ITEM 1. THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES

The franchisor is Jenny Craig Franchising, LLC ("**we**", "**us**" or "**our**"). We are a Delaware limited liability company, organized in August 2003. We do business under the name Jenny Craig Franchising, LLC, and we do not do business under any other name. We have not offered franchises in any business other than weight loss and weight management.

Our address is 5770 Fleet Street, Carlsbad, California 92008. Our agents for service of process are disclosed in **Exhibit C**.

Our Predecessors and Affiliates

Sid Craig and Jenny Craig started the "Jenny Craig" concept in Australia in 1982. Our affiliate and corporate parent, Jenny Craig Holdings, Inc. ("**JC Holdings**"), through both Jenny Craig, Inc. ("**JCI**"), a direct subsidiary, and indirectly through JCI's subsidiaries, is the exclusive owner of the intellectual property rights uniquely associated with the Jenny Craig concept (including the trademark "Jenny Craig"); owns and operates Jenny Craig Weight Loss and Weight Management Centres ("**Centres**"); franchises others to own and operate Centres; provides weight-loss and weight management products and services through telephone consultations; procures and supplies food and other products for Jenny Craig Weight Loss Centres; leases Centres; and provides management and information systems services. A subsidiary of Nestlé S.A. ("**Nestlé**"), a Swiss business company and world's largest food and beverage company, headquartered in Vevey, Switzerland, acquired JC Holdings in July 2006, and Nestlé is now our ultimate parent corporation.

As of June 30, 2006, our most recent fiscal year end, Jenny Craig Operations, Inc. ("**JC Operations**"), a subsidiary of JCI, owned and operated 405 Centres in the United States. JC Operations also provides weight loss and weight management products and services through telephone sales in the U.S. and Canada. Since 1997, our affiliate Jenny Craig Weight Loss Centres (Canada) Company ("**JC Canada**"), another subsidiary of JCI, has owned and operated Centres in Canada. As of June 30, 2006, there were 26 Centres owned by JC Canada.

Prior to November 2003, our predecessor and parent company Jenny Craig International, Inc. ("**JC International**") held the right to franchise the Jenny Craig System in the U.S. and Canada. In November 2003, JC International assigned its rights in the Jenny Craig franchise agreements that were then in effect in the U.S. and Canada to us, and we have been the exclusive franchisor of the Jenny Craig System in the U.S. and Canada since then. As of June 30, 2006, there were 88 franchised Centres in the U.S. (including all U.S. territories) and 9 franchised Centres in Canada.

Prior to November 2005, JC International both owned and franchised Centres in Australia and New Zealand through subsidiaries. In November 2005, JC International entered into master franchise agreements with a master franchisee for Australia and New Zealand. As part of the November 2005 transaction, the master franchisee acquired the subsidiary that owned and operated Centres in Australia and New Zealand (JC International acquired the New Zealand Centres in 2003 from the Craigs). As of June 30, 2006, there were 78 Centres owned by the master franchisee in Australia and 17 Centres owned by the master franchisee in New Zealand. The master franchisee also subfranchises 20 Centres in Australia.

Our affiliates Jenny Craig Products, Inc. ("**JC Products**") and Jenny Craig Operations, Inc. ("**JC Operations**"), also subsidiaries of JCI, offer food and nutritional supplement products for use in Centres. Another subsidiary of JCI and affiliate, Jenny Craig Management, Inc. ('**JC Management**"), provides accounting and administrative services for us, including providing computer specifications and software for our franchisees, tracking franchisee payments, and administrating the billing of franchisees for food and nutritional products. JC Management also provides information systems and other management services to JC Holdings and its subsidiaries.

Except for JC International and The Häagen-Dazs Shoppe Company, Inc. ("**H-D Shoppe Company**"), a subsidiary of Nestlé, none of our affiliates has offered franchises for sale in the U.S. or Canada. H-D Shoppe Company is the franchisor of Häagen-Dazs® ice cream shops in the U.S. H-D Shoppe Company has been offering franchises since July 1993, but does not offer franchises for the type of business that you will be operating. As of June 30, 2006, there were 221 Häagen-Dazs® shops operating in the U.S., all of which were owned by franchisees.

The names, jurisdictions of incorporation, and addresses of our affiliates mentioned above are set forth below:

Name	**Jurisdiction/Form/ Date of Organization**	**Address**
JC Holdings	Delaware/corporation/January 2002	5770 Fleet Street Carlsbad, CA 92008
JCI	Delaware/corporation/June 1989	5770 Fleet Street Carlsbad, CA 92008
JC Operations	California/corporation/December 1995	5770 Fleet Street Carlsbad, CA 92008
JC International	California/corporation/August 1987	5770 Fleet Street Carlsbad, CA 92008
JC Products	California/corporation/December 1995	5770 Fleet Street Carlsbad, CA 92008
JC Management	California/corporation/December 1995	5770 Fleet Street Carlsbad, CA 92008
JC Canada	Nova Scotia/corporation/September 1997	5770 Fleet Street Carlsbad, CA 92008

Name	Jurisdiction/Form/ Date of Organization	Address
H-D Shoppe Company	New Jersey/corporation/June 1983	500 Washington Ave. South Suite 2040 Minneapolis, MN 55415
Nestlé, S.A.	Switzerland/chartered company/1905	Avenue Nestlé 55 1800 Vevey Switzerland

The Program

Jenny Craig offers weight loss and weight maintenance programs through Centres (both company-owned and franchised) and through telephone sales. The Program combines a calorie controlled, nutritionally balanced menu with education and motivation to help clients manage their weight. The program includes individual consultations, recommended moderate exercise, proprietary food and food supplement products, vitamins and minerals supplements, and other related products that change periodically (such as cookbooks, audio and video tapes, etc.).

"Jenny Craig"-branded foods and nutritional supplements are made by suppliers to specifications approved by JC Products. Jenny Craig offers a variety of breakfast, lunch, dinner and snack food items, including prepackaged frozen meals, shelf-stable and canned foods, snacks dried products, and meal supplements.

The Franchise

As a franchisor, we offer franchises to operate Centres under our format and system (the "**System**"). The distinguishing characteristics of the System include individual consultations, recommended moderate exercise; "Jenny Craig"-branded food and food supplement products, which are proprietary ("**Branded Products**"), and other related food and beverage products that we may designate; vitamins and mineral supplements; procedures for operations; procedures for management and inventory control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by us.

Each franchised Centre operates under a franchise agreement ("**Franchise Agreement**") (the current form of which is attached to this Offering Circular as **Exhibit D**), and in accordance with our confidential operations manual, which may consist of several volumes (the "**Confidential Operations Manual**").

We also offer franchisees the right to develop multiple Centres within defined geographic markets under an area development agreement ("**Development Agreement**") (the current form of Development Agreement is attached to this Offering Circular as **Exhibit E**). The development schedule ("**Development Schedule**") attached to each Development Agreement describes the mandatory number of Centres you are required to open and the date by which each Centre must be opened and operational. We will negotiate the Development Schedule with you before we enter into a Development Agreement.

Market and Competition

There is an established market for the weight loss business. You will compete with national chains such as Weight Watchers and LA Weight Loss Centers and with regional and local weight loss businesses. You will also compete with self-administered weight loss regimens and books, direct marketers of weight loss programs (e.g., Nutri System), doctors, bariatric surgery, nutritionists, dietitians, the pharmaceutical industry, government agencies and non-profit groups which offer weight control help using diets, exercise and drugs. There is also competition from food manufacturers and distributors of low-calorie and diet products. Nestlé sells Lean Cuisine products and other products that focus on the weight management and healthy living marketplaces. New methods of weight control are continually introduced into the marketplace and will compete with you.

Industry-Specific Regulations

Some state consumer protection laws and regulations cover contracts for the provision of weight loss services and/or for the rescission of consumer contracts, including within the weight management industry. These laws and regulations may require you to include certain language in contracts with your clients. These laws permit clients to withdraw from the program and receive a refund within periods ranging from three to ten days.

Some state laws and regulations also restrict the duration of prepaid contracts for certain types of services, including for weight loss and weight management services. These laws and regulations may require you to limit the duration of prepaid contracts and when and how prepaid contracts may be renewed. And, some state health club and related laws also require businesses such as Centres to post bonds for the protection of their customers. These bonds may be in an amount equal to any prepaid amounts paid to you by customers of the Centre.

Sales of prepackaged foods which are part of the program are regulated in most states by rules for retail food stores. These rules govern refrigeration and frozen storage of foods, cleaning and sanitizing requirements, toilet facilities, service sinks, and similar matters. You need to consult your own lawyer on federal, state and local laws and regulations that will apply to your business.

ITEM 2. BUSINESS EXPERIENCE

The following is a list of principal officers and other executives who have management responsibility for the operation of our business concerning the franchises described in this offering circular. We are a member-managed LLC and our parent, JC International, is our sole member. The principal occupation and business experience of each during the last 5 years, including the names and location of prior employers, are indicated in the table below. Unless otherwise indicated, the location of the employer is Carlsbad, California.

<u>Vice Chair & Chief Executive Officer: Patricia A. Larchet</u>

Ms. Larchet has been with the Jenny Craig System since 1985. She has been our, and also JCI's, Vice Chair & Chief Executive Officer since June 2005, and has been a member of the Board of Directors of JCI since September 2000. From January 2000 to January 2003, Ms.

Larchet was President and Chief Operating Officer of JCI. From January 1993 to November 1999, she was the Managing Director for our Australian subsidiary, Jenny Craig Weight Loss Centres Pty. Ltd.

Vice President, Chief Financial Officer and Treasurer: Cynthia P. Kellogg

Ms. Kellogg has been Vice President, Chief Financial Officer and Treasurer of JCI since May 2003, and she also has held these positions with us since November 2003. Ms. Kellogg served at Georgette Klinger, Inc. in Hasbrouck Heights, New Jersey, as Chief Operating Officer from April 2001 to May 2003, and Chief Financial Officer from July 1999 to April 2001.

Vice President, General Counsel and Secretary: Lewis Shender

Mr. Shender joined JCI in June 2002 as Vice President, General Counsel and Secretary, and he also has held these positions with us since November 2003. Prior to that, from March 2000 to June 2002, he was Vice President, Law and Acting General Counsel of Focal Communications Corporation in Chicago, Illinois.

Vice President of Corporate Services: Alan V. Dobies

Mr. Dobies has been Vice President of Corporate Services for us and JCI since May 1990.

Vice President of Franchise Operations & Development: Douglas Fisher

Mr. Fisher became Vice President of Franchise Operations & Development for us and for JCI in May 2006. He was Vice President of Franchising and Jenny Direct Operations for JCI from October 2002 to May 2006. From September 1998 to October 2001, he was Director of Retail Operations for Ben & Jerry's Homemade, Inc. in Burlington, Vermont. Prior to that, from September 1994 to August 1998, Mr. Fisher was Director of Franchising for Allied Domecq in Randolph, Massachusetts.

Vice President of Marketing for JCI: C. Scott Parker

Mr. Parker joined JCI as Vice President of Marketing in November 2003. From June 2002 to November 2003, he was an independent consultant, associated with Consumer Products Innovation, LLC in Columbus, Ohio. Prior to that, from August 1996 to June 2002, Mr. Parker was Vice President and General Merchandising Manager of Bath & Body Works in Reynoldsburg, Ohio.

Vice President of Operations, Training and Program Development for JCI: Norma R. Hubble

Ms. Hubble joined JCI as Vice President of Operations, Training and Program Development in January 2000. From June 1999 to December 1999, she was Director of Operations for JCI in San Diego, California. Prior to that, from October 1995 to June 1999, Ms. Hubble was a Divisional Supervisor for JCI in Lake Forest, California.

Vice President of Strategic Planning & Business Development for JCI: Kent Coykendall

Mr. Coykendall has been the Vice President of Strategic Planning & Business Development for JCI since April 2003. Prior to that he was Vice President, Operations & Business Development for IPITEK, Carlsbad, California, from January 2003 to April 2002.

Vice President of Information Services for JCI: Beth Marmor

Ms. Marmor became JCI's Vice President of Information Services in August 2006. From March 2004 to July 2004, she was JCI's Director of Applications, and from July 2004 to August 2006, Acting Chief Information Officer. From September 2003 to March 2004, she was Manager, IT Business Partner, Supply Chain, and from January 2002 to September 2003, she was Manager of Business Process Improvement, for Allied Domecq, QSR in Randolph, Massachusetts. From December 2000 to September 2001, she was a consultant for KaBloom in Woburn, Massachusetts.

Director, Franchise Development: Victor DeSio

Mr. DeSio joined us and JCI as Director of Franchise Development in June 2003. From March 2001 to February 2003, he was Vice President, Franchise Support for Image Arts Etc. in San Diego, California. Prior to that, from November 1999 to February 2001, Mr. DeSio was Director of Franchise Operations for Brake Depot Systems, Inc. in San Diego, California. From June 1990 to July 1999, he held positions of increasing responsibility for Mail Boxes, Etc. in San Diego, California, eventually becoming Director of Franchise Relations in February 1998.

Franchise Broker: FranChoice, Inc.

We are in the process of negotiating a Referral Agreement with FranChoice, Inc. ("FranChoice"), a Minnesota corporation incorporated on March 10, 2000. Its principal place of business is 7500 Flying Cloud Drive, Suite 600, Eden Prairie, Minnesota 55344, and its telephone number is (952) 345-8400.

FranChoice markets franchise opportunities through electronic and print media for participating franchisors. Prospective franchisees that respond to FranChoice's marketing efforts are referred to consultants who provide franchise consulting services for screening and referral to participating franchisors based on the prospective franchisee's selection criteria and personal skills set. These consultants are identified in **Exhibit M** attached to this offering circular.

Listed below are the individuals with management responsibility for FranChoice (currently FranChoice does not have a President):

Vice President: Lori L. Kiser-Block

Lori Kiser joined FranChoice as a Consultant Development Manager in April 2003 and became Vice President of FranChoice in November 2003. Prior to joining FranChoice, from March 2002 until December 2002, Ms. Kiser-Block was Vice President of eFrame Technology, Omaha, Nebraska. Prior to that Ms. Kiser-Block worked for Carlson Leisure Group, Minnetonka, Minnesota in various positions starting in February 1993, and serving as Senior Director of Franchise Services until December 2001.

Director: Tony Verbeten

Tony Verbeten joined FranChoice in December 2002 as Chief Financial Officer. He also is currently Chief Financial Officer of Capistar Franchise Holdings, parent company of FranChoice and also based in Eden Prairie. He was named Director of FranChoice in November 2005. Prior to joining FranChoice, Mr. Verbeten was Controller for Digital River of Eden Prairie, Minnesota, from August 2001 to November 2002. He was an independent financial planner from June through August 2001.

ITEM 3. LITIGATION

Concluded Litigation – General

1. Sarin v. Jenny Craig International, Inc., et. al. (Filed in Superior Court, San Diego County, California, October 4, 2002, Case No. GIC 797532). In October 2002, JC International was sued along with JCI and some of our other affiliates under various consumer protection laws. The two plaintiffs who sought class certification as representing vegetarians nationwide, alleged that JC International and the other defendants made or disseminated statements that were untrue or misleading in connection with the sales of Jenny Craig Sampler Vegetarian Package and other vegetarian menu items. The plaintiffs alleged that JC International advertised its vegetarian sampler as appropriate for vegetarians, when it contained rennet or gelatin, which are products derived from animals. The court denied plaintiffs' motion for class certification. The court also denied plaintiffs' request to amend the complaint to attempt to certify a different class. JC International settled this case with funds provided by its insurance carrier. As part of the settlement, JC International agreed to eliminate animal-derived enzymes from the food items sold on the meatless menu.

2. Securities Class Action Complaints: On January 28, 2002, JCI announced that it had entered into a definitive merger agreement providing for the acquisition of JCI and its subsidiaries by an investor group lead by ACI Capital Co., Inc., a private investment firm. Securities class actions were subsequently filed against JCI, its directors (including Sid and Jenny Craig), and other parties related to the proposed merger, on behalf of the public shareholders of JCI. The plaintiffs in these actions allege that the purchase price offered was unfair and unlawfully coercive to shareholders, and that the defendants breached their fiduciary and other duties to shareholders. The plaintiffs sought an injunction with respect to the proposed acquisition and monetary damages. The parties settled these actions and entered into a Settlement Agreement, under which a class was certified for purposes of settlement only, consisting of persons or entities (excluding the defendants) owning JCI common stock on January 28, 2002 through and including the close of the merger (described in Item 1 with respect to JCI) on May 14, 2002. In connection with the Settlement Agreement, JCI agreed to make a mutually agreed supplemental disclosure in its proxy statement in connection with the merger. Under a Final Order and Judgment dated January 28, 2003, JCI paid plaintiffs' counsel attorneys' fees in the amount of $175,000 and expenses in the amount of $20,000. A portion of these payments was paid by JCI's insurance carrier.

a. Masseo Investments, Ltd. v. Jenny Craig, Inc., et al. (filed January 28, 2002, in the Court of Chancery, New Castle County, Delaware; Civil Case No. 19370NC).

b. Sandra Kellerman v. Jenny Craig, Inc., et al. (filed January 28, 2002, in the Court of Chancery, New Castle County, Delaware; Civil Case No. 19373NC).

c. Francis Cassidy v. Jenny Craig, Inc., et al. (filed January 28, 2002, in the Court of Chancery, New Castle County, Delaware; Civil Case No. 19374NC).

3. Sandy Rosen v. Jenny Craig Weight Loss Centres, Inc. (Filed in the Supreme Court of New York in New York City on September 8, 1993, Case No. 122623/93.) Sandy Rosen sued our affiliate JC Weight Loss Centres alleging that she suffered from gall bladder disease as a result of the Jenny Craig weight loss program. JC Weight Loss Centres settled the case in May 1999 for $495,000 without any admission of wrongdoing.

Concluded Litigation with Franchisees

1. Weight No More, Inc., and Jenny Craig International, Inc. (Arbitration before a panel of the American Arbitration Association filed in San Diego, California, in August 1999) (Case No. 73 114 00235 99X). A franchisee alleged that JC International acted unfairly in amending its offering circular, and thereby interfered with her ability to sell her Weight Loss and Weight Management Centres to a prospective purchaser. The matter was settled by JC International making a payment of $65,000, and by the franchisee agreeing to close her two Weight Loss and Weight Management Centres located in Midland and Lubbock, Texas.

2. Valley Weight Management, Inc. v. Jenny Craig International, Inc. (Filed May 6, 1997, in the Northwest Judicial District Court, Ward County, North Dakota) (Case No. 97 C 0403). A franchisee sought injunctive relief and damages, alleging that JC International violated the exclusivity provisions of the Master Franchise Agreement by entering into a license agreement with another entity involved in developing, promoting and selling a book entitled "No Diet Required." The matter was dismissed when JC International agreed to extend a credit in the amount of $60,000 toward the purchase of food products, and agreed to amend the exclusivity provisions of the franchisee's franchise agreements.

3. Valley Weight Management, Inc. v. Jenny Craig International, Inc. (Filed December 27, 1999, in the Northwest Judicial District Court, Ward County, North Dakota) (Case No. 99 C 1327). A franchisee sought injunctive relief and damages, alleging that JC International violated the exclusivity provisions of the Master Franchise Agreement by entering into a trademark license agreement that allowed Balance Bar Company to manufacture and distribute its popular meal replacement bar with a Jenny Craig signature logo. The matter was dismissed when JC International agreed to purchase the franchisee's two Weight Loss and Weight Management Centres for the sum of $357,500 and agreed to forgive $49,000 in franchisee debt.

4. Lusk Triad Company, Inc. v. Jenny Craig International, Inc. (Filed January 12, 2000, in the 251st District Court, Potter County, Texas) (Case No. 87-086-C). Franchisee sought injunctive relief and damages, alleging that JC International violated the exclusivity provisions of the Master Franchise Agreement by entering into a trademark license agreement that allowed Balance Bar Company to manufacture and distribute its popular meal replacement bar with a Jenny Craig signature logo. The matter was dismissed when JC International agreed to purchase the franchisee's two Weight Loss and Weight Management Centres for the sum of $100,000.

5. Jenny Craig International, Inc. v. GDT Iowa, Ltd., et al. In 1996, JC International filed an action in Iowa state court (County of Polk, Case No. CL 67560) against a franchisee and its principals to collect amounts past due for food and royalties, totaling approximately $214,000, and to terminate the franchise. The franchisee asserted counterclaims for violation of state franchise laws, fraud, retaliation, conversion and related claims. The matter settled in January 1997, and was dismissed with prejudice. JC International agreed to amend certain provisions of the Master Franchise Agreement, and the franchisee signed a promissory note in the amount of $242,986.86 and signed a limited personal guarantee up to $18,000.

6. Jenny Craig International, Inc. v. Encott Enterprises Corporation (Arbitration proceeding commenced by Jenny Craig with American Arbitration Association on July 3, 2001, Case No. 50 T 114 00288 01; respondent moved to quash arbitration, which was denied in the Court of Queen's Bench of Alberta Judicial District of Calgary, Action No. 0101-14545.) On July 3, 2001, JC International commenced arbitration proceedings against its Calgary, Alberta franchisee, Encott Enterprises Corporation ("**Encott**"), seeking, among other things, a declaration that an attempted transfer was void pursuant to the franchise agreement, a declaration that JC International was entitled to exercise rights of first refusal under the franchise agreement, a declaration that the franchise agreement expired without renewal, and an award of all sums due and owing under the franchise agreement and food agreement. In August 2001, Encott commenced an action against JC International in the Court of Queen's Bench of Alberta, Judicial District of Calgary, seeking to stay the arbitration and contending, among other things, that JC International wrongfully had denied Encott the right to renew its franchise agreement because Encott had declined to relinquish certain exclusivity rights. The parties agreed to settle their difference by renewing the franchise agreements and by making a provision for late payments owing under the parties' food products purchase agreement. The arbitration proceedings and the action in Alberta were both dismissed in April 2002.

Concluded Litigation Involving Broker

For concluded litigation involving Jeffrey Shafritz, who is an independent broker for FranChoice, see **Exhibit N**.

Currently Effective Injunctions or Orders

Federal Trade Commission v. Jenny Craig, Inc., Jenny Craig International, Inc. In 1993, a complaint was filed against JC International before an administrative law judge of the Federal Trade Commission ("**FTC**"). (Docket No. 9260; filed September 1993). It alleged that JC International violated the FTC Act in certain advertisements for our weight management program featuring testimonials, claims for the program's success and safety, and statements about program costs. The complaint sought a cease and desist order requiring JC International and its franchisees to stop the ads unless they satisfied certain conditions.

In September 1996, JCI and JC International reached a proposed settlement with the FTC. On February 19, 1998, the FTC signed the Final Decision and Order (the "**Order**"). JC International, its franchisees (now our franchisees, including you) and others associated with us must adhere to the detailed advertising restrictions in the Order. The Order requires us to base our advertising on scientific evidence (of types specified in the Order) that substantiates the success of our weight loss program; provide disclaimers and disclosure of statistical data as part of certain advertising claims; restrict ads that use testimonials or discuss costs or the speed of our program; and provide warnings that not following our program fully may hurt a client's health. Also, we (and you) can't misrepresent endorsements for our program, or information about any tests, studies or surveys, or any other aspect of any program or product. On request, we must provide the FTC with the basis for our advertisements. We must monitor franchisee compliance with the Order and report violations to the FTC. We must also distribute copies of the Order to specified persons, including franchisees. This is a summary of the detailed Order you must comply with. The Order is available on the Internet at http://www.ftc.gov/os/1998/02/d09260.do.htm. and a copy is attached as **Exhibit F**.

Other than the 12 actions described above, there is no other litigation required to be disclosed in this Offering Circular.

ITEM 4. BANKRUPTCY

Victor DeSio, our Director of Franchise Development, was Vice President, Franchise Support for Image Arts Etc., a franchisor of digital photography businesses, during the year prior to the time it filed for protection under Chapter 7 of the U.S. Bankruptcy Code on May 8, 2003 (U.S. Bankruptcy Court for the Southern District of California, Case No. 03-04438-LA). Image Arts Etc. is not our affiliate. The case is not yet discharged. The trustee has told the court that the closing papers will be filed on or before January 31, 2007.

Other than this 1 action, no person previously identified in Items 1 or 2 of this 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

Initial Franchise Fee

When you sign the Franchise Agreement you must pay us an initial franchise fee of $25,000 (the "**Initial Franchise Fee**"). If you enter into a Development Agreement, the Initial Franchise Fee may be reduced as described below under the heading "Development Fee." The Initial Franchise Fee will be fully earned when paid, and must be paid (except with respect to a Development Fee described below) in one lump-sum amount. The Initial Franchise Fee will not be refundable, unless the Franchise Agreement is terminated according to the terms of the site selection and territory addendum attached to the Franchise Agreement as Exhibit FA-2 (the "**Site Selection Addendum**"); in which case the Initial Franchise Fee will be refunded to you, less

$5,000 in consideration of our costs and expenses in providing site selection and other initial services to you. The Initial Franchise Fee is uniform.

We may periodically offer Initial Franchise Fee discounts and other limited-term discount incentives to our existing franchisees and corporate employees. Currently, we provide our existing franchisees (who have been our franchisees for at least one year) who wish to operate additional Weight Loss and Weight Management Centres with a 25% discount off of the Initial Franchise Fee for each additional Weight Loss and Weight Management Centre they wish to operate. We also currently provide our corporate employees (who have been our corporate employees for at least 6 months) who are purchasing the right to operate one or more Weight Loss and Weight Management Centres with a reduced Initial Franchise Fee in the amount of $12,500 for each Franchise Agreement that the franchisee enters into, or commits to enter into in the future (whether under a Development Agreement or otherwise), at the same time as the first Franchise Agreement. These Initial Franchise Fee discounts are subject to change or discontinuance by us at any time. Because of these discounts, our Initial Franchise Fees ranged from $10,000 to $25,000 during our last fiscal year ended June 30, 2006.

Development Fee

If you enter into a Development Agreement, you must pay to us a development fee equal to $10,000 for each Weight Loss and Weight Management Centre required to be established under the Development Schedule (the "**Development Fee**"). For example, if you are required under the Development Schedule to establish 3 Weight Loss and Weight Management Centres during the term of the Development Agreement, you would pay to us a Development Fee in the amount of $30,000. If you are in full compliance with the Development Schedule, and are not otherwise in default under any provisions of the Development Agreement, or any other agreement with us, then for each Initial Franchise Fee paid by you to us under a Franchise Agreement for a Weight Loss and Weight Management Centre to be established under the Development Schedule, we will credit back to you the $10,000 Development Fee on the Initial Franchise Fee already paid by you for the Weight Loss and Weight Management Centre. The Development Fee is payable in lump sum upon signing the Development Agreement, and is non-refundable.

In addition, if you enter into a Development Agreement for the establishment of 3 or more Weight Loss and Weight Management Centres, and provided you are in compliance with the Development Agreement, the Initial Franchise Fee for each of the 3rd, 4th, and 5th Weight Loss and Weight Management Centres established under the Development Agreement will be reduced to $22,500; and the Initial Franchise Fee for the 6th and for each additional Weight Loss and Weight Management Centre established under the Development Agreement will be reduced to $20,000.

Site Evaluation Fee

If, in connection with the selection of an Approved Location under the Site Selection Addendum, we deem on-site evaluation necessary and appropriate (on our own initiative or at your request) for any Centre to be established, we reserve the right to charge you a site evaluation fee, which fee will not exceed $750 ("**Site Evaluation Fee**").

ITEM 6. OTHER FEES

Name of Fee (1)	Amount	Date Due	Remarks
Royalty Fee	0% to 7% of Gross Sales. See Note 2.	5th business day following the end of each Week.	See Note 2 for the definitions of "Gross Sales" and "Week"
Advertising Contribution	10% of Gross Sales at the Centre during the preceding Week (5% on Gross Sales over $14,500). See Note 4	Same as Royalty Fee	We reserve the right to require you to make an Advertising Contribution, which will be spent as further described in Note 4. See also Item 11.
Interest on Unpaid Fees	1.5% per month on the underpayment See Note 3	Upon Demand	Payable on any amounts not paid when due. See Note 3
Computer Systems Upgrades	$500 to $5,000 per computer. See Note 5	Upon Demand	See Note 5
Transfer	$5,000 or $2,500 See Note 6	At time of transfer	Payable only if you make a transfer (as defined in the Franchise Agreement), which includes the sale of your Centre or your company. See Note 6.
Supplier Testing	Will vary	Upon demand, if incurred	If you propose a new supplier of products, and we inspect the supplier or test the supplier's products, we may charge you or the supplier for our costs in conducting the inspection or running the tests.
Renewal of Franchise Agreement	50% of the then-current initial franchise fee for new franchisees under the System	Upon signing of Renewal Franchise Agreement	You pay us this fee as one of the requirements for renewal of the Franchise Agreement.
Computer System Development and Access Fee	Will vary; not to exceed $100 per Centre per month	Upon demand, if incurred	We reserve the right to charge a Computer System development and access fee in order to provide development and connectivity services between your Computer System and our computer system. This fee will not exceed $100 per month per Centre.

Name of Fee (1)	Amount	Date Due	Remarks
Computer System Technical Support Fee	Will vary; not to exceed $125 per month	Upon demand, if incurred	We reserve the right to provide technical support for the Computer System, and to charge you a fee for support. This fee will not exceed $125 per month per Centre.
Audit Cost	All costs and expenses associated with the audit, reasonable accounting and legal costs.	Upon Demand	Payable only if we audit because you did not submit sales statements or keep books and records, or if the audit concludes that you underreported your sales or underpaid your royalties by 2% or more. You will also have to pay interest on the underpayment (see "interest" above and Note 3).
Securities Offering Fee	$10,000 or our actual expenses, whichever is more.	Upon demand	If you engage in a public or private securities offering, you must reimburse us for our reasonable costs and expenses (including legal and accounting fees) to evaluate your proposed offering and you also must indemnify us (see below).
Additional/ Replacement Training of Highly Trained Personnel	Will vary under the circumstances; $50 per day per Highly Trained Personnel	As incurred	If you choose to send more than 2 Highly Trained Personnel to our initial training program, or if you enroll any replacement Highly Trained Personnel in our initial training program, you will be required to pay the cost of training in the amount of $50 per day per Highly Trained Personnel.
Additional On-Site Training	Will vary under the circumstances	As incurred	If you request that we provide on-site training in addition to that which we provide in connection with our initial training program, and we are able to do so, you will be required to pay our then-current per diem charges and out-of-pocket expenses, which will be as described in the Confidential Operations Manual.

Name of Fee (1)	Amount	Date Due	Remarks
Indemnity	Will vary under circumstances	As incurred	You must indemnify us, and reimburse us for our costs (including our attorneys' fees): (a) if we are sued or held liable in any case having anything to do with your business operations; or (b) in connection with any securities offering you propose or undertake.
Legal Fees and Expenses	Will vary under circumstances	Upon demand	Only if you are in default under the Franchise Agreement, in which case you must reimburse us for the expenses we incur (including reasonable attorneys' fees) as a result of your default and to enforce and terminate the agreement.

Notes:

(1) None of these fees is refundable.

(2) During the term of the Franchise Agreement, you must pay us a continuing royalty fee ("**Royalty Fees**") according to the following chart:

If the Centre's Gross Sales for the Week are:	The Royalty Fee will be:
Less than or equal to $5,770	0% of Gross Sales for the Week
Greater than $5,770, but less than or equal to $7,690	3% of Gross Sales for the Week
Greater than $7,690, but less than or equal to $9,615	4% of Gross Sales for the Week
Greater than $9,615, but less than or equal to $11,540	5% of Gross Sales for the Week
Greater than $11,540, but less than or equal to $13,460	6% of Gross Sales for the Week
Greater than $13,460	7% of Gross Sales for the Week

Only one designated Royalty Fee percentage will be applied to Gross Sales for the Week, and the Royalty Fee will not be payable based on increments or portions of Gross Sales for the Week. The term "**Gross Sales**" means all revenue from the sale of products, services and merchandise and all other income of every kind and nature related to, derived from, or originating from the Centre (or, if applicable, at or from a Corporate Account) including proceeds of any business interruption insurance policies, whether at retail or wholesale (whether these sales are permitted or not), whether for cash, check, or credit, and regardless of collection in the case of check or credit; provided, however, that "Gross Sales" will be net of discounts and any customer refunds, and Gross Sales does not include the monetary value of any coupon sales, sales taxes, and/or other taxes collected from customers by you and actually transmitted to the appropriate taxing authorities.

For the purposes of the Franchise Agreement, we have the right to determine the number and configuration of days in a Week. The term "**Week**" currently is defined as Saturday through Friday.

(3) Interest starts to accrue when your payment was initially due. Interest rates will not exceed any maximum rate that may be imposed under applicable law.

(4) For each Week during the term of the Franchise Agreement, we reserve the right to require you to contribute an amount up to 10% of the first $14,500 of Gross Sales for the Centre during the preceding Week, and up to 5% of all Gross Sales of the Centre over the first $14,500 during the preceding Week (the "**Advertising Contribution**"). The Advertising Contribution will be paid by you in the same manner as required for Royalty Fees. In addition to the Advertising Contribution, you must undertake and complete the Grand Opening Advertising Program, as described below in Item 11. The Advertising Contribution may be spent by us on the National Advertising Fund, a Regional Ad Fund, or by you for local advertising and promotion. See Item 11 for further information regarding Advertising Contribution expenditures.

We may require that you provide us with a written report of all local advertising and promotion expenditures for each month (or such other time period as we may determine) during the term of the Franchise Agreement, no later than the 15th day after the end of each month, or as otherwise required. If, at the end of any particular year of the Franchise Agreement, we determine that you have not expended the required amount on local advertising and promotion, we will have the right to direct you to deposit the amount of this deficiency into the National Advertising Fund or the applicable Regional Ad Fund, if we have implemented them.

(5) You can buy hardware upgrades from JC Management. Our current estimate of hardware upgrade costs is $500 to $5,000 per computer. Hardware upgrades may be required periodically, in our discretion. JC Management currently provides software upgrades at no charge. See Item 11.

(6) If you transfer your Development Agreement, you must pay us a transfer fee of $5,000, and the transfer must be accompanied by a transfer of all Weight Loss and Weight Management Centres (and Franchise Agreements) with us that you have established under that Development Agreement. The transfer fee under the Franchise Agreement is $5,000; provided, however that the transfer fee under the Franchise Agreement for the following circumstances will be:

(a) $1,000 if you are an individual and the transfer is made to your spouse and/or children;

(b) $2,500 if the Franchise Agreement is the 2nd or later Franchise Agreement to be transferred in connection with the simultaneous transfer of a Development Agreement between you and us; and

(c) $500 if the Franchise Agreement is the 2nd or later Franchise Agreement to be transferred in connection with the simultaneous transfer of a Development Agreement between you and us, if you are an individual and the transfer is made to your spouse and/or children.

ITEM 7. INITIAL INVESTMENT

(Please review this table in conjunction with the notes that follow.)

Type of Expense	Amount (1)	Method of Payment	When Due	To Whom Payment Made
Initial Franchise Fee (1)	$25,000 See Note 1	Lump Sum	On signing Franchise Agreement	Us
Real Property (2)	$3,500 to $24,250	Monthly	Specified day each month, per your lease	Your lessor

Type of Expense	Amount (1)	Method of Payment	When Due	To Whom Payment Made
Site Evaluation Fee (2)	$0 to $750	Lump Sum	Upon demand	Us
Leasehold Improvements; Construction Costs (3)	$40,000 to $80,000	Progress Payments	As Arranged	Contractor or Lessor
Signage (4)	$5,000 to $8,000	As Arranged	As Arranged	Supplier
Furniture and Decor Items (5)	$20,000 to $30,000	As Arranged	As Arranged	Suppliers/JCI
Equipment (6)	$20,000 to $30,000	As Arranged	As Arranged	Suppliers/JCI
Grand Opening Advertising (7)	$3,000	As Arranged	As Incurred	Suppliers
Pre-Opening Salaries, Travel and Initial Training (8)	$5,000 to $15,000	As Arranged	Before opening	Suppliers of transportation, food, lodging
Centre Computer Systems (9)	$10,000 to $15,000	As Arranged	As Arranged	Suppliers/JC Management
Start-Up Supplies and Inventory (10)	$12,000 to $25,000	Lump Sum	As Arranged	JCI/Suppliers
Insurance (11)	$1,500 to $2,000	Lump Sum	As Arranged	Insurers
Zoning Expenses (12)	$0 to $20,000	As Arranged	As Arranged	Zoning Consultants
Utilities (13)	$500 to $8,000	As Arranged	As Incurred	Lessor, Utility Companies
Business Registration (14)	$100 to $1,000	Lump Sum	As Incurred	Government Agency
Architect Design (15)	$1,000 to $7,500	As Arranged	As Incurred	Architect/Us
Professional Fees (16)	$1,000 to $5,000	As Arranged	As Incurred	Professionals
Additional Funds (17)	$20,000 to $50,000	These are funds for meeting operating expenses	Varies	Varies
TOTAL (18)	$167,600 to $349,500			

Notes:

(1) All amounts are non-refundable except that security deposits you pay to the landlord and utilities are sometimes refundable. As described in Item 5, the Initial Franchise Fee is refundable, less $5,000, if the Franchise Agreement is terminated under the Site Selection Addendum. If you sign a Development Agreement, the Development Fee will be $10,000 for each Weight Loss and Weight Management Centre to be established under the Development Schedule. In addition, if you enter into a Development Agreement for the establishment of 3 or more Weight Loss and Weight Management Centres, and provided you are in compliance with the Development Agreement, the Initial Franchise Fee for each of the 3rd, 4th, and 5th Weight Loss and Weight Management Centres established under the Development Agreement will be reduced to $22,500; and the Initial Franchise Fee for the 6th and for each additional Weight Loss and Weight Management Centre established under the Development Agreement will be reduced to $20,000.

(2) This estimate is for the first 3 months rent and a security deposit equal to one month's rent for a facility of 1,000 to 2,000 square feet in a shopping center with parking and access to public transportation. The estimate assumes you pay annual rent in an amount ranging from $10.00 to $30.00 per square foot. Actual rent for Weight Loss and Weight Management Centres varies widely because of different locations, size of the premises, and market conditions in different areas.

As described in Item 5, if we deem on-site evaluation necessary and appropriate under the Site Selection Addendum, we reserve the right to charge you a Site Evaluation Fee.

(3) This estimate is for a Centre with 4 to 7 rooms consisting of a reception area, consulting rooms, a food storage room and a lavatory. The cost to construct interior alterations and improvements and decorate the Centre depends on the extent of the renovations needed to convert space into these separate offices and areas, and any allowance you negotiate with the lessor for construction.

(4) This estimate is for indoor and outdoor signage consisting of two-foot channel light letters. The cost of each Centre's sign depends on a number of factors, including the requirements of the landlord, local sign ordinances, and the number and types of signs to be installed.

(5) These estimates are for 6 desks, 25 chairs, reception area fixtures, carpeting, graphics, and shelving. The actual cost may vary widely depending on the market conditions. If you select more costly furnishings or decor you could exceed these estimates. Payment for these items will generally be made to third parties but may, in some instances at your election, be made to us or one of our affiliates.

(6) Estimates for installation of commercial freezers, either walk-in or stand alone, for storing frozen food products. Other equipment includes televisions, videocassette recorders, telephone systems, and scales.

(7) You must expend at least $3,000 on grand opening advertising and promotional programs in conjunction with the Centre's initial grand opening, pursuant to a grand opening marketing plan developed by us or developed by you and approved by us in writing (the "**Grand Opening Advertising Program**"). The Grand Opening Advertising Program must be executed and completed within 60 days after the Centre commences operation. You must submit to us, for our prior written approval, a marketing plan and samples of all advertising and promotional material not prepared or previously approved by us. For the purpose of the Franchise Agreement, the Grand Opening Advertising Program will be considered local advertising and promotion.

(8) The amount of training expense will depend, in part, on the cost of personnel you hire. The initial staff generally consists of three employees, one of whom may be the Centre Director. You will incur some or all of the costs for training your staff before opening. We provide instructors and instructional materials. You pay for transportation, lodging and meals for yourself and your employees and wages for your employees. The costs you incur will depend on the distance you travel and the accommodations you choose. Additionally, you (or the principal designated to supervise the Centre) and one additional employee of the Centre must attend our initial training program. You will incur salary, travel, lodging and meal expenses.

(9) Computers are purchased from JC Management. Each Centre must have at least 4 computers, plus associated peripherals, currently costing $10,000 to $15,000, depending on the size of the Centre. JC Management currently provides the ICAN and DD software at no charge (this excludes any other software, which is your cost). This software currently consists of the Integrated Centre Automation Network (ICAN) point-of-sale and Program Director (PD) sales presentation systems. We or JC Management can require you to upgrade the Centre Computer Systems hardware or software at any time. See Item 11 of this Offering Circular for more information.

(10) Estimates are for supplies and inventory of food products, printed materials, cleaning expenses, temporary warehouse and/or receiving facilities to store products shipped prior to the Centre being fully constructed, and office and general supplies for three months after the opening of your Centre.

(11) Estimated annual premiums for insurance covering product liability claims, personal injury, and property damage with us named as a co-insured, with limits of at least $1,000,000 combined single limit, and with an insurer approved by us.

(12) We don't expect that you will incur zoning expenses. However, if you need to obtain a variance, waiver or otherwise alter current zoning conditions, then you could incur expenses approaching or exceeding the high estimate depending on the complexity of the steps needed and the cost of professionals you hire to assist you.

(13) Estimated deposits and expenses for three months of utilities consisting of electricity, gas, water and telephone. The amount of the deposits will depend on practices of the utility companies and their estimates of your monthly expenses and credit.

(14) You may be required to register your business with your state government and local agencies. They may charge a fee for registration.

(15) Estimate applies to employing an architect, engineer, or us to prepare preliminary floor plans and final drawings for the Centre in accordance with our standard plans.

(16) You should consult an attorney or accountant or both to advise you before you sign the Franchise Agreement or Development Agreement.

(17) You will need capital to pay on-going expenses, such as payroll, to the extent that these costs are not covered by sales revenue. The figure in the chart is for the first three months of operations of the Centre. New businesses usually generate a negative cash flow.

(18) We relied on JCI's and our experience of over 20 years in the industry when preparing these figures.

There are no other direct or indirect payments to us in conjunction with the purchase of the Franchise.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must sell or offer for sale only the products that have been expressly approved for sale in writing by us. You must sell or offer for sale all of these products, to all customers (whether the customers are your customers or customers of other franchised or company-owned Weight Loss and Weight Management Centres). You must use the methods and employ the standards and techniques for presentation of products that we may specify, and you must refrain from any deviation from our standards and techniques, without our prior written consent. You must discontinue selling and offering for sale any products which we have not approved. If you deviate or propose to deviate from our standards and specifications, whether or not the deviation is approved by us, the deviation will become our property.

You may elect to enter into the food products purchase agreement attached to the Franchise Agreement as Exhibit FA-7 (the "**Food Products Purchase Agreement**"). If you enter into the Food Products Purchase Agreement, one of our affiliates (currently, JC Operations or JC Products) will be your exclusive source for the purchase of Branded Products to be sold by you from the Centre. If you do not elect to enter into the Food Products Purchase Agreement, you must purchase all Branded Products, and other food products and merchandise, only from our affiliates or alternate suppliers we approve in the manner described below.

Each Centre must have at least 4 Wyse Thin Client computers and a server plus associated peripherals, currently costing $10,000 to $15,000, depending on the size and needs of your Centre. The software currently consists of the Integrated Centre Automation Network ("**ICAN**") system and the Program Director ("**PD**") system. As described below in Item 11, the POS(ICAN) Systems are available from JC Management.

You must purchase all Branded Products, supplies, materials, and other products used or offered for sale at the Centre solely from suppliers that we have approved in writing. In determining whether we will approve any particular supplier, we will consider various factors, including but not limited to whether the supplier: can demonstrate, to our continuing reasonable satisfaction, the ability to meet our then-current standards and specifications for these items; possesses adequate quality controls and capacity to supply your needs promptly and reliably; and would enable the System, in our sole opinion, to take advantage of marketplace efficiencies. Each supplier must be approved in writing by us (and must not be later disapproved) prior to any purchases by you from this supplier. The term "supplier" includes, without limitation, manufacturers, distributors, resellers, and other vendors. We will have the right to appoint only one manufacturer, distributor, reseller, and/or other vendor for any particular item.

If you wish to purchase any products or any items from an unapproved supplier, you must first submit to us a written request for approval. You must not purchase from any supplier until, and unless, the supplier has been approved in writing by us. We will have the right to require that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, either to us or to an independent laboratory designated by us for testing. A charge not to exceed the reasonable cost of the inspection and the actual cost of the test must be paid by you or the supplier. There is no limit on the time we may take to approve or disapprove any particular supplier; however, we typically will make these decisions within 30 days of receipt of all information that we request. We may also require that the supplier comply with other requirements as we may deem appropriate, including payment of reasonable continuing inspection fees and administrative costs, or other payment to us by the supplier on account of their dealings with you or other System franchisees, for use, without restriction (unless otherwise instructed by the supplier) and for services that we may render to suppliers. We reserve the right, at our option, to periodically reinspect the facilities and products of any approved supplier and to revoke our approval upon the supplier's failure to continue to meet any of our then-current criteria.

We may, at our sole option, establish one or more strategic alliances or preferred vendor programs with one or more nationally or regionally-known suppliers who are willing to supply all or some Centres with some or all of the products and/or services that we require for use and/or sale in the development and/or operation of Centres. In this event, we may limit the number of approved suppliers with whom you may deal, designate sources that you must use for some or all products and other products and services, and/or refuse any of your requests if we believe that this action is in the best interests of the System or the network of Centres. We will have unlimited discretion to approve or disapprove the suppliers who may be permitted to sell products to you.

We have the right to specify in the Confidential Operations Manual or otherwise require that certain brands, types, makes, and/or models of communications, computer systems, computer software, and hardware is used by, between, or among Weight Loss and Weight Management Centres, including: (a) back office and point of sale (POS) systems, customer relationship management (CRM) systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at your Centre, between or among Weight Loss and Weight Management Centres, and between and among your Centre and us and/or you; (b) physical, electronic, and other security systems; (c) printers and other peripheral devices; (d) archival back-up systems; and (e) Internet access mode and speed (collectively, the "**Computer System**"). The current specifications for the Computer System are attached to this Offering Circular as **Exhibit G**. See Item 11 of this Offering Circular for more information.

We estimate that your purchases from approved suppliers or in accordance with our specifications will represent approximately 50% to 75% of your total purchases in the establishment of the Centre, and 30% to 50% of your total purchases in the continuing operation of the Centre. We, through our affiliates, JCI, JC Products and JC Operations, derive revenue from sales to you, whether of initial supplies, food items or the computer system. For the fiscal year ended June 30, 2006 the gross revenues from these sales to worldwide franchisees were $29,385,313 or 6.36% of our and our affiliates' total revenue of $461,865,181. We obtained this information from JC Holdings.

JC Products and/or JC Operations negotiates purchase agreements with suppliers of food and food supplements and products for the benefit of company-owned and franchised Centres. Sometimes we get lower prices from suppliers than you could get.

Except as provided above, neither we, nor JC Products and/or JC Operations will provide any material benefits to you.

ITEM 9. FRANCHISEE'S OBLIGATIONS

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

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Obligation		Section/Agreement	Item in Offering Circular
a.	Site selection and acquisition/lease	Section 1 of the Franchise Agreement; Site Selection Addendum; Sections 3.1 and 3.2 of the Development Agreement.	Items 7 and 11.
b.	Pre-opening purchases/leases	Section 5 in the Franchise Agreement.	Items 5, 7 and 8.
c.	Site development and other pre-opening requirements	Sections 5.2, 5.3, 5.4, 5.5 and 10.6 of the Franchise Agreement; Site Selection Addendum; Section 3, 5.2 and Exhibit ADA-1 of the Development Agreement.	Items 7 and 8.
d.	Initial and ongoing training	Sections 3.1 and 5.5 of the Franchise Agreement.	Item 7, 8 and 11.
e.	Opening	Sections 5.3 and 5.4 of the Franchise Agreement.	None.
f.	Fees	Sections 2.2.9, 4, 10.1 and 12.5.9 of the Franchise Agreement; Section 2 of the Development Agreement.	Items 5, 6, 7 and 8.
g.	Compliance with standards and policies/Franchise Confidential Operations Manual	Sections 1.3, 5, 7 and 8 of the Franchise Agreement; Section 6.3 of the Development Agreement.	Items 11 and 14.
h.	Trademarks and proprietary information	Section 6 of the Franchise Agreement; Sections 1.5 and 1.6 of the Development Agreement.	Items 13 and 14.
i.	Restrictions on products/ services offered	Sections 1.4, 5.1, 5.11 and 5.12 of the Franchise Agreement.	Items 8 and 16.
j.	Warranty and customer service requirements	Section 5.7 of the Franchise Agreement.	None.
k.	Territorial development and sales quotas	Sections 1.2, 1.3, 1.4 and 5.19 of the Franchise Agreement; Sections 1.1-1.4 of the Development Agreement.	Item 12.
l.	Ongoing product/service purchases	Section 5.12 and 5.13 of Franchise Agreement.	Item 8.
m.	Maintenance, appearance and remodeling requirements	Sections 2.2.2, 5 and 12.5.5 of Franchise Agreement.	Item 11.
n.	Insurance	Section 11 of the Franchise Agreement.	Item 7.
o.	Advertising	Sections 5 and 10 of the Franchise Agreement.	Items 6, 7 and 11.

Obligation	Section/Agreement	Item in Offering Circular
p. Indemnification	Section 17 of the Franchise Agreement; Section 11 of the Development Agreement.	Items 6 and 17.
q. Owner's participation/ management staffing	Sections 5 and 15 of the Franchise Agreement; Section 5.2 of the Development Agreement	Item 15.
r. Records/reports	Sections 4.2, 5 and 9 of the Franchise Agreement.	Item 11.
s. Inspections/audits	Sections 5 and 9 of the Franchise Agreement.	Items 6 and 11.
t. Transfer	Section 12 of the Franchise Agreement; Section 7 of the Development Agreement.	Item 17.
u. Renewal	Section 2.2 of the Franchise Agreement; Section 4.2 of the Development Agreement.	Item 17.
v. Post-termination obligations	Section 14 of the Franchise Agreement; Section 6.5 of the Development Agreement.	Item 17.
w. Non-competition covenants	Section 15 of the Franchise Agreement; Section 8 of the Development Agreement.	Item 17.
x. Dispute resolution	Section 23 of the Franchise Agreement; Sections 15 of the Development Agreement.	Item 17.
y. Taxes/Permits	Section 16 of the Franchise Agreement; Section 10 of the Development Agreement.	Item 17.

ITEM 10. FINANCING

We do not offer direct or indirect financing. We do not guarantee your notes, lease or any other obligations.

ITEM 11. FRANCHISOR'S OBLIGATIONS

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

Pre-opening Obligations

We are required by the Franchise Agreement to provide certain assistance and service to you.

Before you open your Centre:

(1) We will provide to you (or to your Operating Partner (defined below)), as well as 1 additional employee of the Centre, our standard initial training program at a location that we designate. (Training is also discussed below in this Item 11 under the subheading "Training.") We will provide ongoing training as we may periodically deem appropriate. We will be responsible for the cost of instruction and materials for up to 2 of your Highly Trained Personnel, subject to the terms stated in the Franchise Agreement. (Franchise Agreement, Sections 3.1, 5.5)

(2) We will provide prototype plans and specifications for the construction of the Centre and for the exterior and interior design and layout, fixtures, equipment, furnishings, and signs. You are also responsible for compliance with all local and other requirements relating to the plans, including for example, zoning, code, and compliance with the Americans with Disabilities Act. (Franchise Agreement, Section 3.2)

(3) We have the right to inspect and approve the Centre before the initial opening. You may not start operation of the Centre until receiving our approval to do so. (Franchise Agreement, Section 3.8)

(4) We may provide a representative to be present at the Centre's opening. If we elect to do so, then you may not conduct the initial opening unless our representative is present. We will provide additional on-site pre-opening and opening supervision and assistance as we deem it advisable to do so. (Franchise Agreement, Section 3.3)

(5) We will lend you, for the duration of the Franchise Agreement, one copy of the Confidential Operations Manual (which is more fully described in Item 14 below). (Franchise Agreement, Section 3.4)

(6) We will assist you in developing the Opening Advertising Program (which is more fully described in Item 6 of this offering circular); you will be responsible for the cost of this program. (Franchise Agreement, Section 10.6)

(7) As described below, if you sign a Site Selection Addendum, we will perform any on-site evaluation as we may deem advisable in response to your requests for site approval; provided, however, that we are not required to provide on-site evaluation for any proposed site. (Site Selection Addendum)

We are not required by the Franchise Agreement to furnish any other service or assistance to you before the opening of your Centre.

Continuing Obligations

We are required by the Franchise Agreement to provide certain assistance and service to you during the operation of your Centre:

(1) We will provide periodic assistance to you in the marketing, management and operation of the Centre at the times and in the manner we will determine. (Franchise Agreement, Section 3.9)

(2) We will make available additional training programs, as we deem appropriate. (Franchise Agreement, Section 5.5)

(3) Once implemented, we will administer the National Advertising Fund as stated in the Franchise Agreement and as described below in this Item 11. (Franchise Agreement, Section 3.6)

Neither the Franchise Agreement, nor any other agreement, requires us to provide any other assistance or services to you during the operation of the Centre.

Site Selection

If, at the time you sign the Franchise Agreement, you have not obtained an approved location for the Centre, you must lease, sublease or acquire a site for the Centre, subject to our approval in accordance with the Site Selection Addendum. Under the terms of the Site Selection Addendum, you will have 120 days to acquire or lease, at your expense, commercial real estate that is properly zoned for the use of the Centre under the Franchise Agreement at a site approved by us. Failure to acquire or lease a site within the 120-day period will constitute a default under the Site Selection Addendum and the Franchise Agreement, for which we may terminate the Franchise Agreement; in which case, as described above in Item 5, the Initial Franchise Fee will be refunded to you, less the amount of $5,000.

You must submit to us, in the form we specify, a copy of the site plan and such other information or materials as we may require, together with an option contract, letter of intent, or other evidence satisfactory to us which confirms your favorable prospects for obtaining a site. We will have 15 days following receipt of this information and materials from you to approve or disapprove the proposed site for the approved Location of the Centre. If we do not approve a proposed site by written notice to you within this 15-day period, the site will be deemed disapproved.

Once approved, the site for the Centre will be the "**Approved Location**." Within 60 days of our approval of the Approved Location, you must sign a lease which must be coterminous with the Franchise Agreement, or a binding agreement to purchase the site. Our approval of any lease is conditioned upon inclusion in the lease of the Lease Rider, attached to the Franchise Agreement as Exhibit FA-8. We are not responsible for review of the lease for any terms other than those contained in the Lease Rider.

We will perform any on-site evaluation as we may deem advisable in response to your requests for site approval; provided, however, that we are not required to provide on-site evaluation for any proposed site. If you request, or if we deem it necessary to provide on-site evaluation for the establishment of a Centre, we reserve the right to charge you a Site Evaluation Fee, more fully described above in Item 5. In addition to the Site Evaluation Fee, you will also be required to reimburse us for all reasonable expenses we incur in connection with any on-site evaluation, including the cost of travel, lodging and meals.

We estimate that the time period between the signing of the Franchise Agreement and the start of operations at the Centre will be approximately 3 to 6 months. Factors which may affect this time period include your ability to locate a site, negotiate a lease, secure financing, obtain necessary permits and licenses, construct or build-out facilities for the Centre, obtain fixtures, equipment and supplies, and receive our approval for opening.

Computer Systems

You must use the Computer Systems specified by us and/or JC Management. The current specifications for the hardware are attached to this Offering Circular as **Exhibit G**. Each Centre must have at least 4 computers and 1 server, plus associated peripherals, currently costing \$10,000 to \$15,000, depending on the size and needs of your Centre (additional systems can be purchased at your request).

We and/or one of our affiliates may offer and provide technical support for the Computer System. We also reserve the right to charge a Computer System Development and Access Fee in order to provide development and connectivity services between your Computer System and our computer system. The Computer System Development and Access Fee will not exceed \$100 per month per Centre. (Franchise Agreement, Section 3.7.)

You must maintain your Computer Systems at your own expense, and you must upgrade or replace the hardware as we deem necessary, as there are no limits on our right to require you to do so. Nevertheless, hardware upgrades generally will be required about every 3 years. Currently, we estimate that hardware upgrade costs will be between \$500 and \$5,000 per computer, but the costs could increase with inflation or technology changes. You will receive 90 days notice before any required hardware upgrade. You will have the opportunity to participate in any system-wide volume purchases we arrange to reduce the costs of required hardware upgrades.

The software currently consists of the ICAN system and the PD system. JC Management currently provides the ICAN and PD software and upgrades at no charge. We, JC Management, or any of our affiliates may in the future discontinue use of the ICAN and PD systems, and may require you, at your expense, to replace these system(s) with another system performing the same or similar functions. If we or any of our affiliates require you to replace the ICAN and PD system(s), we may also require you to attend additional training in connection with the introduction and operation of new system(s).

The ICAN system is a computerized point-of-sale system. It is a specialized system that is and remains our sole property. There is no third party involvement with ICAN and no equivalent third party software is available. The purpose of ICAN is to invoice clients, track client activity, and provide inventory management, employee sales tracking and payroll administration. Your access to information collected by ICAN is limited to pre-programmed reports prepared by us and JCI. We can access all information and data the ICAN system collects at your Centre.

The PD system provides a computerized sales presentation which automates the client Health Sheet, and provides the client with a recommended weight range and personalized weight loss program.

We or JC Management do not have any contractual obligations to you with respect to the ICAN system, PD system, hardware or software, and we can require you to maintain, update or replace the software or hardware at any time and at your expense. (Franchise Agreement, Section 5.10.1.)

Confidential Operations Manual

The table of contents to the Confidential Operations Manual, which has a total of 216 pages, is attached as **Exhibit H**.

Training Programs

Before the opening of the Centre, you (or, if you are a corporation, partnership, limited liability company, or limited liability partnership, one of your principals who is designated to supervise the operation of the Centre and who has been previously approved by us (the "**Operating Partner**")), and one additional employee designated by you and reasonably acceptable to us (collectively, the "**Highly Trained Personnel**"), must attend and successfully complete, to our satisfaction, our initial training program. You may, with our prior written approval, designate as Highly Trained Personnel individuals who have previously completed our initial training program in connection with another Weight Loss and Weight Management Centre established and operated by you. The Centre must also be under the active full-time management of either you or the Operating Partner who has successfully completed (to our satisfaction) our initial training program.

If you (or your Operating Partner), or any of the Highly Trained Personnel cease active management or employment at the Centre, and you propose to replace this individual, you must enroll a qualified replacement (who is reasonably acceptable to us) in our initial training program not more than 30 days after the cessation of the former person's full-time employment and/or management responsibilities. The replacement must attend and successfully complete the basic management training program, to our reasonable satisfaction, as soon as it is practical to do so.

The Highly Trained Personnel may also be required to attend the refresher courses, seminars, and other training programs that we may reasonably specify. We will bear the cost of initial training (instruction and required materials) for up to two Highly Trained Personnel. The cost of initial training for any Highly Trained Personnel in addition to the first two, all subsequent training of Highly Trained Personnel, and all expenses incurred in connection with training, and attendance at our annual convention, including the costs of transportation, lodging, meals, wages, and worker's compensation insurance, will be borne by you.

If you request that we provide on-site training in addition to that described above, and we are able to do so, then you must pay our then-current per diem charges and out-of-pocket expenses, which will be as described in the Confidential Operations Manual or otherwise in writing.

The initial training program lasts up to 6 weeks, and must be completed prior to the opening of the Centre. The amount of training in each area may vary depending on your and your staff's experience and how quickly each grasps the information provided. Our initial training program will be supervised by Douglas Fisher and Lisa Herndon, and will consist of classroom instruction and in-Centre training using Mr. Fisher, Ms. Herndon, Ms. Stephanie Freda and other personnel we may designate. Training programs may be held at our headquarters and at Centres for in-Centre training, and will be conducted on an as-needed basis. Some of the training components may be taught by one of our franchise consultants at your Centre.

Subjects covered in the initial training program are described below:

Subject	**Hours Classroom Training**	**Hours of In Centre Training**	**Location**
In Centre Orientation	0	24-40	Training Centre
Performance Development Program 1) Program Overview 2) Staffing and Ongoing Staff Development 3) Corporate Resource and Communications Channels 4) Ongoing Field Support 5) Inventory Management and Reporting 6) Introduction to Reporting Systems 7) Advertising, Marketing and Public Relations 8) Finance 9) Centre Growth and Best Practices	24 – 40	0	Headquarters
Consultant Training 1) Consultant Duties 2) ICAN System 3) Maintenance	40-48	0	Headquarters/ Training Centre
Program Director Training 1) Program Director Duties 2) ICAN and PD System	24-32	0	Headquarters/ Training Centre
In Centre Review	0	16-32	Training Centre
TOTALS	**88-120**	**40-72**	

Douglas Fisher's background is described in item 2. Lisa Herndon has over 8 years of Jenny Craig Corporate, Jenny Direct and franchisee training and management experience. She also oversees the writing and delivery of the Performance Development Program. Another trainer will be Stephanie Freda, who joined our franchise department in March 2006. She has had field experience as a consultant, salesperson and Centre Director. She also collaborated to revise the New Business Owners Training and assists in the delivery of that training to new franchisees. Ms. Freda's work with franchise also includes delivering JCC and Sales Training to employees in new and existing franchise markets, developing and delivering a Sales Rally for franchisees, and collaborating with franchise owners to develop their employees in the areas of consulting, sales and management.

Advertising

As described in Item 6 above, for each Week during the term of the Franchise Agreement, we can require you to make an Advertising Contribution. We have not yet implemented the National Advertising Fund or a Regional Ad Fund. If we do so, the Advertising Contribution will be paid to the National Advertising Fund, to a Regional Ad Fund, or for local advertising and promotion, in the proportions as we have the right to designate from time-to-time. You will not be required to contribute or expend on advertising programs more than the amount of the Advertising Contribution.

The National Advertising Fund

The National Advertising Fund, all contributions to and earnings from the National Advertising Fund, will be used only (except as otherwise provided below) to meet any and all costs of maintaining, administering, directing, conducting, and preparing advertising, marketing, public relations and promotional programs and materials, and any other activities that we believe will enhance the image of the System. This includes the costs of preparing and conducting media advertising campaigns; direct mail advertising; marketing surveys and other public relations activities; developing and maintaining our Website (except for the portion, if any, specifically relating to soliciting franchisees); employing advertising or public relations agencies; purchasing promotional items, conducting and administering visual merchandising, point of sale, and other merchandising programs; and providing promotional and other marketing materials and services to the Centres operated under the System. Advertising, marketing and promotional materials created and/or used in connection with the National Advertising Fund may include mention of franchise availability, although these materials will not be used primarily for the purpose of advertising franchise availability. We may also use the National Advertising Fund to provide rebates or reimbursements to franchisees for local expenditures on products, services, or improvements, that we have approved in advance (we will have the right to determine which products, services, or improvements will appropriately promote general public awareness and favorable support for the System). We will have the sole right to decide how the National Advertising Fund creates, places, and pays for advertising. We (or our designee, which might be a corporate affiliate or an advertising agency) will maintain and administer the National Advertising Fund, as follows:

(a) We (or our designee) will direct all advertising programs, with the sole right to decide the concepts, materials, and media used in these programs and the placement and allocation of the programs. The National Advertising Fund is intended to maximize general public recognition, acceptance, and use of the System. Neither we nor our designee will be obligated to make expenditures for you that are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or *pro rata* from expenditures by the National Advertising Fund.

(b) The National Advertising Fund, and all contributions to and earnings from the National Advertising Fund, will be used exclusively to meet the costs of marketing and any other activities that we believe will enhance the System's image and, in our sole discretion, promote general public awareness of and favorable support for the System.

(c) You must submit the Advertising Contribution by the 5th business day of each week (see also Item 6). Each Advertising Contribution paid to the National Advertising Fund will be maintained in an account separate from our other monies. As of the date of this Offering Circular, the National Advertising Fund has not collected any Advertising Contributions, nor has it made any expenditures.

(d) We will have the right to charge the National Advertising Fund for the reasonable administrative costs and overhead that we incur in activities reasonably related to the direction and implementation of the National Advertising Fund and advertising programs for you and the System (for example, costs of personnel for creating and implementing, associated overhead, advertising, merchandising, promotional and marketing programs). The National Advertising Fund and its earnings will not otherwise inure to our benefit or be used to solicit the sale of franchises. We or our designee will maintain separate bookkeeping accounts for the National Advertising Fund.

(e) The National Advertising Fund is not and will not be our asset.

(f) Although the National Advertising Fund is intended to be of perpetual duration, we maintain the right to terminate the National Advertising Fund. The National Advertising Fund will not be terminated, however, until all monies in the National Advertising Fund have been spent for advertising or promotional purposes.

(g) We reserve the right to establish an advertising association to administer the National Advertising Fund (a "**National Advertising Association**"). If we establish a National Advertising Association, it will be organized by us, and governed in a form and manner, and will commence operations on a date, approved by us in writing. Unless we specify otherwise, the activities carried on by the National Advertising Association will be decided by a majority vote. Any Weight Loss and Weight Management Centres that we (or our affiliates) operate will have the same voting rights in the National Advertising Association as those owned by our franchisees. Each Weight Loss and Weight Management Centre owner will be entitled to cast one vote with the National Advertising Association for each Weight Loss and Weight Management Centre owned.

Regional Ad Fund

We will have the right to designate any geographical area for purposes of establishing a regional advertising fund ("**Regional Ad Fund**"). If a Regional Ad Fund for the geographic area in which your Centre is located has been established at the time you commence operations, you must immediately become a member of the Regional Ad Fund. If a Regional Ad Fund for the geographic area in which the Centre is located is established during the term of the Franchise Agreement, but after you commence operations at the Centre, you must become a member of the Regional Ad Fund within 30 days after the date on which the Regional Ad Fund commences operation. In no event will you be required to be a member of more than one Regional Ad Fund. The following provisions apply to each Regional Ad Fund:

(a) Each Regional Ad Fund will be administered by a regional advertising association (a "**Regional Advertising Association**"). The Regional Advertising Association will be organized by the members of the Regional Ad Fund, and governed in a form and manner, and will commence operations on a date, approved by us in writing. Unless otherwise specified by the members of the Regional Ad Fund, the activities carried on by the Regional Advertising Association will be decided by a majority vote of its members. Any Weight Loss and Weight Management Centres that we (or our affiliate) operates will have the same voting rights in the Regional Advertising Association as those owned by our franchisees. Each Weight Loss and Weight Management Centre owner will be entitled to cast one vote with the Regional Advertising Association for each Weight Loss and Weight Management Centre owned.

(b) Each Regional Ad Fund will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to our approval, standardized promotional materials for use by the members in local advertising and promotion. Each Regional Ad Fund will prepare annual or periodic financial statements and these statements will be made available to its members upon request.

(c) No advertising or promotional plans or materials may be used by a Regional Ad Fund or furnished to its members without our prior approval, according to the procedures and terms described below.

(d) Your required contribution to the Regional Ad Fund will be a part of your Advertising Contribution, and you must submit the Advertising Contribution, together with such statements or reports as we may require, or as the Regional Ad Fund may require with our prior written approval. If we require, you must submit your payments and reports to the Regional Ad Fund directly to us for distribution to the Regional Ad Fund. Any Weight Loss and Weight Management Centres that we (or our affiliate) operate within the region associated with a Regional Ad