

EXHIBIT C

PROMISSORY NOTE AND SECURITY AGREEMENT

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DATE: _____

DEBTOR: _____

DEBTOR'S MAILING ADDRESS: _____

SECURED PARTY: **CURVES INTERNATIONAL, INC., a Texas corporation**

SECURED PARTY'S MAILING ADDRESS: 100 Ritchie Road, Woodway, TX 76712

PRINCIPAL: ___ DOLLARS (\$___)

INTEREST: Ten percent (10%) per annum on unmatured, unpaid PRINCIPAL beginning thirty (30) days before the due date of the first payment and the maximum legal rate of interest on matured, unpaid amounts from the date of maturity.

TERMS OF PAYMENT: The principal and interest of this note shall be payable in monthly installments of ___ DOLLARS (\$___) each, beginning on ___ and continuing on the fifteenth day of each month thereafter until ___ when the entire principal balance and any accrued, unpaid interest is due in full.

COLLATERAL: All equipment, manuals, materials, fixtures, supplies, products, and any other items associated with CURVES INTERNATIONAL, INC. and all equipment, manuals, materials, fixtures, supplies, products, and any other items associated with any fitness business acquired after the date hereof.

DEBTOR promises to pay PRINCIPAL and INTEREST according to the TERMS OF PAYMENT to the order of SECURED PARTY. This note may be prepaid in any amount at any time before maturity without penalty. Installments shall continue to be payable regularly after any partial payment unless and until this note has been fully paid. INTEREST shall be calculated on the unpaid PRINCIPAL to the date of any payment or prepayment, with that payment or prepayment being credited first to pay the accrued INTEREST and then to reduce the PRINCIPAL.

IF DEBTOR defaults in the payment of any indebtedness or the performance of any obligations under this document or any document collateral to it, SECURED PARTY may declare the unpaid PRINCIPAL and earned INTEREST immediately due. DEBTOR and each surety, endorser and guarantor waive all demands for payment, presentations for payment, notices of intention to accelerate maturity, notices of acceleration of maturity, protests and notices of protest to the extent permitted by law.

If this document or any document collateral to it is given to an attorney for collection or enforcement, is collected or enforced after suit is brought for that purpose or is collected or enforced through probate, bankruptcy or other judicial proceeding, DEBTOR shall pay SECURED PARTY all costs of collection and enforcement (including, without limitation, reasonable attorney's fees and court costs) in addition to other amounts due. Reasonable attorney's fees shall be ten percent (10%) of all amounts due unless either party pleads otherwise.

Interest on any indebtedness under this document or any document collateral to it shall not exceed the maximum amount of nonusurious interest that may be contracted for, taken, reserved, charged or received under law. Any interest in excess of that maximum amount shall be credited on the principal of the indebtedness or, if that has been paid, refunded. Any such excess resulting from any acceleration or prepayment shall be canceled automatically or, if already paid, credited on the unpaid principal of the indebtedness or, if the principal of the indebtedness has been paid, refunded. This provision overrides other provisions in this and all other instruments concerning the indebtedness.

If any installment of this note is not paid within thirty (30) days of its due date, a late charge in the amount of FIVE AND NO/100 DOLLARS (\$5.00) per payment will be paid by DEBTOR upon demand as compensation for any expense or inconvenience incurred in collecting that delinquent installment. DEBTOR is not hereby authorized to be delinquent in paying any installment. Any demand for a late charge shall not in any manner affect any other remedies available.

If any draft or check is returned by DEBTOR'S financial institution for insufficient funds or any other reason and SECURED PARTY is charged a service fee, SECURED PARTY is entitled to reimbursement from DEBTOR for such actual charges upon demand. Any demand for reimbursement shall not in any manner affect any other remedies available.

DEBTOR grants to SECURED PARTY a security interest in the COLLATERAL to secure the payment of all indebtedness owed and the performance of all obligations performable by DEBTOR now or hereafter to or for SECURED PARTY (including, without limitation, all indebtedness and obligations under this document or any document collateral to it).

DEBTOR'S Warranties And Covenants:

1. No financing statement covering the COLLATERAL is filed in any public office.
2. DEBTOR owns the COLLATERAL and has the authority to grant this security interest.
3. None of the COLLATERAL is or will be affixed to real estate, an accession to any goods, commingled with other goods, or a fixture, accession or part of a product or mass with other goods.
4. All information about DEBTOR'S financial condition provided to SECURED PARTY was accurate when submitted, as will be any information subsequently provided.
5. DEBTOR will defend the COLLATERAL against all claims and demands adverse to SECURED PARTY'S interest in it. The COLLATERAL will remain in DEBTOR'S possession or control at all times. DEBTOR will maintain the COLLATERAL in good condition and protect it against misuse, abuse, waste and deterioration except for ordinary wear and tear resulting from its intended use.
6. DEBTOR will insure the COLLATERAL in accordance with SECURED PARTY'S reasonable requirements regarding choice of carrier, casualties insured against and amount of coverage. Policies will be written in favor of DEBTOR and SECURED PARTY according to their respective interests or according to SECURED PARTY'S other requirements. All policies shall provide that the SECURED PARTY will receive at least ten (10) days' notice before cancellation, and the policies or certificates evidencing them will be provided to SECURED PARTY when issued. DEBTOR assumes all risk of loss damage to the COLLATERAL to the extent of any deficiency in insured coverage. DEBTOR irrevocably appoints SECURED PARTY as DEBTOR'S attorney-in-fact to collect on DEBTOR'S behalf any returned unearned premiums and proceeds of any insurance on the COLLATERAL and to endorse any draft or check deriving from the policies and made payable to DEBTOR.
7. DEBTOR will pay all expenses incurred by SECURED PARTY in obtaining, preserving, perfecting, defending and enforcing this document, any document collateral to it or the

COLLATERAL. Expenses for which DEBTOR is liable include, without limitation, taxes, assessments, reasonable attorney's fees and other legal expenses. These expenses will bear interest from the dates of payments at the highest legal rate of interest, and DEBTOR will pay SECURED PARTY this interest on demand at a time and place reasonably specified by SECURED PARTY.

8. DEBTOR will sign any papers that SECURED PARTY considers necessary to obtain, maintain and perfect this security interest or to comply with any relevant law.
9. DEBTOR will immediately notify SECURED PARTY of any material change in the COLLATERAL, of any change in DEBTOR'S name, address or location, of any change in any matter warranted or represented in this document or any document collateral to it, of any change that may affect the security interest in the COLLATERAL and of any event of default.
10. Without SECURED PARTY'S prior written consent, DEBTOR will not sell, transfer or encumber any of the COLLATERAL other than inventory, which may be sold in the ordinary course of business.
11. DEBTOR will maintain accurate books and records covering the COLLATERAL. At the time and in the form specified by SECURED PARTY, DEBTOR will furnish SECURED PARTY any requested information related to the COLLATERAL. DEBTOR will also allow SECURED PARTY to inspect the COLLATERAL at any time and place and to inspect and copy all records relating to the COLLATERAL.

Rights and Remedies of SECURED PARTY:

1. After default, SECURED PARTY may:
 - a. Take control of any proceeds of the COLLATERAL;
 - b. Release any COLLATERAL in SECURED PARTY'S possession to any debtor, temporarily or otherwise;
 - c. Take control of any funds generated by the COLLATERAL, such as refunds from and proceeds of insurance and reduce any part of the owed indebtedness accordingly or permit DEBTOR to use such funds to repair or replace damaged or destroyed COLLATERAL;
 - d. Demand, collect, convert, redeem, settle, compromise, receipt for, realize on, adjust, sue for and foreclose on the COLLATERAL either in SECURED PARTY'S or DEBTOR'S name;
 - e. Contact account debtors directly to verify information furnished by DEBTOR;
 - f. Notify obligors on the COLLATERAL to pay SECURED PARTY directly;
 - g. Take control of all proceeds of any payments on any COLLATERAL and apply them against any indebtedness owed or obligations performable by DEBTOR under this document or any document collateral to it; and
 - h. As DEBTOR'S agent, endorse any documents or chattel paper that is COLLATERAL or that represents proceeds of COLLATERAL.
2. SECURED PARTY has no obligation to collect any account and will not be liable for failure to collect any account or for any act or omission on the part of SECURED PARTY or SECURED PARTY'S officers, agents or employees, except willful misconduct.
3. If DEBTOR fails to maintain insurance as required, SECURED PARTY may purchase single-interest insurance coverage that will protect only SECURED PARTY. If SECURED PARTY purchases this insurance, its premiums will become part of the indebtedness owed by DEBTOR.

Events of Default:

Each of the following conditions is an event of default:

1. If DEBTOR defaults in the timely payment or performance of any indebtedness, obligation, covenant or liability in this document, in any document collateral to it or in any other agreement between DEBTOR and SECURED PARTY.
2. If any warranty, covenant or representation made to SECURED PARTY by or on behalf of DEBTOR proves to have been false or incomplete in any material respect when made;
3. If a receiver is appointed for DEBTOR or any of the COLLATERAL;
4. If the COLLATERAL is assigned for the benefit of creditors or, to the extent permitted by law, if bankruptcy or insolvency proceedings are commenced against or by DEBTOR, any partnership of which DEBTOR is a general partner or any maker, drawer, acceptor, endorser, guarantor, surety, accommodation party or other person liable on or for any part of the indebtedness owed or obligations performable by DEBTOR under this document or any document collateral to it;
5. If any lien attaches to any of the COLLATERAL; and
6. If any of the COLLATERAL is lost, stolen, damaged or destroyed, unless it is promptly replaced with collateral of like quality or restored to its former condition.

Remedies of SECURED PARTY on Default:

During the existence of any event of default, SECURED PARTY may declare the unpaid PRINCIPAL and earned INTEREST immediately due in whole or part, enforce the payment of indebtedness and performance of obligations by DEBTOR under this document and any document collateral to it and exercise any rights and remedies granted by this document, any document collateral to it or by the Texas Uniform Commercial Code, including, without limitation, the following:

1. Require DEBTOR to deliver to SECURED PARTY all books and records relating to the COLLATERAL;
2. Require DEBTOR to assemble the COLLATERAL and make it available to SECURED PARTY at a place reasonably convenient to both parties;
3. Take possession of any of the COLLATERAL and for this purpose enter any premises where it is located;
4. Sell, lease or otherwise dispose of any of the COLLATERAL in accord with the rights, remedies and duties of a secured party under Chapters 2 and 9 of the Texas Uniform Commercial Code after giving notice as required by those chapters; unless the COLLATERAL threatens to decline speedily in value, is perishable or would typically be sold on a recognized market, SECURED PARTY will give DEBTOR reasonable notice of any public sale of the COLLATERAL or of a time after which it may be otherwise disposed of without further notice to DEBTOR; in this event, notice will be deemed reasonable if it is mailed, postage prepaid, to DEBTOR at the address specified in this document at least ten (10) days before any public sale or ten (10) days before the time when the COLLATERAL may be otherwise disposed of without further notice to DEBTOR;
5. Surrender any insurance policies covering the COLLATERAL and receive the unearned premium;
6. Apply any proceeds from disposition of the COLLATERAL after default in the manner specified in Chapter 9 of the Texas Uniform Commercial code, including, without limitation, payment of SECURED PARTY'S reasonable attorney's fees and court expenses; and;
7. If disposition of the COLLATERAL leaves any indebtedness unsatisfied, collect the deficiency from DEBTOR.

General Provisions:

1. SECURED PARTY'S rights under this document shall inure to the benefit of its successors and assigns. Assignment of any part of the indebtedness owed by DEBTOR to SECURED PARTY and delivery by SECURED PARTY of any part of the COLLATERAL will fully discharge SECURED PARTY from responsibility for that part of the COLLATERAL. DEBTOR'S indebtedness owed and obligations performable under this document shall bind DEBTOR'S personal representatives, successors and assigns.
2. Neither delay in exercise nor partial exercise of any SECURED PARTY'S remedies or rights shall waive further exercise of those remedies or rights. SECURED PARTY'S failure to exercise remedies or rights does not waive subsequent exercise of those remedies or rights. SECURED PARTY'S waiver of any default does not waive further default. SECURED PARTY'S waiver of any right or default is binding only if it is in writing. SECURED PARTY may remedy any default without waiving it.
3. If DEBTOR fails to perform any of DEBTOR'S obligations, SECURED PARTY may perform those obligations and be reimbursed by DEBTOR on demand for any sums so paid (including, without limitation, attorney's fees and other legal expenses) plus interest on those sums from the dates of payment at the maximum legal rate of interest. The sum to be reimbursed shall be secured by the security interest under this document.
4. No provisions of this document shall be modified or limited except by written agreement.
5. The unenforceability of any provision of this document will not affect the enforceability or validity of any other provision.
6. This document and the agreement evidenced thereby is to be construed according to Texas laws. All indebtedness is payable and all obligations are performable in McLennan County, Texas.
7. A carbon, photographic or other reproduction of this agreement or any financing statement covering the COLLATERAL is sufficient as a financing statement.
8. If the COLLATERAL is sold after default, recitals in the bill of sale or transfer document will be prima facie evidence of their truth, and all prerequisites to the sale specified in this document and by the Texas Uniform Commercial Code will be presumed satisfied.
9. The security interest under this document shall neither affect nor be affected by any other security for any of the indebtedness owed or obligations performable by DEBTOR under this document or any document collateral to it. Neither extensions of any of that indebtedness or those obligations nor releases of any of the COLLATERAL will affect the priority or validity of the security interest under this document.
10. Foreclosure of the security interest under this document by suit shall not limit SECURED PARTY'S remedies, including, without limitation, the right to sell the COLLATERAL under the terms of this document. All remedies of SECURED PARTY may be exercised at the same or different times, and no remedy shall be a defense to any other. SECURED PARTY'S rights and remedies include all those granted by law or otherwise, in addition to those specified in this document.
11. DEBTOR'S appointment of SECURED PARTY as DEBTOR'S attorney-in-fact or agent is coupled with an interest and will survive any disability of DEBTOR.
12. As used in this document and unless the context requires another construction, the masculine, feminine and neuter gender shall each include the others and the singular and plural case shall each include the other.

DEBTOR