	0	2	103
South Dakota	2005	34	1	0	0	0	0	35
	2006	35	0	3	0	0	0	32
	2007	32	0	1	0	0	2	29
Tennessee	2005	134	17	0	0	0	0	151
	2006	151	1	1	0	0	0	151
	2007	151	2	11	0	0	7	135
Texas	2005	413	51	2	0	0	2	460
	2006	460	13	2	0	0	7	464
	2007	464	5	13	1	0	19	436
Utah	2005	54	4	1	0	0	0	57
	2006	57	2	0	0	0	1	58
	2007	58	1	0	0	0	0	59
Vermont	2005	31	0	0	0	0	0	31
	2006	31	0	0	0	0	2	29
	2007	29	0	1	0	0	2	26
Virginia	2005	157	27	0	0	0	0	184
	2006	184	9	0	0	0	0	193
	2007	193	5	1	0	0	7	190
Washington	2005	175	8	0	0	0	0	183
	2006	183	3	1	0	0	5	180
	2007	180	0	5	0	0	8	167
West Virginia	2005	54	9	0	0	0	0	63
	2006	63	2	1	0	0	1	63
	2007	63	0	2	0	0	3	58
Wisconsin	2005	223	2	0	0	0	2	223
	2006	223	1	1	0	0	7	216
	2007	216	0	9	0	0	7	200

Wyoming	2005	18	5	0	0	0	0	23
	2006	23	0	0	0	0	0	23
	2007	23	0	0	0	0	1	22
Total	2005	7,439	545	55	0	0	44	7,885
	2006	7,885	193	203	0	6	127	7,748
	2007	7,748	61	311	1	0	403	7,091

**Status of Company-Owned Outlets  
For years 2005 to 2007**

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Ohio	2005	0	0	0	0	0	0
	2006	0	0	6	0	4	2
	2007	2	0	0	0	1	1
Totals	2005	0	0	0	0	0	0
	2006	0	0	6	0	4	2
	2007	2	0	0	0	1	1

**Projected Openings As Of December 31, 2007**

Column 1	Column 2	Column 3	Column 4
State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets In the Next Fiscal Year	Projected New Company-Owned Outlets In the Next Fiscal Year
Alabama	1	2	0
Alaska	0	0	0
Arizona	1	2	0
Arkansas	0	2	0
California	0	5	0
Colorado	0	1	0
Connecticut	0	1	0
Delaware	0	0	0
District of Columbia	0	0	0
Florida	1	4	0
Georgia	0	4	0
Hawaii	0	1	0
Idaho	0	0	0
Illinois	0	3	0
Indiana	0	2	0

Iowa	0	1	0
Kansas	0	1	0
Kentucky	0	1	0
Louisiana	0	2	0
Maine	0	1	0
Maryland	0	1	0
Massachusetts	0	1	0
Michigan	0	3	0
Minnesota	0	2	0
Mississippi	1	3	0
Missouri	0	1	0
Montana	0	0	0
Nebraska	0	1	0
Nevada	1	2	0
New Hampshire	0	0	0
New Jersey	0	2	0
New Mexico	0	1	0
New York	0	3	0
North Carolina	0	2	0
North Dakota	0	0	0
Ohio	0	2	0
Oklahoma	1	2	0
Oregon	0	2	0
Pennsylvania	0	1	0
Puerto Rico	0	0	0
Rhode Island	0	0	0
South Carolina	1	2	0
South Dakota	0	1	0
Tennessee	1	2	0
Texas	2	5	0
Utah	0	0	0
Vermont	0	0	0
Virginia	0	1	0
Washington	0	2	0
West Virginia	0	1	0
Wisconsin	0	2	0
Wyoming	0	0	0
Total	10	78	0

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

The name and last known city, state 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 Disclosure Document is listed on Attachment D. If You buy this franchise, Your contact information may be disclosed to other



buyers when You leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Curves. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with You.

We have endorsed the following Curves franchisee organization: Curves Franchisee Association, [www.curvesfa.org](http://www.curvesfa.org). You should have the opportunity to join the Curves Franchisee Association if You buy this franchise.

## **Item 21.**

### **Financial Statements**

We have attached as Exhibit A to this Disclosure Document our combined financial statements for each of the past 3 years in the period ended December 31, 2007. 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 – Bank Draft Authorization Form

EXHIBIT E – Transfer of Service Agreement

EXHIBIT F – Sample Copy of Termination of License Agreement and Mutual Release Document

**Item 23.**

**Receipts**

You must sign two copies of the Receipt attached as the last two pages to this Disclosure Document. After execution, You keep one copy and provide the other to Us.