

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE COUNTY OF SAN DIEGO

MOHINI SARIN and SHOBHANA SARIN, Individually and on Behalf of a Class of Similarly Situated Individuals, and on Behalf of the General Public,

Plaintiffs,

v.

JENNY CRAIG INTERNATIONAL, INC., a California corporation, JENNY CRAIG MANAGEMENT, INC., a California corporation, JENNY CRAIG OPERATIONS, INC., a California corporation, JENNY CRAIG PRODUCTS, INC., a California corporation, JENNY CRAIG WEIGHT LOSS CENTRES, INC., a Delaware Corporation, JENNY CRAIG, INC., a Delaware Corporation, and Does 1 - 150, inclusive,

Defendants.

CASE NO. GIC 797532

**STIPULATION AND SETTLEMENT AGREEMENT**

**STIPULATION AND SETTLEMENT AGREEMENT OF CLASS ACTION CLAIMS**

A. This Stipulation and Settlement Agreement of Class Action Claims ("Settlement," "Stipulation," or "Agreement") is made by Mohini Sarin and Shobhana Sarin (the "Named Plaintiffs") on behalf of themselves and each of the other "Plaintiffs" as defined herein, on the one hand, and Jenny Craig International, Inc., Jenny Craig Management, Inc., Jenny Craig Operations, Inc., Jenny Craig Products, Inc., Jenny Craig Weight Loss Centres, Inc., and Jenny Craig, Inc. (collectively "Jenny Craig"), on the other hand, in the action pending in the San Diego County Superior Court ("Superior Court"), Case No. GIC 797532 ("Class Action" or "Action"), and subject to the terms and conditions hereof and the approval of the Superior Court. The Class Members ("Class Members" or "Class") consist of all Plaintiffs who do not properly elect to exclude themselves from the terms of this Agreement.

B. Class Certification. Solely for purposes of this Settlement, the Class Members and Jenny Craig (hereinafter collectively referred to as the "Parties") stipulate and agree to define the "Plaintiffs" as consisting of all persons in the United States who are vegetarians who purchased "Vegetarian" or "Meatless" Sampler Packages from Jenny Craig, or purchased any item listed on Jenny Craig's "Vegetarian" or "Meatless" Menu, during the period of January 1, 1998 to present. The Parties stipulate and agree to the certification of the Class Action for purposes of this Settlement only. Should for whatever reason the Settlement not become final, the fact that the Parties were willing to stipulate to class certification as part of the Settlement shall have no bearing on, and shall not be admissible in connection with, the issue of whether a class should be certified in a non-settlement context in this Action and shall have no bearing on, and shall not be admissible in connection with, the issue of whether a class should be certified in any other lawsuit. Jenny Craig expressly reserves its right to oppose class certification should this Settlement not become final.

C. Procedural History. This action, entitled Sarin et. al. v. Jenny Craig International, Inc. et. al. was filed as Case No. GIC 797532 in San Diego Superior Court on October 4, 2002, by the following law firms: Short, Cressman & Burgess, PLLC; Law Offices of Harish Bharti & Associates, LLC; and Goode, Hemme, Peterson & Sayler ("Class Counsel"). Class Counsel filed an amended Complaint on January 30, 2003.

D. Investigation in the Class Action. The Parties have conducted significant investigation of the facts and law prior to and during the prosecution of this Action. Such investigation has included, inter alia, formal discovery, the informal exchange of information, multiple meetings and conferences between representatives of the Parties, and interviews of potential witnesses. Counsel for the Parties have further investigated the applicable law as applied to the facts discovered regarding the alleged claims of Plaintiffs and potential defenses thereto, and the damages claimed by

Plaintiffs. In pertinent part, the investigation has yielded the following: The Named Plaintiffs allege that Jenny Craig improperly labeled products containing by-products of animal slaughter as "vegetarian" or "meatless" items. Plaintiffs are demanding various amounts for money damages, restitution, disgorgement of profits, costs of suit, interest, attorneys' fees, and other damages, as well as injunctive relief. Jenny Craig denies Plaintiff's allegations and asserts that its labeling has always been proper and lawful.

E. Benefits of Settlement to Class Members. Named Plaintiffs recognize the expense and length of continued proceedings necessary to continue the litigation through trial and through any possible appeals. Named Plaintiffs have also taken into account the uncertainty and risk of the outcome of further litigation, and the difficulties and delays inherent in such litigation. Named Plaintiffs are also aware of the difficulty in establishing liability for the claims asserted in the Action (the "Claims" or "Class Action Claims") and Jenny Craig's defenses thereto. Named Plaintiffs have also taken into account the extensive settlement negotiations conducted, including a formal settlement conference held with Judge J. Michael Bollman on September 19, 2003, which ended in a settlement put on the record with the Court. Based on the foregoing, Named Plaintiffs have determined that the Settlement set forth in this Agreement is a fair, adequate and reasonable settlement, and is in the best interests of the Plaintiffs.

F. Jenny Craig's Reasons for Settlement. Jenny Craig has concluded that any further defense of this litigation would be protracted and expensive for all Parties. Jenny Craig has taken into account the uncertainty and risk of the outcome of further litigation and the difficulties and delays inherent in such litigation. Substantial amounts of time, energy and resources of Jenny Craig have been and will continue to be devoted to the defense of the claims, unless this Settlement is made. Jenny Craig has, therefore, agreed to settle in the manner and upon the terms set forth in this Agreement to put to rest the Claims as set forth in the Class Action.

G. Jenny Craig's Denials of Wrongdoing. Jenny Craig has denied and continues to deny each of the claims and contentions alleged in the Action. Jenny Craig has repeatedly asserted and continues to assert defenses thereto, and has expressly denied and continues to deny any wrongdoing or legal liability arising out of any of the facts or conduct alleged in the Action. Jenny Craig also has denied and continues to deny, inter alia, the allegations that the Plaintiffs have suffered damage; that Jenny Craig improperly labeled any of its products; that Jenny Craig engaged in any unlawful, unfair or fraudulent business practices; that Jenny Craig engaged in any wrongful conduct as alleged in the Action; or that the Plaintiffs were harmed by the conduct alleged in the Action. Neither this Agreement, nor any document referred to or contemplated herein, nor any action taken to carry out this Agreement, is, may be construed as, or may be used as an admission, concession or indication by or against Jenny Craig of any fault, wrongdoing or liability whatsoever.

H. Plaintiffs' Claims. Plaintiffs have claimed and continue to claim that the Released Claims (as defined below) have merit and give rise to liability on the part of Jenny Craig. Neither this Agreement nor any documents referred to herein, nor any action taken to carry out this Agreement is, or may be construed as or may be used as an admission by or against the Plaintiffs or Class Counsel as to the merits or lack thereof of the claims asserted.

NOW, THEREFORE, IT IS HEREBY STIPULATED, by and among the Named Plaintiffs on behalf of the Plaintiffs on the one hand, and Jenny Craig on the other hand, and subject to the approval of the Superior Court, that the Class Action is hereby being compromised and settled pursuant to the terms and conditions set forth in this Agreement and that upon the Effective Date (as defined below) the Class Action shall be dismissed with prejudice, subject to the recitals set forth hereinabove which by this reference become an integral part of this Agreement and subject to the following terms and conditions:

1. "Effective Date". As used in this Settlement, "Effective Date" means the date by which this Settlement is finally approved as provided herein and the Superior Court's Final Judgment and Order of Dismissal with Prejudice ("Final Judgment" or "Judgment") becomes final. For purposes of this paragraph, the Superior Court's Final Judgment "becomes final" upon the latter of: (i) the date affirmance of an appeal of the Judgment becomes final under the California Rules of Court, the expiration of the time for a petition for review of the Final Judgment or of any court of appeal decision relating to the Final Judgment and, if review is granted, the date of final affirmance of the Final Judgment following review pursuant to that grant; (ii) the date of final dismissal of any appeal from the Judgment or the final dismissal of any proceeding on review of any court of appeal decision relating to the Judgment; or (iii) if no appeal is filed, the expiration date of the time for the filing or noticing of any appeal from the Judgment.

2. Full Investigation. Named Plaintiffs and/or Class Counsel have formally and informally conducted: an investigation of the facts of the Action, including formal discovery; the informal exchange of information; multiple meetings and conferences between representatives of the Parties; an extensive review of voluminous documents and interviews of potential witnesses, and the applicable law as applied to the facts discovered regarding the claims against Jenny Craig and potential defenses thereto, and the damages claimed by the Plaintiffs. Given the above, the Parties believe the Settlement provided for herein is a fair, adequate and reasonable settlement. Based upon their own independent investigation and evaluation, Class Counsel and the Named Plaintiffs are of the opinion that the Settlement provided for herein is fair, reasonable, adequate and is in the best interest of the Plaintiffs in light of all known facts and circumstances, including the risk of significant delay, the risk that the Court would not certify the case as a class action, and the numerous defenses and potential appellate issues Jenny Craig is asserting.

3. Release As To All Class Members.

a. As of the Effective Date, the Class Members, including the Named Plaintiffs, release Jenny Craig International, Inc., Jenny Craig Management, Inc., Jenny Craig Operations, Inc., Jenny Craig Products, Inc., Jenny Craig Weight Loss Centres, Inc., Jenny Craig, Inc. and each of its and their past or present officers, directors, shareholders, employees, agents, principals, heirs, representatives, accountants, auditors, consultants, insurers and reinsurers, and its and their respective successors and predecessors in interest, subsidiaries, affiliates, parents and attorneys and each of their company-sponsored employee benefit plans and all of their respective officers, directors, employees, administrators, fiduciaries, trustees and agents (the "Released Parties"), from the "Released Claims." For purposes of this Agreement, the "Released Claims" are defined as:

all claims, demands, rights, liabilities, and causes of action of every nature and description whatsoever, known or unknown, asserted or that might have been asserted, whether in tort, contract, or for violation of any state or federal constitution, statute, rule or regulation, whether for economic damages, non-economic damages, restitution, injunctive relief, penalties or liquidated damages, arising out of:

(1) any and all facts, transactions, events, policies, occurrences, acts, advertisements, disclosures, statements, omissions or failures to act alleged in the Amended Complaint, which are or could be the basis of claims that Jenny Craig improperly labeled or marketed items containing by-products of animal slaughter as "vegetarian" or "meatless"; and/or

(2) the causes of action asserted in the Class Action, including any and all claims (a) that Jenny Craig violated California Business & Professions Code section 17200 *et. seq.* by improperly labeling items containing by-products of animal slaughter as "vegetarian" or "meatless"; (b) that Jenny Craig violated California Civil Code section 1750 *et. seq.* by improperly labeling items containing by-products of animal slaughter as "vegetarian" or "meatless"; (c) that Jenny Craig violated California Business & Professions Code section 17500 *et. seq.* by improperly labeling items containing by-products of animal slaughter as "vegetarian" or "meatless"; (d) that Jenny Craig was unjustly enriched by improperly labeling items containing by-products of animal slaughter as "vegetarian" or "meatless"; and/or (e) that Jenny Craig engaged in misrepresentation by omission by improperly labeling items containing by-products of animal slaughter as "vegetarian" or "meatless", at any times on or before the last day of the Class Period.

The Released Claims include any unknown claims that the Class Members do not know or suspect to exist in their favor at the time of the release, which, if known by them, might have affected their settlement with, and release of, the Released Parties or might have affected their decision not to object to this Settlement. With respect to the Released Claims, the Class Members stipulate and agree that, upon the Effective Date, the Class Members shall be deemed to have, and by operation of the Final Judgment shall have, expressly waived and relinquished, to the fullest extent permitted by law, the provisions, rights and benefits of Section 1542 of the California Civil Code, or any other similar provision under federal or state law, which Section provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

The Class Members may hereafter discover facts in addition to or different from those they now know or believe to be true with respect to the subject matter of the Released Claims, but upon the Effective Date, shall be deemed to have, and by operation of the Final Judgment shall have, fully, finally, and forever settled and released any and all of the Released Claims, whether known or unknown, suspected or unsuspected, contingent or non-contingent, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct that is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts.

The Class Members agree not to sue or otherwise make, support, or encourage a claim against any of the Released Parties that is in any way related to the Released Claims.

b. Release of Class Counsel, Named Plaintiffs and Plaintiff ("Released Plaintiffs"). Jenny Craig releases and waives any and all claims for fees, costs, indemnity or contribution against Released Plaintiffs arising out of this action (the "Claims Released by Defendants") and further fully, finally, and forever settles, compromises, releases and discharges Released Plaintiffs from any and all disputes arising out of this Action.

The Claims Released by Defendants include any unknown claims that Jenny Craig does not know or suspect to exist in its (their) favor at the time of the release, which, if known by them, might have affected their settlement with, and release of, the Released Plaintiffs or might have affected their decision not to object to this Settlement. With respect to the Claims Released by Defendants, Jenny Craig stipulates and agrees that, upon the Effective Date, Jenny Craig shall be deemed to have, and by operation of the Final Judgment shall have, expressly waived and relinquished, to the fullest extent permitted by law, the provisions, rights and benefits of Section 1542 of the California Civil Code, or any other similar provision under federal or state law, which Section provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Jenny Craig may hereafter discover facts in addition to or different from those they now know or believe to be true with respect to the subject matter of the Claims Released by Defendants, but upon the Effective Date, shall be deemed to have, and by operation of the Final Judgment shall have, fully, finally, and forever settled and released any and all of the Claims Released by Defendants, whether known or unknown, suspected or unsuspected, contingent or non-contingent, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct that is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts.

4. General Release By Named Plaintiffs Only.

In addition to the releases made by all of the Class Members set forth in Paragraph 3 hereof, the Named Plaintiffs, as of the Effective Date, make the additional following general release of all claims, known or unknown.

The Named Plaintiffs release the Released Parties from all claims, demands, rights, liabilities and causes of action of every nature and description whatsoever, known or unknown, asserted or that might have been asserted, whether in tort, contract, or for violation of any state or federal statute, rule or regulation arising out of, relating to, or in connection with any act or omission by or on the part of any of the Released Parties committed or omitted prior to the execution hereof. (The release set forth in this Paragraph 4 shall be referred to hereinafter as the "General Release".)

The General Release includes any unknown claims the Named Plaintiffs do not know or suspect to exist in their favor at the time of the General Release, which, if known by them, might have affected their settlement with, and release of, the Released Parties by the Named Plaintiffs or might have affected their decision not to object to this Settlement or the General Release.

With respect to the General Release, the Named Plaintiffs stipulate and agree that, upon the Effective Date, the Named Plaintiffs shall be deemed to have, and by operation of the Final Judgment shall have, expressly waived and relinquished, to the fullest extent permitted by law, the provisions, rights and benefits of Section 1542 of the California Civil Code, or any other similar provision under federal or state law, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

The Named Plaintiffs may hereafter discover facts in addition to or different from those they now know or believe to be true with respect to the subject matter of the General Release, but the Named Plaintiffs upon the Effective Date, shall be deemed to have, and by operation of the Final Judgment shall have, fully, finally, and forever settled and released any and all of the claims released pursuant to the General Release whether known or unknown, suspected or unsuspected, contingent or non-contingent, which now exist, or heretofore have existed upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct that is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts.

5. Fees Award and Incentive Award

a. Subject to approval of this Settlement, and in consideration for investigating, filing and thereby conveying significant monetary and other benefits to the Class, Class Counsel shall be entitled to attorneys' fees in the total amount of Two Hundred Thousand Dollars (\$200,000). The amount of \$200,000 shall be referred to as the "Fees Award." The payment of these attorneys' fees and costs by Jenny Craig will cover all work performed and all expenses incurred to date, all work to be performed and expenses to be incurred in connection with the approval by the Court of this Joint Stipulation, and all work to be performed and expenses to be incurred through final resolution of this action, including past, present and future work and expenses. The Parties agree that this payment is reasonable in light of the issues and history of the Action, as well as all other factors such as the time and effort expended by Class Counsel, the benefits to the Plaintiffs achieved by Class Counsel, the complexity of the litigation, and the reputation and experience of Class Counsel. Jenny Craig will not oppose, directly or indirectly, Class Counsel's request for attorneys' fees and costs as set out in the approved Joint Stipulation.

b. Within ten (10) business days after the Effective Date, the insurance carrier acting on behalf of Jenny Craig, shall send to Short, Cressman & Burgess, PLLC payment in the amount of \$200,000, made payable to Short, Cressman & Burgess, PLLC and Law Offices of Harish Bharti, as payment in full of the attorneys' fees and costs pursuant to and in accordance with their agreement. Upon receiving a signature from Harish Bharti on said instrument or as otherwise agreed, Short, Cressman & Burgess, PLLC and Law Offices of Harish Bharti shall deposit said funds in its trust account and shall be exclusively responsible for forwarding portions of that payment to the two other law firms listed.

c. The payment of the Fees Award in accordance with Sections a and b above shall constitute full satisfaction of the obligation to pay any amounts to any person, attorney or law firm for attorneys' fees, expenses or costs in the Action incurred by any attorney on behalf of Named Plaintiffs and the Class, and shall relieve Jenny Craig, the Settlement Fund, and Jenny Craig's Counsel of any other claims or liability to any other attorney or law firm for any attorneys' fees, expenses and/or costs to which any of them may claim to be entitled on behalf of Named Plaintiffs and the Class.

d. Subject to approval of this settlement, Class Counsel hereby apply for incentive awards to Named Plaintiffs in amounts not to exceed \$5,000.00 per Named Plaintiff ("Incentive Awards") to be paid by Jenny Craig's insurance carrier to the Named Plaintiffs for their time and effort spent pursuing the Action. Such checks shall be made

payable to the Trust Account of Law Offices of Harish Bharti, in trust for Mohini and Shobhana Sarin. The Law Offices shall be exclusively responsible for forwarding payment to Mohini and Shobhana Sarin. Jenny Craig and the Plaintiffs agree not to oppose such application, as the same one consistent with the provisions of this Agreement. The Incentive Awards to the Named Plaintiffs reflect their extraordinary service on behalf of the Plaintiffs, including filing the Complaints; gathering and/or providing documents and declarations; meeting and consulting on numerous occasions with Class Counsel; traveling many miles to give deposition in the matter; participating in the settlement process; and assuming the risks, costs and hardships that were not agreed to or experienced by other Plaintiffs.

e. The foregoing Incentive Awards, once finally awarded by the Court to Named Plaintiffs shall be paid by Jenny Craig's insurance carrier to each Named Plaintiff within ten (10) business days after the Effective Date. Payment shall be made to the client trust fund of the law firm of Short, Cressman & Burgess, PLLC, which, in turn, shall forward a \$5,000 payment to each Named Plaintiff.

6. Responsibilities of Jenny Craig. Jenny Craig shall:

a. Change or reformulate the products appearing on its "vegetarian" and/or "meatless" menus, so that effective May 2004 (in conjunction with its roll-out of new menu programs), products on the "vegetarian" and/or "meatless" menus will not contain any by-products of animal slaughter, including specifically animal gelatin and animal rennet;

b. Beginning May 2004, inform Jenny Craig clients who identify themselves as vegetarians who object to consuming animal gelatin, of alternative sources for purchase of vitamins that do not have animal gelatin capsules;

c. Take out an advertisement in the Vegetarian Times (at Jenny Craig's expense) offering a coupon for a twenty-five percent (25%) discount off of any one-time food purchase between \$50 and \$100 to all current or returning vegetarian clients. A "returning" client shall be defined as any individual who, was once a client of Jenny Craig, allowed his/her membership to lapse, and now is re-enrolling in a Jenny Craig program. The advertisement shall be taken out within three months of the roll-out of new products (as detailed in subparagraph 6(a), above). The coupon shall carry an expiration date of three months from the date of the publication of the advertisement. The coupon shall be honored at any Jenny-Craig-owned corporate center or by "Jenny Direct" mail order service, but shall not be honored at any franchise center.

7. Notice/Approval of Settlement and Settlement Implementation. As part of this Settlement, the Parties agree to the following procedures for obtaining preliminary Superior Court approval of the Settlement, certifying a Settlement Class, notifying Settlement Class Members, obtaining final Superior Court approval of the Settlement and processing the settlement payments:

a. Preliminary Settlement Hearing. Plaintiffs shall request a hearing before the Superior Court to request preliminary approval of the Settlement and to request the entry of the order for certification of the Class for settlement purposes only ("Preliminary Approval Order" or "Order") (attached as Exhibit 3 hereto). In conjunction with this hearing, Plaintiffs will submit this Agreement, which sets forth the terms of this Settlement, and will include proposed forms of all notices and other documents as attached hereto necessary to implement the Settlement.

b. Certification of Settlement Class. Simultaneous with the filing of the Stipulation of Settlement and solely for purposes of this Settlement, Plaintiffs will request the Superior Court to enter the Preliminary Approval Order substantially in the form of Exhibit 3 hereto, preliminarily approving the proposed Settlement, certifying the Class and the Class Period for settlement purposes only and setting a date for a Settlement Hearing to determine final approval of the Settlement. The Order shall provide for the Notice to be sent to Plaintiffs as specified herein.

c. Notice to Plaintiffs. Notice of the Settlement shall be provided to Plaintiffs, and Plaintiffs

shall submit objections to the Settlement and/or requests for exclusion from the Class, using the following procedure:

(1) Notice By Publication. Within twenty (20) business days after entry of the Preliminary Approval Order as provided herein, Jenny Craig shall at its expense place an advertisement in either The Wall Street Journal, The New York Times or U.S.A. Today (at the election of Jenny Craig) containing the Summary Notice of Class Settlement (attached as Exhibit 1 hereto). The Summary Notice provides that the full Notice of Class Settlement (attached as Exhibit 2 hereto) can be obtained by contacting counsel for Jenny Craig.

(2) Procedure for Objecting to or Requesting Exclusion from Class Action Settlement.

(a) Procedure for Objecting. The Notice shall provide that Class Members who wish to object to the Settlement must file with the Superior Court and serve on counsel for the Parties a written statement objecting to the Settlement. Such written statement must be filed with the Superior Court and served on counsel for the Parties no later than twenty (20) days from the date of Notice by Publication (as detailed in subparagraph (c)(1), above) (the "Objection/Exclusion Deadline Date"). No Class Member shall be entitled to be heard at the final Settlement Hearing (whether individually or through separate counsel) or to object to the Settlement, and no written objections or briefs submitted by any Class Member shall be received or considered by the Superior Court at the Settlement Hearing, unless written notice of the Class Member's intention to appear at the Settlement Hearing, and copies of any written objections or briefs, shall have been filed with the Superior Court and served on counsel for the Parties on or before the Objection/Exclusion Deadline Date. Class Members who fail to file and serve timely written objections in the manner specified above shall be deemed to have waived any objections and shall be foreclosed from making any objection (whether by appeal or otherwise) to the Settlement.

(b) Procedure for Requesting Exclusion. The Notice shall provide that Plaintiffs who wish to exclude themselves from the Class must submit a written statement requesting exclusion from the Class on or before the Objection/Exclusion Deadline Date. Such written request for exclusion must contain the name, address, telephone number and Social Security number of the person requesting exclusion, must be returned by fax or mail to Murray T.S. Lewis, Short, Cressman & Burgess, PLLC, 999 Third Avenue, Suite 3000, Seattle, Washington 98104-4088, fax # (206) 340-8856 and to Elizabeth Balfour, Sheppard, Mullin, Richter & Hampton LLP, 12544 High Bluff Drive, Suite 300, Del Mar, California 92130-3051, fax # (858) 509-3691 and must be faxed or postmarked on or before the Objection/Exclusion Deadline Date. The date of the postmark on the return mailing envelope, the fax transmission report or a certified mail return receipt shall be the exclusive means used to determine whether a request for exclusion has been timely submitted. Any Plaintiff who opts out of the Class will not be entitled to any recovery under the Settlement and will not be bound by the Settlement or have any right to object, appeal or comment thereon. Class Members who fail to submit a valid and timely request for exclusion on or before the Objection/Exclusion Deadline Date shall be bound by all terms of the Settlement and any Final Judgment entered in this Class Action if the Settlement is approved by the Superior Court, regardless of whether they have requested exclusion from the Settlement.

(3) No Solicitation of Settlement Objections or Exclusions. The Parties agree to use their best efforts to carry out the terms of this Settlement. At no time shall any of the Parties or their counsel seek to solicit or otherwise encourage Class Members to submit written objections to the Settlement or requests for exclusion from the Class, or appeal from the Superior Court's Final Judgment.

d. Option to Terminate Settlement. If, after the Objection/Exclusion Deadline Date and before the Settlement Hearing referenced in paragraph 7e below, persons who otherwise would be members of the Settlement Class have filed with the court timely requests for exclusion from the Settlement Class in accordance with paragraph 7c(2)(b) above, and such persons total in number greater than the number specified in the Supplemental Agreement between the parties (attached as Exhibit 4 hereto), Jenny Craig shall have, in its sole discretion, the option to terminate this Settlement in accordance with the procedures set forth in the Supplemental Agreement.

e. Final Settlement Approval Hearing and Entry of Final Judgment. Upon expiration of the Objection/Exclusion Deadline Date, with the Superior Court's permission, a Settlement Hearing shall be conducted to determine final approval of the Settlement along with the amounts properly payable for (i) the Fees Award, and (ii) Named Plaintiffs' Incentive Awards. Upon final approval of the Settlement by the Superior Court at or after the Settlement Hearing, the Parties shall present a Final Judgment and Order of Dismissal with Prejudice ("Final Judgment") (attached as Exhibit 5 hereto) to the Superior Court for its approval. After entry of the Final Judgment, the Superior Court shall have continuing jurisdiction solely for purposes of addressing: (i) settlement administration matters and (ii) such post-Final Judgment matters as may be appropriate under court rules or as set forth in this Agreement.

f. Nullification of Settlement Agreement. In the event: (i) the Superior Court does not enter the Order specified herein; (ii) the Superior Court does not finally approve the Settlement as provided herein; (iii) the Superior Court does not enter a Final Judgment as provided herein which becomes final as a result of the occurrence of the Effective Date; or (iv) the Settlement does not become final for any other reason, this Settlement Agreement shall be null and void and any order or judgment entered by the Court in furtherance of this Settlement shall be treated as void ab initio. In such a case, the Parties and any funds to be awarded under this Settlement shall be returned to their respective statuses as of the date and time immediately prior to the execution of this Agreement, and the Parties shall proceed in all respects as if this Settlement Agreement had not been executed. In the event an appeal is filed from the Superior Court's Final Judgment, or any other appellate review is sought prior to the Effective Date, administration of the Settlement shall be stayed pending final resolution of the appeal or other appellate review.

8. Publicity. Class Counsel agree to not "metatag" (i.e., index) the words "Jenny Craig" on their websites (and agree to so instruct their webmaster by giving such webmaster a copy of this provision). The intent is that the words "Jenny Craig" shall not be specifically designated or indexed to be picked up by Internet search engines. However, the parties agree and acknowledge that Class Counsel may publish the Settlement Agreement, and/or any notices regarding the Settlement on their websites.

9. No Admission By the Parties. Jenny Craig and the Released Parties deny any and all claims alleged in this Class Action and deny all wrongdoing whatsoever. This Agreement is not a concession or admission, and shall not be used against Jenny Craig or any of the Released Parties as an admission or indication with respect to any claim of any fault, concession or omission by Jenny Craig or any of the Released Parties. Whether or not the Settlement is finally approved, neither the Settlement, nor any document, statement, proceeding or conduct related to this Agreement, nor any reports or accounts thereof, shall in any event be:

a. construed as, offered or admitted in evidence as, received as, or deemed to be evidence for any purpose adverse to the Released Parties, including, but not limited to, evidence of a presumption, concession, indication or admission by any of the Released Parties of any liability, fault, wrongdoing, omission, concession or damage; or

b. disclosed, referred to or offered or received in evidence against any of the Released Parties, in any further proceeding in the Class Action, or any other civil, criminal or administrative action or proceeding except for purposes of settling this Class Action pursuant to this Agreement.

10. Exhibits and Headings. The terms of this Agreement include the terms set forth in the attached Exhibits 1-4, which are incorporated by this reference as though fully set forth herein. Any Exhibits to this Agreement are an integral part of the Settlement. The descriptive headings of any paragraphs or sections of this Agreement are inserted for convenience of reference only and do not constitute a part of this Agreement.

11. Interim Stay of Proceedings. The Parties agree to hold all proceedings in the Class Action, except such proceedings necessary to implement and complete the Settlement, in abeyance pending the Settlement Hearing to be conducted by the Superior Court.

12. Amendment or Modification. This Agreement may be amended or modified only by a written

instrument signed by counsel for all Parties or their successors-in-interest.

13. Entire Agreement. This Agreement and any attached Exhibits constitute the entire agreement among these Parties, and no oral or written representations, warranties or inducements have been made to any Party concerning this Agreement or its Exhibits other than the representations, warranties and covenants contained and memorialized in such documents. Except as expressly set forth herein, Jenny Craig shall not be required as part of the Settlement to make any changes to any of its recipes, ingredients, menu items, labeling practices or marketing practices.

14. Authorization to Enter Into Settlement Agreement. Counsel for all Parties warrant and represent they are expressly authorized by the Parties whom they represent to negotiate this Agreement and to take all appropriate action required or permitted to be taken by such Parties pursuant to this Agreement to effectuate its terms, and to execute any other documents required to effectuate the terms of this Agreement. The Parties and their counsel will cooperate with each other and use their best efforts to effect the implementation of the Settlement. In the event the Parties are unable to reach agreement on the form or content of any document needed to implement the Settlement, or on any supplemental provisions that may become necessary to effectuate the terms of this Settlement, the Parties may seek the assistance of the Superior Court to resolve such disagreement.

15. Binding on Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the successors or assigns of the Parties hereto, as previously defined.

16. California Law Governs. All terms of this Agreement and the Exhibits hereto shall be governed by and interpreted according to the laws of the State of California.

17. Counterparts. This Agreement may be executed in one or more counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument provided that counsel for the Parties to this Agreement shall exchange among themselves original signed counterparts.

18. This Settlement is Fair, Adequate and Reasonable. The Parties believe this Settlement is a fair, adequate and reasonable settlement of this Class Action and have arrived at this Settlement in arms-length negotiations, taking into account all relevant factors, present and potential. This Settlement was reached after extensive negotiations.

19. Jurisdiction of the Court. The Court shall retain jurisdiction with respect to the interpretation, implementation and enforcement of the terms of this Agreement and all orders and judgments entered in connection therewith, and the parties and their counsel hereto submit to the jurisdiction of the Court for purposes of interpreting, implementing and enforcing the settlement embodied in this Agreement and all orders and judgments entered in connection therewith.

20. Cooperation and Drafting. Each of the parties has cooperated in the drafting and preparation of this Agreement. Hence, in any construction made to this Agreement, the same shall not be construed against any of the parties.

21. Invalidity of Any Provision. Before declaring any provision of this Agreement invalid, the Court shall first attempt to construe the provisions valid to the fullest extent possible consistent with applicable precedents so as to define all provisions of this Agreement valid and enforceable.

22. Named Plaintiffs' Waiver of Right to be Excluded and Object. The Named Plaintiffs authorize Class Counsel to sign this Agreement on their behalf, and agree to be bound by the terms herein stated. The Named Plaintiffs further agree not to request to be excluded from the Settlement Class, and agree not to object to any of the terms of this Agreement. Non-compliance by either of the Named Plaintiffs with this paragraph shall be void and of no force or effect. Any such request for exclusion or objection shall therefore be void and of no force or effect.