

ITEM 1
FRANCHISOR, ITS PREDECESSORS AND AFFILIATES

FRANCHISOR

Snelling Staffing, LLC, a Delaware limited liability company ("Snelling Staffing") was formed on February 1, 2005 for the sole purpose of acquiring the majority of the assets held by Snelling and Snelling, Inc.. The assets included the Snelling Marks, the Snelling franchise system, and the stock of its subsidiary payroll funding and processing division, Snelling Employment, LLC (f/k/a Advance Processing Systems, LLC). Snelling Employment, LLC is referred to in this Circular as our "Payroll and Billing Operations." The acquisition was completed on February 3, 2005. Subsequently, on February 7, 2005, Snelling Staffing as our sole member formed Snelling Services, LLC (f/k/a Snelling Franchising, LLC) ("Snelling Services") for the purpose of continuing the Snelling franchise relationship and the sale of Snelling franchises throughout the United States.

Snelling Services is referred to in this Offering Circular as "we," "us," or "our." We maintain our principal place of business at 12801 North Central Expressway, Suite 600, Dallas, Texas 75243, and we do business under the Snelling name and the Marks described in this Offering Circular.

The staffing businesses described in this Offering Circular conduct business under the service mark "Snelling®," and the descriptive phrases "Snelling Staffing Services" and "Snelling Professional Services," and the additional principal service marks, trade marks, trade names, logos, emblems and indicia of origin we designate. These principal marks and other marks which are now in use or that may be designed by us for use in the future are referred to in this Offering Circular as the "Marks." We do not engage in any other business activities.

Except for two Bryant Bureau locations operated by our franchisees in Michigan and Iowa, neither we nor Snelling Staffing franchise businesses operating under any name other than Snelling. However, if we acquire independent staffing businesses, we may operate those businesses under their existing names, convert the businesses to our Marks or use a combination thereof.

As shown on the chart in Item 20, as of December 29, 2006, we were operating 56 company-owned offices (compiled of 43 full service locations and 13 on-site locations). The 13 on-site company-owned locations are limited to servicing a specific client and are not utilized by the general public. In addition, we had 136 Snelling franchise locations (which includes 4 Satellite locations).

Our agents for service of process are listed in Attachment "B".

OUR PREDECESSORS AND AFFILIATES

Substantially all of the assets of Snelling and Snelling, Inc. now known as Beatitude, Inc. a Delaware corporation ("S&S") were acquired by Snelling Staffing on February 3, 2005 via an asset purchase. S&S no longer owns or has any rights whatsoever to the Marks or the System. We are solely responsible for the continued operation and franchising of the System throughout the United States.

S&S began in 1951 as a partnership operating a career placement business in Philadelphia, Pennsylvania. In 1955, S&S began offering franchises under the Snelling and Snelling® service mark for career placement businesses. In 1977, S&S began franchising a second career placement service under the Bryant Bureau® service mark which focused solely on the placement of management personnel and executives. S&S offered the Bryant Bureau® franchise until 1988, at which time it ceased offering any franchises under the Bryant Bureau® service mark.

In 1985, S&S offered franchises for temporary staffing services under the service mark Snelling Temporaries®. In 1990, S&S discontinued awarding individual Snelling Temporaries® and Snelling and Snelling® career placement franchises and began offering franchises for the operation of a full-service staffing business under the Snelling Personnel Services tradename.

Through our Payroll and Billings Operations we offer certain Snelling franchisees a comprehensive array of temporary payroll financing and processing services, client billing services, management reporting, and payroll or billing related tax administrative services (collectively referred to as our pay/bill services). Our Payroll and Billings Operations currently maintain employees and payroll in approximately 47 states. We do not offer any separate franchises related to any line of business that our Payroll and Billings Operations conducts.

DESCRIPTION OF FRANCHISE

"You" or "your" means the sole proprietorship, partnership, limited liability company, corporation, or other legal entity, including all owners, who buy a Snelling franchise. We have written this Offering Circular in "plain English" to comply with legal requirements and for your ease in reading. The language in this Offering Circular describing the terms, conditions or obligations under the Franchise Agreement or any other agreements is not intended to alter in any way the rights or obligations of the parties under any particular agreement. Further, we represent that in this Offering Circular we do not knowingly omit any material fact or include any untrue statement of a material fact.

We offer franchises for the operation of one or more staffing businesses that provide career placement, temporary placement, contract staffing, and temp-to-hire services (the "Business" or the "Franchise Business"). The Franchise Business is established and operated under a combination of training, knowledge, methods and techniques for operating such businesses (referred to as the "System"). Distinguishing characteristics of the System include the Marks; management and personnel training; operational procedures and techniques; advertising and promotional programs and materials; record keeping and reporting. We may change, improve, develop or discontinue any component of the System at any time, and you must comply accordingly.

We offer a 10 year Franchise Agreement with the option to renew for an additional 10 year period. An example of the standard form of the "Franchise Agreement" is included in this Offering Circular as Exhibit "B".

Unless we agree otherwise, all new members to the System will exclusively utilize all of our payroll and billing services. We may however, in our sole discretion, determine whether or not a prospective franchisee has the financial ability and staffing experience to support an independent payroll funding and billing operation. If so, the franchisee will not be required to utilize the services of our Payroll and Billings Operations and the franchise agreement will be amended accordingly.

The Franchise Agreement entitles you to our training and Materials, and grants you the right to use our Marks and System. In addition, and if applicable, if you meet the Minimum Performance Requirements contained in your Franchise Agreement, you may retain rights to a mutually agreed upon Granted Territory (see Item 12).

It is important to note that many of our franchisees who became members of the System prior to 2001 operate their Snelling franchise businesses under franchise agreements with terms and provisions that may differ substantially from those contained in this Offering Circular. For example, they pay a fixed Royalty rate on Temporary Help Billings versus the gross margin rate provided herein. Some utilize our pay/bill services and some do not. For the most part, their franchise agreements do not provide for a renewal term, nor do they provide for a Granted Territory. For this reason, the form of franchise agreement under which most of these franchisees operate is referred to as a "perpetual franchise agreement" and they are sometimes referred to as "perpetual franchisees."

We no longer offer the perpetual franchise agreement option. New franchises are granted under the current Franchise Agreement only. However, if a perpetual franchisee elects to open a new office and currently operates under a fixed Royalty rate structure we will amend the Franchise Agreement to provide for a Temporary Billings fixed Royalty rate in order to retain accounting consistencies within the franchisee's organization. In addition, if the franchisee does not currently utilize our pay/bill services we will amend the Franchise Agreement to account for the non-pay/bill status. We refer to those franchisees who do not utilize our pay/bill services as "Non-Pay/Bill Franchisees." Additional details concerning the fixed Royalty rate and Non-Pay/Bill differences within the Franchise Agreement are contained in Exhibit "C" to this Circular.

FRANCHISE PROGRAMS OFFERED TO NEW MEMBERS TO THE SNELLING SYSTEM

The types of franchises we offer to first time members to the System are listed below. The applicable franchise fee, our training requirements, and the eEmpACT and DocuTIME® requirements, are required for each type of Snelling franchise you elect to open (see Items 5, 6, and 11). The Granted Territory and Minimum Performance Requirements are not mandatory and are established by mutual agreement between the parties prior to signing the Franchise Agreement (see Item 12).

Standard Office

The Standard Office ("Standard Office") offers full-service staffing services consisting of career placement, temporary placement, contract staffing, and temp-to-hire services.

Re-franchised Office

If you purchase an existing Snelling franchise Business the office will be identified as a "Re-franchised Office."

FRANCHISE PROGRAMS OFFERED TO EXISTING SNELLING FRANCHISEES

We offer the following franchise opportunities to existing franchisees who meet our qualifications to expand their Franchise Business operations:

Expansion Office

Each subsequent location you open is identified as an "Expansion Office." In order to obtain our consent to develop an Expansion Office, you must meet our then-current criteria for expansion which without limitation includes that (a) your existing office has been profitable for the last 12 months, (b) at the end of your most recent fiscal year-end your primary office Temporary Help Billings meet or exceed \$2,000,000, and/or if applicable, your Career Billings meet or exceed \$225,000, (c) you must submit a detailed business plan confirming that you have adequate capital and staff levels in place for the development of an Expansion Office, and (d) you must be in compliance with all agreements between you and us (or our affiliates). Each Expansion Office must be staffed with a Manager who has successfully completed our training requirements.

Satellite Office

A "Satellite Office" enables you to either test an area for future expansion or establish a presence from which you can conduct extensive recruiting efforts to supplement your main location. The Satellite is linked to your main Snelling office through the Satellite Office Rider (see Exhibit "I"). Initially, you may operate the Satellite Office for one year. Prior to the conclusion of the first 12 months and based on our evaluation of your Satellite operations to date we will either instruct you to (a) convert the Satellite to an Expansion Office, (b) renew the Satellite Rider for an additional one year period, or (c) instruct you to close the Satellite office. We are not obligated to provide you with any pre-opening, opening or post-opening training for any Satellite Office. In addition, as long as the location is identified

as a Satellite Office, the office is not eligible for our promotional contests, programs, or other special incentives. If you and we agree, at the time convert the office to an Expansion Office, the Minimum Performance Requirements and Granted Territory will be established for the new Expansion Office. In addition, and at your expense, within 90 days following the conversion you (or your Manager) must attend our training program and the required eEmpACT training program.

Renewal Office

Thirty days prior to the expiration date of the Franchise Agreement you must enter into our then-current Franchise Agreement which will be effective the day following the scheduled expiration date. As a condition of any renewal, you must be in good standing within the System and in full compliance with your current Franchise Agreement. In addition, you must execute a mutual release (see Exhibit "J"). This release does not apply to franchise disclosure laws where such laws prohibit such releases. We may require at least one of your Principal Owners and/or your Manager to attend our then-current management training program within the first 6 months of the renewal term. It is important to note that the Renewal Office Franchise Agreement may contain terms and conditions different from your original Franchise Agreement.

Special Incentive Programs

Periodically we offer special financial incentive programs to our franchisees. Prior to extending our approval or consent for you to participate in any such special or optional program, we require you to enter into a mutual release.

FRANCHISEE'S PRINCIPAL OWNERS

In this Offering Circular "Principal Owners" include each person or entity that collectively, individually, directly or indirectly has a five percent (5%) or more interest in you. The Franchise Agreement is signed by us, by you, and by your Principal Owners. Your Principal Owners agree to be individually bound by the obligations in the Franchise Agreement, including covenants concerning confidentiality and unfair competition. Your Principal Owners must personally guarantee your performance under the Franchise Agreement. In addition, if your Principal Owner is a business entity we will require the business entity's owners to guaranty its and your obligations under the Franchise Agreement.

In case of the permanent disability or death of a Principal Owner, the remaining Principal Owners may continue the operation of each Business licensed under the Franchise Agreement. If you do not have any surviving Principal Owners, your heirs, if any, must apply to us, and meet our then-current requirements for a new franchise license, in order to continue operation of the franchise business. In either case, we may, in our sole discretion, require at least one Principal Owner to attend our then-current training programs.

COMPETITION

The market for full service staffing businesses is highly competitive and your competition may consist of other independent staffing offices, our company-owned offices, our company joint ventures, and other Snelling franchised offices. We believe our position will continue to be enhanced in the marketplace because of our Marks and their recognition in the marketplace, as well as the use of our unique System. The market for the services you will offer consists of large, medium and small businesses that are in need of employees to hire as well as temporary, temp-to-hire, and contract workers.

INDUSTRY SPECIFIC REGULATIONS

Some states require staffing businesses to register with their respective state agencies. This may include requirements for annual registration fees, the posting of a bond, and the licensing of certain staff employees. States may also have statutes that set the maximum fees permissible for certain staffing services provided by you, and may dictate the circumstances under which the fees charged by the businesses must be returned, as well as establish investigation and hearing procedures by the appropriate state commission. We recommend you thoroughly investigate such laws for the state in which you intend to operate the Business.

[TEXT CONTINUES]

**ITEM 2
BUSINESS EXPERIENCE**

None of the individuals identified in this Item 2 has been: (a) convicted of a felony, or plead nolo contendere to a felony charge, or held liable or enjoined in a civil action by a final judgment if such civil action involved fraud, embezzlement, fraudulent conversion or misappropriation of property, (b) subject to any currently effective order of the United States securities and exchange commission or the securities administrator of any state denying the registration of or barring, revoking or suspending the registration of such person as a securities broker or dealer, or investment advisor, or securities agent or registered representative, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange, (c) subject to a currently effective order or ruling of the Federal Trade Commission, or (d) subject to any currently effective injunctive or restrictive order relating to business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or salesperson.

PETER HARRIS

Chief Executive Officer and Board of Managers

Mr. Harris has served as our Chief Executive Officer and a Member of our Board of Managers since March 2005. He served as our President from February 2006 to September 2006. He served as an Independent Financial Consultant for Hyrum Advisors, Inc. located in Dallas, Texas, from November 2004 to March 2005. He served as Chief Operating Officer and Director of HQ Global Workplaces, Inc. and he served as Director, Vice President and Secretary for HQNS (a subsidiary of HQ Global Workplaces, Inc.), located in Addison, Texas, from November 2001 to October 2004. He served as Acting Chief Operating Officer for ParkStone Medical Information Systems, Inc., located in Weston, FL, from June 2000 to October 2001. He served as Director and Acting President for OMNA Medical Partners, Inc., located in Boca Raton, FL, from March 2000 to August 2002, and as Vice President and General Counsel for OMNA from December 1998 to March 2000.

TIMOTHY L. FIELDING

President, Chief Financial Officer, and Board of Managers

Mr. Fielding has served as our Chief Financial Officer since May 2006, and as President and a Member of our Board of Managers since September 2006. He served as Chief Accounting Officer for Wyndham International in Dallas, Texas from January 2005 to April 2006. He served as Corporate Controller for Wyndham International in Dallas, Texas from July 1995 to December 2004. He served as Regional Chief Financial Officer Ambulatory Surgery Division for Columbia/HCA Healthcare Corporation in Dallas, Texas from May 1993 to June 1995. He served ultimately as Senior Manager for KPMG Peat Marwick in Dallas, Texas from January 1984 to April 1993.

DAN GLAZIER

Chief Operating Officer, Senior Vice President and Board of Managers

Mr. Glazier has served as our Senior Vice President since February 2005, and as our Chief Operating Officer and a Member of our Board of Managers since February 2006. He served as Senior Vice President, Branch Operations from November 2002 to February 2005 for S&S. He served as Regional Vice President for Pro Staff Personnel in Dallas, Texas from September 1995 to November 2001. He took a sabbatical in the interim between Pro Staff and joining us.

BARBARA A. McANINCH
Chief Legal Officer, Secretary,

Senior Vice President, Law and Human Resources and Board of Managers

Ms. McAninch has served as our Chief Legal Officer, Secretary, Senior Vice President, Law and Human Resources, and as a Member of our Board of Managers since February 2005. She served as Chief Legal Officer and Secretary in the same manner and capacity regardless of title from August 1997 to February 2005, and she has served as our Senior Vice President, Law and Human Resources from May 2001 to February 2005 for S&S. She served as Vice President, Legal from August 1997 to May 2001 for S&S.

MARK CALDERARA
Regional Vice President

Mr. Calderara has served as our Regional Vice President since February 2005. He served as the Regional Vice President for Snelling and Snelling, Inc. from February 2003 to February 2005. He served as the Market Manager Staffing Services from September 2002 to February 2003 for Randstad in Roseville, CA. He served as the General Manager from April 2001 to July 2002 for Staffmark in Sacramento, CA.

JOSEY CRISOSTOMO
Regional Vice President

Mr. Crisostomo has served as our Regional Vice President since August 2006. He served as Vice President, National Accounts from November 2004 to August 2006 for Tandem Staffing in Chicago, IL. He served as Regional Manager from July 2001 to August 2004 for Randstad in Chicago, IL.

SCOTT GARFIELD
Regional Vice President

Mr. Garfield has served as our Regional Vice President since February 2005. He served as the Regional Vice President for Snelling and Snelling, Inc. from October 2002 to February 2005. He served as the Branch Manager from February 2000 to March 2002 for Robert Half, International in Raleigh, NC.

DAVID LAMB
Vice President, Franchise Development

Mr. Lamb has served as our Vice President, Franchise Development since December 2006. He served as Senior Vice President, Franchising from September 2001 to November 2006 for Relax The Back Corporation in La Palma, CA.

HEATHER MAYFIELD
Vice President, Training and Operations

Ms. Mayfield has served as our Vice President, Training and Operations since December 2006. She served as our Director of Sales and Operations from August 2006 to December 2006. She served as Vice President from September 2005 to August 2006 for ProActivate in Dallas, Texas. She served as General Managing Director from February 2005 to September 2005 for ProStaff in Dallas, Texas. She served as Regional Sales Coordinator from June 2001 to December 2004 for CareerBuilder.com/Headhunter.net in Dallas, Texas.

TIM NEILSON

Regional Vice President

Mr. Neilson has served as our Regional Vice President since February 2005. He served as the Regional Vice President for Snelling and Snelling, Inc. from June 2002 to February 2005. He served as the Area Manager from May 2001 to January 2002 for Agentry Staffing Services Hamden, CT.

MICHAEL OSBURN

Vice President, Finance and Controller

Mr. Osburn has served as our Vice President, Finance and Controller since October 2005. He served as the Vice President, Finance for Sabre Holdings ("Sabre") from December 2003 to January 2005, as Vice President, Chief Financial Officer for Travelocity.com, a wholly-owned subsidiary of Sabre, from April 2002 to December 2003, and as Vice President, Finance/Controller for Sabre Travel Network (a division of Sabre) from July 1999 to April 2002, all from Sabre's headquarters now located at Southlake, Texas. He was on sabbatical during the period from February 2005 to September 2005.

ROBERT E. WAKEFIELD

Vice President, Information Technology

Mr. Wakefield has served as our Vice President, Information Technology since February 2005. He served as Vice President, Technology from July 2002 to February 2005; and he served as Vice President, Front Office Technology in the same manner and capacity regardless of title from September 1997 to June 2002 for S&S.

DAVID DOLE

Senior Director, Training

Mr. Dole has served as our Senior Director, Training since December 2006. He served as our Director, Training from February 2005 to December 2006. He served as Director, Training from May 2004 to January 2005 for S&S. He operated DMDC as sole proprietor from January 2000 to April 2004 in Dallas, Texas.

ROGER ROHUS

Director, Payroll and Billing Services

Mr. Rohus has served as our Director, Payroll and Billings Services since November 2005. He served as a Special Projects Manager for Pro Staff in Dallas, Texas from February 1995 to November 2005.

We do not employ any franchise brokers. We do, however, receive referrals from national franchise referral services as well as our franchisees and employees. None of the national referral services, franchisees or employees (other than our sales employees) is authorized to negotiate on behalf of us, nor may they accept any monies from a prospect with regard to the purchase of a Snelling franchise.

ITEM 3 LITIGATION

Concluded Litigation

1. Snelling and Snelling, Inc. v. George W. Fonseca, Pamela Ihrig, Fonseca Placements, Inc., W. F. Resources, Inc., Staffing Partners, Inc., Michael A. Dwyer, and Trina R. Morris (Wayne County Common Pleas Court Case No. 04-CV-0117). Fonseca Placements, Inc., W. F. Resources, Inc. were the franchisees of the Wooster, Ohio and Canton, Ohio Snelling locations from October 31, 1989 and April 29, 1992 respectively to December 31, 2003. On or about January 7, 2004, S&S discovered that George Fonseca, acting in concert with Pamela Ihrig and others, was actively operating a competing business, Staffing Partners, Inc., from a location less than 3 miles from the Wooster, Ohio Snelling office, and misappropriating S&S's confidential information, customers and temporary employees. S&S immediately terminated the Wooster and Canton franchise agreements in which Mr. Fonseca was a Principal Owner, and filed suit to enforce the post-termination covenants and to further prevent the conversion of Snelling customers and temporary employees. On May 31, 2005, a Stipulation of Dismissal was filed with the Court stating that the parties had entered into a Settlement Agreement disposing of all claims and whereby defendants paid S&S an undisclosed amount.
2. Snelling and Snelling, Inc., Advance Processing Systems, Inc., and Snelling Investments, Inc., v. First Staff 20, Inc., Michael J. Angelo, III, Joseph A. Angelo, Lisa L. Angelo, Phillip Angelo, Catherine A. Angelo, Kimberly M. Angelo, Labor Today, Inc. Labor Today Ltd., First Staff 22, Inc., and Tri-State Staffing Solutions, Inc. (United States District Court Northern District of Ohio Eastern Division, Case No. 4:03 CV 2580): First Staff 22, Inc., Michael J. Angelo, III, Joseph A. Angelo, Lisa L. Angelo and Phillip Angelo were the franchisees of the Youngstown, Ohio Snelling location from September 1998 until December 2003. The remaining defendants were the franchisees of the Niles, Ohio Snelling location from August 1999 until June 2002, and subsequently entered into an Agreement Concerning Termination of Franchise Agreement which contained specific provisions related to post-termination non-competition. On or about December 12, 2003, S&S discovered that the Youngstown, Ohio franchisees, acting in concert with Kimberly M. Angelo and Michael J. Angelo, Jr., were actively operating a competing business from the Youngstown, Ohio Snelling office and misappropriating S&S's customers, temporary employees and receipts. S&S immediately terminated the Youngstown franchise agreement and filed suit to enforce the post-termination covenants and to prevent them from fraudulently collecting monies due and to further prevent the conversion of Snelling customers and temporary employees. On January 28, 2005, a settlement was reached, disposing of all claims. Defendants and S&S came to a mutual agreement concerning certain non-competition provisions set forth in the franchise agreement to pay S&S an undisclosed amount.
3. Snelling and Snelling, Inc. and Advance Processing Systems, Inc. v. Douglas Scott Eidson, Keri Graham and Ann Thompson d/b/a/ western Staffing Solutions (14th District Court of Dallas County, Cause Number 01-8292-A). On September 17, 2001, the former franchisee, Douglas Scott Eidson ("Edison") ceased operating the Snelling franchise located in Ft. Worth, Texas without providing Snelling with the required 180 day prior written notice. S&S discovered that Eidson, in active concert with his staff employees, transferred placement records, employee contracts and personnel records, as well as other Snelling proprietary information to western Staffing Solutions, a staffing business in direct competition with Snelling. On September 25, 2001, S&S filed a Petition seeking a Temporary Restraining Order and other injunctive relief. The court issued a Temporary Restraining Order. The parties entered into an Agreed Temporary Injunction enforcing the non-competition provisions as provided in the franchise agreement. The parties entered into a Settlement Agreement disposing of all claims whereby defendants agreed to comply with certain non-competition provisions set forth in the franchise agreement and to pay S&S an undisclosed amount.

4. Snelling Search International, Inc. and Kent Little v. Snelling and Snelling, Inc. (U.S. District Court for the Northern District of Texas, Dallas Division, No 3-00C2598-R). On November 29, 2000, franchisee Search International, Inc. and one of its principal owners, Kent Little ("Plaintiffs") filed suit against us alleging that S&S had violated the antitrust laws and the Texas Deceptive Trade Practices Act; that we committed fraud; that we breached our fiduciary duty; that we breached the franchise agreement; and that there was a failure of consideration. Plaintiffs requested rescission of the franchise agreement, recovery of money damages, reimbursement of attorneys' fees, treble damages and interest. Snelling filed a Motion to Dismiss and Application for Stay and to Compel Mediation and Arbitration. On April 9, 2001, the Court granted Snelling's Motion to Dismiss. Upon Plaintiff's appeal the 5th Circuit affirmed the dismissal by the trial court.

5. Snelling and Snelling, Inc. v. Ryvis, Inc., et al. (U.S. District Court for the Northern District of Texas, Dallas Division, Case No.3-99-CV-2028-D). On September 9, 1999, S&S filed suit against a former franchisee and its owners ("Defendants") based on their breach of their franchise agreements, including continuing to operate their prior franchise locations in violation of the post-termination non-competition covenants (the "Covenants") in their franchise agreement. Defendants filed a counterclaim alleging fraud, breach of contract, deceptive trade practices, and breach of fiduciary duty. On November 12, 1999, the Court granted in part and denied in part our request for injunction. Prior to trial, the parties reached a confidential settlement of all disputed claims. The parties entered into an agreed Final Judgment whereby Defendants (as well as any other person or entity participating and acting in concert with Defendants) were ordered to comply with terms and conditions of the franchise agreement. Defendants further agreed to pay an undisclosed amount to S&S as a condition of the settlement.

6. Reynolds v. Snelling Investments, Inc. et al. (U.S. District Court for the Middle District of Florida, Tampa, Division, Case No.: 8:00-CV-2606-T-26EAJ). On November 14, 2000, franchisee filed a complaint in Florida state court alleging that S&S breached a joint venture agreement; that S&S breached its fiduciary duties owed as a joint venturer; that Plaintiff was entitled to rescission of a release; that S&S violated the Florida Deceptive Trade Practices Act and that S&S committed Fraud in the Inducement. Plaintiff demanded an accounting of the joint venture company owned by Plaintiff and S&S. S&S removed this lawsuit to the federal district court in Florida, and S&S filed a Motion to Compel Arbitration of all claims pursuant to the franchise agreement. S&S had cases pending against Reynolds in the bankruptcy court and the federal court prior to the filing of this action by franchisee. In June 2001, a Settlement Agreement was executed by all parties involved which provided for, among other things, S&S and Advance to claim a secured amount of \$70,000 and an unsecured claim in the amount of \$49,191.16 in the Bankruptcy Court proceeding against Plaintiff. Further, a Stipulation was filed in the District Court litigation stipulating to the entry of a permanent injunction and to dismissal with prejudice all claims for monetary relief.

7. Standing Stone, Inc. v. Snelling and Snelling, Inc. (U.S. District Court for the District of New Jersey, Case No. 97-4330 (GEB)). On September 2, 1997, franchisee filed a complaint for declaratory relief as to rights under the Franchise Agreement to the assets, including the customer lists and temporary employee lists upon the sale of the franchised business. Franchisee also sought its costs, expenses and attorneys' fees. S&S answered the Complaint and denied the allegations and misinterpretation of the contract. Cross Motions for Summary Judgment were filed. On January 20, 1999, the court granted Snelling's Motion for Summary Judgment and denied Standing Stone's Cross Motion for Summary Judgment.

8. Snelling and Snelling, Inc. and Snelling Financial Group v. James C. Holladay, Inc. and James C. Holladay (U.S. District Court for the Northern District of Texas, Case No. 3:97-CV1752-G). On July 22, 1997, S&S filed a complaint for declaratory judgment against a current franchisee and its owner ("Defendants") based on the Defendants' stated intention not to comply with its contractual obligations relating to termination of the franchise agreement. Defendants had demanded that S&S either purchase the franchised business or allow them to sell the business assets as an independent business. Defendants filed a counterclaim alleging violation of the Texas Deceptive Trade Practices Act and negligent misrepresentation based upon alleged false representation that S&S had an "aggressive re-sale assistance program" and upon the alleged failure to disclose the terms of participation in the re-sale

program. Defendants sought \$150,000 in damages. S&S's Motion for Summary Judgment on the Declaratory Judgment claim and on Defendants' counterclaims was granted by the U.S. District Court and Judgment in favor of Snelling was entered. Defendants appealed. Motion for Summary Judgment by S&S was upheld by the Appellate Court on January 29, 1999. Mr. Holladay remains a Snelling franchisee and continues to operate in the Greenwood Village, CO trade area.

9. Snelling and Snelling, Inc. and Snelling Financial Group v. Roy Miller, Patricia Miller and Mokelumne-Miller Ent., Inc. (U.S. District Court for the Eastern District of California, Case No. CIV-S-97-0271DFLGGH). On March 4, 1997, S&S filed a complaint against former franchisee and its owners ("Defendants") based on Defendants' termination of their franchise agreement without giving S&S a 6-month notice period, their continued use of the field employees and servicing of clients after changing the name of the business, and their refusal to sell S&S the assets of the franchise business, all in violation of the franchise agreement. On March 26, 1997, the Defendants filed an answer and counterclaim alleging unfair competition, negligence, breach of contract, fraud, and unfair trade practices in violation of the California law. The Court granted S&S's motion for summary judgment, ruling that the termination provisions of the franchise agreement are enforceable, that Defendants must give 6 months notice and pay overrides and other fees during that period, and that S&S can purchase the assets of Defendants' business upon termination, as provided in the franchise agreement. S&S subsequently entered into a Settlement Agreement with Defendants on August 21, 1998, pursuant to which Defendants: (a) paid Snelling \$62,000 for all override obligations and a portion of our attorney's fees, (b) agreed to assign all of the franchise phone numbers to Snelling, (c) provided copies of all client and employee information to Snelling, and (d) agreed to cease any identification with the System and return all Snelling materials.

10. Snelling and Snelling, Inc. v. MacLeod Investments, Inc., et al. (U.S. District Court for the Northern District of Columbia, Case No. C97-20156JWPVT ENE). On February 18, 1997, S&S filed a complaint against a former franchisee and its owners ("Defendants") based on Defendants' continued use of the Marks after termination of their franchise agreement. S&S alleged trademark infringement, trademark dilution, breach of contract, false descriptions and representations in commerce, and unfair competition in violation of California law. The relief request included enjoining the Defendants from using the Marks and damages. On March 12, 1997, the Defendants filed an answer and counterclaim alleging fraud, abuse of progress, and unfair competition in violation of California law. The counterclaim was based on alleged representations that S&S officers made authorizing Defendants to continue using our Marks. S&S denied all allegations in Defendants' counterclaim and filed a Motion for Summary Judgment on the counterclaims. The counterclaims were dismissed with prejudice. The case was settled by the Defendant Searby's payment of \$225,000 to us.

11. Snelling and Snelling, Inc. and Advance Processing Systems, Inc. v. MIDA, Inc., Yong Kim, a/k/a Marcus Freeman, Hye Sun Kim, Advance Careers and Temporary Services, and Advance Capital, Inc. (United States District Court, Western District of Washington at Seattle, Cause Number CV02-1652). MIDA, Inc., Yong Kim and Hye Sun Kim were the franchisees of the Renton, Washington Snelling location from 1999 until August 2002. Mr. Kim provided notice of voluntary termination with the effective date of August 31, 2002. S&S discovered that the Franchisee was diverting S&S's business to a competing company and misappropriating Advance receivables. S&S immediately terminated the Renton franchise agreement and filed suit against the franchisees and those in concert with them to enforce the post-termination covenants and to prevent them from fraudulently collecting monies due Advance. The Court entered a Temporary Restraining Order on August 14, 2002, and S&S took possession of the Renton office. The franchisees were removed from the office location and S&S converted the office to a branch operation. A Preliminary Injunction was entered on August 22, 2002 requiring Mr. Kim to abide by all of the post-termination terms of the franchise agreement. In accordance with the Franchise Agreement, the parties proceeded to mediate the remaining monetary dispute in Dallas, Texas. Plaintiffs obtained a judgment for \$821,610.82. MIDA and the Kims, immediately filed Chapter 7 bankruptcy cases.

12. Snelling and Snelling, Inc. v. SSP Associates, Inc., M. Susan Zwickel and The Hartfield Group (United States District Court for the District of New Jersey, Civil Action Number 02CV4067). In the spring of 2002, S&S became aware that the franchisee was running a new company called The Hartfield Group from the franchised location. The franchise agreement was terminated effective August 19, 2002. A request for a Temporary Restraining Order to enforce the post-termination covenants was filed on August 21, 2002. On August 22nd Ms. Zwickel agreed to a Consent Order requiring her to comply with the post-termination provisions of the franchise agreement. S&S filed a demand for arbitration and all claims for damages were submitted to arbitration in Dallas, Texas, in accordance with the Franchise Agreement. S&S's counsel was not able to get service on Zwickel, and the Arbitrator would not allow S&S to proceed without such proof. S&S requested that arbitration be dismissed without prejudice June 23, 2004.

13. Snelling and Snelling, Inc., and Advance Processing Systems, Inc. ("Claimants") v. Search International, Inc., Scott Daniels and J. Kent Little ("Respondents"). In November 2002, S&S filed a claim before the American Arbitration Association. S&S claimed that on or about August 10, 2001, Respondents devised a plan to surreptitiously engage in direct competition with S&S without first terminating the franchise agreement. S&S filed suit and we prevailed in obtaining injunctive relief. S&S subsequently entered into a Settlement Agreement with Respondents. On July 22, 2002, Respondents submitted a written notification to voluntarily terminate the franchise agreement in accordance with its terms. On September 27, 2002, Snelling discovered that the Respondents had diverted their business to a competing company for a second time. Respondents converted Snelling Property in violation of the franchise agreement and the Settlement Agreement. S&S sought monetary damages in an amount in excess of \$75,000 for breach of the Settlement Agreement, violation of Respondents' non-competition agreement as provided in the franchise agreement, conversion of Snelling Property, and damage to the Snelling business and franchise goodwill. S&S dismissed the arbitration without prejudice and a Settlement Agreement and Release was signed by all parties on April 28, 2004, where by defendants agreed to comply with certain non-competition provisions as set forth in the franchise agreement and to pay S&S the amount of \$29,000.

14. Snelling and Snelling, Inc., and Advance Processing Systems, Inc., and Snelling Investments, Inc. v. Camelback Staffing, Inc. and Robert Glandorff. In the Superior Court of the State of Arizona in and for the County of Maricopa, Cause No. CV2002-021827. On or about November 11, 2002, S&S hand delivered a written notice of termination without an opportunity to cure to Defendants for two or more material breaches of the franchise agreement within a 12 month period: (1) fraudulent reporting by Defendants regarding career placements and subsequently collected fees, (2) fraudulent underreporting by Defendants' regarding temporary and/or temp-to hire business activities, (3) Defendants' instruction to clients to send payments due S&S directly to Defendants, (4) Defendants' refusal to cooperate with our audit of the franchise business on more than one occasion, and (5) Defendants' continued operation of a competing business in violation of the non-competition provisions set forth in the franchise agreement. S&S filed a lawsuit against Defendants seeking a Temporary Restraining Order to enjoin Defendants from continuing to operate a competing business, continuing to collect payments due S&S, and to abide by the post termination provisions. S&S also alleged causes of action against Defendants for breach of contract, breach of note, and for temporary and permanent injunction. The court issued a Temporary Restraining Order against Defendants. Defendants in turn entered into an Agreed Preliminary Injunction pending mediation and arbitration as set forth in the franchise agreement. A demand for arbitration was filed in Dallas, Texas against Defendants for monetary damages. The case was closed because of S&S's inability to serve Defendant. The Dismissal Minute Entry was filed September 22, 2004.

Other than these 14 actions, no litigation is required to be disclosed in this Offering Circular. [California residents and New York residents please refer to the respective Addendum to this Offering Circular for your respective state located at the front of this Offering Circular.]

ITEM 4 BANKRUPTCY

Except for the actions described below, no other persons previously identified in Items 1 or 2 of this Offering Circular have been involved as a debtor in proceedings under the U.S. Bankruptcy Code, or comparable foreign law, required to be disclosed in this Item.

1. Our Chief Executive Officer, Peter Harris, has provided services as an expert in company reorganization and restructuring, and in that capacity was engaged as a principal officer within each of the following organizations.

- (a) Mr. Harris was Director and Chief Administrative Officer of HQ Global Workplaces, Inc. and Director, Vice President and Secretary of its subsidiary HQNS when on March 13, 2002, HQNS and all other entities directly and indirectly owned by HQ Global Holdings, Inc. filed a petition to reorganize under Chapter 11 of the U.S. Bankruptcy Code (U.D. Bankruptcy Court for the District of Delaware, Case 02-10760). HQ Global Workplaces, Inc. and HQNS provide executive office space and business support services. On June 30, 2004, the court approved the plan of reorganization and discharged the proceedings. HQ Global Workplaces was subsequently purchased by Regus, plc, located in London, England. HQ Global Workplaces continues to operate and is located at 15305 Dallas Parkway, Addison, Texas 75001.
- (b) Mr. Harris was Director and Acting President of OMNA Medical Partners, Inc. when it filed a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code on March 24, 2000 (US Bankruptcy Court for the District of Delaware, Case 00-1493). OMNA provided management services to surgical physician practices. On October 11, 2003, the court approved the plan of reorganization and discharged the proceedings. OMNA sold its assets and was dissolved.
- (c) Mr. Harris was Acting Chief Operating Officer of ParkStone Medical Information Systems, Inc. when it filed a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code on July 31, 2001 (U.S. Bankruptcy Court for the Southern District of Florida, Case 01-25615). The company performed software development and distribution services. On January 6, 2003, the court approved the plan of reorganization and discharged the proceedings. ParkStone subsequently sold its assets and was dissolved.

2. Roger Rohus, Director, Payroll and Billing Operations, sought bankruptcy protection due to extreme personal circumstances beyond his control. In June 2002, Mr. Rohus filed under Chapter 7 of the U.S. Bankruptcy Code. In October 2002, the court approved his plan and discharged the proceedings. (US Bankruptcy Court for the Eastern District of Texas, US Bankruptcy Court Texas Plano, Docket Number 243363-DSP-10/02). Mr. Rohus' credit history prior to the unfortunate personal event and following the discharge was and remains good.

[New York residents please refer to the Addendum to this Offering Circular for the State of New York which is located at the front of this Offering Circular.]

**ITEM 5
INITIAL FRANCHISE FEE**

Standard Office Franchise Fee: For a Standard Office, you must pay us an initial franchise fee of \$25,000.

Re-franchised Office Franchise Fee: If you purchase a Re-franchised Office you must pay us an initial franchise fee of \$7,500. Subsequently, if you purchase other Re-Franchised Office locations during the term of your Franchise Agreement, we will not charge you a franchise fee.

Expansion Office Franchise Fee: The franchise fee for an Expansion Office is \$15,000.

Renewal Office Franchise Fee: We do not charge a franchise fee for a Renewal Office.

Special Franchise Fee Incentive Programs: If you qualify you may receive the benefit of a reduced franchise fee as shown below:

Employee Franchise Incentive Program

If you are one of our staff employees or one of our franchisee's staff employees, we will reduce or waive the initial franchise fee for your first Snelling franchise location as shown in the chart below. You must meet our then-current criteria for franchisees, and you will incur all other costs normally associated with the type of Franchise Business you open. Individuals who became staff employees through an acquisition are not eligible for this program until they have completed at least 12 continuous months of uninterrupted service with us or the franchisee.

<u>Full Years of Service</u>	<u>% Reduction of Franchise Fee</u>
1	25%
2	50%
3	75%
4	100%

Veterans, Minorities, and Women Owned Business Incentive Program

If you are a veteran, minority, or a majority woman owned business you will qualify for a 25% reduction in the franchise fee for the first Snelling franchise location you open.

<u>Majority Owner of Franchisee</u>	<u>% Reduction of Franchise Fee</u>
Veteran Majority Owner	25%
Minority Majority Owner	25%
Woman Majority Owner	25%

With respect to the special franchise fee incentive programs described above, regardless of how many different categories you may personally qualify for, you are entitled to receive the single greatest level of discount. For example: If you are a veteran (25% discount) employed by us for 2 years (50% discount), you would be entitled to a maximum 50% reduction in the required franchise fee.

All franchise fees are due at the time you sign the related franchise documents and the franchise fees are nonrefundable. Each franchisee fee is used to defray our costs related to providing you with (1) the pre-opening, opening, and post-opening training programs, (2) our Internet web site, when applicable, (3) the eEmpACT/DocuTIME software sublicense, and (4) other support services.

[If you are a resident of the State of Illinois, or if the Business is located within the State of Illinois, based on the Illinois Franchise Examiner's review of our initial start-up financial statement, the Examiner has determined that our equity/debt ratio is such that the State of Illinois will require us, in accordance with Section 15 of the Illinois Franchise Disclosure Act and Section 200.508 of the rules, to collect the franchise fee at the time you sign the franchise documents and place it in an escrow account in accordance with our Escrow Agreement with Wells Fargo Bank, N.A. Once we have completed our pre-opening obligations and you are operating the franchise business, the franchise fee will be released from escrow to us.]

[If you are a resident of the State of Maryland, or if the Business is located within the State of Maryland, in accordance with COMAR 02.02.08.08 of the Maryland regulations, we will collect the franchise fee at the time you sign the franchise documents and place it in an escrow account in accordance with our Escrow Agreement with The Annapolis Banking And Trust Company, a Maryland bank, with an office located at 236 Main Street, Annapolis, Maryland 21401 (the "Bank"). Once we have completed our pre-opening obligations and you are operating the franchise business, the franchise fee will be released from escrow to us in accordance with the terms of the Escrow Agreement.]

[TEXT CONTINUES]

**ITEM 6
OTHER FEES**

FEE	AMOUNT¹	DUE DATE	REMARKS
ROYALTY RATE			
Temporary Help Billings	40% of Gross Margin	Weekly from your Distribution Account	See footnotes 2(d), 2(g), 2(h), 2(i), 2(j), 3, 4, and 7
Minimum Gross Margin	Client accounts in the aggregate must have a minimum weekly Gross Margin of 10% before fees	Weekly from your Distribution Account	See footnote 5
Royalty Bonus	Based on your Annual Gross Margin Dollars and an Average Gross Margin Percentage of at least 18%	Payable within 60 days following our fiscal year-end	See footnote 6
Career Billings	7.0% of Billings	Monthly by the 10 th of the month (or at your option you may use our pay/bill services and we will deduct the fee at the time of distribution payment to you)	See footnotes 2(e), 2(h), and 3
AD FUND AND ADVERTISEMENT CHARGES			
Ad Fund – Temporary Help Billings	0.5% of Billings	Weekly from your Distribution Account	See footnotes 2(a), 2(g), and 8, also see Item 11
Ad Fund – Career Billings	2.0% of Billings	Monthly by the 10 th of the month (or at your option you may use our pay/bill services and we will deduct the fee at the time of distribution payment to you)	See footnotes 2(a) and 8, also see Item 11

FEE	AMOUNT ¹	DUE DATE	REMARKS
Advertising and Promotional Materials	Amount varies depending upon the type of Franchise Business	When ordered	The vendor may make adjustments depending upon future costs of services provided to you
DISTRIBUTION ACCOUNT CHARGES			
Adjustments and Chargebacks to your Distribution Account	Amounts will vary depending upon the type of adjustments and/or charges incurred	Weekly from your Distribution Account	See footnotes 2(b), 2(f) and 2(h)
Bad Debt Reserve	.2% of Revenue not to exceed 1.2% of Revenue	Weekly from your Distribution Account	After a Billing has reached 67 days, we may credit against your Bad Debt Reserve any related bad debt losses; see footnotes 2(c) and 11
eEmpACT™ Enhancement Fee	\$13.33 per workstation (may be adjusted over time to not less than \$4.16 or more than \$20.00 per workstation)	Monthly as Billed	See footnote 9, also see Item 11
eEmpACT™ National Pre-Paid Call Pack Telephonic Support Service	\$90 for a single call pack up to \$2,070 for 30 call packs	When contracted with eEmpACT Software	See Item 11
Software Subscription Fee for Kenexa ProvelTI Applicant Testing Software	Initial cost of \$1,700 per year for unlimited access from your office, then \$1,000 per year thereafter	At the time you order	Software fee is for access, use, maintenance and support, enhancement, and reporting services; see Item 11

FEE	AMOUNT1	DUE DATE	REMARKS
TRAINING			
eEmpACT™ National Training	From \$810 to \$1,800	As Billed	See footnote 10
Additional Training	We reserve the right to charge a reasonable fee	Before Training	We may require in the future, currently, we do not charge any fees for additional training
MISCELLANEOUS CHARGES			
Financial Audit	Cost of audit	When Billed	We conduct financial audits of the Business operations periodically throughout the term of the franchise. You must pay us, or our designated audit firm, the cost of the audit if you delay the audit more than 5 business days, fail to cooperate with the auditor, your records are inadequate, or we discover unreported Billings or other delinquent financial liabilities to us exceeding \$2,500

FEE	AMOUNT1	DUE DATE	REMARKS
Compliance Audit	Cost of Audit	When Billed	We may, in our sole discretion, conduct compliance audits of the Business operations. We are not restricted from conducting more than one audit each year if we deem it necessary. If we determine that you have breached the Franchise Agreement, you will be responsible for the cost of the audit. Further, if you fail two (2) consecutive audits, we may terminate the franchise. See footnote 12
Indemnification	Actual Cost	On Demand	You must indemnify us for all costs or claims against us, our affiliates, and their respective officers, managers, members, or other employees arising out of the operation of the Business.
Interest	The lesser of 12% or the maximum allowed by law	When billed	Interest imposed on all past due amounts owed us.
Worker's Compensation Insurance Deductible	\$1,000	Per Incident	You are responsible for up to \$1,000 for each worker's compensation incident related to any injuries incurred by the field employees you place.

FEE	AMOUNT1	DUE DATE	REMARKS
Re-Franchise Referral Fee	The greater of \$15,000 or 10% of the final purchase price of the franchise business	Upon execution of required transfer documents	If you sell your franchise business to a third party referred by any national referral service used by us, you will be required to pay the subsequent referral fee.
Liquidated Damages	An amount equal to the Royalty Fee due and payable for the 18 month period immediately preceding the time you ceased operating the Business prior to the conclusion of the franchise term. If the Business has not been operated for an 18 month period, an amount equal to the average monthly amounts due during the time the Business was operated multiplied by 18.	Upon receipt of our written notice to you	The liquidated damages clause may be unenforceable in some states (refer to applicable Attachment 1 to the Franchise Agreement to determine if this applies to your state).

[If you are a Non-Pay/Bill Franchisee or an existing Snelling Pay/Bill franchisee on a fixed Royalty rate, please refer to Exhibit "C" for additional details concerning your obligations.]

Footnotes:

1. Except as otherwise noted, all of the fees listed above that are imposed and collected by us are non-refundable. These amounts may be subject to increases based on changes in market conditions, our cost of providing services, future policy changes, and changes in our costs from our suppliers. Other than those fees that are subject to increase based on changes in the United States Consumer Price Index for all Urban Consumers ("CPI"), or such replacement index selected by us, we annually review all fees over which we have control and we may periodically authorize an adjustment.

2. Definition of Terms:

(a) "Ad Fund" means our established fund to promote the Snelling brand name, the Network and the System.

(b) "Adjustments" are defined as charges for items such as bank wire transfer fees, overnight courier packages, stop payment check charges, manual check charges, non-sufficient fund charges, payroll error adjustments, UCC-1, UCC-3, UCC-11, and similar filing fees, credit report fees and other credit or collection service charges deemed appropriate by us (including criminal background checks), and any other amount as covered by the Materials.

(c) "Bad Debt Reserve" means the stored funds used to assist you in covering your un-collectable accounts. An account is initially deemed uncollectible if it remains outstanding for 67 days or more.

(d) "Billings" means Temporary Help Billings and Career Billings.

(e) "Career Billings" means without limitation charges related to (i) helping job-seekers obtain long term employment or self-employment, (ii) helping Clients to obtain employees or business associates, and (iii) all other related employment services and products.

(f) "Chargebacks" are defined without limitation as (i) Temporary Help Billings that are repudiated by the client; (ii) the amount of Billings that produce a negative Gross Margin; (iii) Billings that remain unpaid for sixty-seven (67) days after their invoice date; (iv) any uncollected amounts upon termination of the Franchise Agreement; (v) the additional amounts due if the client is classified as a high credit risk (vi) a client's unpaid Billings exceeding our credit limits; and (vi) any other Chargebacks that may be covered in the Materials.

(g) "Client Accounts" means all accounts or other established business relationships with every third party to whom you provide staffing services or related products or services, through the operation of each Business location.

(h) "Distribution Account" means an account maintained by our Payroll and Billing Operations for you which will reflect the accumulation of credits and charges for each weekly billing cycle related to the Business as described in more detail in Section 9 of the Franchise Agreement.

(i) "Gross Margin" means the amount equal to your net Temporary Help Billings less all related temporary employee charges (i.e., payroll; payroll taxes, worker's compensation, and other payroll costs; insurance costs; unemployment costs; benefits; and sales taxes and any other taxes, and any other employment related costs and adjustments).

(j) "Temporary Help Billings" means amounts without limitation charged for (i) supplying temporary employees to Clients, (ii) temp-to-hire and/or temporary contract workers to Clients, (iii) providing payroll services, (iv) fees related to temporary outsourcing services, (v) expense reimbursements billed in excess of costs, and/or (vi) any other similar fee, service, reimbursements, sales or related taxes.

3. With regard to a Standard Office location only, we will abate the Royalty fee required under your Franchise Agreement for up to the first \$100,000 in Billings. At the time your Billings first exceed \$100,000, all Royalties thereafter will be due in full in accordance with the terms of your Franchise Agreement.

4. If the prime interest rate as published in the Wall Street Journal equals or exceeds 12% at the end of a week, the Temporary Help Billings Royalty Rate percentages described in this Item 6 shall be increased to the amount noted below beginning with the subsequent week:

Prime Interest Rate	Additional Royalty Rate
Less than 12%	No Change
at least 12% but less than 14%	41% of Gross Margin
at least 14% but less than 16%	42% of Gross Margin
at least 16% but less than 18%	43% of Gross Margin
at least 18% but less than 20%	44% of Gross Margin
20% or more	45% of Gross Margin

5. Each week, all of your Temporary Help Billings Client Accounts must have, in the aggregate, a minimum Gross Margin of 10%. If your weekly Temporary Help Billings aggregate Gross Margin percentage is below 10%, we will compute what we would have received as though the Gross Margin percentage had been 10%.

6. Your Annual Gross Margin Dollars must exceed \$500,000 and your Average Annual Gross Margin Percentage must be at least 18% before you begin earning a Royalty bonus (refer to Attachment 7 to the Franchise Agreement).

7. We may, in our sole discretion, formulate other special Gross Margin account programs in the future in which you may choose to participate. We reserve the right to discontinue any special Gross Margin account program once all related accounting and distribution activity has been completed related to the specific program. We will provide you prior notice if we choose to discontinue any such special program.

8. During Calendar Year 2007 all Snelling franchisees who choose to participate in our 2007 Ad Fund Program will have the opportunity to submit a reduced monthly Temporary Ad Fund contribution equal to 0.17% of their Temporary Help Billings and 0.34% of their Career Placement Billings. To participate, the franchisee must maintain records that substantiate the amount the franchisee spent locally which when combined to the franchisee's contribution to Snelling equals or exceeds what would have been paid to the Ad Fund as required by the Franchise Agreement had the special program not existed. Following Calendar Year 2007, we reserve the right to discontinue or modify the 2007 Ad Fund Program. We, however, will provide you with prior notice of our decision.

9. We have an agreement with eEmpACT Software, a Bond International Company, ("eEmpACT Software") which provides for an adjustment to the monthly workstation fee based on the total System-wide number of workstations utilizing eEmpACT Software. We require you to subscribe to eEmpACT Software's eEmpACT Enhancement Program during the term of your Franchise Agreement. eEmpACT Software's eEmpACT Enhancement Program entitles you to receive all modifications, upgrades, improvements and new versions of eEmpACT™ and all eEmpACT Software front office software in general released to eEmpACT Software clients. At the present time the fee is \$13.33 per workstation per month, but can range from \$4.16 to \$20.00 per workstation per month (see the high-low examples below). Our current System-wide workstation count is approximately 809.

Example 1: Should the System-wide workstation count exceed 800, then the fee will be adjusted downward to \$13.33 per workstation per month.

Example 2: Should the System-wide workstation count fall below 400, then the fee will be adjusted upward to \$20.00 per workstation per month.

10. In addition to the mandatory eEmpACT National training described in Item 7, you may choose to send additional attendees for training. This training may range from \$810 (for up to 5 persons at the Business location) up to \$1,800 (for up to 3 persons attending training at eEmpACT Software's headquarters). In addition to the training fee charged to conduct this training at the Business location, you are responsible for the certified trainer's reasonable out-of-pocket travel and related expenses. If you choose training at eEmpACT Software's headquarters, you are responsible for you and your staff's related travel expenses.

11. This Bad Debt Reserve fund is established by collecting 0.2% of your Gross Margin dollars weekly and holding them in reserve. The Bad Debt Reserve will accrue over time to a maximum of 1.2% of your trailing 12 months Billings. For example, if your last 12 months Billings is \$500,000, your Bad Debt Reserve can not exceed \$6,000. We will periodically review the balance of your Bad Debt Reserve and within 45 days following our review, if needed, we will remit to you any amount exceeding the maximum requirement. Further, within 90 days following the expiration (without renewal) or termination of the Franchise Agreement, we will remit to you the balance of the Bad Debt Reserve (minus the negative balance, if any, of your Distribution Account).

12. You are responsible for insuring that either you or your Manager devotes full time, energy and best efforts to the management, promotion and growth of the Business. Therefore, the compliance audit is conducted to confirm that you are operating the Business in accordance with the terms of the Franchise Agreement, the Materials and the System. Generally we review minimum staff levels, equipment needs, computer system needs (including number of workstations and test stations), on-going marketing efforts, and on-going training requirements for you and your staff. If you fail to meet the minimum standards for two consecutive audits, you will be notified of the breach. If you fail to cure the breach, we may terminate the Franchise Agreement for cause.

[TEXT CONTINUES]

**ITEM 7
INITIAL INVESTMENT**

Expenditures	Estimated (Low End)¹	Estimated (High End)¹	Method of Payment	When Due	Payable to Whom
Standard Office ² franchise fee	\$18,750	\$25,000	Leased or Lump Sum	Execution of franchise documents	Us
Expansion Office franchise fee ²	\$11,250	\$15,000	Same	Same	Same
1 st Re-franchised Office franchise fee ²	\$ 6,625	\$ 7,500	Lump Sum	Same	Same
Initial Marketing Campaign ³	\$ 4,000	\$ 8,000	Lump Sum	As Invoiced	Independent Vendors
Furniture and Fixtures ⁴	\$ 7,000	\$10,000	Lump Sum	As Invoiced	Independent Vendors
Staff Employee Workstations, Testing Workstations, Related Software, Cabling/Internet Access and Installation ⁵	\$10,989 (2 workstations, 1 testing station)	\$17,749 (5 workstations, 2 testing stations)	Lump Sum	As Invoiced	Independent Vendors
3 rd Party Server Host ⁶	\$2,700 (\$500 set up fee, plus \$25 per user fee, plus \$125/month per x 3 months for 3 workstations)	N/A	Lump Sum	As Invoiced	NPI
On-Site Server with related software and equipment ⁷	N/A	\$ 8,641	Lump Sum	As Invoiced	Independent Vendors
Printer, Copier and Facsimile ⁸	\$ 1,261 (includes 3 months copier rent at \$212/mo.)	\$ 2,186 (includes 3 months copier rent at \$212/mo.)	Lump Sum/Lease	As Invoiced	Independent Vendors
Phone Equipment, Installation and Training ⁹	\$3,809	\$4,446	Lump Sum	As Invoiced	Independent Vendors

Expenditures	Estimated (Low End)¹	Estimated (High End)¹	Method of Payment	When Due	Payable to Whom
eEmpACT™ National Software Computer Training ¹⁰	\$900 per single attendee	\$1,500 for 3 attendees	Lump Sum	Before Training	eEmpACT Software
Other related eEmpACT™ National Training Costs	\$1,000	\$2,000	As Incurred	During Training	Airlines, Hotels, Restaurants
eEmpACT National Enhancement Plan	\$160	\$200 per workstation per year	Lump Sum	Monthly	You pay us and we pass through to eEmpACT Software
Signage ¹¹	\$1,000	\$5,000	Lump Sum	As Invoiced	Independent Vendors
Initial Supply Order	\$2,000	\$2,500	Lump Sum	Before Opening	Independent Vendors
Other Training Costs ¹²	\$2,000	\$2,400	As Incurred	During Training	Airlines, Hotels, Restaurants
Base Lease Security Deposit	\$700	\$2,000	Lump Sum	Negotiable	Landlord
Base Rent ¹³	\$2,100 (3 months)	\$6,000 (3 months)	Lump Sum	Negotiable	Landlord
Utilities for Retail Space	\$300	\$1,200	Lump Sum	As Invoiced	Independent Vendors
Insurance	\$2,000 (annually)	\$2,500 (annually)	Negotiable	Before Opening	Us or Independent Vendors
Legal and Accounting Fees	\$2,500	\$3,500	As Incurred	As Invoiced	Independent Professionals and Governmental Agencies
Additional Funds for the first 3 months of operation ¹⁴	\$40,000	\$70,000	As Incurred	As Needed	Various Payees
TOTAL¹⁵	\$97,019	\$166,822			

[If you are a Non-Pay/Bill Franchisee, please refer to Exhibit "C" for additional details concerning your initial investment.]

Footnotes:

1. These amounts represent our estimate of the costs to establish a 1,000 s.f. Standard Office franchise and operate it for an initial 3 month start-up period. In most cases, we assume that you will focus on providing all staffing services, i.e. temporary, temp-to-hire services and career placement. If the Business is an Expansion or Re-Franchise Office, you may need less working capital. With regard to a Re-Franchise Office, these costs do not include amounts attributed to the cost of your purchase agreement with the selling franchisee.

2. Depending on your qualification for any of our special franchise fee incentive programs, the initial franchise fee for your first location may be reduced from 25% up to 100%.

3. During the first 90 days of operation, we require you to aggressively promote your Snelling franchise entrance into your local market with a very aggressive advertising/marketing program. We will provide you with certain advertising and marketing materials to assist you in this endeavor. You may submit your own materials to us for our approval. You elect how much you choose to spend on the campaign.

4. The amount shown is an estimate of the cost to purchase new furniture and fixtures. These amounts can vary depending upon your personal preference, the site of the office, and the size of the office. These costs can be significantly reduced if you purchase good quality used furniture and equipment, or if you choose to lease your furniture.

5. Each workstation should have a computer and we anticipate you will initially require a minimum of 2 workstations. You will also need at least one computer for your testing purposes. As the Business grows you may require up to 5 or more workstation computers and subsequently more testing computers. Front office software applications and an Internet presence are essential components of the staffing industry. We have contracted EmpACT Software to provide the latest eEmpACT front office software applications currently available to the staffing industry. Kenexa Provelt! is our approved applicant testing software. This amount also includes the Quicken software used to process your financial information and your internal staff payroll. We have developed a proprietary web site for the System. You may, at your option, enter into our standard Internet web site agreement (see Exhibit "H") at the time your first site is approved by us and a physical address is known. There is no charge for your Internet web site page with us. With regard to a Re-Franchised Office, if necessary, we reserve the right to require you to upgrade and/or replace computer hardware and software to our then-current standards as we determine in our sole discretion. (See Item 11)

6. In some cases we may agree to allow you to use our approved vendor, Network Partners, Inc. ("NPI") a third party Application Service Provider Hosting Service, which enables you to access and use eEmpACT/DocuTIME via the Internet versus installing the system at the location. The fee also provides each workstation with Microsoft Office, Word, Excel, and e-mail hosting. You must enter into the third party hosting form of eEmpACT/DocuTIME agreement (see Exhibits "F" and "G").

7. In some cases we may require that you install a server on-site, and you must enter into the eEmpACT National Sublicense Agreement and/or the combined form of eEmpACT/DocuTIME agreement (see Exhibit "D" and Exhibit "D").

8. You will need one copier, one laser printer and one facsimile machine. These amounts are based on the assumption that you will lease the copier for up to 60 months. Depending on the terms of your lease an additional one month's rent may be required as a security deposit. In some cases, a final lump sum payment may be due at the expiration of the lease.

9. The amount may vary depending on the size of your staff, your preference of phone systems, and various factors related to installation costs, such as new construction versus remodeling or upgrading. With regard to a Re-Franchised Office, depending on the terms of your purchase, the cost of a phone system may be included in the total purchase price.

10. Prior to opening the Business location eEmpACT™/DocuTIME must be in place. Once you install eEmpACT™ National, you or one of your employees must attend the 3 day eEmpACT™ National training at eEmpACT Software's offices in either Bloomington, Minnesota, or Atlanta, Georgia. In addition to the cost of the training fees, you are responsible for all travel and related expenses for each attendee. With regard to a Re-franchised Office, we may waive this training requirement if you have a staff employee currently certified in eEmpACT who is primarily responsible for the operation of the Re-franchised Office location.

11. Your signage requirements at your site may range from a simple door sign to at least one exterior marquee or façade sign. With regard to a Re-franchised Office, if we deem it necessary, you may be required to replace or upgrade the existing signage.

12. While we do not charge you an initial training fee, you are responsible for the costs related to you and your staff while attending training. These amounts include travel, food and hotel expenses while attending training at our Support Center in Dallas, Texas. The training program is conducted for an 8 to 10 business day period. You should expect that about the same costs would apply for training for the eEmpACT National training.

13. These amounts are estimates based upon a 1,000 s.f. office. Commercial real estate lease rates may vary substantially by geographic location, and we encourage you to thoroughly investigate the costs in the area the Business will be located.

14. The figures shown are based on our estimate of the amounts you will need to cover your monthly operating expenses during the 3 month start-up phase of the Franchise Business, including rent, monthly equipment rentals, monthly phone bills, postage, printing, advertising, insurance premiums, salaries, travel, entertainment and promotion. We estimate that you will need additional operating capital for your first full year of operations as the figures shown do not include any salary or benefits for your Principal Owners. We cannot guarantee that you will not have additional expenses starting the franchise business.

15. If you qualify, you may contract with our approved supplier, Total Lease Concepts, 255 W. Fallbrook, Suite 104, Fresno, CA 93711 at 559-261-1900, in order to lease the costs of your franchise fee, furniture, fixtures and equipment, telephones, signage, and ancillary software and hardware requirements. We do not receive any rebate or other incentive from Total Lease Concepts for the leasing services provided to you. In most cases, the lease requires a 10% down payment and incurs interest at the rate of 10%. If you lease all eligible items shown in the chart above, the low-end range in the example shown may be significantly reduced due to your lower initial capital output requirements.

Your initial investment depends on many variables including: the mix of services demanded in the market and performed by you; the economic conditions of the market area; your marketing, pricing and compensation philosophy; the location and size of your operation; your prior employment experience; how well you follow our training, methods and procedures; your management skill, experience and business acumen; the prevailing wage rate; and the competition in your trade area. It is possible that the investment will be greater than the ranges estimated above. Our estimates are based on our experience with a full service staffing business.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

As described in Items 1, 6 and 10, we provide a comprehensive array of payroll related financing and administrative processing services for field employees and we provide client billing services. We may provide some or all of these services to other third-party customers. As a new member to the System, you must utilize all of our payroll funding, billing and processing services, unless we agree otherwise.

In addition, to ensure uniformity and quality in our System, you must either use our identified vendors, or vendors you submit that we approve and who meet our standards and specifications to equip and furnish the Business location as outlined in the Materials.

You may elect to contract with a variety of vendors with which we have established certain purchasing arrangements to provide cost savings to our franchisees for their telephone systems, copiers, computer equipment, office furniture and other equipment and materials. If you choose to contract with a different vendor, the vendor's products and/or services must meet our standards and specifications. At a minimum, you must obtain an adequate telephone system, appropriate office furniture and computer equipment for the operation of the Business.

You must purchase or lease certain computer hardware and software programs necessary to support the performance of our proprietary software products (see Item 11). Before purchasing or leasing any new hardware or software, you must submit the specifications in writing to our vendor, eEmpACT Software, for approval.

You must purchase your initial supply order of advertising and promotional materials from our designated source. The initial supply order includes graphics for the forms you will need for your stationery, business cards, and other materials used in the franchise business. All advertising and promotional materials, signs, paper goods and other items we designate must bear the Marks in the form, color, location and manner we require.

You must obtain our approval of the site for each location before acquiring or leasing the site. We will provide you with our standard Site Request Form that you must complete and submit to us for our review. Once we have completed our review, We will provide you with our written notice regarding our decision to approve or disapprove the site. If we request it, you must submit to us a fully executed copy of the lease or purchase contract related to the site.

Before you open your Office, you must obtain the insurance coverage specified in the Materials. As noted below, this insurance coverage must indicate Snelling Staffing, LLC and its affiliates as additional insured with subrogation rights. The insurance coverage must be maintained during the term of the Franchise Agreement and must be obtained from a responsible carrier or carriers acceptable to us holding a Best's Rating of not less than B+: Class VI. The deductible on any required insurance coverage may not exceed \$2,500 without our prior written approval. The insurance coverage we presently require is as shown below, and each policy must name the Snelling Insureds (i.e. Snelling Staffing, LLC and its affiliates) as additional insureds and must contain an endorsement from the carrier waiving all rights of subrogation against the Snelling Insureds. Should we offer a group insurance program in the future, you must participate.

Current required insurance coverage includes:

1. Commercial General Liability insurance of no less than \$1,000,000 and a \$2,000,000 aggregate;
2. Property, Standard Fire or Multi-Peril Insurance (to cover your building and/or its contents) at replacement value;

3. Auto liability insurance of at least \$1,000,000 combined single limit bodily injury and property damage, including coverage for owned, non-owned, and hired car;
4. Statutory worker's compensation and employer's liability insurance on your staff employees with an employer's liability limit of no less than \$500,000. Coverage other than statutory worker's compensation and employer's liability is not acceptable;
5. If applicable, Medical Malpractice liability insurance with a liability limit of no less than \$1,000,000 per occurrence, \$2,000,000 aggregate,
6. Errors and omissions insurance of no less than \$500,000 per occurrence and a \$1,000,000 aggregate;
7. Employment Practices Liability with a liability limit of no less than \$500,000 per occurrence and a deductible of no more than \$5,000; and
8. Other insurance as required by federal, state, or local law.

With regard to the Errors and Omissions coverage, if you are a Pay/Bill franchisee, actions specifically related to staffing are included in the errors and omissions insurance maintained by us; however this coverage does not include any other activities you or your staff may perform. You should therefore obtain separate Errors and Omissions insurance that best fits your complete operational needs. In addition, although not required, we strongly recommend that you investigate the benefits of procuring Extra Expense insurance, and Employee Fidelity Bond or Crime insurance.

Prior to opening the Business, you must send to us a certificate of insurance evidencing the required coverage. Each year you must send us a new certificate of insurance at least 30 days prior to the scheduled expiration date and/or upon receipt of our written request. You must provide us a new certificate if there is any change in the coverage. All insurance policies must include a provision requiring the insuring company to provide us with at least a prior 15 day written notice of (a) any intent to cancel, (b) failure to renew or replace the required insurance, and/or (c) any material alteration or reduction of coverage. Should you receive four (4) or more material worker's compensation claims over a 12 month period, we may require you and your Manager to again attend, at your expense, our required operations training at our headquarters in Dallas, Texas.

We arrange for the insurance (including Worker's Compensation coverage) to cover the field employees whom we payroll for you. It is your duty to insure that you, your Principal Owners, and your staff employees accurately classify each field employee in accordance with the Worker's Compensation Insurance Code Listings prescribed by us. We may charge you for our incurred expense resulting from misclassifications or excessive claims and loss experience related to the Business. Specifically, if a misclassification is the result of any willful or negligent act by you or your staff, as determined by us, in addition to the first \$1,000 you are required to pay for a worker's compensation incident, we may assess up to the first \$50,000 in related worker's compensation losses against your Distribution Account and/or we may terminate the Franchise Agreement.

Except as noted above, you are not obligated by the Franchise Agreement or by any other document to purchase or lease from us or our designees any goods, services, supplies, fixtures, equipment, inventory or real estate.

Some of our approved vendors provide annual monetary support for our national convention. These contributions are not a direct result of our franchisees' purchases. We expect that the percentage of total income derived from such convention support will be de minimis. We do not receive any payment, rebate or credit or discount from any supplier for purchases or leases made by our franchisees.

For our prior fiscal year ending December 29, 2006, we had total revenues of \$308,827,000. Less than 1.20% (\$3,705,700) consisted of revenues from our fees related to (a) our pay/bill service fees for fixed rate pay/bill franchise offices, and (b) the monthly maintenance fee charged to some franchisees for their Snelling web page

We estimate that the required purchases noted above (computer hardware and software, marketing materials and insurance) represents approximately 15% to 18% of the cost to establish a standard franchise office, and that the fixed rate pay/bill service fee for those franchisees is 4% or less of the cost to operate the franchise business.

[If you are a Non-Pay/Bill Franchisee, please refer to Exhibit "C" for additional details concerning your obligations described in this Item 8.]

[TEXT CONTINUES]

**ITEM 9
FRANCHISEE'S OBLIGATIONS**

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

Obligation	Section in Agreement	Item in Offering Circular
a. Site selection and acquisition/lease	Sections 6(b), 8(h), and Attachment 2	8, 11
b. Pre-opening purchases/leases	Section 6(b) and 8(i)	7, 8, 11
c. Site development and other pre-opening requirements	Sections 6(b), 6(c) and 8(i)	7, 8, 11
d. Initial and ongoing training	Sections 6(c), 6(d), 6(e), 8(j), and 12(e)	1, 5, 6, 7, 11
e. Opening	Section 6(a)	5, 11
f. Fees	Sections 9, 10, 12 and Attachment 2	5, 6, 7, 17
g. Compliance with standards and policies/Operating Manual	Sections 6(e), 8(a), 8(i)	8, 11, 17
h. Trademarks and proprietary information	Sections 5(d), 5(e), 5(g), 5(j), 7(b), 16, and 17	13, 14
i. Restrictions on products/services offered	Sections 8(i) and 8(j)	8, 16
j. Warranty and customer service requirements	N/A	N/A
k. Territorial development and sales quotas	Sections 5(c) and Attachment 2	1, 12
l. Ongoing product/service purchases	Section 8(j)	8, 11
m. Maintenance, appearance and remodeling requirements	Section 8(j)	11, 17
n. Insurance	Sections 8(d) and 8(e)	7, 8
o. Advertising	Sections 5(g), 8(i), and 10	6, 11, 13
p. Indemnification	Section 5(m)	6
q. Owner's participation/management/staffing	Sections 6(c), 6(d), 8(c), 8(f) and 8(i)	1, 5, 11, 14, 15
r. Records and reports	Sections 8(g), 9(d), and 11(b)	6, 11
s. Inspections and audits	Sections 11(b) and 11(c)	17
t. Transfer	Section 12	6, 17
u. Renewal	Sections 13	1 and 17
v. Post-termination obligations	Sections 16 and 17	17
w. Non-competition covenants	Section 16	14, 15, 17
x. Dispute resolution	Sections 18(b) and 18(c)	17

ITEM 10 FINANCING

The staffing industry requires significant amounts of capital to fund the field employee payroll during the period between billing the clients and receiving payments from the clients. This funding period typically ranges from 30 to 60 days. The Franchise Agreement obligates us to provide payroll services for the field employees and billing services for the relevant Clients. As the Temporary Help Billings increase, the funding requirement will increase. On a weekly basis, we will (1) pay the field employees, (2) calculate, withhold and remit payroll taxes and garnishments, if any, to the proper government agencies, (3) bill and receive payments from clients, and (4) process the related net positive Distribution Account payments to you.

We use the Temporary Help Billings as security to obtain a line of credit to fund the field employee payroll. You are ultimately responsible for the payment of invoices by clients. Therefore, you are responsible for conducting credit checks on each proposed client, and you will make reasonable efforts to evaluate the credit worthiness of each client accordingly. If necessary, we may conduct credit checks on your behalf and charge you a fee to provide these services.

In accordance with the terms of the Franchise Agreement, you must grant to us a first lien security interest in all of your present and later acquired interest in all contract rights, fixed assets, general intangibles, insurance, and all cash and non-cash proceeds related to the Business. In addition, the Franchise Agreement provides that your Principal Owners must guarantee amounts due to us under the Franchise Agreement as well as any other agreements between you and us (see Attachment 3.1 and Attachment 3.2 to the Franchise Agreement).

We provide no financing for your Business other than that described above. We do not receive any income or other incentive from third party lenders as a result of a franchisee's borrowing. We do not guarantee your obligations to third parties.

[If you are a Non-Pay/Bill Franchisee, please refer to Exhibit "C" for additional details concerning your obligations described in this Item 10.]

ITEM 11 FRANCHISOR'S OBLIGATIONS

Except as listed below, we do not need to provide any assistance to you. We do periodically review the demands and needs of the System, and may elect to provide other services and assistance to you in the future. If you are a Non-Pay/Bill Franchisee, please refer to Exhibit "C" for additional details concerning our obligations to you or your requirements described in this Item 11.

Pre-Opening Obligations: Before the opening of your Business, we agree to provide the following assistance and services:

1. Written guidelines and site selection assistance as described in the Materials. [Franchise Agreement, Section 6(b)].
2. Various interior office layouts for adaptation by you for your office. [Franchise Agreement, Section 8(j)].
3. One set of the Materials, and subsequent revisions we may provide from time to time. [Franchise Agreement, Section 6(e)].