

Fund will contribute to the Regional Ad Fund in the same amount as those owned by our franchisees.

- (e) Although once established, each Regional Ad Fund is intended to be of perpetual duration, we maintain the right to form, change, dissolve or merge any Regional Ad Fund. A Regional Ad Fund will not be terminated, however, until all monies in that Regional Ad Fund have been expended for advertising and/or promotional purposes.

Local Advertising and Promotion

Certain criteria will apply to any local advertising and promotion that you conduct. All of your local advertising and promotion must conform to our standards and requirements, and must be conducted in the media, type, and format that we have approved. You may not use any advertising or promotional plans that we have not approved in writing. You must submit to us samples of all proposed plans and materials (unless, within the previous 6 months, we prepared or already approved the plans or materials). We will ordinarily provide you with our response (whether approval or disapproval) to the proposed plans or materials, but if we do not give our approval within fourteen days, we will have been deemed to disapprove the plans or materials.

All copyrights in and to advertising and promotional materials you develop (or that are developed for you) will become our sole property. You must sign the documents (and, if necessary, require your independent contractors to sign the documents) that we deem necessary to implement this provision.

As discussed in Item 7, in addition to (and not in place of) the Advertising Contribution, you must spend at least \$3,000 on local advertising and promotion conducted for the Centre's grand opening advertising program (the "**Grand Opening Advertising Program**"), in accordance with our specifications for that program. You must complete the Grand Opening Advertising Program within 60 days after the Centre commences operation. All materials used in the Grand Opening Advertising Program will be subject to our prior written approval, as described above. The Grand Opening Advertising Program is considered "local advertising and promotion" and is therefore subject to the restrictions described below. We will work with you to tailor your Grand Opening Advertising Program to your market. We reserve the right to require you to deposit with us the funds for the Grand Opening Advertising Program so that we may distribute the funds in connection with the Grand Opening Advertising Program

We will periodically make available to you, for purchase, certain advertising plans and promotional materials for your use in local advertising and promotion.

As used in the Franchise Agreement, the term "**local advertising and promotion**" refers to only the direct costs of purchasing and producing advertising materials (such as camera-ready advertising and point of sale materials), media (space or time), promotion, and your direct out-of-pocket expenses related to costs of advertising and sales promotion in your local market or area. Local advertising and promotion also includes associated advertising agency fees and expenses, postage, shipping, telephone, and photocopying costs. "Local advertising and promotion" does not, however, include any of the following:

- (a) Salaries, incentives or discounts offered to your employees, and your employees expenses;
- (b) Charitable, political, or other contributions or donations;
- (c) The value of discounts given to consumers; and
- (d) The cost of food items.

In the event we establish a National Advertising Fund, we will contribute to the National Advertising Fund at least the same amounts as are required of our franchisees; however, we are not obligated to do so and reserve the right to change that policy.

You must maintain a business telephone and advertise continuously in the classified or Yellow Pages of the local telephone directory under listings that we deem appropriate by using mats of the type and size approved in advance by us. When more than one Weight Loss and Weight Management Centre serves a metropolitan area, if we so request, classified advertisements must list all Weight Loss and Weight Management Centres (as of the date the advertisement is placed) within the distribution area of the classified directories, and you must contribute your pro rata share of the cost of these advertisements. Your expenditures required to advertise in the classified or Yellow Pages of the local telephone directory will count towards your required expenditures for local advertising and promotion.

Websites

Websites (as defined below) are considered as “advertising” under the Franchise Agreement, and are subject (among other things) to our review and prior written approval before they may be used (as described above). As used in the Franchise Agreement, the term “**Website**” means an interactive electronic document, contained in a network of computers linked by communications software, that you operate or authorize others to operate and that refers to the Centre, Proprietary Marks, us, or the System. The term Website includes, but is not limited to, Internet and World Wide Web home pages. In connection with any Website, the Franchise Agreement provides that you may not establish a Website, nor may you offer, promote, or sell any products or services, or make any use of the Proprietary Marks, through the Internet without our prior written approval. As a condition to granting our consent, we will have the right to establish any requirement that we deem appropriate, including among other things a requirement that your only presence on the Internet will be through one or more webpages that we establish on our website.

Franchisee Advisory Council

We have established a Franchisee Advisory Council (“FAC”) consisting initially of 5 franchisee advisors and 1 alternate franchisee advisor. We appoint the franchisee advisors for a 2 year term. The FAC is governed by By-Laws and will provide non-binding advice to us on various business issues affecting our franchise system. We may amend the By-Laws of the FAC at any time in our sole discretion, which gives us the power to change or dissolve the FAC.

ITEM 12. TERRITORY

Franchise Agreement

During the term of the Franchise Agreement, and except as otherwise described below, we will not establish, nor license any other person to establish, another Weight Loss and Weight Management Centre at any location within the geographic area set forth in your Franchise Agreement (the “**Territory**”). The size and scope of the Territory will be contained in the Franchise Agreement and will be determined on a case-by-case basis. The Territory is not the same area as the Site Selection Area under the Site Selection Addendum. If your Weight Loss and Weight Management Centre is located in a major shopping center, the shopping center may be your Territory. A shopping center is the minimum Territory that would be granted under a Franchise Agreement. If your Weight Loss and Weight Management Centre is located in a neighborhood, suburban or urban location, your Territory will likely be determined by considering a variety of factors, including current and projected market demand, demographics and population, traffic patterns and drive times, access and visibility, location of other Weight Loss and Weight Management Centres, and our future development plans.

Except as described above, we retain all rights, and may, among other things, on any terms and conditions we deem advisable, and without granting you any rights, to:

- Establish, and license others to establish, Weight Loss and Weight Management Centres at any location outside the Territory without regard to their proximity to the Territory or the Approved Location or their actual or threatened impact on sales at your Centre.
- Establish, operate or acquire, or license others to establish and operate, centres or stores under other systems or other proprietary marks, which centres or stores may offer or sell products or services that are the same as, similar to, or different from the products and services offered from the Centre, and which centres or stores may be located within or outside the Territory, despite the stores’ proximity to the Approved Location or their actual or threatened impact on sales at your Centre.
- Sell and distribute, directly or indirectly, or license others to sell and distribute, directly or indirectly, any products or services, from any location or to any purchaser (including, but not limited, to sales made at retail locations, supermarkets, gourmet shops, mail order, and on the Internet), so long as the sales are not conducted from a Weight Loss and Weight Management Centre operated from a location inside the Territory. (Franchise Agreement, Section 1.2)
- Sell and distribute, directly or indirectly, any products or services at or from the premises of a business which we have designated as a corporate, institutional or similar facility that primarily serves customers employed or otherwise affiliated with this facility (a “**Corporate Account**”), which Corporate Account may be located within or outside the Territory, and without regard to the Corporate Account’s proximity to the Approved Location or their actual or threatened impact on sales at your Centre; provided, however, that if we wish to offer products or services at or from a Corporate Account located within the Territory, and provided you are in compliance with the terms and conditions of the Franchise Agreement, and any other agreement

between us, we will provide you with written notice of our intent to offer these products and services at or from the Corporate Account located within the Territory, and we will offer to you the opportunity to provide these products and services in lieu of us. You must respond to our offer to provide the products and services within ten days, and if you do not respond within this ten-day period, or if you reject the offer to provide the products and services at or from the Corporate Account located within the Territory, or if you are not in compliance with the Franchise Agreement or any other agreement between us, then we may immediately begin providing products or services at or from the Corporate Account located within the Territory.

In addition to the rights we retain as described above, we and our affiliates and designees now sell and will have the right to sell and/or license third parties to manufacture and/or sell Branded Products (and items of a similar nature) to wholesale and retail accounts, or otherwise, to any account and at any location within or outside the Territory. We, our affiliates, licensees and other authorized third parties also may engage in broadcast, print or other advertising in the Territory, whether by radio, television, cable, satellite, print, Internet or other media. (Franchise Agreement, Section 1.3)

You must offer and sell products only from the Centre, and only in accordance with the requirements of the Franchise Agreement and the procedures described in the Confidential Operations Manual. You may not offer or sell products or services authorized under the Franchise Agreement through any other means, including through catering, satellite locations, temporary locations, carts or kiosks, or through any catalog, or electronic media. You may not market or promote any products or services in another franchisee's territory (other than incidental spillover from marketing efforts directed primarily to your Territory), unless: (a) you offer the franchisee the right to be included in, and to pay a proportionate share of the cost of, the marketing and promotional activities, and (b) you provide notice to us of your intent to market or promote products or services in another franchisee's territory before so marketing or promoting. We will have the right, at any time, to prohibit you from marketing or promoting products or services in another franchisee's territory. (Franchise Agreement, Section 1.4)

If we or any of our affiliates sell, or license others to sell, Compensable Items and/or Trademark Licenses under the Proprietary Marks within the Territory as described above, we, at our discretion, may make payments to you under the following terms and conditions (Franchise Agreement, Section 1.5):

"Compensable Items" means sales of (a) Branded Products, and (b) Jenny Craig weight loss program memberships, by us or any of our affiliates outside of Weight Loss and Weight Management Centres (whether owned by us or any of our franchisees), or through Corporate Accounts, within the United States.

"Trademark Licenses" means trademark licenses granted by us or any of our affiliates to third parties that license these third parties to sell Branded Products bearing the Proprietary Marks outside of Weight Loss and Weight Management Centres and within the United States of America.

For all sales of Compensable Items and Trademark Licenses, we will pay to you until termination or expiration of the Franchise Agreement an amount to be determined by us in our

discretion; however, these payments will be made to you on a basis comparable to other franchisees who operate under the same form of franchise agreement as your Franchise Agreement.

We reserve the right, along with our affiliates and/or designees and licensees, to sell and distribute certain new and/or test products (including Branded Products) (“**Test Products**”) both within or outside the Territory, which products will not be considered Compensable Items. We will have sole discretion to determine which products will be Test Products.

Beginning 13 months after the opening of the Centre, you will be required to collect minimum Gross Sales in the amount of \$5,000 per Week; provided, however, that you will not be in violation of the Franchise Agreement if the average Weekly Gross Sales for the Centre exceed \$7,500 per Week for any period of at least 12 consecutive Weeks during the previous 12 months. (Franchise Agreement, Section 5.19)

If you don’t meet this requirement, we will have the right to terminate the Franchise Agreement. For any default of the Franchise Agreement, as an alternative to termination, we may terminate or modify any rights that you may have with respect to “exclusivity” in the Territory, effective ten (10) days after delivery of written notice to you. In addition, we may modify, or eliminate completely, the Territory. (Franchise Agreement, Section 13.4)

Development Agreement

If you sign a Development Agreement, you will receive a specified area (the “Development Area”) within which to develop Weight Loss and Weight Management Centres in accordance with the Development Schedule. If you are in compliance with the obligations of the Development Agreement and all of the Franchise Agreements between you (including any of your affiliates) and us, then, we will not establish, nor license anyone other than you to establish, a Weight Loss and Weight Management Centre in the Development Area until the last date specified in the Development Schedule.

Except as described above, we retain all other rights, and therefore we will have the right (among others) on any terms and conditions we deem advisable, and without granting you any rights, to:

1. establish, and license others to establish, Weight Loss and Weight Management Centres at any location outside the Development Area, without regard to the Weight Loss and Weight Management Centres’ proximity to any Weight Loss and Weight Management Centre operated by you within the Development Area;
2. establish, and license others to establish, stores under other systems or other proprietary marks, which stores may offer or sell products that are the same as, similar to, or different from the Branded Products offered from the Weight Loss and Weight Management Centre, and which stores may be located within or outside the Development Area, and without regard to the stores’ proximity to any Weight Loss and Weight Management Centre operated by you;

3. acquire and operate any business or store of any kind, whether located within or outside the Development Area (excluding Weight Loss and Weight Management Centres operated under the System within the Development Area), without regard to the proximity of these businesses or stores to any Weight Loss and Weight Management Centre operated by you; and

4. sell and distribute, directly or indirectly, or license others to sell and distribute, directly or indirectly, Jenny Craig weight loss program memberships and/or Branded Products from any location or to any purchaser (including sales made at retail locations, mail order, and on the Internet), so long as these sales are not conducted from a retail Weight Loss and Weight Management Centre operated from a location inside the Development Area. By way of example, we, our affiliates, licensees and other authorized third parties may engage in activities that include direct and indirect sales to persons or entities in the Development Area, whether through telemarketing, direct mail, Internet or otherwise, of goods or services, including without limitation, food and other products bearing the Proprietary Marks.

ITEM 13. TRADEMARKS

The Proprietary Marks and the status of their registrations in the U.S. Patent and Trademark Office (“USPTO”) are as follows:

“Jenny Craig” in Rectangular Design

Registration Status: Registered on USPTO Principal Register
Registration Date: June 1, 1993
Registration No.: 1,774,337
Registered Owner: Jenny Craig, Inc.

The “Jenny Craig” signature logo on the front page of this Offering Circular

Registration Status: Registered on USPTO Principal Register
Registration Date: April 16, 1996
Registration No.: 1,967,798
Registered Owner: Jenny Craig, Inc.

JCI has licensed to us the right to use and to license others to use the Proprietary Marks in operating under the System. We don’t know of any agreement that limits our right to use or license the marks in a way that would be material to you.

To maintain these registrations, federal trademark law requires JCI to file an affidavit between the 5th and 6th anniversary of each registration, confirming that the mark is still in use. We have filed all required affidavits. We have also filed all renewal applications, as applicable, for the registrations listed above.

We also use other marks. Some of them include the words “Jenny Craig” and others do not. Some are registered and others are not. For those marks that aren’t registered with the USPTO, we don’t have certain presumptive legal rights granted by a federal trademark registration. JCI has also registered various trademarks in other countries.

You must immediately notify us or JCI of any apparent infringement of or challenge to your use of any Proprietary Mark or any person's claim of any rights in any Proprietary Mark. You may not communicate with anyone except us and our counsel (and, if applicable, our licensors and their counsel) with respect to any infringement, challenge or claim. We will have discretion to take any action we deem appropriate and the right to control exclusively any settlement, litigation, or administrative or other proceeding relating to any infringement, challenge or claim or otherwise relating to any Proprietary Mark. You must render the assistance we require to protect and maintain our interests in any litigation or proceeding or otherwise to protect and maintain our interests in the Proprietary Marks. We will reimburse you for the reasonable out-of-pocket expenses you incur and pay in complying with these requirements, except to the extent we recover money on your behalf in the action that exceeds your costs. In that case, you pay your own costs and share *pro rata* in our recovery up to the amount of your share of the recovery. We will defend and indemnify you for damages you incur in any claim, action or proceeding brought by any person claiming to have rights to the Proprietary Marks (other than a person's claims to prior common law trademark rights), but only if you complied with the Development Agreement or Franchise Agreement (as applicable).

If it becomes advisable at any time in our sole judgment for you to modify or discontinue using any Proprietary Mark or for you and the Centre to use one or more additional or substitute trade or service marks, you will have to immediately comply with our directions. Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

There are no currently effective material determinations of the USPTO; the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceeding, or any pending material litigation, involving the Proprietary Marks. Except as described above in this Item 13, no agreement significantly limits our rights to use or license the Proprietary Marks in any state in a manner material to the franchise, and we know of no superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in any state.

ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents

No patents are material to the operation of your Centre.

Copyrights

We claim copyright protection covering various materials used in our business and the development and operation of Weight Loss and Weight Management Centres, including the Confidential Operations Manual, advertising and promotional materials, and similar materials. We have not registered these materials with the United States Registrar of Copyrights and are not required to do so.

There are no currently effective determinations of the United States Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. No agreement limits our rights to use or allow franchisees to use the copyrighted materials. We

do not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials. No agreement requires us to protect or defend our copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials. No provision in the Development Agreement or Franchise Agreement requires you to notify us of claims by others of rights to, or infringements of, the copyrighted materials. If we require, you must immediately modify or discontinue using the copyrighted materials. Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

Confidential Information

Except for the purpose of operating the Centre under the Franchise Agreement, you may never (during a Franchise Agreement's term or later) communicate, disclose, or use for any person's benefit any of the confidential information, knowledge, or know-how concerning the operation of a Weight Loss and Weight Management Centre that may be communicated to you or that you may learn by virtue of your operation of the Centre. You may divulge confidential information only to those of your employees who must have access to it in order to operate the Centre. Any and all information, knowledge, know-how, and techniques that we designate as confidential will be deemed confidential for purposes of the Franchise Agreement. However, this will not include information that you can show came to your attention before we disclosed it to you; or that at any time became a part of the public domain, through publication or communication by others having the right to do so.

In addition, we require you, your principals, and Highly Trained Personnel to sign confidentiality covenants. Every one of these covenants must provide that the person signing will maintain the confidentiality of information that they receive in their employment or affiliation with you or the Centre. These agreements must be in a form that we find satisfactory, and must include, among other things, specific identification of our company as a third party beneficiary with the independent right to enforce the covenants. Our current form for this agreement is attached to this offering circular as Exhibit FA-9 to the Franchise Agreement.

Confidential Operations Manual

In order to protect our reputation and goodwill and to maintain high standards of operation under our Proprietary Marks, you must conduct your business in accordance with the Confidential Operations Manual. We will lend you one set of our Confidential Operations Manual for the term of the Franchise Agreement.

You must always treat in a confidential manner the Confidential Operations Manual, any other manuals we create (or that we approve) for use with the Centre, and the information contained in the Confidential Operations Manual. You must use best efforts to maintain this information as secret and confidential. You may not copy, duplicate, record, or otherwise reproduce the Confidential Operations Manual and the related materials, in whole or in part (except for the parts of the Confidential Operations Manual that are meant for you to copy, which we will clearly mark as such), nor may you otherwise let any unauthorized person have access to these materials. The Confidential Operations Manual will always be our sole property.

You must always keep the Confidential Operations Manual in a secure place at the Centre's premises.

We may periodically revise the contents of the Confidential Operations Manual, and you must make corresponding revisions to your copy of the Confidential Operations Manual and comply with each new or changed standard. If there is ever a dispute as to the contents of the Confidential Operations Manual, our master copy of the Confidential Operations Manual (maintained at our home office) will be controlling.

ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The Franchise Agreement requires you (if the Franchisee is an individual) or your Operating Partner (if the Franchisee is a corporation or partnership) to devote full time, energy, and best efforts to the management of the Centre. The Operating Partner must be a person who has an ownership interest in the Franchisee, and who has signed the Personal Guarantee, Indemnification and Acknowledgement appended to the Franchise Agreement as Exhibit FA-3.

If the Franchisee is a corporation or a partnership, an Operating Partner must supervise the operation of the Centre and must be approved by us. Our approval will be based on whether the proposed Operating Partner has a good business reputation, is not a competitor of ours, and whether he/she can successfully complete our training program. An Operating Partner must be able to speak the English language to attend and complete our training course. After the initial Operating Partner, any replacements will also be subject to our reasonable approval, and are required to attend and successfully complete our training program. See Items 11 and 17 for a description of these obligations. We require your principals (including the Operating Partner), supervisors and managers to sign a non-disclosure and non-competition agreement, the form of which is attached to the Franchise Agreement. We do not impose any other restrictions on your managers or employees.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may sell and provide only products and services that conform to our standards and specifications and which we have approved (which are described in Item 8 above). We have the right, without limit, to change the types of authorized products and services.

Except as we may otherwise approve in writing, you must confine your activities, and your governing documents must at all times provide that your activities are confined, exclusively to operating the Centre. Unless otherwise permitted by us, you must offer and sell products only from the Centre, and only in accordance with the requirements of the Franchise Agreement and the procedures described in the Confidential Operations Manual. You may not offer or sell products or services authorized under the Franchise Agreement through any other means, including, through catering, satellite locations, temporary locations, carts or kiosks, or through any catalog, or electronic media.

As noted above in Item 12, you may not market or promote any products or services in another franchisee's territory (other than incidental spillover from marketing efforts directed primarily to your Territory), unless: (a) you offer the franchisee the right to be included in, and to

pay a proportionate share of the cost of, these marketing and promotional activities, and (b) you provide notice to us of your intent to market or promote products or services in another franchisee's territory before so marketing or promoting. We will have the right, at any time, to prohibit you from marketing or promoting products or services in another franchisee's territory.

The Approved Location for the Centre will be specified in the Franchise Agreement. You may not relocate the Centre without our prior written approval.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

The table below lists important provisions of the Franchise Agreement. You should read these provisions in this agreement, which is attached to this Offering Circular as **Exhibit D**.

Provision	Franchise Agreement	Summary
a. Term of the franchise	Section 2.1	The term is 10 years.
b. Renewal or extension of the term	Section 2.2	One additional 10 year term.
c. Requirements for you to renew or extend	Section 2.2	Notice, satisfaction of monetary obligations, compliance with Franchise Agreement, release, pay fee, sign new Franchise Agreement, and others; see Sections 2.2.1 - 2.2.9 in Franchise Agreement.
d. Termination by you	None	
e. Termination by us without cause	None	
f. Termination by us with cause	Section 13	Default under Franchise Agreement, bankruptcy, abandonment, and other grounds; see Section 13 of the Franchise Agreement. Under the U.S. Bankruptcy Code, we may be unable to terminate the agreement merely because you make a bankruptcy filing.
g. "Cause" defined - defaults which can be cured	Section 13.3	All other defaults not specified in Sections 13.1 and 13.2 of the Franchise Agreement
h. "Cause" defined - defaults which cannot be cured	Sections 13.1 and 13.2	Bankruptcy, abandonment, conviction of felony, and others; see Section 13.2. of the Franchise Agreement (Under the U.S. Bankruptcy Code, we may be unable to terminate the agreement merely because you make a bankruptcy filing.)

Provision	Franchise Agreement	Summary
i. Your obligations on termination and nonrenewal	Section 14	Cease operating Centre, payment of amounts due, and others; see Sections 14.1 - 14.10 of the Franchise Agreement.
j. Assignment of contract by us	Section 12.1	No restriction on right to assign the Franchise Agreement.
k. "Transfer" by you - definition	Sections 12.4.1 – 12.4.4	Includes transfer of any interest.
l. Our approval of transfer by you	Section 12.4	We have the right to approve transfers, pledges or other encumbrances.
m. Conditions for our approval of transfer	Section 12.5	Release, signature of new Franchise Agreement for a full term (at our option), payment of transfer fee, transferee pays pro-rated initial franchise fee if it gets a full term, and others; see §§ 12.5.1 - 12.5.10 of the Franchise Agreement.
n. Our right of first refusal to acquire your business	Section 12.6	We can match any offer.
o. Our option to purchase your business	Section 14.9 and <u>Exhibit FA-8</u>	We can acquire any interest which you have in any lease or sublease for the premises and purchase your furnishings, equipment, material, or inventory at cost or fair market value.
p. Your death or incapacity	Sections 12.7, 12.8 and 12.9	Your estate must transfer your interest in the Centre to a third party we have approved, within 6 months after death or the onset of disability.
q. Non-competition covenants during the term of the contract	Sections 15.2, 15.3 and 15.4	Includes prohibition on engaging in any other business which is the same or similar to the Centre and others; see Sections 15.2 - 15.4 of the Franchise Agreement.
r. Non-competition covenants after the franchise is terminated or expires	Section 15.3	Includes a two year prohibition similar to "q" (above), within 3 miles of the Approved Location, or within 3 miles of any other Centre then-operating under the System.
s. Modification of the agreement	Section 21	The Franchise Agreement cannot be modified or amended unless both parties agree in writing.
t. Integration/merger clause	Section 21	Only the terms of the Franchise Agreement are binding (subject to state law). You can't claim there are any other promises.

Provision	Franchise Agreement	Summary
u. Dispute resolution by arbitration or mediation	Section 23.3	Non-binding mediation required before litigation.
v. Choice of forum	Sections 23.2	Federal or state court in the jurisdiction in which we maintain our principal place of business. See State Addenda.
w. Choice of law	Section 23.1	The state in which we maintain our principal place of business. See State Addenda.

The table below lists important provisions in the Development Agreement. You should read the provisions in this agreement that is attached to this Offering Circular as **Exhibit E**.

Provision	Development Agreement	Summary
a. Term of the Development Agreement	Section 4.1	The term expires on the date specified in the Development Schedule, as we will negotiate.
b. Renewal or extension of the term	Section 4.2	1 additional term, as negotiated.
c. Requirements for you to renew or extend	Section 4.2	Notice, compliance with Franchise Agreement, release, sign new Development Agreement, and others; see Sections 4.2.1 – 4.2.6 in Development Agreement.
d. Termination by you	None	
e. Termination by us without cause	None	
f. Termination by us with cause	Section 6	Default under Development Agreement, bankruptcy and other grounds; see § 6 of the Development Agreement. Under the U.S. Bankruptcy Code, we may be unable to terminate the agreement merely because you make a bankruptcy filing.
g. "Cause" defined - defaults which can be cured	Section 6.3	All other defaults not specified in Sections 6.1 and 6.2 of the Development Agreement.
h. "Cause" defined - defaults which cannot be cured	Sections 6.1 and 6.2	Bankruptcy, failure to meet Development Schedule, and others; see Sections 6.1 and 6.2. of the Development Agreement (Under the U.S. Bankruptcy Code, we may be unable to terminate the agreement merely because you make a bankruptcy filing.)

Provision	Development Agreement	Summary
i. Your obligations on termination and nonrenewal	Section 6.5	You lose your right to develop any additional Centres and you lose your exclusive Development Area.
j. Assignment of contract by us	Sections 7.1	No restriction on right to transfer.
k. "Transfer" by you - definition	Sections 7.4.1 – 7.4.4	Includes transfer of any interest.
l. Our approval of transfer by you	Section 7.4	You must obtain our written consent to transfer.
m. Conditions for our approval of transfer	Section 7.5	Release, signature of new Development Agreement, payment of transfer fee, and others; see Sections 7.5.1 - 7.5.10 of the Development Agreement.
n. Our right of first refusal to acquire your business	Section 7.6	We can match any offer.
o. Our option to purchase your business	None	
p. Your death or incapacity	Sections 7.7, 7.8 and 7.9	Your estate must transfer your interest in the Development Agreement to a third party we have approved, within 6 months after death or the onset of disability.
q. Noncompetition covenants during the term of the contract	Sections 8.2-8.4	Includes prohibition on engaging in any other business which is the same or similar to the Centre and others; see Sections 8.2 - 8.4 of the Development Agreement.
r. Noncompetition covenants after the franchise is terminated or expires	Section 8.3	Includes a 2 year prohibition similar to "q" (above), within the Development Area, or within 2 mile radius of any other Weight Loss and Weight Management Centre then-operating under the System.
s. Modification of the agreement	Section 13	The Development Agreement cannot be modified or amended unless both parties agree in writing.
t. Integration/merger clause	Section 13	Only the terms of the Development Agreement are binding (subject to state law). You can't claim there are any other promises.
u. Dispute resolution by arbitration or mediation	Section 15.3	Non-binding mediation required before litigation.
v. Choice of forum	Section 15.2	Federal or state court in the jurisdiction in which we maintain our principal place of business. See State Addenda.

Provision	Development Agreement	Summary
w. Choice of law	Section 15.1	The state in which we maintain our principal place of business. See State Addenda.

The table below lists important provisions in the Food Products Purchase Agreement. You should read the provisions in this agreement that is attached as Exhibit FA-7 to the Franchise Agreement as part of **Exhibit D**.

Provision	Food Products Purchase Agreement	Summary
a. Term	Section 1.2	The term is the same as the term of your Franchise Agreement, subject to early termination of the Franchise Agreement.
b. Renewal or extension of the term	None	Not applicable.
c. Requirements for you to renew or extend	None	Not applicable.
d. Termination by you	Section 1.3	You have the right to terminate this Agreement on 30 days written notice if we fail to supply you with sufficient quantities of food products unless you failed to make timely payments for the food products. You have the right to terminate this Agreement on 15 days written notice if we are in material breach of any term of this Agreement and we do not cure within 30 days.
e. Termination by us without cause	None stated in Agreement	Not applicable.
f. Termination by us with cause	None stated in Agreement	Termination for cause found in the Franchise Agreement and Area Development Agreement.
g. "Cause" defined - defaults which can be cured	None stated in Agreement.	Termination for cause found in the Franchise Agreement and Area Development Agreement.
h. "Cause" defined - defaults which cannot be cured	None stated in Agreement.	Termination for cause found in the Franchise Agreement and Area Development Agreement.
i. Your obligations on termination and nonrenewal	None stated in Agreement.	Not applicable.
j. Assignment of contract by us	Section 7	No restriction on our right to transfer.
k. "Transfer" by you – definition	Section 7	Includes assignment or delegation.
l. Our approval of transfer by you	Section 7	We have the right to approve transfers.

Provision	Food Products Purchase Agreement	Summary
m. Conditions for our approval of transfer	None stated in Agreement.	Not applicable.
n. Our right of first refusal to acquire your business	None stated in Agreement.	Not applicable.
o. Our option to purchase your business	None stated in Agreement.	Not applicable.
p. Your death or disability	None stated in Agreement.	Not applicable.
q. Noncompetition covenants during the term of the contract	None stated in Agreement.	Not applicable.
r. Noncompetition covenants after the franchise is terminated or expires	None stated in Agreement.	Not applicable.
s. Modification of the agreement	Section 12	Modification requires a writing signed by both parties.
t. Integration/merger clause	Section 11	This is entire agreement on its subject.
u. Dispute resolution by arbitration or mediation	Section 4.1	Non-binding mediation required before litigation
v. Choice of forum	Section 4.3	Federal or state court in the jurisdiction in which we maintain our principal place of business. See State Addenda.
w. Choice of law	Section 5	The state in which we maintain our principal place of business. See State Addenda.

This table lists certain important provisions of the Software License Agreement. You should read these provisions in the agreements attached as Exhibit FA-11 to the Franchise Agreement as part of **Exhibit D**.

Provision	Software License Agreement	Summary
a. Term	Section 2	Co-terminous with the Franchise Agreement.
b. Renewal or extension of the term	Section 2.E	Can be renewed with renewal of Franchise Agreement.
c. Requirements for you to renew or extend	Section 2.E	You must sign current Software License Agreement and pay then-effective renewal fee.

Provision	Software License Agreement	Summary
d. Termination by you	None	
e. Termination by us without cause	None	
f. Termination by us with cause	Section 7	We can terminate if you default.
g. "Cause" defined -defaults which can be cured	Section 7	No cure provisions.
h. "Cause" defined - defaults which cannot be cured	Section 7	Any breach of Software License Agreement or Franchise Agreement.
i. Your obligations on termination/nonrenewal	Section 2.B	Return the software and any backup copies to us; allow deinstallations.
j. Assignment of contract by us	None	Contracts fully assignable as permitted by law.
k. "Transfer" by you -definition	Section 2.D	As defined in the Franchise Agreement.
l. Our approval of transfer by you	Section 2.D	Required.
m. Conditions for our approval of transfer	Section 2.D	As in Franchise Agreement, plus: transferee must sign current form of Software License Agreement if required and provide us a copy of assumption of existing agreement; you deliver the Proprietary Software to transferee and destroy any backups.
n. Our right of first refusal to acquire your business	None	As in Franchise Agreement.
o. Our option to purchase your business	None	As in Franchise Agreement.
p. Your death or disability	None	As in Franchise Agreement.
q. Non-competition covenants during the term of the	Section 5	Proprietary Software may not be used for any other purpose except operation

Provision	Software License Agreement	Summary
franchise		of the franchise.
r. Non-competition covenants after the franchise is terminated or expires	None	As in Franchise Agreement.
s. Modification of the agreement	Section 4.C	Must be in writing signed by both parties.
t. Integration/merger clause	Section 11.A	No prior agreements survive signing of Software License Agreement.
u. Dispute resolution by arbitration or mediation	None	
v. Choice of forum	Section 11.F	Courts of the state where we have our principal place of business. See State Addenda.
w. Choice of law	Section 11.F	State where we have our principal place of business. See State Addenda.

These states have statutes which may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise. ARKANSAS (Ark. Code of 1987 Anno. §§4-72-201 to 4-72-210); CALIFORNIA (Cal. Bus. & Prof. Code Sections 20000-20043); CONNECTICUT (Conn. Gen. Stat. Sections 42-133e to 42-133h); DELAWARE (Dela. Code Sections 2551 - 2556); HAWAII (Haw. Rev. Stat. Section 482E-6); ILLINOIS (815 ILCS 705/1-44); INDIANA (Ind. Code Section 23-2-2.7, Sections 1 to 7); IOWA (Iowa Code Sections 523H.1 - 523H.17, 537A.10); LOUISIANA (La. Rev. Stats., tit. 12, ch. 13, Section 1042 and tit. 23, ch. 9, Section 921); MICHIGAN (MCL Section 445.1527; MSA Section 19.854(27)); MINNESOTA (Minn. Stat. 1996 Section 80C.14), MISSISSIPPI (Miss. Code Sections 75-24-51 to 75-24-63); MISSOURI (Mo. Rev. Stat. Sections 407.400 to 407.420); NEBRASKA (Neb. Rev. Stat. Sections 87-401 to 87-410); NEW JERSEY (N.J. Rev. Stat. Sections 56:10-1 to 56:10-29); SOUTH DAKOTA (S.D. Codified Laws Section 37-5A-51); VIRGINIA (Va. Code Sections 13.1-557 to 574, 13.1-564); WASHINGTON (Wash. Rev. Code Sections 19.100.180 and 19:100.190); and WISCONSIN (Wis. Stat. Sections 135.01 to 137.07). These statutes and other state court decisions may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise.

Please refer to the disclosure addenda and contractual amendments appended to this offering circular as **Exhibits K and L** for additional terms that may be required under applicable state law.

ITEM 18. PUBLIC FIGURES

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

ITEM 19. EARNINGS CLAIMS

Presented below are certain operating results for the period July 1, 2005 through June 30, 2006 for the 514 Weight Loss and Weight Management Centres operated in the United States and Canada by our franchisees and affiliates during that entire time period. The specific operating results reflect mean average revenue and median revenue for these Centres. Please read carefully all of the information in this Item 19, and all of the notes following the data, in conjunction with your review of the historical data.

	Mean Average per Centre	Number of Centres Above Average	Number of Centres Below Average	Range	Median
Franchisee-Owned Centres in the U.S. (excluding Puerto Rico)	\$787,804	22	47	\$3,437,246 to \$260,377	\$665,104
Franchisee-Owned Centres in Canada and Puerto Rico	\$1,360,069	7	10	\$2,378,236 to \$659,393	\$1,217,460
Company-Owned Centres in the U.S.	\$917,046	174	228	\$2,394,723 to \$267,118	\$855,521
Company-Owned Centres in Canada	\$886,777	13	13	\$1,481,335 to \$522,152	\$860,312

Notes:

1. This table represents Gross Sales results (net of discounts) from 514 total Weight Loss and Weight Management Centres that operated in the United States (including Puerto Rico) and Canada for the entire fiscal year ended June 30, 2006. The total number of Weight Loss and Weight Management Centres includes 402 "Company-Owned" Weight Loss and Weight Management Centres that are owned and operated in the United States by our affiliate JC Operations, 26 Company-Owned Weight Loss and Weight Management Centres that are owned and operated in Canada by our affiliate Jenny Craig Canada, 78 "Franchisee-Owned" Weight Loss and Weight Management Centres that are owned and operated in the United States (including Puerto Rico), and 8 Franchisee-Owned Weight Loss and Weight Management Centres that are owned and operated in Canada, by our franchisees. There were 12 Franchisee-Owned Weight Loss and Weight Management Centres, and 3 Company-Owned Weight Loss and Weight Management Centres, that were only open for part of the fiscal year ended June 30, 2006, and the Gross Sales for these Weight Loss and Weight Management Centres were not included in the above table.

2. The information in the table reflecting Company-Owned Centres was prepared in the normal course of business from our affiliates' internal operating records. The information reflecting Franchisee-Owned Centres was obtained from revenue reports that are tracked via the Point-of-Sale system, and are consistent with the reports franchisees submitted to us and from

which royalties and advertising contributions are calculated. All results in the tables are reflected in U.S. Dollars. Gross Sales from Weight Loss and Weight Management Centres operated in Canada have been converted to U.S. Dollars at an exchange rate of .8578, which exchange rate represents the average exchange rate reported in our general ledger system during our fiscal year ended June 30, 2006. The information presented in this Item 19 has not been audited. Substantiation of the data used in preparing the materials in this Item 19 will be made available to you upon reasonable request.

3. The above table does not reflect costs that are incurred by a Weight Loss and Weight Management Centre, including, most significantly, the cost of labor and cost of goods sold. Your labor costs will depend on a number of factors, including the size and location of your Weight Loss and Weight Management Centre, the number of employees, and the number of hours that the Centre is open for business. The total amount of salaries for your employees and managers at a particular location will vary according to local wages. You must make labor and wage determinations based on your market, experience, and other factors.

4. **The earnings claims figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the Gross Sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees, or former franchisees, listed in this offering circular, may be one source of this information.** As a franchisee, you will incur other expenses of doing business which are likely to be significant, and which vary widely among franchisees. You will be required to pay, among other things Royalty Fees, Advertising Contributions, and computer access and support fees on a regular basis. Among the additional categories of expenses which franchisees may incur include, but will not necessarily be limited to, the following: rent and occupancy costs; franchisee compensation over and above that earned from the operations of the Weight Loss and Weight Management Centre (such as a salary that a franchisee may pay to himself/herself); voluntary employee benefits, such as health, vacation, and pension plan contributions; debt service; insurance; facilities and property maintenance (and reserve for future maintenance); business and regulatory fees and licenses; ongoing and supplemental training expenses; recruitment expenses; and bookkeeping and other professional services.

5. The information in this Item 19 reflects a wide range of aggregate results from 514 Weight Loss and Weight Management Centres. It should not be considered a representation or guarantee that you will or may achieve any level of revenues, sales, or profits, or that you will experience the same or similar expenses or costs in the operation of your Weight Loss and Weight Management Centre. We do not represent that any franchisee can expect to obtain these results. A new franchisee's individual financial results may be lower.

6. You are strongly advised to perform an independent investigation of this opportunity to determine whether or not the franchise may be profitable and to consult your attorney, accountant, and other professional advisors before entering into a Franchise Agreement.

7. Actual results vary from franchisee to franchisee and we cannot estimate or predict the results that you may experience as a franchisee. Your individual financial results are likely to differ from the results shown in the charts. Your results will be affected by factors such

as prevailing economic or market area conditions, demographics, geographic location, interest rates, your capitalization level, the amount and terms of any financing that you may secure, the property values and lease rates, your business and management skills, staff strengths and weaknesses, and the cost and effectiveness of your marketing activities.

8. Except as disclosed above, we do not make any written or oral representations or statements of actual, average, projected, or forecasted sales, profits, or earnings to prospective franchisees. We do not furnish any oral or other written information concerning the actual or potential sales, costs, or income of your business. We do not authorize any person representing us to furnish such information or to represent or estimate to prospective franchisees any dollar figures relating to a franchisee's operation. We will not be bound by allegations of any unauthorized representations as to earnings, sales, profits, or prospects or chances for success.

ITEM 20. LIST OF OUTLETS.

**Franchised Centre Status Summary
For Fiscal Years 2006/2005/2004 (1)**

State	Transfer			Cancelled or Terminated			Not Renewed			Reacquired by Franchisor			Otherwise Left the System			Total From Left Columns			Franchise Centres Operating at Fiscal Year End		
	06	05	04	06	05	04	06	05	04	06	05	04	06	05	04	06	05	04	06	05	04
Alabama	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Alaska	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Arizona	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9	9	9
Arkansas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5	4	4
California	3	1	0	0	0	0	0	0	0	0	0	0	0	0	0	3	1	0	4	4	4
Colorado	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	0
Connecticut	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Delaware	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Florida	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	4	4	3
Georgia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hawaii	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Idaho	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Illinois	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Indiana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Iowa	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	0	5	4	4
Kansas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	2	2
Kentucky	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1
Louisiana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	3	3
Maine	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1
Maryland	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Massachusetts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Michigan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Minnesota	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mississippi	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1
Missouri	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	3	3
Montana	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nebraska	4	0	0	0	0	0	0	0	0	0	0	0	0	0	4	0	0	4	4	4	4
Nevada	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New Hampshire	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1
New Jersey	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

State	Transfer			Cancelled or Terminated			Not Renewed			Reacquired by Franchisor			Otherwise Left the System			Total From Left Columns			Franchise Centres Operating at Fiscal Year End		
	06	05	04	06	05	04	06	05	04	06	05	04	06	05	04	06	05	04	06	05	04
New Mexico	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	4	4
New York	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8	7	1
North Carolina	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
North Dakota	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1
Ohio	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Oklahoma	0	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	2	4	3	3	
Oregon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	1	1	
Pennsylvania	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	
Rhode Island	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
South Carolina	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	
South Dakota	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	
Tennessee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	2	2	
Texas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	11	10	10	
Utah	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vermont	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Virginia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Washington	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Washington, D.C.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
West Virginia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wisconsin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wyoming	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Guam	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0	1	0	0
Puerto Rico	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8	8	8	
Alberta, Canada	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9	7	6	
British Columbia, Canada	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ontario, Canada	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Totals	9	2	2	0	1	0	0	0	0	0	0	0	0	0	0	3	2	97	87	79	

Notes:

(1) All numbers are as of June 30, our fiscal year end.

**Status of North America Company-Owned Weight Loss and Weight Management Centres (1)
For Fiscal Years 2006/2005/2004 (2)**

State	Centres Closed During Fiscal Year (3)	Centres Opened During Fiscal Year (3)	Total Centres Operating at Fiscal Year End
Alabama	0/0/0	0/0/0	1/1/1
Alaska	0/0/0	0/0/0	0/0/0
Arizona	0/0/0	0/0/0	0/0/0
Arkansas	0/0/0	0/0/0	0/0/0

State	Centres Closed During Fiscal Year (3)	Centres Opened During Fiscal Year (3)	Total Centres Operating at Fiscal Year End
California	0/1/0	1/1/0	93/92/92
Colorado	0/0/0	0/0/0	6/6/6
Connecticut	0/0/0	0/0/0	5/5/5
Delaware	0/0/0	1/0/0	2/1/1
Florida	0/0/0	0/0/0	25/25/25
Georgia	0/1/0	0/0/0	9/9/10
Hawaii	0/0/0	0/0/0	1/1/1
Idaho	0/0/0	0/0/0	1/1/1
Iowa	0/2/0	0/0/0	0/0/2
Illinois	0/0/0	0/0/0	29/29/29
Indiana	0/0/1	0/0/0	9/9/9
Kansas	0/0/1	0/0/0	1/1/1
Kentucky	0/0/0	0/0/0	3/3/3
Louisiana	0/0/0	0/0/0	0/0/0
Maine	0/0/0	0/0/0	0/0/0
Maryland	0/0/0	0/0/0	14/14/14
Massachusetts	0/1/0	0/0/0	17/17/18
Michigan	0/0/0	0/0/0	14/14/14
Minnesota	0/0/0	0/0/0	8/8/8
Mississippi	0/0/0	0/0/0	0/0/0
Missouri	0/1/0	0/0/0	7/7/8
Montana	0/0/0	0/0/0	0/0/0
Nebraska	0/2/0	0/0/0	0/0/2
Nevada	0/0/0	1/0/0	5/4/4
New Hampshire	0/0/0	0/0/0	3/3/3
New Jersey	0/1/0	0/0/0	18/18/19
New Mexico	0/0/0	0/0/0	0/0/0
New York	0/7/1	0/0/1	18/18/25
North Carolina	0/0/0	0/0/0	4/4/4
North Dakota	0/0/0	0/0/0	0/0/0
Ohio	0/2/0	0/0/0	22/22/24
Oklahoma	0/2/0	0/0/0	0/0/2
Oregon	0/0/0	0/0/0	7/7/7
Pennsylvania	0/1/0	0/0/0	14/14/15
Rhode Island	0/0/0	0/0/0	1/1/1
South Carolina	0/1/0	0/0/0	2/2/3
South Dakota	0/0/0	0/0/0	1/1/1
Tennessee	0/0/0	0/0/0	3/3/3
Texas	0/0/0	0/0/0	20/20/20
Utah	0/1/0	0/0/0	4/4/5
Vermont	0/0/0	0/0/0	0/0/0
Virginia	0/0/0	0/0/0	14/14/14
Washington	0/0/0	0/0/0	18/18/18
Washington, D.C.	0/0/0	0/0/0	0/0/0
West Virginia	0/0/0	0/0/0	0/0/0
Wisconsin	0/2/0	0/0/0	7/7/9
Wyoming	0/0/0	0/0/0	0/0/0
Guam	0/0/0	0/0/0	0/0/0
Puerto Rico	0/0/0	0/0/0	0/0/0

State	Centres Closed During Fiscal Year (3)	Centres Opened During Fiscal Year (3)	Total Centres Operating at Fiscal Year End
Alberta, Canada	0/2/0	0/0/0	0/0/2
British Columbia, Canada	0/0/0	0/0/0	9/9/9
Ontario, Canada	0/0/0	0/0/0	17/17/17
Totals	0/27/3	3/1/1	431/428/454

Notes:

- (1) All U.S. company-owned Centres are owned by JC Operations, and all Canadian company-owned Centres are owned by JC Canada.
- (2) All numbers are as of June 30, our fiscal year end.
- (3) Weight Loss and Weight Management Centres acquired from franchisees are not shown as new openings.

**Projected Franchise Openings
For Fiscal Year July 1, 2006 to June 30, 2007**

State	Franchise Agreement Signed But Centre Not Opened ⁽¹⁾	Projected Franchised New Centre Openings in the New Fiscal Year	Projected Company Owned Centre Openings In Next Fiscal Year
Alabama	2	1	0
Alaska	0	0	0
Arizona	0	1	0
Arkansas	0	0	0
California	0	0	7
Colorado	1	0	0
Connecticut	0	0	0
Delaware	0	0	0
Florida	4	4	4
Georgia	2	1	0
Hawaii	1	2	0
Idaho	0	0	0
Illinois	0	0	0
Indiana	0	0	0
Iowa	0	0	0
Kansas	0	0	0
Kentucky	0	0	0
Louisiana	2	1	0
Maine	0	0	0
Maryland	0	0	0
Massachusetts	1	0	1
Michigan	0	0	0
Minnesota	0	0	0
Mississippi	0	0	0
Missouri	0	0	0
Montana	0	0	0
Nebraska	0	0	0
Nevada	0	0	0

State	Franchise Agreement Signed But Centre Not Opened ⁽¹⁾	Projected Franchised New Centre Openings in the New Fiscal Year	Projected Company Owned Centre Openings In Next Fiscal Year
New Hampshire	0	0	0
New Jersey	0	0	0
New Mexico	0	1	0
New York	1	2	2
North Carolina	0	2	0
North Dakota	0	0	0
Ohio	0	0	0
Oklahoma	2	2	0
Oregon	0	0	0
Pennsylvania	2	2	1
Rhode Island	0	0	0
South Carolina	1	3	0
South Dakota	1	0	0
Tennessee	0	1	0
Texas	3	2	2
Utah	0	0	0
Vermont	0	0	0
Virginia	0	0	0
Washington	0	0	0
Washington D.C.	0	0	0
West Virginia	1	1	0
Wisconsin	0	0	0
Wyoming	0	0	0
Guam	0	0	0
Puerto Rico	0	0	0
Alberta, Canada	0	2	0
British Columbia, Canada	0	0	0
Ontario, Canada	0	0	0
Totals	24	28	17

Notes:

- (1) These numbers include both franchise agreements already signed by September 2006, but Centre not yet opened, and franchise agreements projected to be signed by fiscal year end June 30, 2007, but Centre not opened before fiscal year end June 30, 2007.

**Area Development Agreement Status Summary
For Fiscal Years 2006/2005/2004 (1)(2)**

State	Transfer			Cancelled or Terminated			Not Renewed			Reacquired by Franchisor			Otherwise Left the System			Total From Left Columns			ADAs In Effect at Fiscal Year End		
	06	05	04	06	05	04	06	05	04	06	05	04	06	05	04	06	05	04	06	05	04
Colorado	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0
Georgia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0

State	Transfer			Cancelled or Terminated			Not Renewed			Reacquired by Franchisor			Otherwise Left the System			Total From Left Columns			ADAs In Effect at Fiscal Year End		
	06	05	04	06	05	04	06	05	04	06	05	04	06	05	04	06	05	04	06	05	04
Hawaii	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0
New York	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0
Pennsylvania	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0
South Carolina	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0
Totals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5	2	0

Notes:

- (1) All numbers are as of June 30, our fiscal year end.
- (2) We have not included Area Development Agreements for which the Development Schedules are satisfied.

**Projected Area Development Agreements
For Fiscal Year July 1, 2006 to June 30, 2007**

State	Area Development Agreements Signed But Not Effective	Projected Area Development Agreements in the New Fiscal Year Ending June 30, 2007	Projected Company Owned Area Development Agreements In the New Fiscal Year Ending June 30, 2007
Colorado	0	1	0
Georgia	0	1	0
Louisiana	0	1	0
South Carolina	0	1	0
Texas	0	1	0
West Virginia	0	1	0
Totals	0	6	0

The names, addresses and telephone numbers of the franchisees and their Centres and the area developers are listed in **Exhibit I**. The name and last known home address and telephone number of every area developer or franchisee who has had a Centre terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the area development agreement or franchise agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of our application date are also listed in **Exhibit I**.

ITEM 21. FINANCIAL STATEMENTS

Attached as **Exhibit J** are our audited financial statements as of and for the years ended June 30, 2006 and 2005 and for the period from October 15, 2003 through June 30, 2004. As described in Item 1, we were formed in August 2003 and JC International has assigned to us all rights in and to the franchised Weight Loss and Weight Management Centres.

ITEM 22. CONTRACTS

The following contracts are attached as Exhibits to this Offering Circular:

EXHIBIT D Franchise Agreement

- Personal Guarantee, Indemnification and Acknowledgement (Exhibit FA-3)
- EFT Authorization Form (Exhibit FA-5)
- ADA Certification (Exhibit FA-6)
- Food Products Purchase Agreement (Exhibit FA-7)
- Lease Rider (Exhibit FA-8)
- Non-Disclosure and Non-Competition Agreement (Exhibit FA-9)
- Assignment of Telephone Numbers and Listings (Exhibit FA-10)
- Software License Agreement (Exhibit FA-11)
- Renewal Rider (Exhibit FA-12)

EXHIBIT E Area Development Agreement

- Guarantee (Exhibit ADA-2)
- Non-Disclosure and Non-Competition Agreement (Exhibit ADA-5)
- Renewal Rider (Exhibit ADA-6)

EXHIBIT L State Specific Agreement Amendments for Franchisees in Hawaii, Illinois, Maryland, Minnesota, New York, North Dakota, Rhode Island and Washington

EXHIBIT O Franchisee Compliance Certification

ITEM 23. RECEIPTS

The Receipts to this Offering Circular are the last two pages. Please date and sign both copies. Return one copy to us and retain the other for your records.