Jamba, Inc.

Jamba Juice®

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April 5, 2012

Dear Stockholders,

I am pleased to share Jamba's achievements and results for 2011. We delivered on all of our strategic and plan objectives, marking the completion of the turnaround phase of our efforts. Our new strategic priorities broaden and extend our efforts to become a leading global healthy, active lifestyle brand.

During 2011, we focused on ensuring a customer first service culture; improving our menu offerings across all day-parts; accelerating development of our franchise system; building a robust portfolio of consumer products; and reducing costs and expenses.

We refreshed our baked goods and snacks and added new, innovative menu offerings such as our probiotic fruit and yogurt blends; fruit and vegetable smoothies; fruit refreshers made with coconut water; daily super fruit shots; breakfast wraps; and all-natural energy drinks. We also expanded our Whirl'ns™ frozen yogurt program to over 150 company stores. As a result, we improved sales across all day-parts, particularly our morning and evening day-parts.

We also improved our marketing programs by raising both our internal and external resources to a new level of excellence, redeploying resources to provide us with added local impact and accelerating our programs in social and digital media to ensure full connectivity, interaction and engagement with our consumers. Our social responsibility program, "Team Up for a Healthy America", highlighted Jamba's position as a healthy, active lifestyle brand and our goal to make a difference in the fight against childhood obesity. Venus Williams and our other key partners are joining with us on this important initiative.

Our efforts to accelerate our consumer goods growth platform were nothing short of outstanding. With 10 agreements in place during 2011, our Jamba brand gained a presence in all 50 states with over 30,000 points of distribution across a broad range of grocery, natural food, club, mass and convenience channels. We will continue to expand the reach of Jamba-branded products in 2012.

During 2011, we completed our refranchising initiative and opened 84 total locations on a global basis — nine Company Stores and 22 Franchise Stores in the United States, 18 International Stores and 35 JambaGo™ units. We now have in place signed agreements with very experienced franchise partners in South Korea, the Philippines, and Canada that will result in the opening of a total of 320 stores within the next 10 years. Of those stores, our partners opened 16 stores in South Korea and one each in Canada and the Philippines.

We also began testing a new growth concept domestically called JambaGo™. This new express format offers limited menu and self-service of our brand's most popular smoothies. It allows Jamba to rapidly expand availability in venues such as K-12 schools, colleges, and other similar outlets. We had 35 JambaGo™ wellness centers in operation during 2011 and, based on those results, we will accelerate this initiative in 2012.

I'm very pleased with our achievements which have moved Jamba from turnaround to transformation as a leading health and wellness brand. We believe we now have a winning business model, winning management team and a strategic vision that will drive accelerated growth into the future.

I thank you for your continued support of our Company.

James D. White
Chairman, President and Chief Executive Officer

April 5, 2012

TO THE STOCKHOLDERS OF
JAMBA, INC.:

You are cordially invited to attend the 2012 Annual Meeting of Stockholders of Jamba, Inc. (the "Company") on May 17, 2012, at 8:00 a.m. local time, which will be held at the Company's principal offices, located at 6475 Christie Avenue, Suite 150, Emeryville, CA 94608.

Details of business to be conducted at the Annual Meeting are described in the Notice of Annual Meeting of Stockholders and Proxy Statement. At the Annual Meeting, the Company will present a report on its operations during the past year and respond to questions from stockholders. Accompanying this Proxy Statement is the Company's 2011 Annual Report to Stockholders.

The Company is pleased to take advantage of Securities and Exchange Commission rules that allow companies to furnish proxy materials to stockholders over the Internet. We believe that these rules allow us to provide our stockholders with the information they need, while lowering the costs of delivery and reducing the environmental impact of the Annual Meeting. On or about April 5, 2012, you were provided with a Notice of Internet Availability of Proxy Materials ("Notice") and provided access to our proxy materials over the Internet. The Notice also provides instructions on how to vote online or by telephone and includes instructions on how to receive a paper copy of the proxy materials by mail.

We hope that you will attend the Annual Meeting. Whether or not you plan to attend, you can ensure that your shares are represented at the meeting by promptly voting and submitting your proxy by telephone, by Internet or, if you have received a paper copy of your proxy materials by mail, by completing, signing, dating and returning your proxy card in the envelope provided.

Sincerely yours,

JAMES D. WHITE
Chairman, President and Chief Executive Officer

YOUR VOTE IS VERY IMPORTANT. Whether or not you plan to attend the Annual Meeting of Stockholders, we urge you to vote and submit your proxy by telephone, the Internet or by mail in order to ensure the presence of a quorum. If you attend the meeting and do not hold your shares through an account with a brokerage firm, bank or other nominee, you will have the right to revoke the proxy and vote your shares in person. If you hold your shares through an account with a brokerage firm, bank or other nominee, please follow the instructions you receive from them to vote your shares and revoke your vote, if necessary.

JAMBA, INC.
6475 Christie Avenue, Suite 150
Emeryville, California 94608

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held May 17, 2012

Dear Stockholder:

You are invited to attend the 2012 Annual Meeting of Stockholders of Jamba, Inc., a Delaware corporation (the "Company") (the "Annual Meeting"), which will be held at the Company's principal offices located at 6475 Christie Avenue, Suite 150, Emeryville, CA 94608 on May 17, 2012, at 8:00 a.m. local time, for the following purposes:

1. To elect six nominees as directors to serve until the next Annual Meeting and until their successors have been elected and qualified.

2. To ratify the selection of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending January 1, 2013.

3. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

Stockholders of record at the close of business on March 26, 2012 are entitled to notice of, and to vote at, the Annual Meeting and any adjournment or postponement thereof. For ten days prior to the Annual Meeting, a complete list of stockholders entitled to vote at the Annual Meeting will be available for examination by any stockholder, for any purpose relating to the Annual Meeting, during ordinary business hours at our principal offices located at 6475 Christie Avenue, Suite 150, Emeryville, CA 94608.

By Order of the Board of Directors,

KAREN L. LUEY
Secretary

Emeryville, California
April 5, 2012

IMPORTANT: Please vote and submit your proxy by telephone, the Internet or, if you have received a paper copy of the proxy materials by mail, by completing and promptly mailing your proxy card in the postage-paid envelope provided to assure that your shares are represented at the meeting.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 17, 2012

This Proxy Statement relating to the 2012 Annual Meeting of Stockholders and the Annual Report to Stockholders for the year ended January 3, 2012 are available at www.proxyvote.com.

PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS

The accompanying proxy is solicited by the Board of Directors of Jamba, Inc., a Delaware corporation ("Jamba," "Company," "we," "us," and "our"), for use at its 2012 Annual Meeting of Stockholders to be held on May 17, 2012, or any adjournment or postponement thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. This proxy statement and the enclosed proxy are being made available to stockholders on or about April 5, 2012.

SOLICITATION AND VOTING

Voting Securities. Only stockholders of record as of the close of business on March 26, 2012 (the "Record Date") will be entitled to vote at the meeting and any postponement or adjournment thereof. As of the Record Date, there were 67,306,639 shares of common stock of the Company (the "Common Stock") outstanding, all of which are entitled to vote with respect to all matters to be acted upon at the Annual Meeting. As of the Record Date, there were 109,149 shares of Series B-1 Preferred Stock ("the Series B-1 Preferred") outstanding and 59,240 shares of Series B-2 Preferred Stock (the "Series B-2 Preferred") outstanding. By virtue of their ownership, and as permitted under our Certificate of Designation, Preferences and Rights of Series B-1 Convertible Preferred Stock and Series B-2 Convertible Preferred Stock (the "Certificate of Designation"), the holders of Series B-1 Preferred are entitled to elect, voting as a separate class, two directors to our Board (the "Series B-1 Directors"), and the holders of Series B-2 Preferred are entitled to elect, voting as a separate class, one director to our Board (the "Series B-2 Director"). The holders of our Series B-1 Preferred have indicated their intent to re-elect Andrew R. Heyer and Beth Bronner as the Series B-1 Directors. The holders of our Series B-2 Preferred have indicated their intent to re-elect Marvin Igelman as the Series B-2 Director. The holders of the Series B-1 Preferred and Series B-2 Preferred are entitled to vote together with the holders of our Common Stock on all other matters submitted to a vote.

Each stockholder of record as of the Record Date is entitled to one vote for each share of Common Stock held by him or her, 100 votes for each share of Series B-1 Preferred held by him or her, or 100 votes for each share of Series B-2 Preferred held by him or her. Our Bylaws provide that the holders of a majority of the capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the Amended and Restated Certificate of Incorporation of the Company, as amended to date (the "Restated Certificate"). Our current Restated Certificate does not have any other requirements for a quorum of the stockholders. Votes for and against, abstentions and "broker non-votes" will each be counted as present for purposes of determining the presence of a quorum.

Broker Non-Votes. A broker non-vote occurs when a broker submits a proxy card with respect to shares held in a fiduciary capacity (typically referred to as being held in "street name") but declines to vote on a particular matter because the broker has not received voting instructions from the beneficial owner. Under the rules that govern brokers who are voting with respect to shares held in street name, brokers have the discretion to vote such shares on routine matters, but not on non-routine matters. Routine matters include the ratification of selection of auditors. Non-routine matters include the election of directors and amendments to or adoptions of stock plans.

Solicitation of Proxies. We will bear the cost of soliciting proxies. In addition to soliciting stockholders by mail through our employees, we will request banks, brokers and other custodians, nominees and fiduciaries to solicit customers for whom they hold our stock and will reimburse them for their reasonable, out-of-pocket costs. We may use the services of our employees, officers, directors and others to solicit proxies, personally or by telephone, without additional compensation.

Voting of Proxies. Stockholders whose shares are registered in their own names may vote (1) by returning a proxy card, (2) via the Internet at www.proxyvote.com, or (3) by telephone at 1-800-690-6903. Specific instructions to be followed by any registered stockholder interested in voting via the Internet or by telephone are set forth in the notice by mail described below or, if you receive a paper copy of the proxy materials, on the proxy card provided.

"Notice and Access" Model. The SEC's proxy rules set forth how companies must provide proxy materials. These rules are often referred to as "notice and access." Under the notice and access model, a company may select either of the following options for making proxy materials available to stockholders: (i) the full set delivery option; or (ii) the notice only option. A company may use a single method for all its stockholders, or use full set delivery for some while adopting the notice only option for others. We must comply with these rules in connection with our 2012 Annual Meeting.

Under the full set delivery option a company delivers all proxy materials to its stockholders by mail or, if a stockholder has previously agreed, electronically. In addition to delivering proxy materials to stockholders, the company must post all proxy materials on a publicly-accessible web site (other than the SEC's web site) and provide information to stockholders about how to access that web site and the hosted materials. Under the notice only option, instead of delivering its proxy materials to stockholders, the company instead delivers a "Notice of Internet Availability of Proxy Materials" which outlines (i) information regarding the date and time of the meeting of stockholders as well as the items to be considered at the meeting; (ii) information regarding the web site where the proxy materials are posted; and (iii) various means by which a stockholder can request paper or email copies of the proxy materials.

In connection with our 2012 Annual Meeting, we have elected to use the notice only option. Accordingly, you should have received a notice by mail instructing you how to access proxy materials at http://www.proxyvote.com and providing you with a control number you can use to vote your shares. You may request that the Company deliver paper copies of the proxy materials as well.

All valid proxies received before the meeting will be exercised. All shares represented by a proxy will be voted, and where a proxy specifies a stockholder's choice with respect to any matter to be acted upon, the shares will be voted in accordance with that specification. If no choice is indicated on the proxy, the shares will be voted in favor of the proposal. A stockholder whose shares are registered in their own name has the power to revoke his or her proxy at any time before it is exercised by delivering to the Secretary of the Company a written instrument revoking the proxy or a duly executed proxy with a later date, or by attending the meeting and voting in person. If you hold shares in street name, through a bank, broker or other nominee, please contact the bank, broker or other nominee to revoke your proxy.

Annual Meeting Attendance

You are entitled to attend the Annual Meeting only if you were a Company stockholder as of the Record Date or you hold a valid proxy for the Annual Meeting. Since seating is limited, admission to the meeting will be on a first-come first-served basis. You should be prepared to present photo identification for admittance. If you are not a stockholder of record but hold shares as a beneficial owner through a broker, bank, trustee or nominee (i.e., in street name), you should provide proof of beneficial ownership as of the Record Date, such as your most recent account statement prior to the Record Date, a copy of the voting instruction card provided by your broker, bank, trustee or nominee, or other similar evidence of ownership. In addition, the Notice will serve as proof of stock ownership as of the Record Date.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

In accordance with the Company's bylaws (the "Bylaws"), the Board of Directors of the Company (hereinafter referred to as the "Board" or the "Board of Directors") has currently set the size of the Board at nine members and there are currently nine members serving. The terms of the current directors expire upon the election and qualification of the directors to be elected at the Annual Meeting. The Board has nominated six persons for election at the Annual Meeting to serve until the 2013 Annual Meeting of Stockholders and until their successors are duly elected and qualified. All nominees for election to the Board are presently directors of Jamba. The holders of our Series B-1 Preferred, voting as a separate class, will elect two additional directors. The holders of our Series B-2 Preferred, voting as a separate class, will elect one additional director. Set forth below is information regarding the nominees to the Board for election as a director.

Each nominee has agreed to be named in this proxy statement and to serve if elected. If any of the nominees declines to serve or becomes unavailable for any reason, or if a vacancy occurs before the election (although we know of no reason to anticipate such an occurrence), the proxies may be voted for such substitute nominee(s) as we may designate.

If a quorum is present and voting, each of the six nominees receiving a higher number of votes cast "for" such nominee than "against" such nominee will be elected. Proxies cannot be voted for more than six nominees. Abstentions, "broker non-votes" and withheld votes will not count towards election of any director nominee. Under our Bylaws, if an incumbent director standing for re-election is not re-elected, the director shall tender his or her resignation to the Board. The Nominating and Corporate Governance Committee will make a recommendation to the Board on whether to accept or reject such director's resignation. The Board will act on the Nominating and Corporate Governance Committee's recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date of the certification of the election results. The Nominating and Corporate Governance Committee in making its recommendation, and the Board in making its ultimate decision, may each consider any factors or other information that they consider appropriate and relevant. The director who tenders his or her resignation will not participate in the recommendation of the Nominating and Corporate Governance Committee or the Board's decision with respect to his or her resignation.

If a director's resignation is accepted by the Board, then the Board may fill the resulting vacancy or may decrease the size of the Board as permitted by our Bylaws.

The six Company nominees to the Board to serve until the next Annual Meeting and until their successors have been duly elected and qualified are as follows:

Name	Age	Director Since
James D. White	51	2008
Lesley H. Howe	67	2007
Richard L. Federico	57	2006
Brian Swette	58	2006
Michael A. Depatie	55	2010
Fritzi G. Woods	52	2011

As permitted under our Certificate of Designation, the holders of our Series B-1 Preferred have indicated their intent to re-elect Andrew R. Heyer and Beth Bronner as the Series B-1 Directors and the holders of our Series B-2 Preferred have indicated their intent to re-elect Marvin Igelman as the Series B-2 Director, in each case to serve on the Board until the next Annual Meeting and until their successors have been duly elected and qualified. Their respective ages and dates of prior service on the Board are as follows:

Name	Age	Director Since
Beth Bronner	60	2009
Andrew R. Heyer	54	2009
Marvin Igelman	49	2011

The principal occupations and qualifications of each of the six Company nominees for director and the directors elected by the holders of our Series B-1 Preferred and our Series B-2 Preferred are as follows. There are no family relationships among any of our directors or executive officers.

JAMES D. WHITE has served as a member of our Board of Directors and our President and Chief Executive Officer since December 2008. Previously, Mr. White was Senior Vice President of Consumer Brands for Safeway, Inc. with responsibility for brand strategy, innovation, manufacturing and commercial sales from 2005 to 2008. Prior to Safeway, Mr. White was Senior Vice President of Business Development, North America at the Gillette Company, where his responsibilities included centralized marketing, sales, retail execution, marketing planning and Canadian operations from 2002 to 2005. Mr. White also held executive and management roles with Nestlé Purina from 1987 to 2005, including Vice President, Customer Interface Group from 1999 to 2002, and Vice President, Customer Development East from 1997 to 1999.

Mr. White has been re-appointed Chairman of the Board contingent upon his re-election to the Board at the Annual Meeting. Mr. White's position as our President and Chief Executive Officer and his extensive consumer products and senior management experience make him particularly qualified for service on our Board.

LESLEY H. HOWE has been a member of our Board of Directors since December 2007. Mr. Howe has over 40 years of financial and management experience, spending more than 30 years with the international accounting firm of KPMG LLP, where he was a senior partner and from 1994-1997 served as Area Managing Partner for the Los Angeles office. He served as Chief Executive Officer of Consumer Networks LLC, a San Diego-based internet marketing and promotions company from 2001 until its sale in 2007. Mr. Howe is a member of the Board of Directors of P.F. Chang's China Bistro Inc., NuVasive, Inc. and Volcano Corporation.

Mr. Howe has been re-appointed Lead Director contingent upon his re-election to the Board at the Annual Meeting. The Lead Director chairs executive sessions of Jamba's independent directors and has the authority to call such sessions. The Lead Director also participates in the preparation of agendas and schedules for meetings of the Board, coordinates with the Chairman regarding the flow of information to the directors, serves as a liaison between the independent directors and management, and chairs meetings of the Board in the Chairman's absence. Mr. Howe's extensive experience in public accounting and his financial expertise make him particularly qualified for service on our Board and our Audit Committee of the Board.

RICHARD L. FEDERICO has been a member of our Board of Directors since November 2006. Mr. Federico had previously served as a director of Jamba Juice Company from October 2004 to November 2006. Since February 1996, Mr. Federico has served as a director of P.F. Chang's China Bistro Inc., and he has served as Chief Executive Officer of P.F. Chang's China Bistro Inc. since September 1997. In December 2000, Mr. Federico was named Chairman of the Board of P.F. Chang's China Bistro Inc. From February 1989 to January 1996, Mr. Federico served as President of the Italian Concepts division of Brinker International, Inc., where he was responsible for concept development and operations. Since February 2011, Mr. Federico has served on the Board of Directors of Domino's Pizza. Mr. Federico's business acumen and experience in leading a successful publicly-held restaurant concept make him particularly qualified for service on our Board, our Nominating and Corporate Governance Committee of the Board and our Compensation and Executive Development Committee of the Board.

BRIAN SWETTE has been a member of our Board of Directors since November 2006. Mr. Swette served as a board member of Burger King Corporation between 2002 and 2011 and as Chairman of its Board from April 2006 until June 2008. He is also an investor and board member in CBL Partners, FRS Company, Care.com, Shutterfly and Schiff Nutrition International. Mr. Swette served in several capacities at eBay from 1998 through the end of 2002, including Chief Operating Officer and Vice President of Marketing. He led eBay's penetration into international markets, oversaw the development of its marketing, managed the implementation of its fixed-price strategy and charted a course into new business categories such as automotive and business-to-business. Prior to eBay, Mr. Swette was Executive Vice President and Chief Marketing Officer of Pepsi-Cola where he was one of the architects of Pepsi's move into the water, tea, coffee and juice categories. Prior to Pepsi-Cola, Mr. Swette spent four years as a Brand Manager at Procter & Gamble. Mr. Swette is a Trustee of Arizona State University, Endeavor.org and The Global Institute of Sustainability. Mr. Swette's knowledge and expertise on brand and marketing, and his experience on other public company boards of directors, make him particularly qualified for service on our Board and our Compensation and Executive Development Committee of the Board.

MICHAEL A. DEPATIE has been a member of our Board of Directors since November 2010. Mr. Depatie has served as Chief Executive Officer of Kimpton Hotels and Restaurants, LLC since July 2006 and is also a member of Kimpton's Board of Directors. Prior to being elected as Kimpton's Chief Executive Officer, Mr. Depatie served as their president from September 2005 having joined the Kimpton family of companies as Chief Executive Officer for real estate for Kimpton Group Holding, LLC in 2003. Kimpton is the largest developer and operator of boutique hotels with 51 hotels presently in 23 U.S. cities. Mr. Depatie is responsible for all aspects of Kimpton's development and operating activities. He also oversees the investment of the $157 million Kimpton Hospitality Partners Fund I and $202 million Kimpton Hospitality Partners Fund II. Prior to Kimpton, Mr. Depatie held senior finance and development roles in a number of rapidly growing lodging companies including Residence Inn and Summerfield Suites. Prior to his current position, Mr. Depatie was the Chief Financial Officer of Sunterra, a NYSE listed resort hotel vacation ownership company and NYSE listed La Quinta, a national chain of limited service hotels. Mr. Depatie's extensive senior management experience and his financial expertise make him particularly qualified for service on our Board and our Audit Committee of the Board.

FRITZI G. WOODS has been a member of our Board of Directors since May 2011. Ms. Woods has served as Chief Executive Officer and President of Women's Foodservice Forum, the premier organization for delivering relevant content, developing competence and building connections to advance women and drive growth for foodservice manufacturers, distributors and operators since 2010. From 2003 to 2010, Ms. Woods served as Chief Executive Officer and President of PrimeSource FoodService Equipment, Inc., a leading restaurant equipment distribution company, supporting over 20,000 restaurants from the world's leading restaurant chains in over 40 countries. Ms. Woods continues to serve as the Chairman of the Board of PrimeSource. Ms. Woods' extensive senior management experience and her financial expertise make her particularly qualified for service on our Board and our Audit Committee of the Board.

BETH BRONNER has been a member of our Board since June 2009. Ms. Bronner is a Managing Director of Mistral Equity Partners and has served in that capacity since September 2007. Ms. Bronner served as Senior Vice President and Chief Marketing Officer for Jim Beam Brands Worldwide, Inc., from September 2003 to July 2006. From May 2001 to September 2003, Ms. Bronner served as a private consultant and president of a private realty company. She has also previously served in executive roles at ADVO, Inc., Sunbeam Corporation, Citibank, N.A., AT&T Company, Revlon and Haagen-Dazs and has held senior marketing positions across a diverse group of consumer focused product and service industries during her career. Ms. Bronner currently serves on the Board of Directors and chairs the Compensation Committee of Assurant, Inc. Ms. Bronner was also a member of the Board of Directors and the Governance Committee of The Hain Celestial Group, Inc. from 1993 to 2010. Previously, Ms. Bronner served on the board of directors and audit committee of Coolbrands International, Inc. from 2003 to 2006. She also currently serves on the boards of several not for profit organizations including The Goodman Theater. Ms. Bronner's business and management experience in the consumer focused product and services industries makes her particularly qualified for service on our Board and our Nominating and Corporate Governance Committee of the Board.

ANDREW R. HEYER has been a member of our Board of Directors since June 2009. Mr. Heyer is the Chief Executive Officer and a Managing Director of Mistral Capital Management, LLC, a private equity fund. From 2000 to 2007, Mr. Heyer was a Managing Partner of Trimaran Capital Partners, L.L.C., a private equity firm and a member of the Investment Committee of Trimaran Advisors, L.L.C., which is the investment advisor to a series of collateralized loan obligation funds. Mr. Heyer was formerly a vice chairman of CIBC World Markets Corp., which he joined in 1995, and a co-head of the CIBC Argosy Merchant Banking Funds. Mr. Heyer also served on the board of directors and audit committees of Las Vegas Sands and Hain Celestial Group from 2007-2008 and 2007-2009, respectively. Mr. Heyer currently serves on the Board of Directors of Shearers Food, Country Pure Foods and Worldwise, Inc., and he serves on the Board of Overseers of the University of Pennsylvania School Health Systems and is a Member of the Board of Trustees of the University of Pennsylvania. Mr. Heyer's business, financial and investment experience in the consumer focused product and services industries makes him particularly qualified for service on our Board and our Compensation and Executive Development Committee of the Board.

MARVIN IGELMAN has been a member of our Board since May 2011. Mr. Igelman is the Chief Executive Officer of Sprylogics International Inc., a semantic search company based in Toronto, Canada. From February 2010 to June 2011, Mr. Igelman served as a director and the Chief Strategy Officer of Poynt Corporation, a Canadian company that offers mobile location-based search services. From May 2006 to February 2010, Mr. Igelman served as the Chief Executive Officer of Unomobi Incorporated, a mobile advertising and messaging platform he founded, which was acquired by Poynt Corporation in February 2010. From 2002 to 2006, Mr. Igelman served as a business development consultant for numerous technology companies and established a number of other ventures, including founding Unomobi Incorporated. Mr. Igelman serves on the Board of Directors of NorthCore Technology Inc. and American Apparel Inc. Mr. Igelman is a graduate of Toronto's Osgoode Hall Law School. Mr. Igelman's extensive business and senior management experience make him particularly qualified for service on our Board and our Nominating and Corporate Governance Committee of the Board.

Background information on the officers of the Company other than Mr. White can be found in our Annual Report on Form 10-K filed with the SEC on March 9, 2012 under the heading "Executive Officers."

Recommendations of the Board of Directors

The Board of Directors recommends a vote "FOR" our nominees named above.

CORPORATE GOVERNANCE

Director Independence

The Board of Directors has determined that, except for James D. White, each of the Company director nominees standing for election, and each of the directors intended to be elected by the holders of Series B-1 Preferred and Series B-2 Preferred, has no relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and is an "independent director" as defined by the applicable NASDAQ rules and the rules and regulations of the Securities and Exchange Commission (the "SEC"). In determining the independence of our directors, the Board of Directors has adopted the independence standards that mirror the criteria specified by applicable law and regulations of the SEC and the NASDAQ. In making the determination of independence of our non-management directors, the Board of Directors evaluated the independence of Mr. Heyer and Ms. Bronner in connection with past equity transactions with the Company between and the payment of monitoring fees by the Company to Mistral Capital Management, LLC and its affiliates.

Board Leadership Structure

Our Board leadership structure currently consists of a Chairman, a Chief Executive Officer and a Lead Director. In the current structure, the roles of Chief Executive Officer and Chairman of our Board are combined, and the Lead Director is elected annually by all independent directors. James D. White has served as our Chief Executive Officer since 2008 and as Chairman since the 2010 Annual Meeting of Stockholders. Lesley H. Howe has served as our Lead Director since the 2010 Annual Meeting of Stockholders.

The Board believes that Mr. White is best situated to serve as Chairman because he is the director most familiar with the Company's business and industry, possesses detailed and in-depth knowledge of the issues, opportunities and challenges facing the Company and is thus best positioned to develop agendas that ensure that the Board's time and attention are focused on the most critical matters. The Company's independent directors bring experience, oversight and expertise from outside the Company, while the CEO brings Company-specific experience and expertise. The Board believes that the combined role of Chairman and Chief Executive Officer facilitates information flow between management and the Board, which are essential to effective corporate governance.

Additionally, one of the responsibilities of the Board is to work with management to develop strategic direction and hold management accountable for the execution of strategy once it is developed. The Board believes the combined role of Chairman and Chief Executive Officer, together with an independent Lead Director having the duties described below, is in the best interest of our stockholders because it provides the appropriate balance between strategy development and independent oversight of management.

Mr. Howe was appointed in 2010 by the independent members of our Board as our Lead Director. Mr. Howe has been re-appointed Lead Director contingent upon his re-election to the Board at the Annual Meeting. Mr. Howe's duties as Lead Director include:

- setting the agenda and serving as chairman for the executive sessions of the independent directors;
- serving as liaison between the Chairman and the independent directors, including communicating to the Chairman, as appropriate, the results of executive sessions of the independent directors;
- ensuring that independent directors have adequate opportunities to meet without management present, including authority to call meetings of the independent directors;
- approving the agenda and information sent in connection with Board meetings and ensuring that the other independent directors also have an opportunity to provide input on the agenda;
- approving meeting schedules to assure that there is sufficient time for discussion of all agenda items; and
- chairing Board meetings if the Chairman is unable to attend.

Our Board elects our President, Chief Financial Officer, Secretary and all executive officers. All executive officers serve at the discretion of our Board. Each of our officers devotes his or her full time to our affairs. Our directors devote time to our affairs as is necessary to discharge their duties. In addition, our Board has the authority to retain its own advisers to assist it in the discharge of its duties. There are no family relationships among any of our directors, officers or key employees.

Board's Role in Risk Oversight

Our Board has an active role, as a whole and also at the committee level, in overseeing management of the risks we face. This role is one of informed oversight rather than direct management of risk. Our Board regularly reviews and consults with management on strategic direction, challenges and risks we face. Our Board also reviews and discusses with management quarterly financial results and forecasts. The Audit Committee of our Board oversees management of financial risks, and its charter tasks the committee to provide oversight of and review at least annually our risk management policies. The Compensation and Executive Development Committee of our Board is responsible for overseeing the management of risks relating to and arising from our executive compensation plans and arrangements. These committees provide regular reports to the full Board.

Management is tasked with the direct management and oversight of legal, financial, and commercial compliance matters, which includes identification and mitigation of associated areas of risk. The Chief Financial Officer provides regular reports of legal risks to our Board and committees. The Chief Financial Officer and the Controller provide regular reports to the Audit Committee concerning financial, tax and audit related risks. In addition, the Audit Committee receives periodic reports from management on our compliance programs and efforts, investment policy and practices and the results of various internal audit projects. Management and the Compensation and Executive Development Committee's compensation consultant provide analysis of risks related to our compensation programs and practices to the Compensation and Executive Development Committee.

Certain Relationships and Related Transactions

The Company has entered into indemnity agreements with certain officers and directors which provide, among other things, that Jamba will indemnify such officer or director, under the circumstances and to the extent provided for therein, for expenses, damages, judgments, fines and settlements he or she may be required to pay in actions or proceedings which he or she is or may be made a party by reason of his or her position as a director, officer or other agent of Jamba, and otherwise to the fullest extent permitted under Delaware law and our Bylaws.

The Company paid $0.4 million to Mistral Capital Management, LLC for monitoring fees pursuant to the securities purchase agreement for the sale of its Series B-1 Preferred. Mistral Capital Management, LLC serves as an investment manager to certain funds that hold shares of the Company's Series B-1 Preferred. Two members of the Company's Board of Directors, Andrew R. Heyer and Beth L. Bronner, each hold a position as Managing Director of Mistral Capital Management, LLC.

Other than the foregoing, there were no relationships or related party transactions in the fiscal year ended January 3, 2012 requiring disclosure in this Proxy Statement.

Procedures for Approval of Related Person Transactions

Any request for us to enter into a transaction with an executive officer, director or employee, or any of such persons' immediate family members or affiliates, must first be presented to our Audit Committee for review, consideration and approval. In approving or rejecting the proposed agreement, our Audit Committee will review each such transaction for potential conflicts of interest or improprieties in a manner consistent with our internal Policy Statement on Related Party Transactions.

Executive Sessions

Non-management directors regularly meet in executive session without management present each time our Board of Directors holds its regularly scheduled meetings.

Committees and Meeting Attendance

The Board of Directors has a standing Audit Committee, a Compensation and Executive Development Committee and a Nominating and Corporate Governance Committee. Each of these committees operates under a written charter adopted by the Board of Directors. Copies of these charters can be obtained on our website by going to http://ir.jambajuice.com and following the "Corporate Governance" link. The Board of Directors held six meetings during Fiscal 2011. Each of the standing committees of the Board of Directors held the number of meetings indicated in the table below. During Fiscal 2011, each of our incumbent directors attended at least 75% of the total number of meetings of the Board of Directors and all of the committees of the Board of Directors held during the period in which such director served. Directors are expected to make every effort to attend our annual meetings of stockholders; nine of the nine directors then serving attended the Company's last Annual Meeting of Stockholders held on May 19, 2011.

The following table sets forth the three standing committees of the Board of Directors, the current members and former members of each committee who served during Fiscal 2011 and the number of meetings held by each such committee during Fiscal 2011:

Name of Director	Audit	Compensation and Executive Development	Nominating and Corporate Governance
Richard L. Federico(1)	Former Member	Member	Chair
Brian Swette(2)		Chair	Former Member
Lesley H. Howe(3)	Chair	Former Member	
Andrew R. Heyer		Member	
Beth Bronner			Member
Michael Serruya(4)	Former Member		
Michael A. Depatie	Member		
Marvin Igelman(5)			Member
Fritzi G. Woods(6)	Member		
Number of Meetings:	4	6	4

(1) Mr. Federico served on our Audit Committee until the 2011 Annual Meeting of Stockholders. Mr. Federico was appointed to our Compensation and Executive Development Committee on March 8, 2012.
(2) Mr. Swette served on our Nominating and Corporate Governance Committee until December 6, 2011.
(3) Mr. Howe served on our Compensation and Executive Development Committee until March 8, 2012.
(4) Mr. Serruya served on our Audit Committee until the 2011 Annual Meeting of Stockholders.
(5) Mr. Igelman was appointed to our Nominating and Corporate Governance Committee on December 6, 2011.
(6) Ms. Woods began serving on our Audit Committee on August 11, 2011.

Audit Committee

The current members of the Audit Committee are Lesley H. Howe (Chair), Michael A. Depatie and Fritzi G. Woods.

Each of the members of the Audit Committee is independent for purposes of the applicable NASDAQ rules and the rules and regulations of the SEC as they apply to Audit Committee members.

With the assistance of the Company's legal counsel, the Nominating and Corporate Governance Committee reviewed the applicable legal standards and criteria to determine "audit committee financial expert" status, as well as the answers to annual questionnaires completed by the Board members. On the basis of this review, the Nominating and Corporate Governance Committee delivered a report to the full Board. The Board made a determination that all current members of the Audit Committee are "audit committee financial experts" based upon the Nominating and Corporate Governance Committee's report and each Board member's review of the information made available to the committee.

The Audit Committee operates under a written charter approved by the Board of Directors, a copy of which can be obtained on our website by going to http://ir.jambajuice.com and following the "Corporate Governance" link. As more fully defined in the committee's charter, the functions of the Audit Committee include retaining our independent registered public accounting firm, reviewing their independence, reviewing and approving the planned scope of our annual audit, reviewing and approving any fee arrangements with our independent registered public accounting firm, overseeing their audit work, reviewing and pre-approving any non-audit services that may be performed by them, reviewing the adequacy of accounting and financial controls, reviewing our critical accounting policies and reviewing and approving any related party transactions.

Additional information regarding the Audit Committee is set forth in the Report of the Audit Committee immediately preceding Proposal No. 2.

Compensation and Executive Development Committee

The current members of the Compensation and Executive Development Committee are Brian Swette (Chair), Richard L. Federico and Andrew R. Heyer. Each of the members of the Compensation and Executive Development Committee is independent for purposes of the applicable NASDAQ rules. The Compensation and Executive Development Committee operates under a written charter approved by the Board of Directors, a copy of which can be obtained on our website by going to http://ir.jambajuice.com and following the "Corporate Governance" link.

As more fully described in the committee's charter, the primary function of the Compensation and Executive Development Committee is to assist the Board of Directors in managing compensation and development for directors and executives. The Compensation and Executive Development Committee's primary duties and responsibilities are to (i) set compensation philosophy and determine executive compensation; (ii) ensure that all components of executive compensation are consistent with the Company's compensation philosophy as in effect from time to time; (iii) evaluate and make recommendations to the Board of Directors on an annual basis concerning compensation of the members of the Board of Directors; and (iv) work with management to devise and execute on an executive development plan and succession planning and practices for the Company. The Compensation and Executive Development Committee's charter does not provide for any delegation of these duties. In addition, the Compensation and Executive Development Committee has the authority under its charter to hire outside consultants and conduct such compensation reviews, investigations and/or surveys as the Compensation and Executive Development Committee may reasonably deem will provide such information as could reasonably and properly be required by the Compensation and Executive Development Committee in the exercise of its duties and responsibilities.

In setting compensation for our members of the Board of Directors, our executive officers provide suggestions on the administration of compensation for our directors to the Compensation and Executive Development Committee. For a description of the role our executive officers play in determining or recommending the amount or form of executive compensation, please see the section below entitled "EXECUTIVE COMPENSATION—Compensation Discussion and Analysis."

Compensation Committee Interlocks and Insider Participation

No member of the Compensation and Executive Development Committee is or has been an officer or employee of the Company during Fiscal 2011. During Fiscal 2011, no member of the Compensation and Executive Development Committee had any relationship with the Company requiring disclosure under Item 404 of Regulation S-K. During Fiscal 2011, none of the Company's executive officers served on the Compensation and Executive Development Committee or Board of Directors of another entity any of whose executive officers served on the Company's Compensation and Executive Development Committee or Board of Directors.

Nominating and Corporate Governance Committee

The current members of the Nominating and Corporate Governance Committee are Richard L. Federico (Chair), Beth Bronner and Marvin Igelman.

Each of the members of the Nominating and Corporate Governance Committee is independent for purposes of the applicable NASDAQ rules. The Nominating and Corporate Governance Committee operates under a written charter approved by the Board of Directors, a copy of which can be obtained on our website by going to http://ir.jambajuice.com and following the "Corporate Governance" link. As more fully defined in the committee's charter, the Nominating and Corporate Governance Committee considers qualified candidates for appointment and nomination for election to the Board of Directors and makes recommendations concerning such candidates, develops corporate governance principles for recommendation to the Board of Directors and oversees the regular evaluation of our directors and management.

Director Nominations

The Board of Directors has adopted a Director Qualifications and Nominations Policy, the purpose of which is to describe the process by which candidates for possible inclusion in the Company's slate of director nominees are selected. The Director Qualifications and Nominations Policy is administered by the Nominating and Corporate Governance Committee.

The Nominating and Corporate Governance Committee annually evaluates the current members of the Board of Directors whose terms are expiring and who are willing to continue in service against the criteria set forth below in determining whether to recommend these directors for election. The Nominating and Corporate Governance Committee regularly assesses the optimum size of the Board of Directors and its committees and the needs of the Board of Directors for various skills, background and business experience in determining if the Board of Directors requires additional candidates for nomination. While the Nominating and Corporate Governance Committee does not have a formal policy on diversity with regard to consideration of director nominees, the Nominating and Corporate Governance Committee considers diversity in its selection of nominees and seeks to have a Board of Directors that brings to the Company a variety of perspectives and skills derived from high quality business and professional experience.

In fulfilling its responsibilities, the Nominating and Corporate Governance Committee considers, among other things, the following factors in reviewing possible candidates for nomination as director:

- the appropriate size of the Company's Board of Directors and its Committees;
- the perceived needs of the Board of Directors for particular skills, background and business experience;
- the skills, background, reputation, and business experience of nominees compared to the skills, background, reputation, and business experience already possessed by other members of the Board of Directors;
- nominees' independence from management;
- applicable regulatory and listing requirements, including independence requirements and legal considerations, such as antitrust compliance;
- the benefits of a constructive working relationship among directors; and
- the desire to balance the considerable benefit of continuity with the periodic injection of the fresh perspective provided by new members.

Candidates for nomination as director come to the attention of the Nominating and Corporate Governance Committee from time to time through incumbent directors, management, stockholders or third parties. These candidates may be considered at meetings of the Nominating and Corporate Governance Committee at any point during the year. Such candidates are evaluated against the criteria set forth above. If the Nominating and

Corporate Governance Committee believes at any time that it is desirable that the Board of Directors consider additional candidates for nomination, the Nominating and Corporate Governance Committee may poll directors and management for suggestions or conduct research to identify possible candidates and may engage, if the Nominating and Corporate Governance Committee believes it is appropriate, a third party search firm to assist in identifying qualified candidates.

The Nominating and Corporate Governance Committee will evaluate any recommendation for director nominee proposed by a stockholder. In order to be so evaluated, any recommendation for director nominee submitted by a stockholder must be sent in writing to the Corporate Secretary, Jamba, Inc., 6475 Christie Avenue, Suite 150, Emeryville, CA 94608, 120 days prior to the anniversary of the date proxy statements were released to stockholders in connection with the prior year's annual meeting of stockholders and must contain the following information:

- the candidate's name, age, contact information and present principal occupation or employment; and
- a description of the candidate's qualifications, skills, background, and business experience during, at a minimum, the last five years, including his/her principal occupation and employment and the name and principal business of any corporation or other organization in which the candidate was employed or served as a director.

All directors and director nominees must submit a completed form of directors' and officers' questionnaire as part of the nominating process. The evaluation process may also include interviews and additional background and reference checks for non-incumbent nominees, at the discretion of the Nominating and Corporate Governance Committee.

The Nominating and Corporate Governance Committee will evaluate incumbent directors, as well as candidates for director nominee submitted by directors, management and stockholders consistently using the criteria stated in its policy and will select the nominees that in the Nominating and Corporate Governance Committee's judgment best suit the needs of the Board of Directors at that time.

Our Bylaws permit stockholders to nominate directors for consideration at annual meetings, provided the advance notice requirements set forth in our Bylaws have been properly met.

Communications with Directors

Stockholders may communicate with any and all members of our Board of Directors by transmitting correspondence by mail or facsimile addressed to one or more directors by name (or to the Chairman, for a communication addressed to the entire Board of Directors) at the following address and fax number:

Name of the Director(s)
c/o Corporate Secretary
Jamba, Inc.
6475 Christie Avenue, Suite 150
Emeryville, CA 94608
Fax: (510) 653-0643

Communications from our stockholders to one or more directors will be collected and organized by our Corporate Secretary under procedures approved by our independent directors. The Corporate Secretary will forward all communications to the Chairman of the Board of Directors, or to the identified director(s) as soon as practicable, although communications that are abusive, in bad taste or that present safety or security concerns may be handled differently. If multiple communications are received on a similar topic, the Corporate Secretary may, in his or her discretion, forward only representative correspondence.

The Chairman of the Board of Directors will determine whether any communication addressed to the entire Board of Directors should be properly addressed by the entire Board of Directors or a committee thereof. If a communication is sent to the Board of Directors or a Committee, the Chairman of the Board, or the Chairman of that committee, as the case may be, will determine whether a response to the communication is warranted. If a response to the communication is warranted, the content and method of the response will be coordinated with our Vice President of Legal Affairs.

Code of Business Conduct and Ethics

The Company has adopted a Code of Business Conduct and Ethics that applies to all of its employees, including the Chief Executive Officer, Chief Financial Officer and Controller. The Code of Business Conduct and Ethics can be obtained on the Company's website by going to http://ir.jambajuice.com and following the "Corporate Governance" link. The Company intends to post on its website any amendments to or waivers of the Company's Code of Business Conduct and Ethics. The information contained on the Company's website is not part of this document.

Corporate Governance Guidelines

We have adopted Corporate Governance Guidelines that address the composition of the Board of Directors, criteria for membership on the Board of Directors and other Board of Directors governance matters. These guidelines can be obtained on our website by going to http://ir.jambajuice.com and following the "Corporate Governance" link. A printed copy of the guidelines may also be obtained by any stockholder upon request in writing to Jamba, Inc., c/o ICR, Inc., 825 Third Avenue, 31st Floor, New York, NY, 10022, by emailing *investors@jambajuice.com* , or by telephoning (203) 682-8200.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee of the Company's Board of Directors is composed of three members and acts under a written charter adopted and approved by the Board of Directors in 2006. The members of the Audit Committee are independent as defined by its charter, the NASDAQ Global Market listing standards and the Securities Exchange Act.

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process, including the system of internal controls. In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed the audited financial statements in the Annual Report on Form 10-K for the fiscal year ended January 3, 2012 with management, which review included a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The Audit Committee reviewed and discussed with KPMG LLP, the Company's independent registered public accounting firm, who is responsible for expressing an opinion on the conformity of those audited financial statements with accounting principles generally accepted in the United States of America, its judgment as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Audit Committee under generally accepted auditing standards, including Statement on Auditing Standards No. 114 (Communication with Audit Committees), as amended. The independent registered public accounting firm also provided the Audit Committee with the written disclosures required by applicable professional and regulatory standards relating to KPMG's independence from the Company, including the Public Company Accounting Oversight Board pertaining to the independent accountant's communications with the Audit Committee concerning independence. The Audit Committee also reviewed and pre-approved all fees paid to the independent registered public accountants and considered whether KPMG's provision of non-audit services to the Company was compatible with the independence of the independent registered public accountants. The Audit Committee concluded that the independent registered public accountants are independent from the Company and its management.

The Audit Committee discussed with the Company's independent registered public accounting firm the overall scope and plans for their audit. The Audit Committee met with the independent registered public accounting firm, with and without management present, to discuss the results of their examination, their evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Company's Board of Directors, and the Board approved, that the Company's audited financial statements be included in the Annual Report on Form 10-K for the fiscal year ended January 3, 2012 for filing with the SEC.

SUBMITTED BY THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS

Lesley H. Howe, Chairman
Michael A. Depatie
Fritzi G. Woods

PROPOSAL NO. 2

RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors requests that stockholders ratify the selection of KPMG LLP as its independent registered public accounting firm to audit the consolidated financial statements of the Company for the fiscal year ending January 1, 2013 ("Fiscal 2012"). KPMG LLP has acted in such capacity since its appointment in fiscal year 2008.

A representative of KPMG LLP is expected to be present at the Annual Meeting with the opportunity to make a statement if the representative desires to do so, and is expected to be available to respond to appropriate questions. At the Annual Meeting, the stockholders are being asked to ratify the selection of KPMG LLP as the Company's independent registered public accounting firm for Fiscal 2012. If the selection of KPMG LLP as auditors for Fiscal 2012 is not approved by stockholders, the adverse vote will be considered by the Audit Committee in its decision to retain KPMG as auditors for 2012. Even if this selection is ratified, the Audit Committee, in its discretion, may direct the engagement of a different independent registered public accounting firm at any time during the year if the Audit Committee determines that such a change would be in the best interests of the Company and its stockholders.

Fees for Professional Services

The following table sets forth the aggregate fees billed to the Company for the fiscal year ended January 3, 2012 ("Fiscal 2011") and fiscal year ended December 28, 2010 ("Fiscal 2010") by its independent registered public accounting firm, KPMG LLP:

	January 3, 2012 (53 weeks)	December 28, 2010 (52 weeks)
Audit Fees (1)	$740,000	$746,520
Audit-Related Fees (2)	22,000	20,900
Tax Fees	76,915	115,644
All Other Fees	—	—
Total Fees	$838,915	$883,064

(1) Audit Fees consist of fees billed for professional services rendered for the audit of the Company's consolidated annual financial statements and review of the interim consolidated financial statements included in quarterly reports and services that are normally provided by our independent registered public accountants in connection with statutory and regulatory filings or engagements.

(2) Audit-Related Fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements and are not reported under "Audit Fees."

The Audit Committee has considered whether the provisions of services described in the table above are compatible with maintaining auditor independence. Unless a type of service has received general pre-approval, it will require separate pre-approval by the Audit Committee. The Audit Committee has delegated its pre-approval authority to its Chairman, provided the Chairman reports any pre-approval decisions to the full Audit Committee at its next regularly scheduled meeting. The independent registered public accounting firm and management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval process. During Fiscal 2011 and Fiscal 2010, all fees paid to our independent auditors were pre-approved in accordance with this policy without exception.

Vote Required and Board of Directors Recommendation

Approval of this proposal requires the affirmative vote of a majority of the shares present or represented by proxy and entitled to vote on this proposal. If you hold your shares in your own name and abstain from voting on this matter, your abstention will have the same effect as a negative vote. If you hold your shares through a broker and you do not instruct the broker on how to vote on this proposal, your broker will have authority to vote your shares on a discretionary basis in favor of the proposal.

The Board of Directors recommends a vote "FOR" the selection of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending January 1, 2013.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Introduction

This Compensation Discussion and Analysis ("CD&A") is intended to provide an explanation of our compensation program relating to Fiscal 2011, with particular focus on our Chief Executive Officer ("CEO") and the other executives named in the "2011 Summary Compensation Table" that follows this discussion (herein referred to as the "Named Executive Officers").

Executive Summary

Fiscal 2011 was a year of significant progress for Jamba. Our financial results for Fiscal 2011 reflect the implementation of our strategy to improve our operating margins, increase our comparable store sales and control our expenses. We had our first fiscal year of positive Company Store comparable sales since the end of Fiscal 2007. Some of our other key financial results for Fiscal 2011 include:

- Company-owned comparable store sales increased 4.0% for the year as compared to the prior year.
- We held general and administrative expenses for the year to $37.8 million as compared to $37.3 million in 2010 which include charges of $2.9 million relating to performance based compensation, $1.0 million for outstanding litigation settlement and related costs and $0.5 million due to the 53rd week in Fiscal 2011.
- Our non-GAAP adjusted operating profit[(1)] increased $5.9 million from Fiscal 2010 to $45.1 million and we reduced our net loss to $8.3 million for Fiscal 2011 from $16.7 million from Fiscal 2010.

We also delivered on our strategic plan objectives by expanding our beverage and food portfolio across all day parts, extending our CPG distribution to 30,000 outlets, and completing our refranchise initiative, while accelerating the development of franchise and non-traditional stores.

In Fiscal 2011, we implemented annual and long-term incentive compensation programs to reward employees, including our Named Executive Officers, for achievements which support our BLEND Plan and the attainment of business and financial measures that enhance stockholder value. The following lists key compensation matters for 2011 with respect to our Named Executive Officers:

- *Base Salary.* As part of our emphasis on competitive pay practices based upon our review of our peer group of companies as well as increased levels of responsibility for certain of our Named Executive Officers, we increased the base salaries for Ms. Luey, Mr. Schroder and Ms. Washington by 5.8%, 9.0% and 6.0%, respectively.
- *Cash Incentive Compensation.* Consistent with our emphasis on rewarding achievement of short-term and long-term strategic and operational goals, based upon our 2011 financial and operational performance, we awarded cash bonuses under our Management Incentive Plan ranging from 70% to 83% of our annual performance bonus targets (or 29% to 70% of base salary).
- *Equity Compensation.* As part of our focus on competitive pay practices, retention and long-term goals, we also provided additional equity grants in the form of stock options or restricted stock units to our Named Executive Officers generally along a level consistent with prior years, which equity grants vest annually over a four-year vesting period.

(1) Non-GAAP adjusted operating profit is calculated as net income (loss) as determined in accordance with GAAP, excluding general and administrative costs, depreciation and amortization and other items whose impact we do not view as reflective of our core operations such as interest income and expense, income taxes, impairment of long-lived assets, store pre-opening expenses, lease terminations and closure expenses and other operating expenses.

Compensation and Executive Development Committee

Our Compensation and Executive Development Committee has the responsibility for establishing, implementing and monitoring our compensation philosophy and programs. The committee determines compensation for our executives, including annual base salary compensation, non-equity incentive plan payments, equity awards and all other compensation and compensation procedures applicable to our Named Executive Officers. Our Compensation and Executive Development Committee is composed of members who are not, and never have been, employees of the Company.

Role of Senior Management and Consultant in Compensation Decisions

While the Compensation and Executive Development Committee does not delegate any of its functions to others in setting compensation, several members of senior management participate in the committee's executive compensation process. For example, the Compensation and Executive Development Committee takes into consideration recommendations of our CEO, based on performance reviews he conducts with each of the executive officers, including the Named Executive Officers. Our CEO does not participate in discussions regarding his own compensation.

Historically, the Compensation and Executive Development Committee has retained compensation consultants to assist it in its review of Named Executive Officer compensation. The Compensation and Executive Development Committee has used the findings and recommendations of compensation consultants to help ensure that management's compensation recommendations are in line with the Company's priorities and to properly incentivize actions that improve Company performance and are reasonable when compared to the market for executive talent. In addition, the committee believes that the engagement of an independent consultant from time to time helps enhance the overall independence of the committee's decision-making. As will be discussed below, in Fiscal 2011, the committee engaged Frederic W. Cook and Company ("Frederic W. Cook") as a consultant. Frederic W. Cook does not perform any other work on behalf of management or the Company. The Compensation and Executive Development Committee intends to continue retaining the services of third party executive compensation specialists from time to time, as the committee deems necessary or helpful, in connection with the establishment and development of our compensation philosophy and programs.

Objectives and Components of Our Executive Compensation Program

The primary objectives of our executive compensation program are as follows:

- Deliver pay for performance;
- Drive strong business results;
- Support teamwork; and
- Attract and retain strong talent.

We believe that pursuing these objectives will help us attract and retain qualified executives who are results oriented, engaged and passionate about our brand and are able to help us execute our BLEND Plan. The ability to embrace our mission and culture are also important components in driving these objectives.

Our compensation programs provide a mix of fixed compensation and short-term and long-term incentive awards tied to the achievement of specific business objectives and corporate financial goals (both short-term and long-term), as well as each executive's individual performance. We strive to continue to be competitive in a challenging economic environment, with the ultimate objective of improving stockholder value. In addition, we work to ensure that our compensation program is perceived as fundamentally fair to all stockholders.

Elements of Our Compensation Programs, Why We Chose Each Element and How We Chose the Amount for Each Element

The compensation program for our executive officers consists of the following elements:

- Base Salary;
- Non-Equity Incentive Compensation;
- Equity Based Compensation; and
- General Team Member Benefits.

The exact base pay, cash incentive bonus targets and equity grant amounts are chosen in an attempt to attract and retain the best people available that possess the skills necessary to help us achieve the objectives set forth under our BLEND Plan.

Base Salary

Base salary is the fixed portion of executive pay and is set to reward an individual's current contributions to the Company and to compensate them for their expected day-to-day performance. The Compensation and Executive Development Committee determines base salary levels for executives on an annual basis. Increases in salaries are generally based on both individual performance and our merit increase budget for the year. Other factors that may influence setting of or changes in base salary levels include total company performance, the executive's experience, responsibilities, management abilities and job performance, current market conditions and analysis of competitive salaries payable for similar positions at other comparable companies. Salary increases may also be awarded in connection with an individual's promotion to a new role.

In May 2011, Ms. Luey was promoted to Chief Financial and Administrative Officer ("CFO") and Mr. Schroder was promoted to Chief Operating Officer ("COO"). Julie Washington was promoted in May 2011 to Senior Vice President and General Manager, Consumer Products. Ms. Luey, Mr. Schroder and Ms. Washington were awarded an increase in base salary based on the committee's determination that their responsibilities had increased considerably and to offer more competitive base salaries as compared to our peer group. We increased the base salaries for Ms. Luey, Mr. Schroder and Ms. Washington by 5.8%, 9.0% and 6.0%, respectively. In January 2012, Ms. Washington was promoted to Chief Brand Officer.

Non-Equity Incentive Compensation

We believe that non-equity incentive compensation in the form of a short-term cash incentive bonus is an important factor in motivating our management team as a whole, and individual executives, in particular, to perform at their highest level toward achievement of the objectives set forth in our BLEND Plan.

Fiscal Year 2011

Under our Management Incentive Plan, the Compensation and Executive Development Committee was provided the authority to establish performance periods, to set performance goals and to determine the relative weight to be given to each performance goal. The performance periods selected for 2011 were comprised of two performance periods, with the initial performance period consisting of the first and second fiscal quarters and the second performance period consisting of the third and fourth fiscal quarters. The criteria determined by the committee for the first performance period of Fiscal 2011 consisted of financial metrics, including the achievement of an operating profit target, positive comparable store sales and the achievement of a general and administrative expense target and strategic metrics that were in alignment with our BLEND Plan.

If each of the target metrics were achieved in a particular performance period for Fiscal 2011, participants would be eligible for a target award, based on the participant's position, as follows:

Title	Target Award as a % of Base Salary During Performance Period
President and Chief Executive Officer	100%
President Stores/Chief Operating Officer	50%
Chief Financial Officer	50%
Senior Vice President	40%

	Weighting		
Position	Co. Financial Objectives	Dept. Strategic Objectives	Personal Objectives
President and Chief Executive Officer	75%	25%	0%
President Stores/Chief Operating Officer	70%	30%	0%
Chief Financial Officer	70%	30%	0%
Senior Vice President/Group Vice President/Vice President	60%	30%	10%

The components approved by the Compensation and Executive Development Committee for the first performance period consisted of a financial component and a strategic component, as follows:

Financial Components:

- Achievement of specific adjusted operating profit goal
- Positive comparable store sales
- G&A expense target (excluding litigation, expenses associated with pursuit of new strategic opportunities and other one-time expenses)

Strategic Components:

- Completion of Company refranchising program
- Commercialization of additional CPG agreements
- Implementation of executive succession plan
- Leadership and culture development
- Optimization of current organization structure to accelerate performance
- Completion of comprehensive store portfolio strategies
- New product launches

Personal Components: The components of personal goals were directly related to each Named Executive Officer at the Senior Vice President level. Ms. Shields' personal goals directly related to successful new product launches, and Ms. Washington's personal goals directly related to successful commercialization of additional CPG agreements.

While a majority of the strategic components were achieved in the first performance period, not all the financial components were met. As a result, the Compensation and Executive Development Committee approved an aggregate amount of $300,000 to be distributed to the participants of the Management Incentive Plan. From this amount, Mr. White was paid an amount based upon achievement of 53% of the bonus related to his strategic objectives and the other Named Executive Officers were paid amounts based upon achievements ranging from 42% to 53% of their bonus related to the strategic objectives. See the 2011 Summary Compensation Table for payouts under our Management Incentive Plan to all Named Executive Officers.

The guidelines approved by the Compensation and Executive Development Committee for the second performance period consisted of a financial component and a strategic component, as follows:

Financial Components:

- Achievement of specific adjusted operating profit goal
- Positive comparative store sales
- G&A expense target (excluding litigation, expenses associated with pursuit of new strategic opportunities and other one-time expenses)

Strategic Components:

- Launch of "Growth Platform" initiative
- Implementation of Domestic and International growth plan
- Optimization of Supply Chain Sourcing and Distribution
- Company re-branding and enhancement initiative

Personal Components: The components of personal goals directly related to each Named Executive Officer at the Senior Vice President level. Ms. Shields' personal goals related to the successful launch of Growth Platform products and the Company re-branding and enhancement initiative, and Ms. Washington's personal goals related to the successful commercialization of additional CPG agreements.

All Named Executive Officers Objectives are described under Strategic Components.

Since the Company achieved both its financial component and its strategic component during the second performance period, the Compensation and Executive Committee approved an aggregate amount of $2.6 million to be distributed to the participants of the Management Incentive Plan. From this amount, the Named Executive Officers received bonus payments based upon achievement of all of the financial and strategic objectives and, if applicable, personal objectives.

For Fiscal 2011, the total bonus payments to Named Executive Officers in the aggregate ranged from 70% to 83% of their respective annual performance bonus targets. See the 2011 Summary Compensation Table for payouts under our Management Incentive Plan to all Named Executive Officers.

Fiscal Year 2012

The Compensation and Executive Development Committee approved continuing the Management Incentive Plan for Fiscal 2012 and the use of two separate performance periods that would include financial and strategic performance goals consistent with the Blend Plan 2.0. If each of the target metrics is achieved in a particular performance period for Fiscal 2012, participants will be eligible for a target award, based on the participant's position, as follows:

Title	Target Award as a % of Base Salary During Performance Period
President and Chief Executive Officer	100%
President Stores/Chief Operating Officer	50%
Chief Financial Officer	50%
Senior Vice President	40%

Under the Management Incentive Plan, a program participant will also be eligible for an additional 25% of a participant's target award amount as a maximum award if the general and administrative expense target is achieved, and the Company's operating profit for the performance period exceeds the target award level by a pre-determined amount.

Equity Incentive Compensation

Equity incentives are awarded upon hire and as determined by the Compensation and Executive Development Committee. Awards vest over multiple years of employment, providing both short- and long-term retention incentives, while also aligning employee interests with stockholder interests by providing an opportunity for increased rewards such as stockholder return increases.

Each of our Named Executive Officers is eligible to receive stock option grants, stock awards and restricted stock units under our 2006 Employee, Director, and Consultant Stock Plan (the "2006 Stock Plan") based on his or her individual performance and contributions to our success.

Pursuant to the terms of the 2006 Stock Plan, all grants of stock options, stock awards and restricted stock units under the plan are generally made effective three trading days after each of our quarterly public earnings releases. This applies to all of our employees, including our executive officers. The exercise price of stock options is the closing or last quoted price on the date of actual stock option grant, which we believe reflects fair market value after all public disclosures. If the Board of Directors or the Compensation and Executive Development Committee determine that special circumstances exist, including the existence of material information not yet publicly-disclosed, a different grant date for a particular stock option grant, stock award or restricted stock unit grant may be selected.

The Compensation and Executive Development Committee individually approves all stock option grants, stock awards and restricted stock unit awards to all of our officers at or above the vice president level. The Equity Award Committee, comprised of members of our management team, has been delegated the authority by the Board of Directors to approve options and restricted stock unit grants below the vice president level. The Board of Directors or the Compensation and Executive Development Committee has the right to suspend the ability of the Equity Award Committee to award stock option and restricted stock unit grants for any reason at any time. Executive officers are not treated differently from other team members receiving stock option or restricted stock unit grants.

The Compensation and Executive Development Committee generally seeks to determine annual equity grants for executives in the fourth quarter of each fiscal year. Interim or "off cycle" equity awards are made to newly hired team members as "initial grants", promotional grants for those taking on significant additional responsibilities or other team members when circumstances warrant it and are made effective on a fixed quarterly schedule as described above. Ms. Luey, Mr. Schroder and Ms. Washington were each granted an additional equity award in recognition of their respective additional responsibilities in May 2011, based on the committee's determination that their respective responsibilities had increased considerably and to have their overall compensation more competitive as compared to our peer group.

The Compensation and Executive Development Committee generally considers a range of factors in setting the number of shares underlying stock option, stock award or restricted stock unit awards to be awarded to Named Executive Officers, including assessments of individual performance, the Compensation and Executive Development Committee's determination that restricted stock unit awards, stock awards and stock options are effective means of retaining valuable executives, the fair market value of the Company's common stock at the times awards are made, the potential contribution that each Named Executive Officer could be expected to make in the future, the Named Executive Officer's targeted total direct compensation, grants of restricted stock units and stock options and other equity based awards previously granted to such Named Executive Officer, and the size of awards and total compensation provided to others holding similar positions at companies included in our executive compensation peer group (as set forth in more detail below). All stock options granted to the Named Executive Officers in Fiscal 2011 vest over a four-year period.

Competitive Compensation Data

To assist with the determination of the compensation made to our executive officers for Fiscal 2011, the Compensation and Executive Development Committee retained the services of Frederic W. Cook to benchmark executive compensation and to provide a comparison of total and individual elements of executive compensation provided to our executive team, relative to compensation paid to persons holding similar positions at companies in our executive compensation peer group (as set forth in more detail below). Frederic W. Cook worked closely with our human resources department and management to access our data and review our compensation practices and philosophy. Frederic W. Cook provided the Company with benchmarking information and executive compensation data and pay practices with specific focus on practices involving equity grants. The Compensation and Executive Development Committee reviewed Frederic W. Cook's consulting services with management and determined that these services did not constitute a conflict of interest or prevent Frederic W. Cook from being objective in its work for the Compensation and Executive Development Committee.

To support our objective of ensuring we are developing an executive compensation program that is sufficiently competitive to attract and retain key executives who can support and execute our BLEND Plan 2.0, the Compensation and Executive Development Committee evaluated executive compensation information from a specific group of comparable companies. This process allowed the Compensation and Executive Development Committee to set total compensation at levels for Fiscal 2011 that it believes are appropriate to retain and motivate our Named Executive Officers, and to develop a compensation program for Fiscal 2012 and beyond focused on completion of our financial and strategic revitalization with the purpose of positioning us to enter a phase of growth.

The Compensation and Executive Development Committee, with the assistance of Frederic W. Cook, identified our executive compensation peer group, selecting companies that are similar to us in industry, revenue, net income, number of employees and market capitalization. In determining our Fiscal 2011 peer group, the Compensation and Executive Development Committee selected companies in the quick service restaurant and fast casual dining spaces with revenue ranging from $102 million to $901 million, net income (loss) ranging from $(25) million to $35 million, employee counts ranging from approximately 1,245 to 23,198, and market capitalization ranging from $40 million to $1,386 million. The companies that comprised our Fiscal 2011 executive compensation peer group were:

O'Charley's	Red Robin	Cosi
California Pizza Kitchen	Krispy Kreme	Peet's Coffee & Tea
BJ's Restaurants	Frisch's Restaurants	AFC Enterprises
Luby's	Sonic	Famous Dave's
Caribou Coffee	Carrol's Restaurant	
J. Alexander's	Einstein Noah	

During its evaluation, the Compensation and Executive Development Committee considered the information provided by Frederic W. Cook. It also considered more specifically the recommendation of Frederic W. Cook with respect to all elements of compensation made to our Named Executive Officers to use the 50th percentile for executive officers at the peer group companies as a guide, also taking into account and adjusting for the fact that we are located in the San Francisco bay area which has a higher than average national cost of living. The annual grants of stock options and restricted stock unit awards made to our Named Executive Officers were ultimately based in part on a variety of factors, including data provided by Frederic W. Cook, the Company's financial performance to date, individual performance of the Named Executive Officers, and some discretion exercised by our CEO in making his recommendations to the Compensation and Executive Development Committee.

Other General Team Member Benefits

Our executive officers are eligible to participate in all of our employee benefit plans, such as our medical, dental, vision, group life, disability, accidental death and dismemberment insurance and our 401(k) plan, in each case on the same terms as other employees, except that the executive officers did not participate in the employer match under our 401(k) plan in Fiscal 2011. Except in limited circumstances, it is our practice not to provide any special perquisites or benefits to executive officers unless it is necessary to retain their employment. We do not provide tax gross-ups of any perquisites.

2012 Compensation Strategy

In Fiscal 2012, our compensation strategy will continue to align with our financial and strategic objectives and is designed to attract and retain a highly-qualified, motivated, talented and diverse workforce to build business value through people, deliver pay for performance and drive strong business results in a supportive teamwork focused environment. We plan to continue to use a combination of both short-term and long-term incentives to motivate our management team to drive success in Fiscal 2012. The components will include competitive base salaries, cash incentive bonuses, and equity incentive compensation that may include options, stock awards and restricted stock units. Our management team is focused on achieving success and improving stockholder equity in a continued challenging economic environment.

Severance and Change in Control Arrangements

As more fully described below in the section entitled "Potential Payments upon Termination or Change in Control," we entered into employment agreements with certain of our Named Executive Officers providing for severance payments upon their termination of employment without "cause" or upon a "constructive termination." The decision to grant these benefits was based on offering what we believed was needed to attract, retain and motivate Mr. White and the other Named Executive Officers, given the challenging circumstances and uncertain times we were facing. The Compensation and Executive Development Committee believes these employment agreements and the severance payments upon their termination of employment without "cause" or upon a "constructive termination" will protect employee and stockholder value by promoting stability and continuity of our executive team, which is desirous given our the need for the Company to revitalize itself for future growth and long-term stockholder value.

Analysis of Risk Relating to Our Compensation Programs

At the direction of our Compensation and Executive Development Committee, our benefits committee, comprised of management of the Company, reviewed the Company's compensation plans and policies, and considered any potential material risks they may create in discussions guided by Frederic W. Cook, our compensation consultant. The benefits committee reported to the Compensation and Executive Development Committee its determination that the Company's executive compensation program does not encourage excessive risk or unnecessary risk taking, because our programs have been balanced to focus our executives on the short- and long-term financial and operational performance of the Company.

Say-on-Pay

The Company is required to permit a separate non-binding stockholder vote to approve the compensation of its executives, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission. This proposal, commonly known as a "Say-On-Pay" proposal, permits shareholders to endorse or not endorse the Company's executive compensation program. Because the stockholders' vote is advisory, it will not be binding on the Company. However, when setting compensation and in determining compensation policies, our Compensation and Executive Development Committee took into account the results of the May 2011 stockholder advisory vote on executive compensation. Our stockholders approved the compensation of our Named Executive Officers as disclosed in the proxy statement for the 2011 annual meeting and approved the

Board's recommendation to hold advisory votes on a tri-annual basis. Approximately 99% of votes cast were voted in favor of the Company's executive compensation. The Committee believes that the results of these votes is evidence that the Company's compensation policies and decisions are in the best interests of its shareholders and expects to apply similar principles going forward.

Tax Considerations

Our Compensation and Executive Development Committee considers the impact of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), in determining the mix of elements of executive compensation. This section limits the deductibility of non-performance based compensation paid to each of our executive officers to $1 million annually. The stock options granted to our executive officers under the 2006 Stock Plan are intended to be treated under current federal tax law as performance-based compensation exempt from the limitation on deductibility. Salaries and bonuses payable under our non-equity incentive plan do not qualify as performance-based compensation for purposes of Section 162(m). The Compensation and Executive Development Committee intends to consider the impact of Section 162(m) on the deductibility of future executive compensation but reserves the right to provide for compensation to executive officers that may not be fully deductible.

Compensation and Executive Development Committee Report

We, the Compensation and Executive Development Committee of the Board of Directors of the Company, have reviewed and discussed the Compensation Discussion and Analysis contained in this proxy statement with management. Based on such review and discussion, we have recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and in the Company's Annual Report on Form 10-K for the fiscal year ended January 3, 2012.

Submitted by the Company's Compensation and Executive Development Committee of the Board of Directors:

Brian Swette, Chairman
Richard L. Federico
Andrew R. Heyer

Summary Compensation Table

The following table sets forth information concerning the compensation earned by our President and Chief Executive Officer, our Chief Financial Officer and our three other most highly-compensated persons serving as executive officers at January 3, 2012 (our "Named Executive Officers"):

2011 SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)(1)	Bonus Earned for Fiscal Year ($)(2)	Bonus Paid in Stock for Fiscal Year ($)(3)	Stock Awards ($)(4)	Option Awards ($)(4)	Non-Equity Incentive Plan Compensation ($)(5)	All Other Compensation ($)(6)	Total ($)
James D. White	2011	550,000	—	—	—	93,870	386,438	315	1,030,623
President and Chief Executive Officer	2010	550,000	88,000	132,000	—	101,355	—	293	871,648
	2009	550,000	—	—	—	—	137,500	8,175	695,675
Karen L. Luey	2011	319,000	—	—	—	66,768	131,938	287	517,993
Executive Vice President, Chief	2010	296,538	27,900	41,850	—	109,764	—	266	476,318
Financial & Administration Officer	2009	275,000	—	—	26,850	37,232	—	8,831	347,913
Bruce Schroder	2011	287,500	—	—	—	66,768	124,425	259	478,952
Executive Vice President, Chief Operating Officer (7)									
Susan Shields	2011	275,000	—	—	—	23,468	79,100	248	377,815
Sr. Vice President, Chief Innovation Officer (8)	2010	275,000	17,600	26,400	—	40,542	—	248	359,790
Julie Washington	2011	257,500	—	—	—	41,363	80,550	232	379,645
Sr. Vice President, Chief Brand Officer (9)									

(1) Reflects salaries paid for the respective fiscal year.

(2) Reflects discretionary bonuses paid in cash for the respective fiscal year.

(3) Reflects discretionary bonuses paid in stock for the respective fiscal year. Values are calculated based on the closing price of our common stock on the date of grant.

(4) Represents the aggregate fair market value of stock options and restricted stock units calculated in accordance with the fair value method. The grant date fair value of options granted was estimated at the date of grant using a Black-Scholes option-pricing model. Option valuation models, including Black-Scholes, require the input of highly subjective assumptions, and changes in the assumptions used can materially affect the grant date fair value of an award. These assumptions include the risk-free rate of interest, expected dividend yield, expected volatility, and the expected life of the award. The risk-free rate of interest is based on the zero coupon U.S. Treasury rates appropriate for the expected term of the award. We apply the guidance provided by the SEC Staff Accounting Bulletin No. 110 to determine expected life. Expected dividends are zero based on our history of not paying cash dividends on the Company's common stock. Expected volatility is based on a 75/25 blend for Fiscal Years 2011 and 2010 and a 50/50 blend for Fiscal Year 2009, respectively, of historic daily stock price observations of the Company's common stock since its inception and historic daily stock price observations of the Company's peers during the period immediately preceding the share-based award grant that is equal in length to the award's expected term. There is currently no market-based mechanism or other practical application to verify the reliability and accuracy of the estimates stemming from these valuation models or assumptions. The fair value of restricted stock units is based on the Company's closing stock price on the date of grant. The following table includes the assumptions used to calculate the grant date fair value of option grants reported for fiscal years 2011, 2010 and 2009 on a grant by grant basis:

Name	Grant date	Options granted	RSUs granted	Exercise Price ($)	Closing price on grant date ($)	Volatility (%)	Expected Life (Years)	Risk Free Interest Rate (%)	Dividend Yield (%)	Grant Date Fair Value per Share ($)
James D. White	11/14/2011	100,000	—	$1.61	$1.61	0.6326	6.25	0.91	—	$0.94
	11/12/2010	75,000	—	$2.22	$2.22	0.6616	6.25	1.35	—	$1.35
Karen L. Luey	11/14/2011	43,000	—	$1.61	$1.61	0.6326	6.25	0.91	—	$0.94
	5/26/2011	20,000	—	$2.21	$2.21	0.6381	6.25	1.72	—	$1.32
	11/12/2010	40,000	—	$2.22	$2.22	0.6616	6.25	1.35	—	$1.35
	6/1/2010	40,000	—	$2.27	$2.27	0.6551	6.25	2.09	—	$1.39
	11/16/2009	40,000	—	$1.79	$1.79	0.5929	5	2.19	—	$0.93
	11/16/2009	—	15,000	—	$1.79	—	—	—	—	$1.79
Bruce Schroder	11/14/2011	43,000	—	$1.61	$1.61	0.6326	6.25	0.91	—	$0.94
	5/26/2011	20,000	—	$2.21	$2.21	0.6381	6.25	1.72	—	$1.32
Susan Shields	11/14/2011	25,000	—	$1.61	$1.61	0.6326	6.25	0.91	—	$0.94
	11/12/2010	30,000	—	$2.22	$2.22	0.6616	6.25	1.35	—	$1.35
Julie Washington	11/14/2011	30,000	—	$1.61	$1.61	0.6326	6.25	0.91	—	$0.94
	5/26/2011	10,000	—	$2.21	$2.21	0.6381	6.25	1.72	—	$1.32

(5) Reflects annual incentive bonus awards earned for the respective fiscal year.
(6) See the "All Other Compensation" table below for additional information.
(7) Mr. Schroder became a Named Executive Officer in 2011, but was not a Named Executive Officer in previous years.
(8) Ms. Shields became a Named Executive Officer in 2010, but was not a Named Executive Officer in previous years.
(9) Ms. Washington became a Named Executive Officer in 2011, but was not a Named Executive Officer in previous years.

All Other Compensation Table

The following table describes each component of the "All Other Compensation" column in the Summary Compensation Table.

Name	Life Insurance Premiums ($)(1)	Relocation Expenses ($)	Tax Payments ($)	Company Contribution to 401(k) Plan ($) (2)	Total ($)
James D. White	$315	—	—	—	$315
Karen L. Luey	$287	—	—	—	$287
Bruce Schroder	$259	—	—	—	$259
Susan Shields	$248	—	—	—	$248
Julie Washington	$232	—	—	—	$232

(1) Reflects premiums paid on group term life insurance benefits and long term disability benefits.
(2) No Company Contributions to 401(k) Plan were made to the Named Executive Officers in Fiscal 2011.

Grants of Plan-Based Awards at 2011 Fiscal Year End

The following table sets forth certain information with respect to stock and option awards and other plan-based awards granted during the fiscal year ended January 3, 2012 to our Named Executive Officers:

GRANTS OF PLAN-BASED AWARDS IN FISCAL 2011

Name (1)	Grant date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (2) Threshold ($)	Target ($)	Maximum ($)	All other stock awards: # of shares of stock or units (#)	All other option awards: # of securities underlying options (3) (#)	Exercise or base price of option awards ($)	Grant date fair value of stock and option awards (4)($)
James D. White	3/2/2011	—	550,000	687,500				
	11/14/2011(1)	—		—	—	100,000	$1.61	$93,870
Karen L. Luey	3/2/2011	—	164,000	205,000				
	5/26/2011(1)	—		—	—	20,000	$2.21	$26,404
	11/14/2011(1)	—	—	—	—	43,000	$1.61	$40,364
Bruce Schroder	3/2/2011	—	150,000	187,500				
	11/14/2011(1)	—	—	—	—	43,000	$1.61	$40,364
	5/26/2011(1)	—		—	—	20,000	$2.21	$26,404
Susan Shields	3/2/2011	—	110,000	137,500				
	11/14/2011(1)	—		—	—	25,000	$1.61	$23,468
Julie Washington	3/2/2011	—	106,000	132,500				
	11/14/2011(1)	—	—	—	—	30,000	$1.61	$28,161
	5/26/2011(1)	—		—	—	10,000	$2.21	$13,202

(1) The Compensation and Executive Development Committee approved equity awards for certain of the Named Executive Officers on November 3, 2011 for the November grant and on May 18, 2011, for the May grant. All stock option grants are subject to a four-year vesting schedule. Pursuant to the 2006 Stock Plan, grants are generally made effective three trading days after each of our quarterly public earnings releases. The exercise price is the closing or last price on the date of actual stock option grant, which we believe reflects fair market value after all public disclosures. If the Board of Directors or the committee determines that special circumstances exist, including the existence of material information not yet publicly-disclosed, a different grant date for a particular stock option grant may be selected.

(2) The Compensation and Executive Development Committee approved a performance bonus program called the Management Incentive Plan that included the Named Executive Officers on March 2, 2011, as described above under the section entitled "Compensation Discussion and Analysis." These columns show the threshold, target and maximum potential payout under the Management Incentive Plan for each of the Named Executive Officers. The target payouts and maximum payouts listed represent the target and maximum amounts payable based on the Fiscal 2011 target metrics described above in the Section entitled "Compensation Discussion and Analysis," taking into account the base salaries paid to each of the Named Executive Officers as of January 3, 2012, the last day of Fiscal 2011. Actual payouts under the Management Incentive Plan are reflected in the "Non-Equity Incentive Plan Compensation" column of the table labeled "2011 Summary Compensation Table." Mr. White's target is determined in accordance with his employment agreement, and the targets for the other Named Executive Officers are determined by the Compensation and Executive Development Committee.

(3) The November 2011 option grants represent the grant of annual awards typically granted under the 2006 Stock Plan. Annual grants are typically made in the fourth fiscal quarter of each year. The grants of the options to Ms. Luey, Mr. Schroder and Ms. Washington on May 26, 2011 were made based on the Compensation and Executive Development Committee's determination that their respective responsibilities had increased considerably. The vesting of stock option grants is described in the section entitled "Compensation Discussion and Analysis—*Equity Incentive Compensation—Our 2006 Employee, Director and Consultant Stock Plan.*"

(4) This amount reflects the grant date fair value of the awards granted in Fiscal 2011. The calculation of grant date fair value is explained in Footnote 4 to the 2011 Summary Compensation Table, above.

Outstanding Equity Awards at 2011 Fiscal Year-End

The following table sets forth certain information with respect to the number and value of all unexercised options or unvested portions of restricted stock units previously awarded to our Named Executive Officers as of January 3, 2012:

OUTSTANDING EQUITY AWARDS AT JANUARY 3, 2012

	Option Awards (1)				Stock Awards	
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)(9)
James D. White	1,125,000	375,000(3)	$0.60	12/2/2018	—	—
	18,750	56,250(13)	$2.22	11/12/2020	—	—
	0	100,000(15)	$1.61	11/14/2021	—	—
Karen L. Luey	30,000	0(10)	$9.51	6/14/2017	—	—
	12,000	0(2)	$4.48	12/7/2017	—	—
	103,080	34,360(4)	$1.31	9/3/2018	—	—
	22,000	0(5)	$1.31	9/3/2018	—	—
	26,667	13,333(6)	$1.79	11/16/2019	—	—
	10,000	30,000(12)	$2.27	6/1/2020	—	—
	10,000	30,000(13)	$2.22	11/12/2020	—	—
	0	20,000(14)	$2.21	5/26/2021	—	—
	0	43,000(15)	$1.61	11/14/2021	—	—
					5,000(8)	$6,600
Bruce Schroder	18,750	56,250(12)	$2.27	6/1/2020	—	—
	10,000	30,000(13)	$2.22	11/12/2020	—	—
	0	20,000(14)	$2.21	5/26/2021	—	—
	0	43,000(15)	$1.61	11/14/2021	—	—
Susan Shields	12,500	12,500(11)	$0.36	3/19/2019	—	—
	20,000	10,000(6)	$1.79	11/16/2019	—	—
	20,000	20,000(7)	$1.79	11/16/2019	—	—
	7,500	22,500(13)	$2.22	11/12/2020	—	—
	0	25,000(15)	$1.61	11/14/2021	—	—
					5,000(8)	$6,600
Julie Washington	10,000	30,000(12)	$2.27	6/1/2020	—	—
	8,750	26,250(13)	$2.22	11/12/2020	—	—
	0	10,000(14)	$2.21	5/26/2021	—	—
	0	30,000(15)	$1.61	11/14/2021	—	—

(1) Reflects options and restricted stock units granted under the 2006 Stock Plan, options or stock awards assumed by the Company pursuant to and in accordance with our merger with Jamba Juice Company, under the Jamba Juice Company 1994 Stock Incentive Plan (the "1994 Plan") and the 2001 Equity Incentive Plan (the "2001 Plan").

(2) Reflects options granted under the 2006 Stock Plan on December 7, 2007. Vesting on all options to purchase common stock commenced on December 7, 2007 and vested in four equal installments on each of December 7, 2008, December 7, 2009, December 7, 2010 and December 7, 2011.

(3) Vesting on Mr. White's option to purchase common stock commenced on December 1, 2008 and, assuming Mr. White continues providing services to the Company, will vest and become exercisable in equal installments on December 1, 2009, December 1, 2010, December 1, 2011 and December 1, 2012.

(4) Vesting on Ms. Luey's options to purchase Common Stock commenced on September 3, 2008 and, assuming Ms. Luey continues providing services to the Company, will vest and become exercisable in equal installments on September 3, 2009, September 3, 2010, September 3, 2011 and September 3, 2012.

(5) Vesting on Ms. Luey's options to purchase Common Stock commenced on September 3, 2008 and vested and become exercisable in equal installments on September 3, 2009, and September 3, 2010.

(6) Vesting on these options to purchase Common Stock commenced on November 16, 2009 and, assuming each individual continues providing services to the Company, will vest and become exercisable in equal installments November 16, 2010, November 16, 2011, and November 16, 2012.

(7) Vesting on Ms. Shield's options to purchase Common Stock commenced on November 4, 2009 and, assuming Ms. Shields continues providing services to the Company, will vest and become exercisable in equal installments on November 4, 2010, November 4, 2011, November 4, 2012, and November 4, 2013.

(8) Vesting on restricted stock unit awards commenced on November 16, 2009 and, assuming each individual continues providing services to the Company, will vest and become exercisable in equal installments November 16, 2010, November 16, 2011, and November 16, 2012.

(9) Market values have been estimated using a price per share of $1.32, which was the closing price of our common stock on January 3, 2012.

(10) Vesting on Ms. Luey's option to purchase common stock commenced on April 23, 2007 and vested and became exercisable in equal installments on April 23, 2008, April 23, 2009, April 23, 2010 and April 23, 2011.

(11) Vesting on Ms. Shields' option to purchase common stock commenced on March 19, 2009 and, assuming Ms. Shields continues providing services to the Company, will vest and become exercisable in equal installments on March 19, 2010, March 19, 2011, March 19, 2012 and March 19, 2013.

(12) Vesting on these options to purchase Common Stock commenced on June 1, 2010 and, assuming each individual continues providing services to the Company, will vest and become exercisable in equal installments on June 1, 2011, June 1, 2012, June 1, 2013 and June 1, 2014.

(13) Vesting on these options to purchase Common Stock commenced on November 12, 2010 and, assuming each individual continues providing services to the Company, will vest and become exercisable in equal installments November 12, 2011, November 12, 2012, November 12, 2013 and November 12, 2014.

(14) Vesting on these options to purchase Common Stock commenced on May 26, 2011, and, assuming each individual continues providing services to the Company, will vest and become exercisable in equal installments on May 26, 2012, May 26, 2013, May 26, 2014 and May 26, 2015.

(15) Vesting on these options to purchase Common Stock commenced on November 3, 2011, and, assuming each individual continues providing services to the Company, will vest and become exercisable in equal installments on November 3, 2012, November 3, 2013, November 3, 2014 and November 3, 2015.

Option Exercises and Stock Vested During Last Fiscal Year

OPTION EXERCISES AND STOCK VESTED AT JANUARY 3, 2012

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)(1)**	**Number of Shares Acquired on Vesting (#)**	**Value Realized on Vesting ($)(2)**
James D. White	—	—	—	—
Karen L. Luey	—	—	5,000	$7,950
Bruce Schroder	—	—	—	—
Susan Shields	—	—	5,000	$7,950
Julie Washington	—	—	—	—

(1) Based on the difference between the market price of our common stock on the date of exercise and the exercise price of the relevant option multiplied by the number of shares for which the option was exercised. No options to purchase our Common Stock were exercised by our Named Executive Officers in Fiscal 2011.

(2) Based on the market value of the underlying shares on vesting date multiplied by the number of shares vested.

The Company does not provide any deferred compensation arrangements or pension plans. As such, the Pension Benefits Table and Nonqualified Deferred Compensation Table have been eliminated from this proxy statement.

Potential Payments upon Termination or Change in Control

Other than with Mr. White, whose employment agreement is described below, Jamba, through its wholly owned subsidiary, Jamba Juice Company, enters into substantially identical employment agreements with each of its executive officers. Pursuant to the terms of the respective agreements, if one of our executives is terminated without cause or resigns for good reason, such executive will be entitled to (i) that executive's base salary then in effect, prorated to the date of termination, and any accrued benefits through the date of termination; (ii) a severance payment in an amount equal to twelve (12) months of the executive's then-current base salary, less applicable withholding, payable on our ordinary payroll schedule and subject to compliance with Section 409A; and (iii) payment of premiums for COBRA coverage for the applicable severance period. In the event that Ms. Luey, Mr. Schroder or Ms. Shields are terminated without cause or resigns for good reason within twelve (12) months following the effective date of a change of control of the Company, in addition to all the severance payments and benefits described above, Ms. Luey, Mr. Schroder and Ms. Shields would each be entitled to receive accelerated vesting in any previously granted restricted stock or stock options which were unvested at the time of termination, subject to the following schedule: (a) previously granted restricted stock or stock options that are up to one year vested: 50% of unvested shares subject to the grant shall vest; (b) previously granted restricted stock or stock options that are between one to two years vested: 75% of unvested shares subject to the grant shall vest; and (c) previously granted restricted stock or stock options that are two or more years vested: 100% of unvested shares subject to the grant shall vest.

Each executive's respective employment agreement supersedes all prior or simultaneous representations, discussions, negotiations, and agreements, whether written or oral between such executives and the Company or any of its subsidiaries. These agreements also provide that each executive would receive an initial base annual salary set forth in their respective agreement, subject to adjustment for merit increases or promotions and each executive would be entitled to receive stock options and bonus payments, each as approved by the Compensation Committee.

In connection with Mr. White's appointment as President and Chief Executive Officer, the Company, through its wholly-owned subsidiary, Jamba Juice Company, entered into a three year employment agreement with Mr. White dated November 17, 2008, which automatically renewed for a subsequent two-year term through December 1, 2013 upon completion of the initial three year term. In the event Mr. White is terminated without cause or resigns for good reason independent of a change of control (as such term is defined in Mr. White's employment agreement), he will be entitled to a severance payment equal to: (A) one year of his base salary then in effect on the date of termination; (B) the average annual cash bonus paid to him for the most recent three years of employment and (C) payment of premiums for COBRA coverage for a twelve-month period. In the event Mr. White is terminated without cause or resigns for good reason within 12 months of a change in control, he will be entitled to a severance payment equal to: (A) eighteen months of his base salary then in effect on the date of termination; (B) a payment equal to one and one-half times the annual target bonus based on the most recent target bonus paid to him; and (C) payment of premiums for COBRA coverage for the eighteen-month period. In addition, Mr. White will be entitled to one year of accelerated vesting in any unvested stock options in the event of a termination without cause or resignation for good reason. In addition, Mr. White's agreement provides that he is entitled to an annual base salary of $550,000, a one-time signing bonus of $100,000, less applicable withholding, which was paid in a lump sum payment in Fiscal 2008, an annual performance bonus of up to 100% of his base salary then in effect based on targets established by the Board or an appropriate committee thereof and a retention bonus equal to the lesser of $500,000, less applicable withholdings, or such amount as would result in a net of tax amount equal to $300,000 to be paid in a lump sum payment as of the Company's first regular payroll date following commencement of Mr. White's employment. One third of the retention bonus vests ratably on each anniversary of the effective date of Mr. White's employment agreement. Pursuant to the terms of the agreement Mr. White also received a grant of an option to purchase 1,500,000 shares of Common Stock outside of our 2006 Employee, Director and Consultant Stock Plan, which vests 25% per year on each anniversary of the effective date of Mr. White's employment agreement. Mr. White's base salary was unchanged in Fiscal 2011.

The exact definitions of "cause," "constructive termination" and "change of control" are defined in each respective and applicable agreement.

The following table presents our estimate of the dollar value of the payments and benefits payable to our Named Executive Officers upon the occurrence of a termination without cause or resignation for good reason under the circumstances noted above, assuming that such event occurred on January 3, 2012, the last day of Fiscal 2011. The actual amounts that would be paid to any Named Executive Officer can only be determined at the time of an actual termination of employment and would vary from those listed below.

	Cash Severance (1)	Equity Acceleration (2)	COBRA Premium (3)
Current officers:			
James D. White	$797,979(4)		$14,356
Karen L. Luey	$328,000	—	$14,356
Bruce Schroder	$300,000	—	$14,356
Susan Shields	$275,000	—	$14,356
Julie Washington	$265,000	—	$14,356

(1) Reflects 12 months continued salary for each officer.
(2) No officer is entitled to acceleration of vesting not in connection with a change in control.
(3) Assumes maximum payment of COBRA premiums for the entire severance period covered by the applicable agreement.
(4) Includes a payment equal to the average annual cash bonus paid to Mr. White for the most recent three years of employment.

The following table presents our estimate of the dollar value of the payments and benefits payable to our named executive officers in connection with a change of control under the circumstances noted above, assuming that such event occurred on January 3, 2012, the last day of Fiscal 2011. The actual amounts that would be paid to any Named Executive Officer can only be determined at the time of an actual termination of employment and would vary from those listed below.

	Cash Severance (1)	Equity Acceleration (2)	COBRA Premium (3)
Current officers:			
James D. White	$1,404,657(4)	$270,000	$21,535
Karen L. Luey	$ 328,000	$ 6,944	$14,356
Bruce Schroder	$ 300,000	—	$14,356
Susan Shields	$ 275,000	$ 18,600	$14,356
Julie Washington	$ 265,000	—	$14,356

(1) Reflects 18 months continued salary for Mr. White and 12 months continued salary for other current officers.
(2) Calculated based on the assumption that triggering event takes place on January 3, 2012, the last trading day of Fiscal 2011. Reflects the value of accelerated vesting of outstanding equity awards based on the fair market value of $1.32 per share as of the last trading day of Fiscal 2011. Acceleration of outstanding equity awards with an exercise price above $1.32 per share is not reflected.
(3) Assumes maximum payment of COBRA premiums for the entire severance period covered by the applicable agreement.
(4) Includes a payment equal to one and one-half times the most recent annual target bonus paid to Mr. White.

Change in Control Arrangements in our Equity Compensation Plans

Pursuant to the terms of the 2006 Stock Plan, holders of stock rights granted thereunder may be entitled to accelerated vesting upon the occurrence of a "Corporate Transaction," which is defined as a merger or a sale of all or substantially all of the Company's assets.

Should a Corporate Transaction occur, the Board of Directors, or the board of directors of any entity assuming the obligations of the Company thereunder, may generally:

- make appropriate provision for the continuation of such stock rights by substituting, on an equitable basis, either the consideration payable with respect to the number of outstanding shares of Common Stock in connection with the Corporate Transaction or securities of any successor or acquiring entity;
- upon written notice to the holders, provide that all stock rights must be exercised (either (a) to the extent then exercisable or (b) at the discretion of the Board of Directors, all options or stock rights being made fully exercisable for purposes of the 2006 Stock Plan), within a specified number of days of the date of such notice, at the end of which period the options or stock rights shall be terminated; or
- terminate all options or stock rights in exchange for a cash payment equal to the excess of the fair market value, less the relevant exercise price, if any, of the shares subject to such stock rights (either (a) to the extent then exercisable or (b) at the discretion of the Board of Directors, all options or stock rights being made fully exercisable for purposes of the 2006 Stock Plan).

In addition, options or stock awards granted under the 1994 Plan and the 2001 Plan which were assumed by the Company pursuant to and in accordance with its merger with Jamba Juice Company may also be entitled to accelerated vesting in certain circumstances.

Pursuant to the 1994 Plan, the Board of Directors has the full authority, but not the obligation, to specify any rules, procedures, adjustments or matters with respect to the 1994 Plan or any options issued under the 1994 Plan in connection with any reorganization, merger, reverse merger, recapitalization, reclassification, stock split, reverse split, combination of shares, sale of all or substantially all of the assets of the Company, sale of the Company or other corporate event or transaction, including, without limitation, modifying any applicable vesting provisions, adjusting the amount of outstanding options, and/or terminating the 1994 Plan.

Pursuant to the 2001 Plan, the Board of Directors, in the event of a "Change in Control," shall have the right, but not the obligation, to accelerate the vesting or termination of restriction, limitation or repurchase rights applicable to such stock awards. As defined in the 2001 Plan, "Change in Control" means:

- a sale of substantially all of the assets of the Company;
- a merger or consolidation in which the Company is not the surviving corporation;
- a reverse merger in which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger are converted by virtue of the merger into other property; or
- the acquisition by any person, entity or group of securities of the Company representing at least 50% of the combined voting power entitled to vote in the election of Directors.

COMPENSATION OF MEMBERS OF OUR BOARD OF DIRECTORS

The following table sets forth information concerning the compensation earned or paid during Fiscal 2011 by each individual who served as a director at any time during Fiscal 2011, except for Mr. White, who does not receive compensation for serving as a director under the Company's compensation policy for non-employee directors since he is an employee of the Company:

2011 DIRECTOR COMPENSATION

Name	Board Fees Earned or Paid in Cash ($)(2)	Board Fees Earned or Paid in Stock ($)	Other Fees Earned or Paid in Cash ($)	Option Awards ($)(3)	Total ($)
Beth Bronner (4)	—	—	—	—	—
Andrew R. Heyer (4)	—	—	—	—	—
Richard L. Federico	$ 70,000	—	—	$35,905	$105,905
Lesley H. Howe	$100,000	—	—	$35,905	$135,905
Michael Serruya	$ 20,400(5)	—	—	$35,905	$ 56,305
Brian Swette	$ 40,000	$15,000(6)	—	$35,905	$ 97,155
Michael Depatie	$ 60,000	—	—	$35,905	$ 95,905
Fritzi Woods (7)	$ 19,875	$15,000(6)	—	$35,905	$ 70,780
Marvin Igelman (7)	$ 39,600	—	—	$33,005	$ 72,605

(1) See the 2011 Summary Compensation Table above for disclosure related to Mr. White who is our current President and Chief Executive Officer. Mr. White is our only employee director and does not receive any additional compensation for his services as a member of our Board of Directors.

(2) Fees earned are based on membership on the Board and participation in Board or committee chairmanship positions.

(3) Represents the aggregate fair market value of stock options and restricted stock units calculated in accordance with the fair value method. For more information on this calculation see Footnote 4 to the 2011 Summary Compensation Table above.

(4) Fees payable for Board services provided by this director pursuant to the terms of our Non-Employee Director Compensation Policy are paid to Mistral Capital Management, LLC.

(5) Represents compensation paid to Mr. Serruya through May 20, 2011, the date of Mr. Serruya's resignation from the Board.

(6) Mr. Swette and Ms. Woods elected to receive one-half of his and her respective Board member cash compensation in an equally valued stock grant.

(7) Ms. Woods and Mr. Igelman began serving as members of the Board at the 2011 Annual Meeting of Stockholders.

Compensation of Directors

It is the general policy of the Board of Directors that compensation for non-employee directors should be a mix of cash and equity-based compensation. Director compensation is generally reviewed annually by the Compensation and Executive Development Committee, with any changes made by the committee generally becoming effective commencing after the Annual Meeting of Stockholders. All Board members are entitled to reimbursement by the Company for reasonable travel to and from meetings of the Board, and reasonable food and lodging expenses incurred in connection therewith.

The Compensation and Executive Development Committee amends our Non-Employee Director Compensation Policy from time to time to ensure that compensation levels are fair and appropriate. As amended to date, non-employee members of our Board are compensated in the following manner:

	Cash Compensation$(1)	Equity Compensation
Annual Retainer:		
Board Member	60,000(4)	(2)
Chairman of the Board (additional)	40,000	—
Lead Director (additional)	20,000(3)	—
Audit Committee Chair (additional)	20,000	—
Compensation and Executive Development Committee Chair (additional)	10,000	—
Nominating and Corporate Governance Committee Chair (additional)	10,000	—

(1) Assumes service for a full year; directors who serve for less than the full year are entitled to receive a pro rated portion of the applicable payment. Each "year", for purposes of the Director Compensation Policy, begins on the date of our annual meeting of stockholders. Each director can elect, in lieu of one-half of their Board Member cash compensation, to take an equally valued stock grant.

(2) From the 2011 Annual Meeting Date until the 2012 Annual Meeting Date, the annual grant of options given to each director was 25,000. Effective following the 2012 Annual Meeting Date, the annual grant of options given to each director will be replaced with an annual grant of 10,000 restricted stock units. The restricted stock units will be granted pursuant to the 2006 Employee, Director and Consultant Stock Plan and will vest over a period of one year, at a rate of 25% per three-month period following the annual meeting of stockholders.

(3) The Lead Director position became effective following the 2010 Annual Meeting Date when James D. White, our President and Chief Executive Officer, assumed the additional position of Chairman of the Board. Mr. White will not receive any additional Board compensation for serving in the role of Chairman.

(4) Andrew Heyer and Beth Bronner have been elected by the holders of the Series B-1 Preferred and, as such, do not personally receive any compensation for their Board services. The Company does, however, pay the Board fees otherwise payable to them to Mistral Capital Management, L.L.C. See the section above entitled *CORPORATE GOVERNANCE—Certain Relationships and Related Transactions* for more information.

Other than as provided above, there were no other arrangements pursuant to which any director was compensated during the fiscal year ended January 3, 2012 for service as a director.

EQUITY COMPENSATION PLAN INFORMATION

The Company maintains four stock-based compensation plans. The Company's 2006 Employee, Director and Consultant Stock Plan was approved by the Company's stockholders on November 28, 2006, and currently provides for the granting of up to eight million shares of common stock in the form of nonqualified and incentive stock options, stock grants or other stock-based awards to employees, non-employee directors and consultants. The Company's 2010 Employee Stock Purchase Plan was approved by the Company's stockholders on May 20, 2010 and provides an investment benefit to our employees by making available for purchase three million shares of common stock. In connection with our merger with Jamba Juice Company, the Company assumed the outstanding options under the 1994 Plan and the 2001 Plan which provided for granting nonqualified and incentive stock options to employees, non-employee directors and consultants. No additional grants are available under the 1994 Plan and the 2001 Plan. The following table sets forth information regarding outstanding options and shares reserved for future issuance under the foregoing plans as of January 3, 2012:

Plan Category (1)	Number of shares to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options, (b)($)	Number of shares remaining available for future issuance under equity compensation plans (excluding shares reflected in column (a))(c)(3)
Equity compensation plans approved by stockholders	4,677,920	$2.77	5,211,448
Equity compensation plans not approved by stockholders (2)	1,500,000	$0.60	—
Total	6,177,920		5,211,448

(1) The information presented in this table excludes options assumed by the Company in connection with the merger with Jamba Juice Company. As of January 3, 2012, 108,455 shares of the Company's Common Stock were issuable upon exercise of these assumed options, at a weighted average exercise price of $8.47 per share.

(2) Represents an option to purchase 1,500,000 shares of our Common Stock granted to Mr. White outside of the 2006 Employee, Director and Consultant Stock Plan. The grant of this option did not require approval by our stockholders due to its qualification under the "inducement grant exception" provided by Nasdaq Listing Rule 5635(c)(4).

(3) Included 2,250,942 shares available for future issuance under 2006 Employee, Director and Consultant Stock Plan and 2,960,506 shares available for future issuance under the 2010 Employee Stock Purchase Plan.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth, as of March 26, 2012, certain information with respect to the beneficial ownership of the Company's Common Stock, Series B-1 Preferred Stock and Series B-2 Preferred Stock by (i) each person who is known by the Company to be the beneficial owner of more than 5% of the Company's Common Stock, Series B-1 Preferred Stock or Series B-2 Preferred Stock (ii) each director and director-nominee of the Company, (iii) each executive officer named in the Summary Compensation Table and (iv) all directors and executive officers of the Company as a group.

	Shares of Common Stock Beneficially Held		Shares of Series B-1 Preferred Stock Beneficially Held		Shares of Series B-2 Preferred Stock Beneficially Held	
Name and Address of Beneficial Owner (1)	**Amount (2)**	**Percent (3)**	**Amount (2)**	**Percent (3)**	**Amount (2)**	**Percent (3)**
Mistral Equity Partners LP (4) 425 Lexington Avenue 3rd Fl. CIBC Wood Gundy New York NY 10017	7,605,800	10.2%	76,058	69.7%	—	*
Mistral Equity GP LLC (5) 425 Lexington Avenue 3rd Fl. CIBC Wood Gundy New York NY 10017	2,743,600	3.9%	27,436	25.1%	—	*
MEP Co-Invest, LLC (6) 425 Lexington Avenue 3rd Fl. CIBC Wood Gundy New York NY 10017	565,500	*	5,655	5.2%	—	*
CanBa Investments, LLC (7) 210 Shields Court Markham A6 L3R8V2	5,795,900	8.0%	—	*	53,609	90.5%
JRP Citadel, Inc. (8) 555 Steeprock Drive Downsview, ON M3J 2Z6	400,000	*	—	*	4,000	6.8%
Thomson Horstmann & Bryant, Inc. (9) 501 Merritt 7 Norwalk, CT 06851	3,812,413	5.7%	—	*	—	*
James D. White (10)	1,358,267	2.0%	—	*	—	*
Karen L. Luey (11)	287,073	*	—	*	—	*
Bruce Schroder (12)	36,154	*	—	*	—	*
Susan Shields (13)	74,041	*	—	*	—	*
Julie Washington (14)	28,025	*	—	*	—	*
Richard L. Federico (15)	154,743	*	—	*	—	*
Brian Swette (16)	232,000	*	—	*	—	*
Lesley H. Howe (17)	128,800	*	—	*	—	*
Andrew R. Heyer (4)(5)(6)	10,914,900	14.0%	109,149	100%	—	*
Marvin Igelman (18)	25,000	*	—	*	—	*
Beth Bronner	—	*	—	*	—	*
Michael Depatie (19)	85,300					
Fritzi G. Woods (20)	37,312	*	—	*	—	*
All current directors and executive officers as a group (21)	13,361,615	16.7%	109,149	100%	—	*

* Less than 1%

(1) Except as otherwise indicated, the persons named in this table have sole voting and investment power with respect to all shares of Common Stock shown as beneficially owned by them, subject to community property laws, where applicable, and to the information contained in the footnotes to this table. This table is based upon the most current information supplied to us by current and former officers and directors of the Company and upon information gathered by us about principal stockholders known to us based on a Schedule 13G or 13D filed with the Securities and Exchange Commission.

(2) Under the rules of the Securities and Exchange Commission, a person is deemed to be the beneficial owner of shares that can be acquired by such person within 60 days upon exercise of options or warrants or conversion of preferred stock.

(3) Calculated on the basis of 67,306,639 shares of Common Stock, 109,149 shares of Series B-1 Preferred Stock and 59,240 shares of Series B-2 Preferred Stock outstanding as of March 26, 2012, provided that any additional shares of Common Stock that a stockholder has the right to acquire within 60 days after March 26, 2012 are deemed to be held and outstanding for the purpose of calculating that stockholder's percentage of beneficial ownership but not the percentages of beneficial ownership of other stockholders.

(4) Represents 76,058 shares of Series B-1 Preferred Stock directly owned by Mistral Equity Partners, LP ("MEP"), a Delaware limited partnership, of which Mistral Equity GP, LLC ("ME GP") is the general partner. The shares of Series B-1 Preferred Stock are currently convertible into 7,605,800 shares of Common Stock, subject to adjustment. Mr. Heyer is the chief executive officer, sole managing member and a managing director of ME GP. By reason of the provisions of Rule 16a-1 of the Securities Exchange Act of 1934 (the "Act"), ME GP may be deemed to be the beneficial owner of any securities that may be deemed to be beneficially owned by MEP, and Mr. Heyer may be deemed to be the beneficial owner of any securities that may be deemed to be beneficially owned by MEP and ME GP. ME GP may be deemed to have an indirect pecuniary interest (within the meaning of Rule 16a-1 of the Act) in an indeterminate portion of the securities reported as beneficially owned by MEP, and Mr. Heyer may be deemed to have an indirect pecuniary interest (within the meaning of Rule 16a-1 of the Act) in an indeterminate portion of the securities reported as beneficially owned by MEP and ME GP.

(5) Represents 27,436 shares of Series B-1 Preferred Stock directly owned by Mistral Equity Partners QP, LP ("MEP QP"), a Delaware limited partnership, of which ME GP is the general partner. The shares of Series B-1 Preferred Stock are currently convertible into 2,743,600 shares of Common Stock, subject to adjustment. Mr. Heyer is the chief executive officer, sole managing member and a managing director of ME GP. By reason of the provisions of Rule 16a-1 of the Act, ME GP may be deemed to be the beneficial owner of any securities that may be deemed to be beneficially owned by MEP QP, and Mr. Heyer may be deemed to be the beneficial owner of any securities that may be deemed to be beneficially owned by MEP QP and ME GP. ME GP may be deemed to have an indirect pecuniary interest (within the meaning of Rule 16a-1 of the Act) in an indeterminate portion of the securities reported as beneficially owned by MEP QP, and Mr. Heyer may be deemed to have an indirect pecuniary interest (within the meaning of Rule 16a-1 of the Act) in an indeterminate portion of the securities reported as beneficially owned by MEP QP and ME GP.

(6) Represents 5,655 shares of Series B-1 Preferred Stock directly owned by MEP Co-Invest, LLC ("MEP C-I"), a Delaware limited liability company, of which Mr. Heyer is the sole managing member. The shares of Series B-1 Preferred Stock are currently convertible into 565,500 shares of Common Stock, subject to adjustment. By reason of the provisions of Rule 16a-1 of the Act, Mr. Heyer may be deemed to be the beneficial owner of any securities that may be deemed to be beneficially owned by MEP C-I. Mr. Heyer may be deemed to have an indirect pecuniary interest (within the meaning of Rule 16a-1 of the Act) in an indeterminate portion of the securities reported as beneficially owned by MEP C-I.

(7) Represents 53,609 shares of Series B-2 Preferred Stock directly owned by CanBa Investments, LLC and 435,000 shares of Common Stock, based on a Schedule 13-G filed by CanBa Investments, LLC on February 6, 2012. The shares of Series B-2 Preferred Stock are currently convertible into 5,360,900 shares of Common Stock, subject to adjustment.

(8) Represents 4,000 shares of Series B-2 Preferred Stock directly owned by JRP Citadel, Inc. The shares of Series B-2 Preferred Stock are currently convertible into 400,000 shares of Common Stock, subject to adjustment.

(9) Based on a Schedule 13-G filed by Thomson Horstmann & Bryant, Inc, an investment advisor in registered under Section 203 of the Investment Advisers Act of 1940, filed on February 1, 2012.
(10) Represents 214,517 shares of Common Stock held by Mr. White and 1,143,750 shares of Common Stock issuable upon the exercise of vested options held by Mr. White.
(11) Represents 73,326 shares of Common Stock held by Ms. Luey and 213,747 shares of Common Stock issuable upon exercise of vested options held by Ms. Luey.
(12) Represents 7,404 shares of Common Stock held by Mr. Schroder, and 28,750 shares of Common Stock issuable upon exercise of vested options held by Mr. Schroder.
(13) Represents 14,041 shares of Common Stock held by Ms. Shields and 60,000 shares of Common Stock issuable upon exercise of vested options held by Ms. Shields.
(14) Represents 9,275 shares of Common Stock held by Ms. Washington and 18,750 shares of Common Stock issuable upon exercise of vested options held by Ms. Washington.
(15) Represents 17,500 shares of Common Stock held by Mr. Federico and 137,243 shares of Common Stock issuable upon exercise of vested options held by Mr. Federico.
(16) Represents 102,700 shares of Common Stock held by Mr. Swette and 129,300 shares of Common Stock issuable upon exercise of vested options held by Mr. Swette.
(17) Represents 30,000 shares of Common Stock held by Mr. Howe and 98,800 shares of Common Stock issuable upon exercise of vested options held by Mr. Howe.
(18) Represents 25,000 shares of Common Stock issuable upon exercise of vested options held by Mr. Igelman.
(19) Represents 47,800 shares of Common Stock held by Mr. Depatie and 37,500 shares of Common Stock issuable upon exercise of vested options held by Mr. Depatie.
(20) Represents 12,312 shares of Common Stock held by Ms. Woods and 25,000 shares of Common Stock issuable upon exercise of vested options held by Ms. Woods.
(21) Represents 528,875 shares of Common Stock, 1,917,840 shares of Common Stock issuable upon the exercise of vested options, and 10,914,900 shares of Common Stock issuable upon the conversion of Series B-1 Preferred Stock. See Notes 4, 5, 6 and 10 through 20, above.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our executive officers and directors and persons who beneficially own more than 10% of our Common Stock to file initial reports of beneficial ownership and reports of changes in beneficial ownership with the SEC. Such persons are required by SEC regulations to furnish us with copies of all Section 16(a) forms filed by such person.

Based solely on our review of such forms furnished to us and written representations from certain reporting persons, we believe that all filing requirements applicable to our executive officers, directors and greater-than-10% stockholders were complied with for Fiscal 2011, except that Susan Shields, our former Senior Vice President and Chief Marketing Officer and current Chief Innovation Officer, filed one late report with respect to one transaction.

STOCKHOLDER PROPOSALS TO BE PRESENTED AT NEXT ANNUAL MEETING

Stockholder proposals may be included in our proxy materials for an annual meeting so long as they are provided to us on a timely basis and satisfy the other conditions set forth in applicable SEC rules. For a stockholder proposal to be included in our proxy materials for the next Annual Meeting, the proposal must be received at our principal executive offices, addressed to the Secretary, not later than 120 days prior to the anniversary of the this year's proxy materials were released to stockholders, which date shall be December 6, 2012. Stockholder business that is not intended for inclusion in our proxy materials may be brought before the Annual Meeting so long as we receive notice of the proposal as specified by our Bylaws, addressed to the Secretary at our principal executive offices, not later than the above date.

HOUSEHOLDING OF PROXY MATERIALS

The SEC has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for our Notice of Internet Availability of Proxy Materials, and for those stockholders that received a paper copy of proxy materials in the mail, our proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single Notice, or for stockholders receiving a paper copy of proxy materials, a proxy statement addressed to those stockholders. This process, which is commonly referred to as "householding," potentially means extra convenience for stockholders and cost savings for companies.

This year, a number of brokers with account holders who are Jamba stockholders will be "householding" our proxy materials. A single Notice, or for stockholders receiving a paper copy of proxy materials, a proxy statement will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that they will be "householding" communications to your address, "householding" will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in "householding" and would prefer to receive a separate Notice, or for stockholders receiving a paper copy of proxy materials, a proxy statement and annual report, please notify your broker, direct your written request to Investor Relations Department, Jamba, Inc., 6475 Christie Avenue, Suite 150, Emeryville, CA 94608 or contact our Corporate Secretary by telephone at (510) 596-0100. Stockholders who currently receive multiple copies of the Notice, or for stockholders receiving a paper copy of proxy materials, a proxy statement at their address and would like to request "householding" of their communications should contact their broker.

TRANSACTION OF OTHER BUSINESS

At the date of this Proxy Statement, the Board of Directors knows of no other business that will be conducted at the Annual Meeting other than as described in this Proxy Statement. If any other matter or matters are properly brought before the meeting, or any adjournment or postponement of the meeting, it is the intention of the persons named in the accompanying form of proxy to vote the proxy on such matters in accordance with their best judgment.

By Order of the Board of Directors,

KAREN L. LUEY
Secretary

April 5, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended January 3, 2012

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Jamba, Inc.
(Exact name of registrant as specified in its charter)

Delaware	001-32552	20-2122262
(State or other jurisdiction of incorporation)	(Commission File No.)	(I.R.S. Employer Identification No.)

6475 Christie Avenue, Suite 150,
Emeryville, California 94608
(Address of principal executive offices)

Registrant's telephone number, including area code: (510) 596-0100

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, par value $.001 per share — The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act:
NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to the filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the registrant's common stock, $0.001 par value per share, held by non-affiliates as of the last day of the registrant's second fiscal quarter ended July 12, 2011 was $131,137,867 (based upon the closing sales price of registrant's common stock on such date). For purposes of this disclosure, shares of common stock held by persons who held more than 5% of the outstanding shares of common stock and shares held by officers and directors of the registrant have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of shares of common stock of Jamba, Inc. issued and outstanding as of March 1, 2012 was 67,292,829.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the 2012 Annual Meeting of Stockholders (the "Proxy Statement"), to be filed within 120 days of the end of the fiscal year ended January 3, 2012, are incorporated by reference in Part III hereof. Except with respect to information specifically incorporated by reference in this Form 10-K, the Proxy Statement is not deemed to be filed as part hereof.

JAMBA, INC.

ANNUAL REPORT ON FORM 10-K

FISCAL YEAR ENDED JANUARY 3, 2012

Special Note Regarding Forward-Looking Statements

We believe that some of the information in this document constitutes forward-looking statements. You can identify these statements by forward-looking words such as "may," "expect," "anticipate," "contemplate," "believe," "estimate," "intend," "plan," and "continue" or words of similar meaning. Examples of such statements include references to targeted growth, new store openings, Company Store comparable sales, expense management and the like. You should read statements that contain these words carefully because they:

- discuss future expectations;
- contain projections of future results of operations or financial condition; or
- state other "forward-looking" information.

We believe it is important to communicate our expectations to our stockholders. However, there may be events in the future that we are not able to accurately predict or over which we have no control. The risk factors and cautionary language discussed in this document outline examples of risks, uncertainties and events that may cause actual results to differ materially from the expectations described in the forward-looking statements, including among other things:

- our business strategy and financial performance;
- our revenue and customer volatility based upon weather and general economic conditions;
- fluctuations in various food and supply costs; and
- competition and other risks related to the food services business.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document.

All forward-looking statements included herein are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable laws and regulations, we undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

You should be aware that the occurrence of the events described in the "Risk Factors" portion of this annual report, the documents incorporated herein and our other SEC filings could have a material adverse effect on our business, prospects, financial condition or operating results.

PART I

ITEM 1. BUSINESS

Background of Jamba, Inc.

Jamba, Inc. owns and franchises, on a global basis, Jamba Juice stores through its wholly-owned subsidiary, Jamba Juice Company. Jamba Juice Company is a leading restaurant retailer of better-for-you specialty beverages and food offerings which include great tasting fruit smoothies, fresh squeezed juices, hot teas, hot oatmeal made with organic steel cut oats, fruit and veggie smoothies, Fit'n Fruitful™ smoothies with Weight Burner Boost™, Whirl'ns™ Frozen Yogurt, breakfast wraps, side salads, sandwiches, California Flatbreads™, and a variety of baked goods and snacks. Jamba Juice Company has expanded the Jamba brand by licensing its trademark to sell consumer packaged goods through retail channels such as grocery, mass, club and convenience.

Jamba, Inc. was incorporated in Delaware on January 6, 2005 as a blank check company formed to serve as a vehicle for the acquisition of a then unidentified operating business. On July 6, 2005, Jamba, Inc. consummated its initial public offering. On March 10, 2006, Jamba, Inc. entered into an Agreement and Plan of Merger with Jamba Juice Company, which first began operations in 1990. The merger between Jamba, Inc. and Jamba Juice Company (the "Merger") was completed on November 29, 2006.

Unless the context otherwise requires, Jamba, Inc., the registrant, together with Jamba Juice Company, are referred to in this Form 10-K annual report ("Form 10-K") as the "Company", "Jamba", "we", "us" and "our." Information regarding the Company's fiscal periods is included in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Narrative Description of Business

As of January 3, 2012, there were 769 Jamba Juice stores globally, consisting of 307 Company-owned and operated stores ("Company Stores"),443 franchise-operated stores ("Franchise Stores") in the United States, and 19 international Franchise Stores ("International Stores). As of January 3, 2012, Jamba Juice had a retail consumer products program that included ten license agreements covering a variety of consumer packaged goods ("CPG").

The BLEND Plan—Our Strategic Priorities

The BLEND Plan continues to guide the Company's strategic plan to successfully transform the Jamba brand from a made-to-order smoothie company to a globally recognized healthy, active lifestyle brand. In January 2009, we established initiatives under BLEND Plan 1.0 targeted towards the financial and strategic turnaround of the Company. During the subsequent years through 2011, we believe we achieved all the milestones related to BLEND Plan 1.0. As a result, our strategic plan has evolved and our focus is now on accelerating the growth of the Jamba brand and expanding the business model. The key components of our plan are driving brand strength, improving store economics, accelerating store or unit development and expansion of our CPG program, and are captured in our BLEND Plan 2.0:

- make Jamba a top-of-mind healthy food and beverage brand;
- embody a healthy, active lifestyle at store level and broadly across the enterprise;
- accelerate global retail growth through new and existing formats;
- build a global CPG platform in Jamba-relevant categories; and
- pursue new ways to reduce costs and drive productivity.

These strategic priorities support the Company's mission to grow and develop Jamba as a premier healthy, active lifestyle brand, by offering consumers differentiated products and experiences at Jamba Juice stores and through other retail distribution channels. One of the keys to our success is the Jamba culture, a unique set of core values and actions that manifest themselves in team members executing at the highest levels of service while expressing their passion for the brand.

Make Jamba a top-of-mind healthy food and beverage brand

We have traditionally provided a range of freshly blended beverages, baked goods and snacks in our stores. Product innovation is a high priority at the Company. Our menu items are designed to offer our customers products that are relevant to pursuing a healthy, active lifestyle. Our research and development team, composed of food scientists, quality assurance specialists and food industry experts, is continually developing and testing new and improved menu items that support not only the integrity of the Jamba Juice brand but our commitment to offering great tasting innovative products made from high quality ingredients.

We utilize premium ingredients in our menu offerings and other products. We offer a range of high-quality, packaged, good-for-you snacks. The items in our food portfolio are continually being refined and optimized. We continue to believe there is consumer demand for better-for-you on-the-go food items that is not being fulfilled by other quick service restaurants. Our menu options meet our four mandatory core standards: no trans fat, no high fructose corn syrup, no artificial preservatives, and no artificial flavors. Our goal is for Jamba Juice to be the leader in the specialty, better-for-you beverage retailer segment.

Our research and development team continually seeks to enhance the product offerings available to customers, and where possible, reduce product and labor costs. Our research and development process includes both the development of new products and the optimization of existing menu items to ensure only the most appealing products are developed and offered to customers. We are passionate about creating differentiated, healthy, active lifestyle products that meet an even greater breadth and depth of customer health and wellness needs. There is no certainty that product development efforts will lead to the introduction and success of new product offerings or a potential increase in operating margins.

We continuously seek to optimize our products and develop new ones to help create points of differentiation, optimize day-parts and operating efficiencies, encourage habitual behavior and mitigate weather and seasonality. Examples of products we introduced in 2011 are:

- New product platforms:
    - Fruit & Veggie smoothie platform which provides at least three full servings of fruits and vegetables in a delicious smoothie and speaks to consumers' needs for a convenient way to increase their intake of both fruits and vegetables. These smoothies, which also meet the USDA school guidelines for healthy products, offer food service directors participating in our school lunch program another solution to providing children with healthier menu offerings.
    - Whirl'ns™ Frozen Yogurt, a line of ten signature specialty frozen yogurt flavors found only at Jamba Juice to meet consumer needs for a better-for-you treat, particularly in the evening day-part. This line is currently available in 157 California locations.
    - Breakfast wraps, a line of three savory scrambled egg whites mixed with other delicious ingredients wrapped in a warm tortilla. The wraps currently available include Turkey n'Sausage, Southwestern Chicken Chorizo and Spinach n' Cheese.

- Seasonally relevant limited time offerings, including:
  - Probiotic Fruit and Yogurt Blends, which are healthy, refreshing yogurt smoothies made with Jamba Juice's Probiotic Boost offered in three flavors—Vibrant Blueberry™, Strawberries Alive™ and Thrivin' Mango™. The smoothies are made with fresh nonfat yogurt, soymilk and whole fruit, with a Probiotic Boost. These Fruit Blends are an effective way to help support the immune system and digestive health. Probiotic Fruit and Yogurt Blends rolled out in early 2011 as a seasonal limited time offer across the entire system.
  - Fruit Refreshers made with coconut water, which are thirst quenching and hydrating fruit beverages with essential electrolytes. Refreshers are offered in three flavors—Purely Pineapple, Tropical Mango and Strawberry Lemonade. The Fruit Refreshers deliver the natural hydration benefits of coconut water and provide a convenient way to stay hydrated.
  - New holiday beverages including the Apple Cinnamon Cheer™ smoothie and a boosted hot drink, The Chillbuster™. The Apple Cinnamon Cheer™ smoothie continues Jamba Juice's tradition of offering a healthier alternative to indulgent holiday treats. The Chillbuster™ is Jamba Juice's twist on a classic hot apple cider to ward off the wintry chills, and is pre-boosted with immunity and antioxidant Power boosts, delivering a soothing beverage rich in antioxidants.

All our products are rigorously tested prior to roll-out. In 2010, we established the "iDistrict" (Innovation District), a group of Company Stores. We test all major process enhancements, promotions, and product initiatives at the iDistrict stores. The testing of new initiatives in our iDistrict stores allows us to rapidly integrate relevant store and customer feedback and to quickly make adjustments to improve the quality of products and processes we ultimately deliver to the system. During 2011, the iDistrict was used to validate several new platform ideas including our breakfast wraps, which were rolled out to the entire system during the fall. This new platform complements our already strong breakfast offering of slow-cooked oatmeal, freshly squeezed juices, Fruit & Yogurt parfaits and hot beverages.

Embody a healthy, active lifestyle at store level and broadly across the enterprise

We were founded on the belief that maintaining a balance of physical activity, good nutrition, and community involvement are critical to healthy living. Our focus is on how we communicate with consumers, and how we engage them on achieving and maintaining a healthy, active lifestyle. Our recently announced Live Fruitfully™ consumer marketing campaign, along with our Ambassadors of Wow and two Company spokespersons, tennis star Venus Williams and nutrition expert Tara Gidus, will continue to educate and inspire consumers on leading a healthy, active lifestyle. In addition, we are planning to significantly increase the nutrition education and product training provided to our team members to build their knowledge.

Our strategy of engaging customers in healthy lifestyle activities is a continuation of our focus on improving the quality and consistency of customer service at our stores. We believe our continued focus on our customers, including encouraging them to lead a healthy, active lifestyle, will lead to an enhanced brand experience, thereby heightening customer loyalty and satisfaction, and ultimately increasing frequency of visits and our market share.

Our commitment to health and wellness in schools is evidenced in the growth of our participation in school lunch programs in over 40 California school districts. Another component of our community engagement effort is the enhancement of our fundraising opportunities for non-profit organizations. We continue to work with a variety of non-profit organizations, including the National Parent-Teacher Association and the National Gardening Association, to provide fundraising opportunities for school and youth oriented programs. We also sponsor a grant program to promote nutrition education and gardening among youth organizations and schools through KidsGardening.org, a division of the National Gardening Association.

During 2011, we launched a social responsibility program called Team Up for a Healthy America, with the aim of raising consumer awareness of Jamba's focus on critical national health issues. This program gained nationwide attention as a result of our partnership with several organizations including National Geographic Kids, the Women's National Basketball Association (WNBA), the U.S. Water Polo Association, the Girl Scouts of America and our Company spokesperson, Venus Williams.

Our mission to inspire and simplify healthy living extends to our Company Store team members, who enjoy access to a broad offering of benefits in support of maintaining a healthy, active lifestyle. During 2011, Jamba was named one of the San Francisco Bay Area's healthiest employers by The Silicon Valley/San Jose Business Journal and the San Francisco Business Times.

Accelerate global retail growth through new and existing formats

The focus of our global retail expansion is the development of traditional and non-traditional Franchise Stores. We believe this franchise strategy will better position us for growth in market share, reduce capital outlays, provide better overall margins, allow us to open more locations at an accelerated rate, increase our brand presence to support other Company initiatives such as consumer products licensing, and increase customer frequency.

A primary goal of the Company is to grow the Jamba brand by establishing more points of distribution inherently giving us a broader brand awareness and deepening brand loyalty by making it easier for consumers to access and enjoy all the products and services Jamba has to offer. We believe we have significant market expansion opportunities globally.

Jamba Juice—Domestic

We have grown our concept and brand through Company Store and Franchise Store locations. As of January 3, 2012 there were 750 Jamba Juice store locations in the United States consisting of 307 Company Stores and 443 Franchise Stores operating in 25 states. Of the 750 locations, 394 stores are located in California, of which 292 are Company Stores and 102 are Franchise Stores. We lease the real estate for all of our Company Stores. Our market planning has shown that there is potential for at least 2,700 total Jamba Juice stores in the United States, all of which we believe can be profitable and would meet our current store opening criteria. During 2011, Franchisees opened 22 new Franchise Stores, closed eight Franchise Stores, and acquired 42 Company Stores, which are now operating as Franchise Stores. We also converted four Franchise Stores to the JambaGo format. As a result, Franchise Stores represented approximately 60% of the Jamba Juice system as of January 3, 2012.

We generally characterize our stores as either "traditional" or "non-traditional" locations. A traditional location is characterized as a business premises that exists primarily as a Jamba Juice store. Traditional stores average approximately 1,200 — 1,400 square feet in size. These stores are located either in major urban centers or in suburban strip mall centers. As of January 3, 2012, there were 583 traditional Jamba Juice store locations.

A non-traditional location is characterized as a Jamba Juice store located within another primary business in conjunction with other businesses or at institutional settings such as colleges and universities, entertainment venues, shopping malls, transportation centers, supermarkets and airports. A "captive" audience is a common characteristic of non-traditional locations. We believe one benefit of the development of non-traditional stores is to increase awareness of the Jamba Juice brand to complement the traditional stores in the area. As of January 3, 2012, there were 167 non-traditional Jamba Juice store locations.

We continue to innovate in the design of traditional and non-traditional stores as well. Our goal is to vary the size and format of our stores to allow us to locate them in or near a variety of settings. As a result, the typical costs to construct a Jamba Juice non-traditional store ranges from $185,000 to $408,000 and the typical costs to construct a traditional Jamba Juice store ranges from $264,000 to $462,000. Our flexibility in store construction enables us to develop stores in a variety of venues, broadening the visibility of the Jamba brand and giving more customers easier, more convenient access. In turn, we hope format flexibility will help us to attract qualified franchisees and to assure them of potentially achieving a higher return on their investment in capital expenditures.

In October, 2011, we announced the test of a new growth concept called JambaGo™. This growth concept is an innovative express service utilizing compact technology to make select smoothie flavors in "stations" using pre-packaged ingredients. This new concept will enable Jamba to rapidly expand brand presence. The JambaGo platform targets venues servicing captive audiences with greater demand for higher volumes where the need for high-speed service is essential and where a full-sized Jamba Juice store or kiosk would not be feasible. Such venues include schools, grocery and convenience stores, stadiums, theaters, event centers and select airport locations. As of January 3, 2012, there were 35 JambaGo locations in six states.

Through our franchising program, we offer franchisees choices in store format and number of stores they wish to operate including (i) traditional store venues such as single store franchises, (ii) nontraditional store venues such as mall, university, supermarket or transit hub locations, and (iii) multi-unit license agreements which grant the franchisee exclusive rights to develop and operate a specified number of stores within a specified period of time within a specified geographic area, which we call area development agreements.

Our current traditional store franchise agreement provides for an initial 10-year term. The agreement is renewable for two consecutive 10-year terms, subject to various conditions and state law. The royalty rate in the current franchise agreement for domestic locations is generally 5.5% — 6% of revenue, with franchisees required to contribute up to an additional 4% of revenue to a company-administered advertising fund. At the present time, in general, we are charging 2% of revenue as the marketing contribution for our traditional store franchisees. Traditional store franchisees are also expected to spend 1.5% of sales on local marketing efforts. There is typically up to a one-mile geographic radius restriction for traditional stores in non-downtown areas. The royalty rates and marketing contributions for non-traditional stores vary depending upon type (transit hub, college or university or supermarket). Franchisees typically pay an initial fee of $20,000 or $25,000 for traditional store locations, and an initial fee ranging from zero to $15,000 for non-traditional store locations. We generally do not provide any form of financing to our franchisees.

As of January 3, 2012, we had fifteen area developers with rights to develop additional Franchise Stores pursuant to development agreements. The exclusive territories covered by these agreements include selected markets in the states of Arizona, Colorado, Connecticut, Florida, Hawaii, Illinois, Indiana, Kentucky, Louisiana, Maryland, Massachusetts, Minnesota, Nevada, New Jersey, Ohio, Oregon, Pennsylvania, Utah, Washington State, Washington D.C., and Wisconsin. These developers had contractual commitments to open an aggregate of 78 new Franchise Stores in their respective territories over the next several years. Eight of the fifteen development agreements were entered into in connection with refranchising transactions, where a purchaser of Company Stores also agreed to develop new Franchise Stores.

Area developers typically enter into a separate franchise agreement for each store opened. Under typical development agreements, upon execution of the multi-unit development agreement, the area developer generally pays, as a development fee, one-half of a $20,000-$25,000 initial fee, or $10,000-$12,500, for each store required to be developed. Area developers are obligated to finance their own build-out of each store location according to our specifications.

We also continue to strengthen our relationships with beverage and food concessionaires operating at non-traditional venues such as colleges, universities, airports and other transit hubs, and other retail and entertainment venues to help maximize our non-traditional franchise development. In addition to our own efforts, we are approached by sophisticated concessionaires and contract feeders whose independent research has identified us as ideal for locations such as colleges and universities, sport venues, airports, and other non-traditional venues where they have exclusive rights from venue owners to develop. When it fits our expansion strategies, these opportunities are incorporated into our own plans.

Our market planning and site selection process is integral to the successful execution of our growth strategy. We have processes for identifying, analyzing, and assigning undeveloped markets for either Company Store or Franchise Store development. Once a market is selected, we carefully screen trade areas for demand based on demographic, psychographic and Jamba Juice specific variables to assess the risk of developing a store or permitting a franchisee to do so. We review trade areas to ensure that they meet our guidelines for new store development and begin the site selection or approval process. Once a trade area is approved, we carefully screen prospective locations for visibility, traffic patterns, ease-of-use and co-tenancy for potential Company Store and Franchise Store locations. Our expansion strategy involves using this market planning and site selection process to leverage areas of demand within each market. We intend to use this approach to encourage the clustering of stores in specific geographic areas of demand, which we believe will drive brand awareness, improve operating and marketing efficiencies for Franchise Stores while leveraging the costs associated with regional supervision. Distribution efficiencies can also be realized through this strategy. In addition, we believe the ability to hire qualified team members is enhanced in markets where Jamba is a broadly recognized brand.

Under our refranchising initiative, which was announced in May 2009 and concluded in April 2011, we sold 174 Company Stores to new or existing franchisees. Such sales have helped us to accelerate growth, achieve certain operational efficiencies, and position franchisees and aspiring area developers with local or regional expertise to succeed by providing a core of established stores within their exclusive development area. In many refranchising transactions, we entered into development agreements committing buyers to build additional Franchise Stores in the regions their purchased stores occupy. In addition, as part of these refranchising transactions, buyers of mature Company Stores are obligated to refresh and refurbish these stores.

Jamba Juice—International Franchising

We have accelerated our international growth agenda, resulting in the increase of our International Store count from one store as of December 28, 2010 to 19 stores as of January 3, 2012. As of January 3, 2012, there were Jamba Juice locations in South Korea, the Philippines, Canada and the Bahamas.

In 2010, we signed a master development agreement with SPC Group, a leading specialty food company in South Korea with over 4,500 retail locations across several brands, to develop 200 Jamba Juice stores in South Korea over the next 10 years. The first Jamba Juice store opened at the Incheon airport in January 2011. By January 3, 2012, there were 16 Jamba Juice stores operating in the South Korea market.

In April 2011, Jamba announced a master development agreement with Max's Group of Companies, a well-established restaurant and franchise operator, to develop 40 stores in the Philippines over the next 10 years. The first store opened in Manila in November 2011. In May 2011, we signed a master development agreement with Canadian Juice Corp., the principals of which are world leaders in the frozen yogurt category with over 1,200 stores in 25 countries, to develop 80 Jamba Juice stores over the next 10 years. The first Jamba Juice store opened in Toronto in October 2011. We work closely with all our international partners to build the Jamba Juice brand and implement the Jamba Juice system locally, and to maximize revenue and margin growth opportunities, recognizing commercial, cultural and dietary diversity in each market.

Our brand and products have international appeal and we continue to engage in discussions with additional potential partners regarding the expansion of Jamba Juice stores into more international markets. The success of further international expansion will depend on, among other things, local acceptance of the Jamba Juice concept and menu offerings, and our ability to attract qualified franchisees. Our agreements take the form of development and franchise agreements under which we typically receive an initial territory fee, store opening fees, and ongoing royalty revenues based on a percentage of sales.

Build a global CPG platform in Jamba-relevant categories

Extending the Jamba brand into mass retail across all 50 states by continued development of CPG solutions provides significant business opportunities. As of January 3, 2012, we had license agreements in place reflecting over 30 individual products, where we receive ongoing royalties based on a percentage of wholesale product sales. These include Jamba-branded make-at-home frozen smoothie kits, frozen yogurt novelty bars, all natural energy drinks, coconut water fruit juice beverages, functional daily Brazilian super fruit shots, boosted trail mixes and functionally boosted fruit cups. Significant retail distribution gains were realized in 2011, growing to approximately 30,000 points of distribution as of January 3, 2012, up from 10,000 in the prior year. Two of our licensing partners, Inventure Foods and Oregon Ice Cream, led the growth with key retail partners across grocery, mass and club channels.

During the fourth quarter of 2011, we signed license agreements with Bare Fruit LLC to develop a line of all natural bake-dried, 100% fruit chips and with Core-Mark Holdings Company, Inc. to create wraps and sandwiches for the convenience channel. Discussions with potential licensees regarding new and complementary product categories are ongoing.

Our CPG products will help extend Jamba brand accessibility, offer additional product solutions and increase usage occasions. In addition, we believe the growth in our CPG platform will help reinforce Jamba as a healthy, active lifestyle brand with products that are better-for-you, convenient and portable. All of our agreements to date have been structured as license agreements, whereby we receive ongoing royalties based on a percentage of product sales. In the future, to support and optimize our brand extension, we may structure these relationships in other ways such as joint venture agreements, co-packing agreements and sales and distribution agreements.

Pursue new ways to reduce costs and drive productivity

This strategic priority affects all aspects of our system in our efforts to continue to drive store-level profitability and improve returns for Company Stores and Franchise Stores. Strong store-level economics are critical to the Company's success and therefore management is diligently focused on initiatives to improve these metrics.

During 2011, we introduced innovative technologies, such as Google Wallet for point of sale efficiency. Google Wallet is a virtual wallet that stores customer payment information, enabling customers the ease and speed of paying in-store by tapping their mobile devices at the point of sale terminal.

In February 2011, we announced an alliance with SYGMA, a subsidiary of Sysco, a global leader in foodservice distribution. The alliance has allowed us to reduce costs and improve our overall service due to SYGMA's strong national distribution network. In December 2011, we expanded our alliance to increase Jamba's system-wide access to SYGMA's highly efficient freight and logistics technology to ensure delivery of the right product at the right time at the right price. This alliance is expected to help us to meet our efficiency goals. We also utilize workforce management technology to help optimize work schedules, resulting in improved productivity and reduced labor costs as well as improved customer service.

We also monitor our general and administrative expenses so that we may better leverage our existing infrastructure in support of our growth strategy. We continue to look for opportunities, including the use of innovative technological solutions, for functional improvement in order to drive down expenses and improve productivity.

Store Operations

Franchise Store Management

We continuously review Franchise Store operations, principally through our Regional Franchise Leaders, who are Company representatives, who make both scheduled and unannounced visits of Franchise Stores. Our Regional Franchise Leaders help us to ensure that only approved products are in use and that our prescribed operations practices and procedures are being followed in our Franchise Stores. We can terminate a franchise agreement if a franchisee does not operate and maintain a Franchise Store in accordance with our requirements. We also review the financial health of our franchisees through business and financial reviews. We maintain a Franchise Advisory Council ("FAC"). The FAC formalizes a channel of communication through a representative group of franchisees to provide advice, counsel and input to us on important issues impacting the business.

We have leveraged technology to improve communications, training and collaboration with our stores and franchisees. As of January 3, 2012, the Jamba system had approximately 60% Franchise Stores and 40% Company Stores. Our ongoing commitment to building strong relationships with our franchisees has enabled better two-way feedback that has helped us to identify best practices and to facilitate more effective and efficient launch of new products and marketing campaigns.

Company Store Management

We believe operational excellence throughout the Jamba system is vital to the Company's success. Our Company Store field and store operations team plays a critical role in maximizing the performance of our stores across the system. We recruit and retain leaders with broad experience in management and our industry. Our field leadership consists of a combination of Regional Directors of Operations and District Managers to support our Company Store operations.

Our typical Company Store operations team consists of a combination of a General Manager at each store, two to four Shift Managers and approximately 10 to 20 team members depending on the time of year. We continually evaluate opportunities to optimize our labor planning algorithms further to achieve optimal staffing levels throughout the day, which may help us reduce staffing costs at certain stores under certain circumstances.

A major aspect of our BLEND Plan is to continue to improve the level and consistency of customer service at our stores. We are devoting significant resources to ensure that all stores across the system offer a superior customer experience, including engaging customers on healthy, active lifestyle activities. Our store excellence guide is designed to improve operational execution and performance by establishing comprehensive standards which we expect all of our stores to achieve and maintain. We also instituted a bonus program for Company Store managers that rewards customer service goal achievements. These factors have both positively impacted customer satisfaction during the year and better positioned the Company to ensure that all stores in the Jamba system are delivering against the key drivers of customer satisfaction on a consistent basis. We believe team members are the key to our success and support the development of a culture that fosters personal interaction, mutual respect, trust, empowerment, enthusiasm and commitment.

Maintaining a culture that embodies healthy, active lifestyle in an authentic, fun, friendly and efficient manner in Company Stores as well as Franchise Stores is essential as we continue to expand, and we believe that it is critical to developing our brand and ensuring our continued success.

Training

We conduct various training programs for franchisees, team members, support center staff and our leadership team. We are dedicated to providing a meaningful experience for all employees, with ample opportunity to develop leadership skills as they move up through the organization. Our training programs include formal programs such as the Manager-in-Training programs for new managers and informal one-on-one discussions held between General Managers, District Managers and Regional Directors of Operations. All of our training programs reinforce the importance of strong customer service and sales skills. We also make training materials and best practice information available to our franchisees to help create, preserve, and support a singular culture of excellence within all of the stores that comprise our system.

Recruiting and Retention

We carefully screen potential employees to ensure that they hold many of our core values and fit into our culture. By maintaining this emphasis and encouraging responsibility and accountability at every level, we believe that we have created a sense of team member loyalty and an open and interactive work environment, resulting in a highly passionate workforce. Our employees are paid competitive wages and are offered opportunities for advancement. In addition to competitive wages, store managers are eligible for performance-based bonuses. We also provide best practice information, qualifications and other information to our franchisees to assist them with hiring and retention and to preserve a singular culture within the stores that comprise our system.

Advertising and Marketing

We encourage consumers to Live Fruitfully™, by embracing healthy eating habits and engaging in an active lifestyle. In 2011, we launched an "Ambassadors of Wow" contest on Facebook where fans had the chance to become national and local Ambassadors of the Jamba brand. We have over 100 Ambassadors who are passionate, enthusiastic and live a healthy, active lifestyle.

We have many communication touch points with our consumers and are able to leverage these touch points across our entire system. Promotional events and new product campaign launches are vehicles to drive traffic and awareness. We also use social media outlets to encourage greater frequency of visits by existing customers and to drive trial and awareness among potential new customers. Currently, we have over 1.2 million fans who "like" us on Facebook and over 19,000 followers on Twitter.

We launched a social responsibility program called Team Up for a Healthy America™, with the aim of raising awareness of Jamba among consumers and informing them about our focus on critical national health issues like childhood obesity and associated health risks. This program gained nationwide attention as a result of our partnership with several organizations including National Geographic Kids, the WNBA, the U.S. Water Polo Association, the Girl Scouts of America, our Company spokesperson Venus Williams, and a number of other organizations. The promotional activity coupled with our public relations efforts enabled us to reach over eight million households with our brand message, significantly raising awareness of Jamba as a mission-based brand and socially responsible company.

In general, both Company and Franchise Stores currently contribute 2% of sales to a national marketing fund and are also expected to spend an additional 1.5% of sales on local marketing efforts. In addition, we plan to develop regional advertising initiatives to assist certain regions to meet their local marketing spending obligations. We engage in marketing campaigns to enhance national brand awareness by such means as radio, email, online and other advertising media.

We also benefit from national media attention related to our programs. We have been featured in stories appearing in nationally syndicated journal and newspapers, including Nation's Restaurant News, Franchise World, Success Magazine, QSR Magazine, and The Wall Street Journal. We have also received product placement in television shows and feature films. Our participation in local fundraising events also helps capture a significant amount of coverage from local television and radio stations.

Product Supply

We are committed to providing only the finest smoothies, juices and other food products. Smoothie and juice products depend heavily upon supplies of fresh and individually quick frozen ("IQF") fruit. The quality of each smoothie depends to a large degree on the quality of the basic fruit ingredients from which it is made. It is essential that the supply of fruit is of the highest quality and is consistent throughout the year. To achieve these goals we purchase our projected requirements for the coming year from suppliers at the height of the season. The supply and price of fresh and IQF fruit are dependent upon the supply and demand at the time of purchase and are subject to volatility. Supply and price can be affected by multiple factors in the producing regions, including weather, natural disasters and regional political and economic conditions.

We buy certain fruits and dairy using fixed priced or to-be-fixed priced purchase commitments to secure adequate supply of quality ingredients for our products. As a result, we have purchase obligations with certain suppliers for certain fruits and dairy for various terms typically ranging from one year to five years. Also, we have one contract with a supplier for a 15 year term that ends in 2024. These contracts are commitments to purchase a minimum amount of fruit and other items used in the production of our products and the aggregate costs are estimated at $83.3 million.

Southwest Traders, Inc. is a distributor of proprietary products to our Company Stores and Franchise Stores. Southwest Traders distributed ingredients that made up approximately 94% of cost of goods for Jamba Juice Company during 2011. We have signed distributor agreements with SYGMA, a subsidiary of Sysco, and with U.S. Foods; both are leaders in selling, marketing and distributing food products to restaurants and other facilities. Our plans include leveraging the new arrangements across our entire system. Our distributors do not manufacture or negotiate pricing agreements for products sold in our stores. They serve solely in a warehousing and distribution capacity.

Our supply chain and purchasing organization is partly funded by all stores across the Jamba system. This contributes to funding procurement and management of our supplies and supports our suppliers. The program allows for a mark-up of certain products purchased by Company Stores and Franchise Stores, which is subsequently rebated back to the Company by the supplier.

Competition

The retail beverage and food industry is highly competitive and fragmented. Restaurants compete based on a number of factors, including quality, price-value relationships, customer service, name recognition, employee hiring and retention and location. We compete with a variety of purveyors of quick, convenient beverage and food products, including quick service restaurants/fast food establishments, coffee shops, donut shops, frozen yogurt shops and grocery stores. While competition in the beverage and food market is fragmented, competition is increasing, and a major competitor with substantially greater resources than the Company could enter the market at any time and compete directly against Jamba Juice stores.

We compete most directly with regional smoothie stores, most of which are franchises of other smoothie brands. The rising popularity of convenient and healthy food items may result in increased competition from non-smoothie retailers as they increase their offerings of smoothies and other juice-related products, and as we increase our food offerings we will be placing ourselves into direct competition with other quick serve food concepts with well established businesses.

In addition, we also face intense competition from both restaurants and other specialty retailers for suitable sites for new stores and qualified personnel to operate both new and existing stores. There can be no assurance that the Company or our franchisees will be able to continue to secure adequate sites at acceptable rent levels or that the Company or franchisees will be able to attract a sufficient number of qualified personnel to operate our stores.

Government Regulation and Environmental Matters

Government Regulation. We are subject to extensive and varied federal, state and local government regulation, including regulations relating to public health and safety and zoning codes. We operate each of our stores in accordance with standards and procedures designed to comply with applicable codes and regulations. However, if we could not obtain or retain food or other licenses, it would adversely affect our operations. Although we have not experienced, and do not anticipate, any significant difficulties, delays or failures in obtaining required licenses, permits or approvals, any such problem could delay or prevent the opening of, or adversely impact the viability of, a particular store or group of stores.

California and other states and local jurisdictions have enacted laws, rules, regulations and ordinances which may apply to the operation of a Company Store, including those which (a) establish general standards, specifications and requirements for the construction, design and maintenance of the store premises; (b) regulate matters affecting the health, safety and welfare of our customers, such as general health and sanitation requirements for restaurants; employee practices concerning the storage, handling, cooking and preparation of food; special health, food service and licensing requirements; restrictions on smoking; exposure to tobacco smoke or other carcinogens or reproductive toxicants and saccharin; availability of and requirements for public accommodations, including restrooms; (c) set standards pertaining to employee health and safety and mandatory health insurance; (d) set standards and requirements for fire safety and general emergency preparedness; (e) regulate the proper use, storage and disposal of waste, insecticides and other hazardous materials; (f) establish general requirements or restrictions on advertising containing false or misleading claims, or health and nutrient claims on menus or otherwise, such as "low calorie", "fat free" or "organic"; (g) establish requirements concerning withholdings and employee reporting of taxes on tips and (h) regulate or ban the use of polystyrene cups.

In order to develop and construct more stores, we or our franchisees need to comply with applicable zoning, land use and environmental regulations. Federal and state environmental regulations have not had a material effect on our operations to date, but expansion of our menu offerings or more stringent and varied requirements of local governmental bodies with respect to zoning, land use and environmental factors could delay or even prevent construction and increase development costs for new stores. We and our franchisees are also required to comply with the accessibility standards mandated by the U.S. Americans with Disabilities Act, which generally prohibits discrimination in accommodation or employment based on disability. We may, in the future, have to modify stores, for example, by adding access ramps or redesigning certain architectural fixtures, to provide service to or make reasonable accommodations for disabled persons. While these expenses could be material, our current expectation is that any such action will not require us to expend substantial funds.

We are subject to the U.S. Fair Labor Standards Act, the U.S. Immigration Reform and Control Act of 1986 and various federal and state laws governing various matters including minimum wages, overtime meal and rest periods, accommodations to certain employees, and other working conditions. Complying with these rules subjects us to substantial expense and can also expose us to liabilities from claims for non-compliance. In addition, we pay a significant number of our hourly staff at rates consistent with, but higher than, the applicable federal or state minimum wage. Accordingly, increases in the minimum wage would increase our labor cost. We are also subject to various laws and regulations relating to our current and any future franchise operations. See "Risk Factors—*Governmental regulation may adversely affect our ability to open new stores or otherwise adversely affect our existing and future operations and results.*"

We are also subject to various federal and state laws that regulate the offer and sale of franchises and aspects of the licensor-licensee relationships. Many state franchise laws impose restrictions on the franchise agreement, including the duration and scope of non-competition provisions, the ability of a franchisor to terminate or refuse to renew and the ability of a franchisor to designate sources of supply. The Federal Trade Commission, or the FTC, and some state laws also require that the franchisor furnish to prospective franchisees a franchise disclosure document that contains prescribed information and, in some instances, require the franchisor to register the franchise offering.

Environmental Matters. We are subject to federal, state and local environmental laws and regulations concerning the use of polystyrene products, and several counties in which our stores are located have already banned the use of our polystyrene cups. As more state and local governments take actions to preserve the environment we may be subject to further bans on the use of polystyrene cups. A federal ban on the use of polystyrene cups would force us to eliminate the use of polystyrene products system-wide. We are actively exploring economically viable alternatives to polystyrene cups, which can provide the same quality and integrity of our frozen smoothies to ensure customer satisfaction.

During 2011, we continued to make progress on certain eco-sustainability initiatives first launched in 2009, focusing on waste reduction and increasing the use of recyclable products. Our green initiatives include the introduction of more environmentally friendly packaging for our products, the launch of several optimization programs to reduce waste, participation in recycling programs, and participation in composting programs of our food waste where it is feasible for us to do so. Among the packaging improvements to date are the introduction of new cup carriers, oatmeal cups and lids, breakfast clear cups and lids, spoons and napkins that are made from recycled material. We have also reduced the amount of corrugated cardboard used for bulk shipping, reduced labeling requirements, and reduced freight, resulting in lower fuel emissions.

Trademarks and Domain Names

The Company owns and/or has applied to register numerous trademarks and service marks in the United States and in other jurisdictions covering additional countries throughout the world. Some of the Company's trademarks, including Jamba Juice® and the Jamba logo are of material importance to the Company. The duration of trademark registrations varies from country to country. However, trademarks are generally valid and may be renewed indefinitely as long as they are in use and/or their registrations are properly maintained. In addition, the Company has registered and maintains numerous Internet domain names, including "jamba.com" and "jambajuice.com."

Management Information Systems

Each Company Store has computerized point-of-sale registers which collect transaction data used to generate pertinent information, including sales transactions and product mix. Additionally, the point-of-sale system is used to authorize, batch and settle credit card data. All product prices are programmed into the point-of-sale register from the Company's corporate office. Franchise Stores generally use the same point-of-sale registers as Company Stores, but may elect to use alternative systems provided Company approval and certain information is shared with the Company. Franchisees set their own menu prices.

Company Stores use the Company's licensed labor management software to record employee time clock information, schedule labor, and provide management reports. Company Stores and many Franchise Stores use the Company's licensed food cost management software to improve inventory management and provide management reports.

During 2011, we completed our transition to a customer survey program to more quickly and better monitor the customer experience across the system. Our continued focus on technological and procedural enhancements, in areas such as labor and inventory management, has relieved our store managers from manual administrative tasks and enables them to better focus on delivering exceptional customer service.

Seasonality

Our business is highly subject to day-to-day volatility based on weather and varies by season. A significant portion of the Company's revenue is realized during the second and third quarters of the fiscal year, which include the summer months. The fourth quarter of the fiscal year, which encompasses the winter months and the holiday season, has traditionally been our lowest revenue volume quarter. To help offset the seasonal nature of our business we have launched our hot beverage platform, including coffee and teas, and a hot, savory breakfast platform and have expanded the number of stores offering our hot oatmeal, sandwiches and California Flatbreads. Our business will likely continue to be subject to seasonal patterns for the foreseeable future, given that the largest portion of our sales continues to be from the sale of smoothies during the warmer parts of the year. Because of the seasonality of the business, results for an individual quarter are not necessarily indicative of the results which may be achieved for the full fiscal year.

Executive Officers

Our executive officers, their respective ages and positions as of March 8, 2012, and descriptions of their business experience are set forth below. There are no family relationships among any of the executive officers named below.

James D. White, Chairman, President and Chief Executive Officer, age 51

Mr. White has served as the Company's President and Chief Executive Officer since December 2008. From 2005 to 2008, Mr. White was Senior Vice President of Consumer Brands for Safeway, Inc. with responsibility for brand strategy, innovation, manufacturing and commercial sales. From 2002 to 2005, Mr. White was Senior Vice President of Business Development, North America at the Gillette Company.

Karen L. Luey, Executive Vice President, Chief Financial Officer, Chief Administrative Officer and Secretary, age 51

Ms. Luey has served as the Company's Chief Financial Officer since August 2008, Executive Vice President, Chief Administrative Officer since May 2011, and Secretary since February 2012. She served as the Company's Senior Vice President from August 2008 to May 2011 and Principal Accounting Officer since April 2007. Ms. Luey joined Jamba Juice Company as Vice President and Controller in April 2007. From 2005 to 2007, Ms. Luey was Vice President, Corporate Controller, and Principal Accounting Officer of LeapFrog Enterprises.

Bruce Schroder, Executive Vice President and Chief Operating Officer, age 52

Mr. Schroder has served as Executive Vice President and Chief Operating Officer of Jamba Juice Company since May 2011. He served as President, Store Operations of Jamba Juice Company from April 2010 to May 2011. From 2008 to 2010, Mr. Schroder was Chief Operating Officer of Adina for Life. From 2007 to 2008, Mr. Schroder served as Chief Operating Officer of Aimco Capital. From 2003 to 2007, Mr. Schroder held various positions with Peet's Coffee & Tea, lastly serving as Vice President and General Manager, Retail.

Julie S. Washington, Senior Vice President and Chief Brand Officer, age 46

Ms. Washington has served as Senior Vice President and Chief Brand Officer of Jamba Juice Company since January 2012. Ms. Washington joined Jamba Juice Company as Vice President and General Manager, Consumer Products in 2010. During 2008 to 2010, Ms. Washington was Vice President of Marketing at Luxottica Retail. From 2005 to 2007, Ms. Washington was North America Director of Shopper Marketing at Procter and Gamble.

Employees

As of January 3, 2012, we employed approximately 4,900 persons, approximately 190 of whom were at our corporate offices or part of our field, licensing and franchise support and operations. The remainder of the employees was Company Store management and hourly store personnel. The Company also hires a significant number of seasonal employees during its peak selling season during the spring and summer. Our employees are not covered by a collective bargaining agreement. We consider our employee relations to be good. We place a priority on staffing our stores and support center positions with skilled team members who embrace our culture and invest in training programs to ensure the quality of our store operations.

Available Information

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, are available on our website at http://ir.jambajuice.com, free of charge as soon as reasonably practicable after we electronically file such reports with, or furnish those reports to, the Securities and Exchange Commission (the "SEC"). The SEC also maintains an Internet site that contains reports, proxy and information statements, and other information that we file electronically with the SEC at http://www.sec.gov. The public may also read and copy any materials that we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. Investors may obtain information on the operation of the SEC Public Reference Room by calling the SEC at 1-800-SEC-0330. Our Corporate Governance Principles and Practices, Board of Directors committee charters (including the charters of the Audit Committee, Compensation and Executive Development Committee and Nominating and Governance Committee) and our code of ethics entitled "Code of Business Conduct and Ethics" also are available at that same location on our website. Information on our website is not incorporated into this annual report. Stockholders may request free copies of these documents from:

Jamba, Inc.
c/o ICR, Inc.
825 Third Avenue, 31st Floor
New York, NY 10022
(646) 277-1212
investors@jambajuice.com

We included the certifications of the Chief Executive Officer and the Chief Financial Officer of Jamba, Inc. relating to the quality of our public disclosure, as required by Section 302 of the Sarbanes-Oxley Act of 2002 and related rules, in this Annual Report on Form 10-K as Exhibits 31.1 and 31.2 hereto.

ITEM 1A. RISK FACTORS

You should carefully consider the risks described below. If any of the risks and uncertainties described below actually occurs, our business, financial condition and results of operations could be materially and adversely affected. The risk factors listed below, however, are not exhaustive. Other sections of this Annual Report on Form 10-K include additional factors that could materially and adversely impact our business, financial condition and results of operations. Moreover, we operate in a very competitive and rapidly changing environment. New factors emerge from time to time and it is not possible to predict the impact of all of these factors on our business, financial condition or results of operation.

RISKS RELATED TO OUR BUSINESS

We may not be successful in implementing our strategic priorities, which may have a material adverse impact on our business and financial results.

In fiscal 2011 we implemented our strategic priorities under our BLEND Plan 1.0, which we believed necessary to revitalize the Company for future growth and long-term stockholder value. On January 9, 2012, we announced our strategic priorities under the BLEND Plan 2.0, which we believe accelerates Jamba's path to a healthy, active lifestyle brand and creates long-term shareholder value, including:

- make Jamba a top-of-mind healthy food and beverage brand;
- embody a healthy, active lifestyle at store level and broadly across the enterprise;

- accelerate global retail through new and existing formats;
- build a global CPG platform in Jamba-relevant categories; and
- pursue new ways to reduce costs and drive productivity.

There can be no assurance that we will be able to continue to successfully implement these strategic priorities or whether these strategic priorities will be successful, and a failure of either could impede our growth and operating results.

We have a history of net losses and may incur losses in the future.

We have incurred net losses in each of the last five fiscal years. We may continue to incur net losses in the future and we cannot assure you that we will achieve or sustain profitability.

A worsening of economic conditions or a decrease in consumer spending may substantially decrease our revenues and may adversely impact our ability to implement our business strategy.

Our success depends to a significant extent on discretionary consumer spending, which is influenced by general economic conditions and the availability of discretionary income. While there are signs that conditions may be improving, there is no certainty that this trend will continue or that credit and financial markets and confidence in economic conditions will not deteriorate again. Accordingly, we may experience continuing declines in revenue during economic turmoil or during periods of uncertainty. Any material decline in the amount of discretionary spending, leading cost-conscious consumers to be more selective in restaurants visited, could have a material adverse effect on our revenue, results of operations, business and financial condition.

The challenges of competing with the many food services businesses may result in reductions in our revenue and operating margins.

We compete with many well-established companies, food service and otherwise, on the basis of taste, quality and price of product offered, customer service, atmosphere, location and overall consumer experience. Our success depends, in part, upon the popularity of our products and our ability to develop new menu items that appeal to consumers across all four day-parts. Shifts in consumer preferences away from our products, our inability to develop new menu items that appeal to consumers across all day-parts, or changes in our menu that eliminate items popular with some consumers could harm our business. We compete with other smoothie and juice bar retailers, specialty coffee retailers, yogurt and ice cream shops, bagel shops, fast-food restaurants, delicatessens, cafés, take-out food service companies, supermarkets and convenience stores. Our competitors change with each of the four day-parts, ranging from coffee bars and bakery cafés to casual dining chains. Many of our competitors or potential competitors have substantially greater financial and other resources than we do, which may allow them to react to changes in the market quicker than we can. In addition, aggressive pricing by our competitors or the entrance of new competitors into our markets, could reduce our revenue and operating margins.

We are subject to risks associated with climate change and climate change regulation.

Laws and regulations regarding climate change, energy usage and emissions controls may impact the Company directly through higher cost of goods. The potential impacts of climate change and climate change regulations are highly uncertain at this time, and the Company cannot anticipate or predict the material adverse effect on our financial condition, results of operations or cash flows as a result of climate change and climate change regulations.

Our revenue is subject to volatility based on weather and varies by season.

Seasonal factors cause our revenue to fluctuate from quarter to quarter. Because the majority of our revenue results from the sale of smoothies, our revenue is typically lower during the winter months and the holiday season and during periods of inclement weather (because fewer people choose cold beverages) and higher during the spring, summer and fall months (for the opposite reason).

Fluctuations in various food and supply costs, particularly fruit and dairy, could adversely affect our operating results.

Supplies and prices of the various products that we use to prepare our offerings can be affected by a variety of factors, such as weather, seasonal fluctuations, demand, politics and economics in the producing countries. These factors subject us to shortages or interruptions in product supplies, which could adversely affect our revenue and profits. In addition, the prices of fruit and dairy, which are the main products in our offerings, can be highly volatile. The quality of fruit we seek tends to trade on a negotiated basis, depending on supply and demand at the time of the purchase. An increase in pricing of any fruit that we use in our products could have a significant adverse effect on our profitability. In addition, higher diesel and gasoline prices may affect our supply or transportation costs and may affect our profitability. Although we attempt to mitigate the risks of volatile commodity prices and allow greater predictability in pricing by entering into fixed price or to-be-fixed priced purchase commitments for a portion of our fruit and dairy requirements, we cannot assure you that these activities will be successful or that they will not result in our paying substantially more for our fruit supply than would have been required absent such activities. Declines in sales may also adversely affect our business to the extent we have long-term purchase commitments in excess of our needs.

We are primarily dependent upon one supplier for a significant amount of our food distribution for our Company Stores.

For Company Stores, we maintain food distribution contracts primarily with one supplier. This supplier, Southwest Traders, Inc., provided approximately 94% of our cost of goods for fiscal 2011 and 75% of our cost of goods for each of fiscal years 2010 and 2009, which potentially subjects us to a concentration of business risk. If this supplier had operational problems, our operations could be adversely affected.

On December 28, 2011, we announced the signing of a distributor agreement with SYGMA to expand our supply chain distribution alliance to include our franchise markets. SYGMA now services a significant number of Jamba locations nationwide and has opened the door to accelerated Jamba system growth. Although the addition of SYGMA may help to mitigate the risk of significant reliance on one supplier, we cannot assure you that we will be successful or that we will not have to pay substantially more for distributor services should Southwest Traders, Inc. have operational problems.

We may face difficulties entering into new or modified arrangements with existing or new suppliers or new service providers.

If we expand our operations into new geographic areas through new Company Stores, Franchise Stores and/ or the JambaGo platform, or introduce new products with special manufacture, storage or distribution requirements, we may have to seek new suppliers and service providers or enter into new arrangements with existing ones. We may also encounter difficulties or be unable to negotiate pricing or other terms as favorable as those we currently enjoy, which could harm our business and operating results. For example, the potential growth in smaller format stores may cause the frequency of shipments to increase and the average number of cases per shipment to decrease, thereby increasing the Company's per case shipment costs.

The Company's success depends on the value of the Jamba Juice and Jamba brands.

The Jamba Juice brand practice is to inspire and simplify healthy living. We believe we must preserve and grow the value of the Jamba Juice brand in order to be successful in building our business and particularly in building a consumer products growth platform primarily under the Jamba brand. Brand value is based in part on consumer perceptions, and the Jamba Juice brand has been highly rated in several recent brand studies. We intend to reinforce and extend these perceptions for the Jamba brand to help support our licensing efforts. Our brand building initiatives involve increasing our product offerings, opening new Franchise Stores, expanding the JambaGo platform and entering into licensing arrangements to increase awareness of our brands and create and maintain brand loyalty. Our licensees are often authorized to use our logos and provide branded beverages, food and other products directly to customers. We provide training and support to, and monitor the operations of, these business partners, but the product quality and service they deliver may be diminished by any number of factors beyond our control, including financial pressures. We believe customers expect the same quality of products and service from our licensees as they do from us. Any shortcoming of one of our business partners, particularly an issue affecting the quality of the service experience or the safety of beverages or food, may be attributed by customers to us, thus damaging our reputation and brand value and potentially affecting our results of operations. If our brand building initiatives are unsuccessful, or if business incidents occur which erode consumer perceptions of our brand, then the value of our products may diminish and we may not be able to implement our business strategy.

We may not be able to adequately protect our intellectual property, which could harm the value of our brand and adversely affect our business.

Our intellectual property is material to the conduct of our business. Our ability to implement our business plan successfully depends in part on our ability to build further brand recognition using our trademarks, service marks, trade dress and other proprietary intellectual property, including our name and logos and the unique ambiance of our stores, both domestically and overseas. We have secured the ownership and rights to our marks in the United States and have filed or obtained registrations for restaurant services in most other significant foreign jurisdictions. We undertake similar efforts to protect our brands in other relevant consumer product categories in relevant jurisdictions. If our efforts to protect our intellectual property are inadequate, or if any third party misappropriates or infringes on our intellectual property, the value of our store brand and our consumer products brands may be harmed, which could have a material adverse effect on our business. While we have not encountered claims from prior users of intellectual property relating to restaurant services in areas where we operate or intend to conduct material operations in the near future, there can be no assurances that we will not encounter such claims. If so, this could harm our image, brands or competitive position and cause us to incur significant penalties and costs.

Our business could be adversely affected by increased labor or healthcare costs. Self-insurance plan claims could materially impact our results.

Labor is a primary component in the cost of operating our business. We compete with other employers in our markets for hourly workers and may become subject to higher labor costs as a result of such competition. We devote significant resources to recruiting and training our team members. A considerable number of the team members employed by us are paid at rates related to the federal minimum wage. In 2009, the federal minimum wage increased to $7.25. Additionally, many of our Company Store team members work in stores located in states where the minimum wage is greater than the federal minimum wage and receive compensation equal to the state's minimum wage. The current California minimum wage is $8.00. Moreover, municipalities may set minimum wages above the applicable state standards, such as in San Francisco, which raised the minimum wage to $10.24 per hour as of January 1, 2012. Any further increases in the federal minimum wage or the enactment of additional state or local minimum wage increases where our employees may be located will increase our labor costs. Competition for employees in various markets could also result in higher required wage rates. Furthermore, the Company is self-insured for team member healthcare and dental benefits. The Company pays a substantial part of the healthcare benefits for team members at the general manager level and above and for those working at the Company's corporate office. Liabilities associated with the risks that the Company retains are estimated in part, by considering historical claims experience, demographic factors, severity factors, and other actuarial assumptions. The estimated accruals for these liabilities are based on statistical analyses of historical industry data as well as the Company's actual historical trends. If actual claims experience differs from the Company's assumptions, historical trends, and estimates, changes in the Company's insurance reserves could materially impact our results of operations.

The Patient Protection and Affordable Care Act enacted in 2010, as well as other healthcare reform legislation being considered by Congress and state legislatures, may have a material adverse impact on our business. While we are currently evaluating the potential effects of the Patient Protection and Affordable Care Act on our business, the impact could be extensive and will most likely increase our employee healthcare-related costs. While the significant costs of such legislation will occur after 2013 due to provisions requiring phasing-in over time, changes to our healthcare costs structure could have a significant, negative impact on our business.

We are subject to all of the risks associated with leasing space subject to long-term non-cancelable leases.

We and our franchisees compete for real estate and our or their inability to secure appropriate real estate or lease terms could impact our respective abilities to grow. Our leases generally have initial terms of between five and 15 years, and generally can be extended only in five-year increments if at all. We generally cannot cancel these leases. If an existing or new store is not profitable, and we decide to close it, as we have done in the past and may do in the future, we may nonetheless be committed to perform our obligations under the applicable lease including, among other things, paying the base rent for the balance of the lease term. Additionally, because we sublease the premises of Company Stores sold to franchisees in our refranchising program, we are still legally liable to the landlords under the prime leases, and we will need to assume obligations under the prime lease should a franchisee default on its sublease obligations. Current locations of our stores and franchised locations may become unattractive as demographic patterns change. In addition, as each of our leases expire, we may fail to negotiate renewals, either on commercially acceptable terms or at all, which could require us to close stores in desirable locations.

Our business and results may be subject to disruption from work stoppages, terrorism or natural disasters.

Our operations may be subject to disruption for a variety of reasons, including work stoppages, acts of war, terrorism, pandemics, fire, earthquake, flooding or other natural disasters. These disruptions can result in, among other things, lost sales when consumers stay home or are physically prevented from reaching our stores, property damage, lost sales when our stores are forced to close for extended periods of time and interruptions in supply when vendors suffer damages or transportation is affected. In addition, our corporate offices and support center is located in Northern California near known earthquake fault lines. If a major earthquake or other natural disaster were to occur in Northern California, our corporate offices and support center may be damaged or destroyed. Such a disruption could result in the temporary or permanent loss of critical data, suspension of operations, delays in shipments of product, and disruption of business in both the affected region and nationwide, which would adversely affect our revenue and results of operations.

The unexpected loss of one or more members of our executive management team could adversely affect our business.

Our success depends substantially on the contributions and abilities of our executive management team and other key employees. We believe that these individuals understand our operational strategies and priorities and the steps necessary to drive our long-term growth and stockholder value. Competition for personnel in our industry is strong and the ability to retain key employees during a revitalization effort can be difficult. While we have entered into employment agreements with each of our executive officers, we cannot make any assurances that we can retain these individuals for the period necessary for us to achieve and sustain profitability. Our failure to continue to recruit, retain, and motivate executive management and other key employees sufficient to maintain a competitive position within our industry and to implement our strategic priorities would adversely affect our results of operations.

We are highly dependent on the financial performance of stores concentrated in certain geographic areas.

Our financial performance is highly dependent on stores located in California. Stores located in California comprise over 90% of Company Stores and generate a significant portion of our Company Store revenue. These stores also comprise over 50% of our total system stores. In recent years, California and other states have experienced significant negative economic impact due to the current economic climate. If geographic regions in which we have a high concentration of stores continue to experience significant economic pressures, our sales and operating results could be negatively impacted. In addition, state and local laws, government regulations, weather conditions and natural disasters affecting California and other regions where we have a high concentration of stores may have a material impact upon our operating results.

Acquisitions, joint ventures and strategic investments could result in operating difficulties, dilution and other harmful consequences.

We expect to continue to evaluate and consider a wide array of potential strategic transactions, including acquisitions, joint ventures and strategic investments. At any given time, we may be engaged in discussions or negotiations with respect to one or more of these types of transactions. Any of these transactions could be material to our financial condition and results of operations. The process of integrating any acquired business may create unforeseen operating difficulties and expenditures and is itself risky. The areas where we may face difficulties include:

- diversion of management time, as well as a shift of focus from operating the businesses to issues related to integration and administration;
- operating losses and expenses of the businesses we acquire or in which we invest;
- the potential impairment of tangible assets, intangible assets and goodwill acquired in the acquisitions;
- the difficulty of incorporating an acquired business into our business and unanticipated expenses related to such integration; and
- potential unknown liabilities associated with a business we acquire or in which we invest.

Moreover, we may not realize the anticipated benefits of any or all of our acquisitions, joint ventures or strategic investments, or we may not realize them in the time frame expected. Future acquisitions, joint ventures or strategic investments may require us to issue additional equity securities, spend a substantial portion of our available cash, or incur debt or liabilities, amortize expenses related to intangible assets or incur write-offs of goodwill, which could adversely affect our results of operations and dilute the economic and voting rights of our stockholders.

Governmental regulation may adversely affect our ability to open new stores or otherwise adversely affect our existing and future operations and results.

We and our franchisees are subject to various federal, state and local regulations. Each of our stores is subject to state and local licensing and regulation by health, sanitation, food and workplace safety and other agencies. We and our franchisees may experience material difficulties or failures in obtaining the necessary licenses or approvals for new stores, which could delay planned store openings. In addition, stringent and varied requirements of local regulators with respect to zoning, land use and environmental factors could delay or prevent development of new stores in particular locations.

Our operations are also subject to the U.S. Fair Labor Standards Act, which governs such matters as minimum wages, overtime and other working conditions, along with the U.S. Americans with Disabilities Act, family leave mandates and a variety of similar laws enacted by the states that govern these and other employment law matters. In recent years, there has been an increased legislative, regulatory and consumer focus on nutrition and advertising practices in the food industry. Establishments operating in the quick-service and fast-casual segments have been a particular focus, and compliance with additional regulations can become costly and affect our operating results.

Our federal, state and local tax returns may, from time to time, be selected for audit by the taxing authorities, which may result in tax assessments, interest or penalties that could have a material adverse impact on our results of operations and financial position.

We are subject to federal, state and local taxes in the U.S. In making tax estimates and paying taxes, significant judgment is often required. Although we believe our tax positions and estimates are reasonable, if a taxing authority disagrees with the positions taken by the Company, we could have an additional tax liability, including interest and penalties. If material, payment of such additional amounts could have a material impact on our results of operations and financial position.

We rely heavily on information technology and a material failure of that technology could impair our ability to efficiently operate our business.

Our business operations rely heavily on information systems, including point-of-sale processing in our stores, management of our supply chain and distribution system, vendor and franchisee invoicing, and various other processes and procedures. The efficient management of our business depends significantly on the reliability and capacity of these systems, and any related failure and/or breach of security could cause delays in customer service and reduce efficiency in our operations. Significant capital investments might be required to remediate any problems.

Failure to protect the integrity and security of individually identifiable data of customers, vendors or employees could expose us to data loss, litigation and liability, and our reputation could be significantly harmed.

Our business operations might require us to process and/or maintain certain personal, business and financial information about customers, vendors and employees. The use of such information by us is regulated by federal, state and foreign laws, as well as certain third party agreements. If our security and information systems are compromised or if our employees or franchisees fail to comply with the applicable laws and regulations, and this information is obtained by unauthorized persons or used inappropriately, it could adversely affect our reputation and result in litigation and settlement costs, damage awards, or penalties and fines. As privacy and information security law and regulations change, we may incur additional costs to ensure that we remain in compliance.

RISKS RELATED TO OUR FRANCHISE BUSINESS

Our growth strategy depends on increasing franchise ownership.

Because our current growth strategy is to emphasize Franchise Store development, we receive an increasingly significant amount of our revenues in the form of royalties from our franchisees. Accordingly, the success of our business is increasingly dependent upon the operational and financial success of our franchisees. This strategy is subject to risks and uncertainties. While our franchise agreements set forth certain operational standards and guidelines, we have limited control over how our franchisees' businesses are run, and any significant inability of our franchisees to operate successfully could adversely affect our operating results through decreased royalty payments. We may not be able to identify franchisee candidates with appropriate experience and financial resources or to negotiate mutually acceptable agreements with those that do. Our franchisee candidates may not have access to the financial or management resources that they need to open or continue operating the stores contemplated by their franchise agreements with us. In addition, franchisees may not be able to find suitable sites on which to develop new stores or negotiate acceptable lease terms for the sites, obtain the necessary permits and government approvals or meet construction schedules. If our franchisees incur too much debt or if economic or sales trends deteriorate such that they are unable to repay existing debt, it could result in financial distress or even possible insolvency or bankruptcy. If a significant number of our franchisees become financially distressed, this could harm our operating results through reduced or delayed royalty payments or increased rent obligations for leased properties on which we are contingently liable.

Expansion into new geographic markets may present increased risks.

Franchise growth is planned in new geographic areas in the United States and select international markets for fiscal 2012. Our future results, and the results of new Franchise Stores, depend on various factors, including successful selection and expansion into these new geographic markets and market acceptance of the Jamba Juice experience. Those markets may have different competitive conditions, consumer tastes and discretionary spending patterns as compared to existing markets. As a result, those new stores may be less successful than stores in our existing markets. Consumers in a new market may not be familiar with the Jamba Juice brand, and we may need to build brand awareness in that market through greater investments in advertising and promotional activity than we originally planned. Franchisees may find it more difficult in new markets to hire, motivate and keep qualified employees who can project our vision, passion and culture. Stores opened in new markets may also have lower average store revenue than stores opened in existing markets, and may have higher construction, occupancy or operating costs than stores in existing markets. Furthermore, we may have difficulty in finding reliable suppliers or distributors or ones that can provide us, either initially or over time, with adequate supplies of ingredients meeting our quality standards. Revenue at stores opened in new markets may take longer to increase and reach expected revenue levels, and may never do so, thereby affecting our overall royalty income. As with the experience of other retail food concepts that have tried to expand nationally and internationally, we may find that the Jamba Juice concept has limited or no appeal to customers in new markets or we may experience a decline in the popularity of the Jamba Juice experience. Newly opened stores may not succeed, future markets and stores may not be successful and, even if we are successful, our average store revenue, and the royalty income generated therefrom, may not increase and may even decline.

Our efforts to expand internationally may not be successful and could impair the value of our brand.

Our current strategy includes international expansion in a number of countries around the world. Expanding into international markets will expose us to new risks and uncertainties, including product supply, import/export limitations and regulations to which we are not currently bound and may not be currently set up to handle, consumer preferences, occupancy costs, operating expenses and labor and infrastructure challenges. If stores open in international markets and such stores are unable to source inventory locally, franchisees may be required to import inventory from our U.S. distributors and any resulting import duties, tariffs, transportation or other charges may disproportionately impact such stores' cost of goods which could harm the viability of such stores. Finally, international operations have inherent risks such as foreign currency exchange rate fluctuations, the application and effect of local laws and regulations and enforceability of intellectual property and contract rights. Additionally, effectively managing growth can be challenging, particularly as we continue to expand into new international markets where we must balance the need for flexibility and a degree of autonomy for local management against the need for consistency with our goals, philosophy and standards. Failure of our international expansion strategy could have a material adverse impact on our results of operations.

Termination or non-renewal of franchise agreements may disrupt store performance.

Each franchise agreement is subject to termination by us in the event of default by the franchisee after the applicable cure periods. Upon the expiration of the initial term of a franchise agreement, the franchisee generally has an option to renew for an additional term. There is no assurance that franchisees will meet the criteria for renewal or will desire or be able to renew their franchise agreements. If not renewed, a franchise agreement and payments required thereunder will terminate. We may be unable to find a new franchisee to replace such lost revenue. Furthermore, while we will be entitled to terminate franchise agreements following a default that is not cured within the applicable cure period, if any, the disruption to the performance of the stores could materially and adversely affect our business.

Our franchising strategy means we will become more dependent on franchisees for our success.

Some of our franchisees have been experiencing financial pressures during fiscal 2011. Our franchisees closed eight stores in fiscal 2011, through natural or early expiration of the term of the franchise agreements. Franchisees may close additional stores in the future. Royalty revenues are directly correlated to sales by Franchise Stores and, accordingly, Franchise Store closures have an adverse effect on our total revenue, results of operations and cash flows. Furthermore, an insolvency or bankruptcy proceeding involving a franchisee could prevent us from collecting payments or exercising any of our other rights under the related franchise agreement.

Our refranchising program may not realize the intended benefits.

As of January 3, 2012, we have refranchised 174 Company Stores as a result of our refranchising efforts, resulting in a shift to a greater percentage of Franchise Stores. The conversion of a Company Store to a Franchise Store reduces the total monthly revenue received by us from that store because we receive all of the revenue generated by a Company Store but receive only royalty payments generated by a Franchise Store. While we expect the conversion of a Company Store to a Franchise Store to reduce or eliminate the unreimbursed operating costs we incur in connection with the operation of such store, the future benefit realized from refranchising the store is uncertain and may be less than anticipated, and may not be sufficient to offset the loss of revenue from the conversion of the Company Store.

The success of each transaction and the refranchising program as a whole will depend upon a variety of factors, including, among other things, (1) the franchisees' ability to (a) effectively operate the stores they purchased and (b) comply with their related contractual obligations to us and third parties, (2) our ability to limit our exposure to contingent liabilities in connection with the sale of our stores and the possibility of franchisee default, and (3) whether the resulting ownership mix of Company Stores and Franchise Stores will allow us to meet our financial objectives. Our existing management, infrastructure, financial, and other resources may be inadequate to absorb a significant default by a franchisee, or to support our franchise growth strategy. In addition, although some buyers in our refranchising transactions have entered into area development agreements to develop and open additional stores, there is no guarantee that the franchisees will succeed in their efforts to open additional stores.

Our franchisees could take actions that harm our reputation and reduce our royalty revenue.

Franchisees are independent contractors and are not our employees. Further, we do not exercise control over the day-to-day operations of our Franchise Stores. Any operational or development shortcomings of our Franchise Stores, including their failure to comply with applicable laws, are likely to be attributed to our system-wide operations in the eyes of consumers and could adversely affect our reputation and have a direct negative impact on the royalty revenue we receive from those stores.

We could face liability from our franchisees and from government agencies.

A franchisee or government agency may bring legal action against us based on the franchisor/franchisee relationship. Various state and federal laws govern our relationship with our franchisees and our potential sale of a franchise. If we fail to comply with these laws, we could be liable for damages to franchisees, fines or other penalties. Expensive litigation with our franchisees or government agencies may adversely affect both our profits and our important relations with our franchisees.

RISKS RELATED TO THE FOOD SERVICE BUSINESS

Litigation and publicity concerning food quality, health and other issues can result in liabilities, increased expenses, distraction of management and can also cause customers to avoid our products, which could adversely affect our results of operations, business and financial condition.

Food service businesses can be adversely affected by litigation and complaints from customers or government authorities resulting from food quality, allergens, illness, injury or other health concerns or operating issues stemming from one retail location or a number of retail locations. Adverse publicity about these allegations may negatively affect us, regardless of whether the allegations are true, by discouraging customers from buying our products.

Our customers occasionally file complaints or lawsuits against us alleging that we are responsible for some illness or injury they suffered at or after a visit to our stores, or that we have problems with food quality or operations. We are also subject to a variety of other claims arising in the ordinary course of our business, including personal injury claims, contract claims and claims alleging violations of federal and state law regarding workplace and employment matters, discrimination and similar matters, and we could become subject to class action or other lawsuits related to these or different matters in the future. Regardless of whether any claims against us are valid, or whether we are ultimately held liable, claims may be expensive to defend and may divert time and money away from our operations and hurt our performance. A judgment significantly in excess of our insurance coverage, or for which we are not covered by insurance, could materially and adversely affect our financial condition or results of operations. Any adverse publicity resulting from these allegations may also materially and adversely affect our reputation or prospects, which in turn could adversely affect our results.

In addition, the food services industry has been subject to a growing number of claims based on the nutritional content of food products they sell, and disclosure and advertising practices. We may also be subject to this type of proceeding in the future and, even if not, publicity about these matters (particularly directed at the quick-service and fast-casual segments of the industry) may harm our reputation or prospects and adversely affect our results.

We are also impacted by trends in litigation, including class-action allegations brought under various consumer protection and employment laws, including wage and hour laws. Due to the inherent uncertainties of litigation and regulatory proceedings, we cannot accurately predict the ultimate outcome of any such proceedings. An unfavorable outcome could have a material adverse impact on our business, financial condition and results of operations. In addition, regardless of the outcome of any litigation or regulatory proceedings, these proceedings could result in substantial costs and may require that we devote substantial resources to defend our Company and could affect the future premiums we would be required to pay on our insurance policies. Further, changes in governmental regulations could have adverse effects on our business and subject us to additional regulatory actions.

Food safety concerns and instances of food-borne illnesses could harm our customers, result in negative publicity and cause the temporary closure of some stores and, in some cases, could adversely affect the price and availability of fruits and vegetables, any of which could harm our brand reputation, result in a decline in revenue or an increase in costs.

We consider food safety a top priority and dedicate substantial resources toward ensuring that our customers enjoy high-quality, safe and wholesome products. However, we cannot guarantee that our internal controls and training will be fully effective in preventing all food-borne illnesses. Furthermore, our reliance on third-party food suppliers and distributors increases the risk that food-borne illness incidents (such as e. coli, hepatitis A, salmonella or listeria) could occur outside of our control and at multiple locations. Instances of food-borne illnesses, whether real or perceived, and whether at our stores or those of our competitors, could harm customers and otherwise result in negative publicity about us or the products we serve, which could adversely affect revenue. If there is an incident involving our stores serving contaminated products, our customers may be harmed, our revenue may decrease and our brand name and reputation may be impaired. If our customers become ill from food-borne illnesses, we could be forced to temporarily close some stores. In addition, we may have different or additional competitors for our intended customers as a result of making any such changes and may not be able to compete successfully against those competitors. Food safety concerns and instances of food-borne illnesses and injuries caused by food contamination have in the past, and could in the future, adversely affect the price and availability of affected ingredients and cause customers to shift their preferences, particularly if we choose to pass any higher ingredient costs along to consumers. As a result, our costs may increase and our revenue may decline. A decrease in customer traffic as a result of these health concerns or negative publicity, or as a result of a change in our menu or dining experience or a temporary closure of any of our stores, could materially and adversely impact our business, financial condition and results of operations.

Bans on the use of polystyrene products can negatively impact our operating results.

We are subject to regulations regarding the use of polystyrene products, and several counties in which our stores are located have already banned the use of our polystyrene cups. As more state and local governments take similar actions, we may be subject to further bans on the use of polystyrene cups. Although we are currently researching alternative cup materials, a national ban on the use of polystyrene cups would force us to eliminate the use of polystyrene which could potentially increase our costs and create customer satisfaction issues that could materially and adversely impact our business, financial condition and results of operations.

RISKS RELATED TO OWNERSHIP OF COMMON STOCK

Failure of the Company's internal control over financial reporting could harm its business and financial results.

Our management is responsible for establishing and maintaining effective internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with accounting principles generally accepted in the United States. Internal control over financial reporting includes: (i) maintaining reasonably detailed records that accurately and fairly reflect our transactions; and (ii) providing reasonable assurance that we (a) record transactions as necessary to prepare the financial statements, (b) make receipts and expenditures in accordance with management authorizations, and (c) would timely prevent or detect any unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that we would prevent or detect a misstatement of our financial statements or fraud. Any failure to maintain an effective system of internal control over financial reporting could limit our ability to report our financial results accurately and timely or to detect and prevent fraud. A significant financial reporting failure could cause an immediate loss of investor confidence in us and a sharp decline in the market price of our common stock.

Our anti-takeover provisions may delay or prevent a change of control of us, which may adversely affect the price of our common stock.

Certain provisions in our corporate documents and Delaware law may delay or prevent a change of control of us, which could adversely affect the price of our common stock. For example, we have adopted a stockholder rights plan, commonly known as a "poison pill," which would make it difficult for someone to acquire the Company without the approval of the Board of Directors. Also, the Company's amended and restated certificate of incorporation and bylaws include other anti-takeover provisions such as:

- limitations on the ability of stockholders to amend our charter documents, including stockholder supermajority voting requirements;
- the inability of stockholders to act by written consent or to call a special meeting absent the request of the holders of a majority of the outstanding common stock; and
- advance notice requirements for nomination for election to the board of directors and for stockholder proposals.

The Company is also afforded the protections of Section 203 of the Delaware General Corporation Law which prevents it from engaging in a business combination with a person who acquires at least 15% of its common stock for a period of three years from the date such person acquired such common stock, unless board of directors or stockholder approval is obtained.

Our stock price may fluctuate significantly

The trading price of our common stock has been volatile and is likely to continue to be volatile. Our stock price could be subject to wide fluctuations in response to a variety of factors. The stock market has experienced significant price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of particular companies. Broad market factors, including the effect of international political instability, armed conflict, natural disasters, financial markets, and general economic conditions, may have a material adverse effect on our stock price, regardless of our actual performance.

The holders of our Series B Preferred are entitled to receive dividends and liquidation payments in preference to the holders of our common stock.

Dividends accrue on shares of our Series B Preferred at a rate of 8% per annum and are payable quarterly in cash at the option of the Company and can increase to 10% in the event the Company fails to satisfy certain obligations. Upon a liquidation, dissolution or winding up of the affairs of the Company, whether voluntary or involuntary, the holders of shares of the Series B Preferred are entitled to receive a liquidation payment prior to the payment of any amount with respect to shares of our common stock. Because of the substantial liquidation preference to which the holders of shares of the Series B Preferred are entitled, the amount available to be distributed to the holders of shares of our common stock upon a liquidation of the Company could be substantially limited or reduced to zero and may make it more difficult to raise capital or recruit and retain key personnel in the future.

The securities purchase agreement for the sale of shares of the Series B Preferred (the "Securities Purchase Agreement") and the certificate of designation governing the Series B Preferred (the "Series B Certificate of Designation") contain various covenants and restrictions which may limit our ability to operate our business.

Under the Securities Purchase Agreement and the Series B Certificate of Designation, we are not permitted, without the affirmative vote or written consent of the holders of at least a majority of the shares of Series B-1 Preferred and the Series B-2 Preferred, voting together as a single class, directly or indirectly, to take or agree to take certain actions involving a broad array of corporate activities. These restrictions could limit our ability to plan for or react to market conditions or meet extraordinary capital needs or could otherwise restrict corporate activities, any of which could have a material adverse impact on our business.

The holders of shares of the Series B Preferred have substantial voting power on matters submitted to a vote of stockholders and on the composition of our board of directors.

The holders of shares of the Series B Preferred are entitled to vote on all matters on which the holders of shares of our common stock are entitled to vote, voting together with the holders of shares of our common stock as a single class. Each share of Series B Preferred is currently entitled to 100 votes per share, subject to adjustment. As a result, the shares of Series B Preferred currently represent, in the aggregate, approximately 20% of the voting power of our equity securities and therefore have considerable influence in determining the outcome of any corporate transaction or other matter submitted to our stockholders for approval.

The holders of the Series B Preferred also have significant control over the composition of our Board of Directors. Currently, the holders of Series B-1 Preferred have the right to elect two members of our Board and the holders of the Series B-2 Preferred have the right to elect one member of our Board. Under certain circumstances, the holders of Series B Preferred may be entitled to elect additional directors. Upon conversion of the Series B Preferred into common stock, assuming certain ownership thresholds continue to be met, the holders of Series B Preferred will continue to have contractual rights to nominate members to our Board. Because the holders of shares of the Series B Preferred will have the right to designate these members to our Board, they have considerable influence on the composition of our Board and, therefore, the conduct of our business.

The Series B Preferred is redeemable at the option of the holders under certain circumstances.

On or after June 16, 2016, the holders of at least a majority of the then-outstanding shares of Series B Preferred may require us to redeem all or any portion of the outstanding shares of Series B Preferred. The redemption price per share of the Series B Preferred is to be calculated in accordance with the Series B Certificate of Designation.

Depending on our cash resources at the time that this redemption right is exercised, we may or may not be able to fund the redemption from our available cash resources. If we were unable to fund the redemption from available cash resources we would need to find an alternative source of financing to do so. There can be no assurances that we would be able to raise such funds on favorable terms or at all if such funds are required.

We have agreed to give the holders of shares of the Series B Preferred the right to participate in subsequent stock issuances.

We agreed that if we issue and sell any new equity securities after June 16, 2009, subject to certain exceptions, we will give the Series B Purchasers the right to purchase a portion of those new securities so as to permit each of them to maintain their proportional ownership in our stock as long as such purchaser beneficially owns at least 25% of the shares such purchaser originally purchased on June 16, 2009.

The existence of this right may make it more difficult for us to obtain financing from third parties that do not wish to have Series B Purchasers participating in their financing.

The Series B Preferred private placement could adversely affect the market price of our common stock.

Each share of Series B Preferred Stock is convertible into that number of shares of common stock equal to the quotient determined by dividing $115 (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares) by the then applicable conversion price (currently $1.15 per share). Upon such conversion, the Company must pay any dividend arrearage, plus accrued but unpaid dividends up through, but excluding, the applicable date of conversion, whether or not declared. The holder of a share of Series B Preferred may elect to convert that holder's share at any time. In addition, after June 16, 2011, we have the right to force conversion of the then outstanding shares of Series B Preferred upon certain conditions being met.

Sales in the public market of the shares of common stock acquired upon conversion of shares of the Series B Preferred or the exercise of an outstanding warrant for Series B Preferred, or the perception that such sales could occur, could adversely affect the prevailing market price of our common stock and impair our ability to raise funds in additional stock financings.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The Company's corporate headquarters is located at 6475 Christie Avenue, Emeryville, California. This facility is occupied under a lease for approximately 36,000 square feet, at a cost of approximately $1.0 million per year and has a lease term that expires on January 31, 2017.

The Company, including our franchisees, currently operates all of its stores under leases and typically signs five to 15 year leases. The Company does not intend to purchase real estate for any of its sites in the future. The Company believes that the size and flexibility of its format provide it with a competitive advantage in securing sites. At January 3, 2012, the Company served its customers primarily through a combination of Company Stores and Franchise Stores in 25 different states, South Korea, Canada, the Philippines and the Bahamas.

	Store Count as of January 3, 2012		
	Company Stores	Franchise Stores	Total
United States			
Arizona	—	34	34
California	292	102	394
Colorado	—	21	21
Connecticut	—	1	1
Florida	—	17	17
Hawaii	—	33	33
Idaho	—	8	8
Illinois	—	39	39
Indiana	—	3	3
Louisiana	—	2	2
Maryland	—	3	3
Massachusetts	—	3	3
Minnesota	—	8	8
North Carolina	—	5	5
New Jersey	1	6	7
Nevada	—	12	12
New York	14	5	19
Ohio	—	1	1
Oklahoma	—	9	9
Oregon	—	24	24
Pennsylvania	—	2	2
Texas	—	45	45
Utah	—	21	21
Washington	—	37	37
Wisconsin	—	2	2
Total in United States	307	443	750
International			
Bahamas	—	1	1
Korea	—	16	16
Philippines	—	1	1
Canada	—	1	1
Total International	**—**	**19**	**19**
Totals	307	462	769

In addition, the Company had 35 JambaGo locations in six states as of January 3, 2012. There were 21 stations in California, eight stations in New York, three stations in Missouri and one station in each of Florida, Massachusetts and New Jersey.

ITEM 3. LEGAL PROCEEDINGS

The Company is party to various legal proceedings arising in the ordinary course of its business, but it is not currently a party to any legal proceeding that management believes would have a material adverse effect on the consolidated financial position or results of operations of the Company.

ITEM 4. MINE SAFETY DISCLOSURE

Not applicable.

PART II

ITEM 5. MARKET FOR JAMBA, INC.'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The shares of Jamba, Inc. common stock are currently quoted on the NASDAQ Global Market under the symbol JMBA.

The closing price per share of Jamba, Inc. common stock as reported on the NASDAQ Global Market on March 1, 2012, was $2.03. Shares of our Series B-1 Preferred and Series B-2 Preferred are not publicly traded and there is no market for these securities.

The following table sets forth, for the fiscal quarter indicated, the quarterly high and low closing sales prices of our shares of common stock as reported on the NASDAQ Global Market, as applicable, for each quarter during the last two fiscal years.

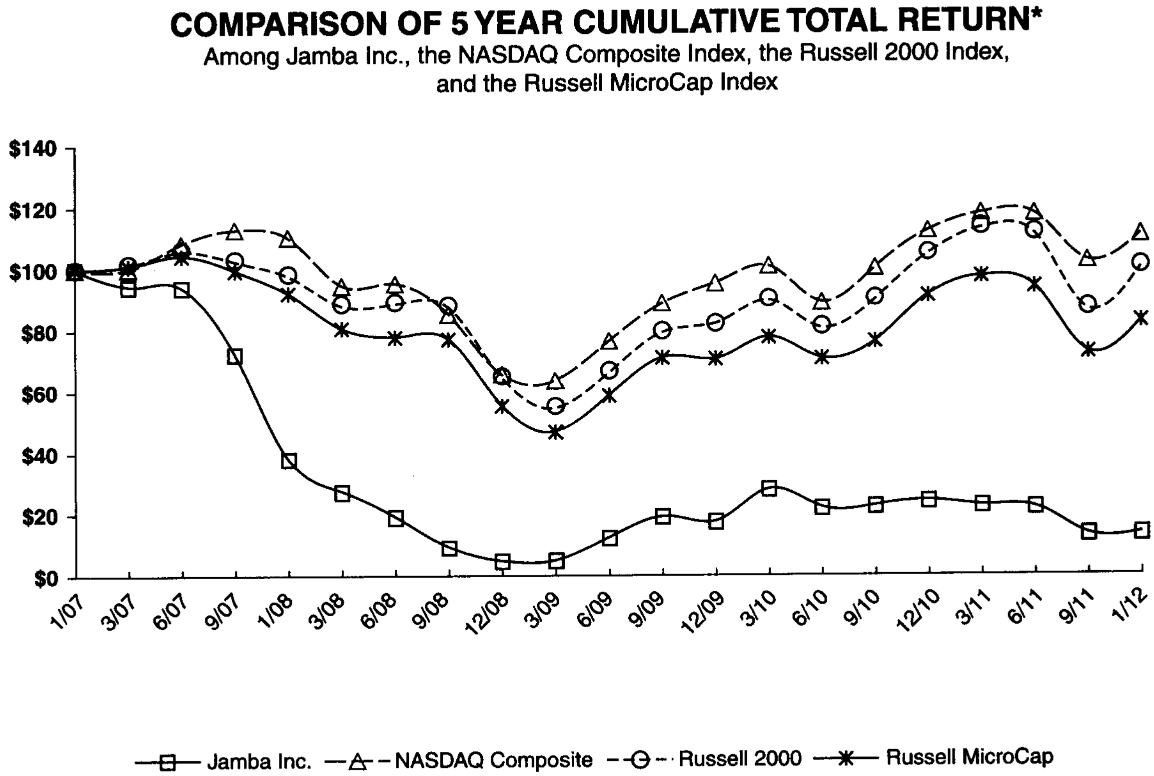
	Common Stock	
	High	**Low**
2010 First Quarter	3.40	1.59
2010 Second Quarter	3.73	2.05
2010 Third Quarter	2.34	1.66
2010 Fourth Quarter	2.60	2.02
2011 First Quarter	2.55	2.02
2011 Second Quarter	2.48	2.05
2011 Third Quarter	2.20	1.29
2011 Fourth Quarter	1.73	1.26

We have not historically paid any cash dividends on our common stock. We intend to continue to retain earnings, to the extent we have earnings, for use in the operation and expansion of our business, and therefore do not anticipate paying any cash dividends on our common stock in the foreseeable future.

As of March 1, 2012, there were 90 holders of record of our common stock.

Performance Graph

The following graph compares our cumulative total stockholder return since January 9, 2007 with the cumulative total return of (i) the NASDAQ Composite Index, (ii) the Russell 2000 Index and (iii) Russell MicroCap Index. The graph assumes that the value of the investment in our common stock and each index (including reinvestment of dividends) was $100 on January 9, 2007 in the case of our common stock and an investment in an index.



***$100 invested on 1/9/07 in stock or index, including reinvestment of dividends.**
Fiscal year ending January 3, 2012.

	1/9/07	1/1/08	12/30/08	12/29/09	12/28/10	1/3/12
Jamba Inc.	**100.00**	**37.99**	**4.72**	**17.45**	**24.13**	**13.55**
NASDAQ Composite	**100.00**	**110.26**	**65.65**	**95.19**	**112.10**	**110.81**
Russell 2000	**100.00**	**98.43**	**65.18**	**82.89**	**105.14**	**100.75**
Russell MicroCap	**100.00**	**92.00**	**55.40**	**70.63**	**91.03**	**82.59**

ITEM 6. SELECTED FINANCIAL DATA

The table below summarizes the Company's recent financial information. The historical information was derived from the consolidated financial statements of Jamba, Inc. and subsidiary for the fiscal years ended January 3, 2012, December 28, 2010, December 29, 2009, December 30, 2008, and January 1, 2008. The data set forth below should be read in conjunction with the consolidated financial statements and notes thereto in Item 8 and with Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7.

(In thousands, except share data and per share amounts)

Statements of Operations Data

	Fiscal Year Ended January 3, 2012	Fiscal Year Ended December 28, 2010	Fiscal Year Ended December 29, 2009	Fiscal Year Ended December 30, 2008	Fiscal Year Ended January 1, 2008[1]
Revenue:					
Company stores	214,837	$ 254,491	$ 295,607	$ 333,784	$ 306,035
Franchise and other revenue	11,597	8,162	6,030	9,106	11,174
Total revenue	226,434	262,653	301,637	342,890	317,209
Costs and operating expenses (income):					
Cost of sales	49,503	61,307	72,669	89,163	84,226
Labor	67,868	85,189	100,589	120,251	102,661
Occupancy	31,092	38,561	43,888	44,868	37,458
Store operating	32,847	38,358	38,734	43,714	39,942
Depreciation and amortization	12,463	14,610	18,271	24,717	19,168
General and administrative	37,798	37,262	37,044	48,057	48,384
Store pre-opening	965	648	516	2,044	5,863
Impairment of long-lived assets	1,291	2,778	12,639	27,802	1,550
Store lease termination and closure	721	4,255	1,234	10,029	718
Trademark and goodwill impairment	—	—	—	84,061	200,624
Other operating, net	210	(4,292)	(3,840)	3,817	4,806
Total costs and operating expenses	234,758	278,676	321,744	498,523	545,400
Loss from operations	(8,324)	(16,023)	(20,107)	(155,633)	(228,191)
Other (expense) income:					
Gain (loss) on derivative liabilities	—	—	1,597	7,895	59,424
Interest income	159	73	404	365	3,517
Interest expense	(473)	(547)	(6,905)	(2,064)	(181)
Total other (expense) income	(314)	(474)	(4,904)	6,196	62,760
Loss before income taxes	(8,638)	(16,497)	(25,011)	(149,437)	(165,431)
Income tax benefit (expense)	340	(159)	1,066	274	52,135
Net loss	(8,298)	(16,656)	(23,945)	(149,163)	(113,296)
Preferred stock dividends and deemed dividends	(2,331)	(4,077)	(1,860)	—	—
Net loss attributable to stockholders	$ (10,629)	$ (20,733)	$ (25,805)	$ (149,163)	$ (113,296)
Weighted-average shares used in the computation of loss per share:					
Basic	66,310,654	58,711,495	53,632,299	53,252,855	52,323,898
Diluted	66,310,654	58,711,495	53,632,299	53,252,855	52,323,898
Loss per share:					
Basic	$ (0.16)	$ (0.35)	$ (0.48)	$ (2.80)	$ (2.17)
Diluted	$ (0.16)	$ (0.35)	$ (0.48)	$ (2.80)	$ (2.17)

(1) Due to the Company's change in fiscal year, the fiscal year ended January 1, 2008 contains the results of operations for a 51-week year.

Selected Balance Sheet Data (at period end)

	January 3, 2012	December 28, 2010	December 29, 2009	December 30, 2008	January 1, 2008
Cash and cash equivalents	$19,607	$ 29,024	$ 28,757	$ 20,822	$ 23,016
Total assets	88,293	100,054	125,818	145,720	275,002
Note payable	—	—	—	22,829	—
Total liabilities	68,109	72,112	80,213	105,299	91,494
Series B redeemable preferred stock	17,880	20,554	31,069	—	—
Total stockholders' equity	2,304	7,388	14,536	40,421	183,508
Total liabilities and stockholders' equity	88,293	100,054	125,818	145,720	275,002

KEY FINANCIAL METRICS

Management reviews and discusses its operations based on both financial and non-financial metrics. Among the key financial metrics upon which management focuses is reviewing its performance based on the Company's consolidated GAAP results, including Company Store comparable sales.

Company Store comparable sales represents the change in year-over-year sales for all Company Stores opened for at least 13 full fiscal periods.

The following table sets forth operating data that do not otherwise appear in our consolidated financial statements as of and for the fiscal years ended January 3, 2012 and December 28, 2010:

	Fiscal Year Ended	
	January 3, 2012	December 28, 2010
Percentage change in Company Store comparable sales[(1)]	4.0%	(2.3)%
Total Company Stores	307	351
Total Franchise Stores—Domestic	443	391
Total International Stores	19	1
Total Stores	769	743

(1) Percentage change in Company Store comparable sales compares the sales of Company Stores during the 13 period fiscal year ended to the sales from the same Company Stores for the equivalent period in the prior year. A Company Store is included in this calculation after its 13th full fiscal period of operations. Sales from Franchise Stores are excluded in the Company Store comparable sales.

The following table sets forth certain data relating to Company Stores and Franchise Stores for the periods indicated:

	Fiscal year ended		
	January 3, 2012	December 28, 2010	December 29, 2009
Company Stores:			
Beginning of year	351	478	511
Company Stores opened	9	1	2
Company Stores closed	(11)	(23)	(8)
Company Stores sold to franchisees	(42)	(105)	(27)
Total Company Stores	307	351	478

	Fiscal year ended		
	January 3, 2012	December 28, 2010	December 29, 2009
Franchise Stores—Domestic:			
Beginning of year	391	260	217
Franchise Stores opened	22	30	23
Franchise Stores closed[1]	(12)	(4)	(7)
Franchise Stores purchased from Company	42	105	27
Total Franchise Stores—Domestic	443	391	260

[1] Closures include four stores converted to our JambaGo format during fiscal year ended January 3, 2012.

Franchise Stores—International:			
Beginning of year	1	1	1
Franchise Stores opened	18	—	—
Total Franchise Stores—International	19	1	1

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis in conjunction with Part II, Item 6 "Selected Financial Data" and our audited consolidated financial statements and the related notes thereto included in Item 8 "Financial Statements and Supplementary Data." In addition to historical consolidated financial information, this discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Actual results could differ from these expectations as a result of factors including those described under Item 1A, "Risk Factors," "Special Note Regarding Forward-Looking Statements" and elsewhere in this Form 10-K.

JAMBA, INC. OVERVIEW

Jamba, Inc. is a holding company which owns and franchises, on a global basis, Jamba Juice stores through its wholly-owned subsidiary, Jamba Juice Company. Jamba Juice Company is a leading restaurant retailer of better-for-you specialty beverages and food offerings which include great tasting fruit smoothies, Fit'nFruitful™ smoothies with Weight Burner Boost™, fresh squeezed juices, hot teas, hot oatmeal made with organic steel cut oats, fruit and veggie smoothies, Whirl'ns™ Frozen Yogurt, breakfast wraps, salads, sandwiches, California Flatbreads™, and a variety of baked goods and snacks. Jamba, Inc. was incorporated in January 2005, and went public through an initial public offering later that year. In November 2006, the Company completed its acquisition of Jamba Juice Company, which first began operations in 1990. As of January 3, 2012, there were 769 Jamba Juice stores globally, consisting of 307 Company-owned and operated stores ("Company Stores"), 443 franchise-operated stores ("Franchise Stores") in the United States, and 19 international Franchise Stores ("International Stores"). As of January 3, 2012, Jamba Juice had a retail consumer products program that included ten license agreements covering a variety of CPG products.

Fiscal Year

Our fiscal year ends each year on the Tuesday closest to December 31st and therefore we have a 52 or 53 week fiscal year with the first fiscal quarter being sixteen weeks, the second and third quarters being twelve weeks, and the fourth quarter being twelve or thirteen weeks. Unless otherwise stated, references to years in the report relate to fiscal years rather than to calendar years. The following fiscal periods are presented in this report.

Fiscal Period	Period Covered	Weeks
Fiscal Year 2011	December 29, 2010 to January 3, 2012	53
Fiscal Year 2010	December 30, 2009 to December 28, 2010	52
Fiscal Year 2009	December 31, 2008 to December 29, 2009	52

Effective January 4, 2012, the start of fiscal year 2012, our fiscal year will have four 13-week quarters.

All references to store counts, including data for new store openings, are reported net of related store closures, unless otherwise noted.

EXECUTIVE OVERVIEW

Key Overall Strategies

During 2011, we made solid progress against our BLEND Plan 1.0, which we first announced in January 2009. The key strategic priorities of our multi-year BLEND Plan have been focused on the transformation of our brand into a leading healthy, active lifestyle brand with strategically aligned initiatives aimed at ensuring a customer-first service culture, improving our menu offerings across all day-parts, accelerating the development of our franchise system, building a robust portfolio of consumer products through our licensing platform and reducing costs and expenses.

Our strategic plan has evolved and our focus is now on accelerating growth of the Jamba brand and expanding the business model. As a result, for 2012, our key strategic priorities for our BLEND Plan 2.0 include:

- make Jamba a top-of-mind healthy food and beverage brand;
- embody a healthy, active lifestyle at store level and broadly across the enterprise;
- accelerate global retail growth through new and existing formats;
- build a global CPG platform in Jamba-relevant categories; and
- pursue new ways to reduce costs and drive productivity.

These strategic priorities support our mission to accelerate growth and development of Jamba as a premier healthy, active lifestyle brand, offering consumers compelling and differentiated products and experiences at Jamba Juice stores and through other retail distribution channels.

During fiscal 2011, we experienced comparable store sales growth in all four quarters over our entire system and our first fiscal year of Company Store comparable sales growth since the end of fiscal 2007. Contributing to the increase in comparable store sales was the continued expansion of new menu items across all day-parts. We finalized our business model shift to a primarily franchise system by the completion of our refranchising initiative in the first quarter of 2011, when we sold 42 Company Stores in the Chicago/Minneapolis and Lake Tahoe markets to franchisees. In addition, we opened 49 stores on a global basis and launched the testing of JambaGo, a new growth concept. On the CPG front, we significantly increased the number of distribution points. We also continued our expansion of new menu offerings across all day-parts. We believe these results demonstrate the success of our efforts over the last three years to stabilize, turnaround and transform the business.

Fiscal 2011 Financial and Operational Summary

- Net loss for fiscal 2011 was $(8.3) million compared to net loss of $(16.7) million for fiscal 2010. The reduction in net loss was driven primarily by the:
  - increase in comparable Company Stores sales of 4.0%
  - decrease in company store expenses as a percent of company store revenue, of approximately 340 basis points;
  - increase in franchise and license revenue of $3.4 million
- Total revenue for fiscal 2011 decreased 13.8% to $226.4 million from $262.7 million for fiscal 2010, a decrease of $36.3 million, primarily due to a net decrease of 44 Company Stores primarily attributable to the refranchising initiative.
- Diluted loss per share was $(0.16) for fiscal 2011 compared to diluted loss per share of $(0.35) for fiscal 2010.
- System-wide comparable store sales increased by 3.7% for fiscal 2011, reflecting growth of 4.0 % for Company Stores and growth of 3.4% for Franchise Stores. System-wide comparable store sales, a non-GAAP financial measure, represent the change in year-over-year sales for all Company and Franchise Stores opened for at least 13 full fiscal periods.
- 22 new Franchise Stores and nine new Company Stores were opened in the U.S. during fiscal 2011, bringing total store count in the U.S. to 750 stores, of which 443 are Franchise Stores and 307 are Company Stores.
- Jamba's partner in South Korea opened 16 stores, and each of our partners in Canada and the Philippines opened one store.

Fiscal 2011 Accomplishments

Store Sales

During fiscal 2011, sales at system-wide Jamba Juice Stores opened more than 13 full fiscal periods increased 3.7% reflecting increases of 4.0% for Company Stores and 3.4% for Franchise Stores compared to the prior year. For Company Stores, this increase represents the first full fiscal year of Company Store comparable sales growth since the end of fiscal 2007. The increase in Company Store comparable sales during fiscal 2011 was largely attributable to an average check increase, increased traffic during the fourth quarter and to more efficient marketing promotions. As part of building a customer first operationally focused culture, we instituted a customer survey program that has driven increasingly improved levels of customer satisfaction. Our store excellence guide has improved store operations by clarifying operating procedures and measuring priorities. In addition, we instituted a bonus program that rewards Company Store managers for achievement of customer service goals, and we continue to make technological as well as procedural enhancements in areas such as labor and inventory management. These enhancements have relieved our store managers from manual administrative tasks, enabling them to more diligently concentrate on delivering exceptional customer service.

We expanded our beverage and food offerings with a goal of increasing sales across all day-parts. We believe that our growing portfolio of "better-for-you" specialty beverage and food offerings, with smoothies and fresh juices as the core offering, provides us with a competitive advantage over other quick service restaurants. During 2011, we launched a series of smoothie platforms, including probiotic yogurt, fruit and veggie smoothies and coconut water refreshers. We also expanded our Whirl'ns™ Frozen Yogurt line to an additional 127 stores. As a result, the Whirl'ns™ Frozen Yogurt line was available at 157 locations in California as of January 3, 2012. We also launched our breakfast wrap platform to complement our already strong breakfast offering of slow-cooked oatmeal, freshly squeezed juices, Fruit & Yogurt parfaits and hot beverages.

We implemented various marketing promotions and consumer communications including value offerings, targeted discounts, sampling, improved messaging focusing on the better-for-you qualities of our menu offerings, and expanding our social media activities to further drive consumer awareness and customer usage frequency. We also launched a social responsibility program called Team Up for a Healthy America, with the aim of raising awareness among consumers of Jamba's focus on critical national health issues like childhood obesity and related health risks. This program gained nationwide attention as a result of our partnership with several organizations including National Geographic Kids, the WNBA, the U.S. Water Polo Association, the Girl Scouts of America and our Company spokesperson Venus Williams. We believe our promotional activities and public relations efforts for this program enabled us to reach over eight million households with our brand message, significantly raising awareness of Jamba as a mission-based brand and socially responsible company. We believe that our focus on optimizing media and digital marketing platforms, value offerings and efficient price promotions contributed to our success in increasing sales across all day-parts. We remain focused on opportunities to develop our beverage and food portfolio in order to optimize each of the offerings across all day-parts, and to refine our promotional and communication efforts to make Jamba a top-of-mind healthy food and beverage brand that offers consumers solutions for leading a healthy, active lifestyle.

Franchising

We continue to grow our restaurant concept primarily through the development of new Franchise Stores. As a result of our refranchising initiative and the development of new Franchise Stores, Jamba Juice locations at the end of fiscal 2011 were comprised of approximately 40% Company Store locations and 60% Franchise Store locations globally, compared to approximately 47% Company Store locations and 53% Franchise Store locations at the end of fiscal 2010.

Domestically, we completed our refranchising initiative with the sale of 42 Company Stores, bringing the refranchising program total to 174 Company Stores sold. In fiscal 2011, franchisees also developed and opened 22 new Franchise Stores, including four traditional stores and 18 non-traditional stores.

We believe a more heavily franchised business model requires less capital investment and reduces the volatility of cash flow performance over time. Our refranchising effort has resulted in lower revenue for fiscal 2011, as we have traded retail sales at Company Stores for royalties and franchise fees to be received from our franchisees globally.

In October 2011, we announced that we were testing a new growth concept called JambaGo™. This growth concept is an innovative express service utilizing compact technology to make select smoothie flavors in "stations" using pre-packaged ingredients. This new concept will enable us to rapidly expand the Jamba brand presence. The JambaGo platform targets venues servicing captive audiences, where there is a greater demand for higher volumes and where the need for high-speed service is essential and a full-sized Jamba Juice store or kiosk would not be feasible. Such venues include K-12 schools, grocery stores, stadiums, theaters, event centers and select airport locations. As of January 3, 2012, there were 35 JambaGo locations in six states.

The first Jamba Juice store in South Korea was opened at the Incheon airport in January 2011. By the end of fiscal 2011, there were 16 Jamba Juice stores operating in the South Korea market. We expect our master developer, SPC Group, to build 200 stores in South Korea over the next ten years. In April 2011, Jamba announced a master development agreement with Max's Group of Companies, a well-established restaurant and franchise operator, to develop 40 stores in the Philippines over the next 10 years. The first store opened in Manila in November 2011. Also, in May 2011, we signed a master development agreement with Canadian Juice Corp., the principals of which are world leaders in the frozen yogurt category with over 1,200 stores in 25 countries, to develop 80 Jamba Juice stores over the next 10 years. The first Jamba Juice store opened in Toronto in October 2011. We believe international stores represent a significant growth opportunity.

As of January 3, 2012, we have 769 Jamba Juice stores, globally, represented by 307 Company Stores, 443 Franchise Stores in the United States, and 19 International stores. We plan to continue to accelerate global retail growth through new and existing formats to make it easier for customers to experience the Jamba brand offerings.

Consumer Packaged Goods

As of January 3, 2012, we had ten license agreements in place reflecting eight commercialized product lines. These products include Jamba-branded make-at-home frozen smoothie kits, frozen yogurt novelty bars, all natural energy drinks, coconut water fruit juice beverages, functional daily Brazilian super fruit shots, boosted trail mixes and functionally boosted fruit cups. We gained additional points of distribution for existing product lines and had over 30 individual Jamba products at approximately 30,000 points of retail distribution across all 50 states. We believe extending the Jamba brand into mass retail by continued development of CPG solutions provides significant growth opportunities.

During the fourth quarter of 2011, we signed agreements with Bare Fruit LLC to develop a line of all natural bake-dried, 100% fruit chips and with Core-Mark Holdings Company, Inc. to create wraps and sandwiches in the convenience channel. Discussions with potential licensees regarding new and complementary product categories are ongoing.

Our CPG products will help extend brand accessibility, offer additional product solutions and increase usage occasions. We plan to build a global CPG platform in Jamba-relevant categories and to reinforce Jamba as a healthy, active lifestyle brand with products that are better-for-you, convenient and portable. Although all of our agreements to date have been structured as license agreements, whereby we receive ongoing royalties based on a percentage of product sales, in future, we may structure these relationships in other ways such as joint venture agreements, co-packing agreements and sales and distribution agreements to support and optimize our brand extension.

Expenses

We were able to improve Company Store financial performance by continuing to reduce labor expenses through operational efficiencies, leveraging technology, improving labor planning, and by implementing initiatives to lower costs of goods and mitigate waste. We also realized improved cost of sales and labor efficiencies as a result of our smaller, more geographically concentrated and better performing Company store base. Although we anticipate some increases in commodity prices, we continue to focus on cost savings to mitigate the cost increases.

To the extent possible, we are continuing to extend these cost saving initiatives and benefits to Franchise Stores with the goal of improving store-level economics for our franchisees, by passing through our negotiated volume rates with suppliers and vendors to our franchisees and through the utilization of best practice operating models. We strongly believe that increased sales coupled with continued cost and expense management improvements will drive better store-level economics for Company Stores and Franchise Stores alike.

We continued to manage our general and administrative expenses. Our refranchising strategy has resulted in a decrease in the number of Company Stores and a commensurate reduction in the related overhead expenses required to manage and support these Company Stores. Concurrently, we have chosen to invest in our future by strategically adding headcount to help accelerate critical growth initiatives, such as consumer products licensing, domestic and international franchise development, and product innovation. We will continue to explore new ways to reduce costs and drive productivity, for example, by strategically leveraging new technology, implementing process improvements and other means.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of consolidated financial statements in conformity with generally accepted accounting principles ("GAAP") requires the appropriate application of certain accounting policies, many of which require us to make estimates and assumptions about future events and their impact on amounts reported in our consolidated financial statements and related notes. Since future events and their impact cannot be determined with certainty, actual results may differ from our estimates. Such differences may be material to the consolidated financial statements.

We believe our application of accounting policies, and the estimates inherently required therein, are reasonable. These accounting policies and estimates are periodically reevaluated, and adjustments are made when facts and circumstances dictate a change.

Our accounting policies are more fully described in Note 1 "*Business and Summary of Significant Accounting Policies*" in the "Notes to Consolidated Financial Statements," included elsewhere in this annual report on Form 10-K ("2011 Form 10-K"). We consider the following policies to be the most critical in understanding the judgments that are involved in preparing the consolidated financial statements.

Impairment of Long-Lived Assets

We evaluate long-lived assets for impairment when facts and circumstances indicate that the carrying values of long-lived assets may not be recoverable. The impairment evaluation is generally performed at the individual store asset group level. We first compare the carrying value of the asset to the asset's estimated future undiscounted cash flows. If the estimated future cash flows are less than the carrying value of the asset, we measure an impairment loss based on the asset's estimated fair value. The fair value of a store's assets is estimated using a discounted cash flow model based on internal projections and taking into consideration the view of a market participant. The estimate of cash flows is based on, among other things, certain assumptions about expected future operating performance. Factors considered during the impairment evaluation include factors related to actual operating cash flows, the period of time since a store has been opened or remodeled, refranchising expectations and the maturity of the relevant market.

Our estimates of cash flows used to assess impairment are subject to a high degree of judgment. If our estimates of future cash flows differ from actual cash flows due to, among other things, changes in economic conditions, changes to our business model or changes in operating performance, it would result in an adjustment to results of operations.

Intangible Asset Impairment

We evaluate trademarks not subject to amortization for impairment annually (at year-end), or more frequently if events or changes in circumstances indicated that the asset might be impaired. We perform our test for impairment on trademarks by comparing the fair value of the trademarks to their carrying amounts. An impairment loss is generally recognized when the carrying amount of the trademarks exceeds the fair value. The fair value of trademarks was estimated using the income approach, which is based on assumptions about future cash flows resulting from our franchise and license agreements.

Intangible assets subject to amortization (primarily franchise agreements, reacquired franchise rights and a favorable lease portfolio intangible asset recognized in the purchase of Jamba Juice in 2006) are tested for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Intangible assets are amortized over their estimated useful lives using a method of amortization that reflects the pattern in which the economic benefits of the intangible assets are consumed or otherwise realized. Estimated useful lives for the franchise agreements are 13.4 years. The useful life of reacquired franchise rights is the remaining term of the respective franchise agreement. The useful life of the favorable lease portfolio intangible is based on the related lease term.

Rent Expense

Minimum rental expenses are recognized over the term of the lease. We recognize minimum rent starting when possession of the property is taken from the landlord, which normally includes a construction period prior to store opening. When a lease contains a predetermined fixed escalation of the minimum rent, we recognize the related rent expense on a straight-line basis and record the difference between the recognized rental expense and the amounts payable under the lease as deferred rent liability. We also receive tenant allowances which are included in deferred rent liability. Tenant allowances are amortized as a reduction to rent expense in the consolidated statements of operations over the term of the lease.

Certain leases provide for contingent rents that are not measurable at inception. These contingent rents are primarily based on a percentage of revenue that is in excess of a predetermined level. These amounts are excluded from minimum rent and are included in the determination of rent expense when it is probable that the expense has been incurred and the amount can be reasonably estimated. If our revenue for certain leases increases, it would result in higher contingent rent expense.

Jambacard Revenue Recognition

We sell our jambacards to our customers in our retail stores and through our website at www.jambajuice.com. Our jambacards do not have an expiration date. We recognize income from jambacards when (i) the jambacard is redeemed by the customer or (ii) the likelihood of the jambacard being redeemed by the customer is remote (also referred to as "breakage") and we determine that we do not have a legal obligation to remit the value of unredeemed jambacards to the relevant jurisdictions. We determine the jambacard breakage amount based upon historical redemption patterns. We have concluded that after three years of inactivity the likelihood of redemption becomes remote and we recognize breakage at that time. Jambacard breakage income is included in other operating, net in the consolidated statements of operations. If the historical redemption pattern changes, our financial statements could be materially affected.

We have sold jambacards since November of 2002. The jambacard works as a reloadable gift or debit card. At the time of the initial load, in an amount between $5 and $500, we record an obligation that is reflected as jambacard liability on the consolidated balance sheets. We relieve the liability and record the related revenue at the time a customer redeems any part of the amount on the card. The card does not have any expiration provisions and is not refundable, except as otherwise required by law.

Self-Insurance Reserves

We are self-insured for healthcare benefits. The estimated accruals for these liabilities are based on statistical analyses of historical industry data as well as actual historical trends. For our workers' compensation benefits, we were self-insured for existing and prior years' exposures through September 30, 2008. Liabilities associated with the risks that we retain for workers compensation benefits are estimated in part, by considering historical claims experience, demographic factors, severity factors, and other actuarial assumptions.

If actual claims experience differs from our assumptions, historical trends, and estimates, changes in our insurance reserves would impact the expense recorded in our consolidated statements of operations.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Any effect on deferred tax assets and liabilities due to a change in tax rates is recognized in income in the period that includes the enactment date. In establishing deferred income tax assets and liabilities, we make judgments and interpretations based on enacted tax laws and published tax guidance applicable to our operations. We record deferred tax assets and liabilities and evaluate the need for valuation allowances to reduce deferred tax assets to amounts more likely than not of being realized. Changes in our valuation of the deferred tax assets or changes in the income tax provision may affect our annual effective income tax rate.

A valuation allowance is provided for deferred tax assets when it is "more likely than not" that some portion of the deferred tax asset will not be realized. Because of our recent history of operating losses, we believe the recognition of the deferred tax assets arising from the above-mentioned future tax benefits is currently not likely to be realized and, accordingly, have maintained a full valuation allowance against our deferred tax assets as of January 3, 2012.

The benefits of uncertain tax positions are recognized as the greatest amount more than 50% likely of being sustained upon audit based on the technical merits of the position. On a quarterly basis, we review and update our inventory of tax positions as necessary to add any new uncertain tax positions taken, or to remove previously identified uncertain positions that have been adequately resolved. Additionally, uncertain positions may be re-measured as warranted by changes in facts or law. Accounting for uncertain tax positions requires significant judgments, including estimating the amount, timing and likelihood of ultimate settlement. Although we believe that these estimates are reasonable, actual results could differ from these estimates. We classify estimated interest and penalties related to the underpayment of income taxes as a component of income taxes in the consolidated statements of operations.

Share-based compensation

We account for share-based compensation based on fair value measurement guidance. The fair value of options granted is estimated at the date of grant using a Black-Scholes option-pricing model. Option valuation models, including Black-Scholes, require the input of highly subjective assumptions, and changes in the assumptions used can materially affect the grant date fair value of an award.

These assumptions include the risk-free rate of interest, expected dividend yield, expected volatility and the expected life of the award. The risk-free rate of interest is based on the zero coupon U.S. Treasury rates appropriate for the expected term of the award. Expected dividends are zero based on history of not paying cash dividends on our common stock. Expected volatility is based on a 75/25 blend of historic daily stock price observations of our common stock since our inception and historic, daily stock price observations of our peers (companies in our industry that are viewed as a "concept" and a leader in the premium, specialty growth segment) during the period immediately preceding the share-based award grant that is equal in length to the award's expected term. We make assumptions for the number of awards that will ultimately not vest ("forfeitures") in determining the share-based compensation expense for these awards. We use historical data to estimate expected employee behaviors related to option forfeitures. We apply the guidance provided by the SEC Staff Accounting Bulletin No. 110 to determine expected life. Currently, there is no market-based mechanism or other practical application to verify the reliability and accuracy of the estimates stemming from these valuation models or assumptions, nor is there a means to compare and adjust the estimates to actual values, except for annual adjustments to reflect actual forfeitures.

The fair value of restricted stock units is determined based on our closing stock price on the date of grant. These restricted stock units vest and become unrestricted three years after the date of grant. Share-based compensation expense is recognized ratably over the three-year service period for restricted stock units.

RESULTS OF OPERATIONS

The discussion that follows should be read in conjunction with the consolidated financial statements and notes thereto. Our consolidated results of operations for fiscal 2011, 2010 and 2009 are summarized below.

(In thousands, except share data and per share amounts)

	Year ended January 3, 2012	%(1)	Year ended December 28, 2010	%(1)	Year ended December 29, 2009	%(1)
Revenue:						
Company Stores	$ 214,837	94.9%	$ 254,491	96.9%	$ 295,607	98.0%
Franchise and other revenue	11,597	5.1%	8,162	3.1%	6,030	2.0%
Total revenue	226,434	100.0%	262,653	100.0%	301,637	100.0%
Costs and operating expenses (income):						
Cost of sales	49,503	23.0%	61,307	24.1%	72,669	24.6%
Labor	67,868	31.6%	85,189	33.5%	100,589	34.0%
Occupancy	31,092	14.5%	38,561	15.2%	43,888	14.8%
Store operating	32,847	15.3%	38,358	15.1%	38,734	13.1%
Depreciation and amortization	12,463	5.5%	14,610	5.6%	18,271	6.1%
General and administrative	37,798	16.7%	37,262	14.2%	37,044	12.3%
Store pre-opening	965	0.4%	648	0.2%	516	0.2%
Impairment of long-lived assets	1,291	0.6%	2,778	1.1%	12,639	4.2%
Store lease termination and closure.	721	0.3%	4,255	1.6%	1,234	0.4%
Other operating, net	210	0.1%	(4,292)	(1.6)%	(3,840)	(1.3)%
Total costs and operating expenses	234,758	103.7%	278,676	106.1%	321,744	106.7%
Loss from operations	(8,324)	(3.7)%	(16,023)	(6.1)%	(20,107)	(6.7)%
Other income (expense):						
Gain from derivative liabilities	—	0.0%	—	0.0%	1,597	0.5%
Interest income	159	0.1%	73	0.0%	404	0.1%
Interest expense	(473)	(0.2)%	(547)	(0.2)%	(6,905)	(2.3)%
Total other expense, net	(314)	(0.1)%	(474)	(0.2)%	(4,904)	(1.7)%
Loss before income taxes	(8,638)	(3.8)%	(16,497)	(6.3)%	(25,011)	(8.4)%
Income tax benefit (expense)	340	0.2%	(159)	(0.1)%	1,066	0.4%
Net loss	$ (8,298)	(3.6)%	$ (16,656)	(6.4)%	$ (23,945)	(8.0)%
Preferred stock dividends and deemed dividends	(2,331)	(1.0)%	(4,077)	(1.5)%	(1,860)	(0.6)%
Net loss attributable to common stockholders	$ (10,629)	(4.6)%	$ (20,733)	(7.9)%	$ (25,805)	(8.6)%
Weighted-average shares used in the computation of loss per share:						
Basic	66,310,654		58,711,495		53,632,299	
Diluted	66,310,654		58,711,495		53,632,299	
Loss per share:						
Basic	$ (0.16)		$ (0.35)		$ (0.48)	
Diluted	$ (0.16)		$ (0.35)		$ (0.48)	

(1) Cost of sales, labor, occupancy and store operating expense percentages are calculated using Company Stores revenue. All other line items are calculated using Total revenue. Certain percentage amounts do not sum to total due to rounding.

Revenue
(in 000s)

	Year Ended January 3, 2012	% of Total Revenue	Year Ended December 28, 2010	% of Total Revenue	Year Ended December 29, 2009	% of Total Revenue
Revenue:						
Company Stores	$214,837	94.9%	$254,491	96.9%	$295,607	98.0%
Franchise and other revenue	11,597	5.1%	8,162	3.1%	6,030	2.0%
Total revenue	$226,434	100.0%	$262,653	100.0%	$301,637	100.0%

Fiscal Year 2011 to Fiscal Year 2010

Total revenue for fiscal 2011 was $226.4 million, a decrease of $36.3 million, or 13.8%, compared to $262.7 million for the prior year. Total revenue is comprised primarily of revenue from Company Stores, royalties and fees from Franchise Stores in the U.S. and at International locations, and license income from sale of Jamba-branded CPG products.

Company Store revenue

Company Store revenue in fiscal 2011 was $214.8 million, a decrease of $39.7 million, or 15.6 %, compared to Company Store revenue in fiscal 2010 of $254.5 million. The decrease in Company Store Revenue was due primarily to a net decrease of 44 Company Stores operating since the prior year period, which includes opening nine new Company Store, closing 11 Company Stores (nine through natural lease expiration and two through early termination) and refranchising, 42 Company Stores in connection with our refranchising initiative, partially offset by the increase in Company Store comparable sales and the sales effect of the 53rd week in fiscal 2011, as illustrated by the following table:

	Company Store Decrease in Revenue (in 000s) 2011 vs. 2010
Reduction in number of Company Stores, net	$(51,171)
Company Store comparable sales increase	7,899
Effect of the 53rd week in FY 2011	3,619
Total change in Company Store Revenue	$(39,653)

Company Store comparable sales increased $7.9 million in 2011, or 4.0%, attributable to an increase of 4.8% in average check, partially offset by a decrease of 0.8% in transaction count as compared to the prior year. The effect of the fifty third week in fiscal 2011 was additional sales of $3.6 million. Company Store comparable sales represents the change in year-over-year sales for all Company Stores opened for at least 13 full fiscal periods. At the end of fiscal 2011, approximately 97% of our Company Stores base had been open for at least 13 full fiscal periods.

Franchise and other revenue

Franchise and other revenue in fiscal 2011 was $11.6 million, an increase of $3.4 million, or 42.1%, compared to franchise and other revenue in fiscal 2010 of $8.2 million. The increase in franchise and other revenue was due primarily to a net increase in Franchise Stores since the prior year period (approximately $2.5 million), an increase in income from the sale of licensed Jamba CPG products (approximately $0.5 million) and an increase in other franchise-related revenue (approximately $0.4 million).

The number of Franchise Stores as of January 3, 2012 and December 28, 2010 was 462 (including 19 international stores) and 392 (including one international store), respectively.

Fiscal Year 2010 to Fiscal Year 2009

Total revenue for fiscal 2010 was $262.7 million, a decrease of $38.9 million, or 12.9%, compared to $301.6 million for the prior year. Total revenue is comprised primarily of revenue from Company Stores and royalties and fees from Franchise Stores.

Company Store revenue

Company Store revenue in fiscal 2010 was $254.5 million, a decrease of $41.1 million, or 13.9 %, compared to Company Store revenue in fiscal 2009 of $295.6 million. The decrease in Company Store Revenue was due primarily to a net decrease of 127 Company Stores operating since the prior year period, which includes opening one new Company Store, closing 23 Company Stores (14 through natural lease expiration and nine through early termination) and refranchising, 105 Company Stores in connection with our refranchising initiative and the decrease in same-store sales as illustrated by the following table:

	Company Store Decrease in Revenue (in 000s)
	2010 vs. 2009
Reduction in number of Company Stores, net	$(35,125)
Company Store comparable sales decrease	(5,991)
Total change in Company Store Revenue	$(41,116)

Company Store comparable sales decreased $6.0 million in 2010, or 2.3%, attributable to a decrease of 5.6% in transaction count, partially offset by an increase of 3.3% in average check as compared to the prior year. Company Store comparable sales represents the change in year-over-year sales for all Company Stores opened for at least 13 full fiscal periods. At the end of fiscal 2010, approximately 99% of our Company Stores base had been open for at least 13 full fiscal periods.

Franchise and other revenue

Franchise and other revenue in fiscal 2010 was $8.2 million, an increase of $2.2 million, or 35.4%, compared to franchise and other revenue in fiscal 2009 of $6.0 million. The increase in Franchise and other revenue was due primarily to a net increase in Franchise Stores since the prior year period.

The number of Franchise Stores as of December 28, 2010 and December 29, 2009 was 392 and 261, respectively.

Cost of sales

Fiscal Year 2011 to Fiscal Year 2010

Cost of sales is mostly comprised of fruit, dairy, and other products used to make smoothies and juices, paper products, costs related to managing our procurement program, and vendor rebates. Cost of sales in fiscal 2011 was $49.5 million, a decrease of $11.8 million, or 19.3%, compared to $61.3 million for the prior year. Our refranchising initiative has resulted in a decrease in Company Stores and the related costs and expenses to operate, manage, and support these refranchised Company Stores. As a percentage of Company Store revenue, costs of sales decreased to 23.0% for fiscal 2011 compared to 24.1% for the prior year. The decrease of cost of sales as a percentage of Company Store revenue was primarily due to improved commodity management (approximately 2.4%) partially offset by product shift mix (approximately 0.8%) and increased commodity costs (approximately 0.6%).

Vendor rebates offset the costs of managing our procurement program.

Fiscal Year 2010 to Fiscal Year 2009

Cost of sales in fiscal 2010 was $61.3 million, a decrease of $11.4 million, or 15.6%, compared to $72.7 million for the prior year. Our refranchising initiative has resulted in a decrease in Company Stores and the related costs and expenses to operate, manage, and support these refranchised Company Stores. As a percentage of Company Store revenue, costs of sales decreased to 24.1% for fiscal 2010 compared to 24.6% for the prior year. The decrease of cost of sales as a percentage of Company Store revenue was primarily due to improved commodity management (approximately 1.2%), partially offset by unfavorable product mix shifts (approximately 0.5%). Vendor rebates offset the costs of managing our procurement program.

Labor

Fiscal Year 2011 to Fiscal Year 2010

Labor costs are comprised of store management salaries and bonuses, hourly team member payroll, training costs and other associated fringe benefits. Labor costs in fiscal 2011 were $67.9 million, a decrease of $17.3 million or 20.3%, compared to $85.2 million for the prior year. Our refranchising initiative has resulted in a decrease in Company Stores and the related costs and expenses to operate, manage, and support these refranchised Company Stores. As a percentage of Company Store revenue, labor costs decreased to 31.6% for fiscal 2011 compared to 33.5% for the prior year. The decrease of labor costs as a percentage of Company Store revenue was primarily due to improvements in hourly labor from effective wage management and improved productivity (approximately 3.2%), partially offset by increased employee benefits resulting from performance based bonus payments and increased health costs (approximately 1.2%).

Fiscal Year 2010 to Fiscal Year 2009

Labor costs in fiscal 2010 were $85.2 million, a decrease of $15.4 million, or 15.3%, compared to $100.6 million for the prior year. As a percentage of Company Store revenue, labor costs decreased to 33.5% for fiscal 2010 compared to 34.0% for the prior year. The decrease of labor costs as a percentage of Company Store revenue was primarily due to improvements in hourly labor from effective wage management and improved productivity (approximately 2.0%), partially offset by increased workers compensation insurance costs attributable primarily to an adjustment to reflect lower claims costs in 2009 that did not recur in 2010 (approximately 0.3%).

Occupancy

Fiscal Year 2011 to Fiscal Year 2010

Occupancy costs include both fixed and variable portions of rent, common area maintenance charges, property taxes, licenses and property insurance for all Company Store locations. Occupancy costs in fiscal 2011 were $31.1 million, a decrease of $7.5 million, or 19.4%, compared to $38.6 million for the prior year. Our refranchising initiative has resulted in a decrease in Company Stores and the related costs and expenses to operate, manage, and support these refranchised Company Stores. As a percentage of Company Store revenue, occupancy costs decreased to 14.5% for fiscal 2011 compared to 15.2% for the prior year. The decrease in occupancy costs as a percentage of Company store revenue was primarily due to the impact of leverage resulting from the increase in Company Store comparable sales.

Fiscal Year 2010 to Fiscal Year 2009

Occupancy costs in fiscal 2010 were $38.6 million, a decrease of $5.3 million, or 12.1%, compared to $43.9 million for the prior year. As a percentage of Company Store revenue, occupancy costs increased to 15.2% for fiscal 2010 compared to 14.8% for the prior year. The increase in occupancy costs as a percentage of Company store revenue was primarily due to the impact of deleverage as a result of the decrease in Company Store comparable sales.

Store operating

Fiscal Year 2011 to Fiscal Year 2010

Store operating expenses consist primarily of various store-level costs such as utilities, marketing, repairs and maintenance, credit card fees and other store operating expenses. Total store operating expenses in fiscal 2011 were $32.8 million, a decrease of $5.6 million, or 14.4%, compared to $38.4 million for the prior year. Our refranchising initiative has resulted in a decrease in Company Stores and the related costs and expenses to operate, manage, and support these refranchised Company Stores. As a percentage of Company Store Revenue, total store operating expenses increased to 15.3% for fiscal 2011 compared to 15.1% for the prior year. The increase in total store operating expenses as a percentage of Company Store revenue was primarily due to an increase in marketing expense (approximately 0.3%) and increased credit card usage as a percentage of Company Store sales (approximately 0.2%) partially offset by reduced repair costs (approximately 0.2%).

Fiscal Year 2010 to Fiscal Year 2009

Total store operating expenses in fiscal 2010 were $38.4 million, a decrease of $0.3 million, or 1.0%, compared to $38.7 million for the prior year. As a percentage of Company Store Revenue, total store operating expenses increased to 15.1% for fiscal 2010 compared to 13.1% for the prior year. The increase in total store operating expenses as a percentage of Company Store revenue was primarily due to an increase in marketing expense (approximately 1.1%), an increase in utility rates (approximately 0.2%), deleverage due to the decrease in Company Store comparable sales (approximately 0.4%), and increased credit card usage as a percentage of Company Store sales (approximately 0.2%).

Depreciation and amortization

Fiscal Year 2011 to Fiscal Year 2010

Depreciation and amortization expenses include the depreciation of fixed assets and the amortization of intangible assets. Depreciation and amortization in fiscal 2011 was $12.5 million, a decrease of $2.1 million, or 14.7%, compared to $14.6 million for the prior year. Our refranchising initiative has resulted in a decrease in Company Stores and related assets, resulting in a reduction in the carrying value of Company Store fixed assets. As a percentage of total revenue, depreciation and amortization is essentially flat at 5.5% for fiscal 2011 as compared to 5.6% for the prior year. Depreciation and amortization as a percentage of total revenue reflected the impact of leverage due to the increase in Company Store comparable sales (approximately 0.3%), partially offset by investments in technology infrastructure (approximately 0.3%).

Fiscal Year 2010 to Fiscal Year 2009

Depreciation and amortization in fiscal 2010 was $14.6 million, a decrease of $3.7 million, or 20.0%, compared to $18.3 million for the prior year. As a percentage of total revenue, depreciation and amortization decreased to 5.6% for fiscal 2010 as compared to 6.1% for the prior year. The decrease in depreciation and amortization as a percentage of total revenue was primarily due to store impairment charges taken in 2009 (approximately 0.4%) that resulted in a lower depreciable base.

General and administrative

Fiscal Year 2011 to Fiscal Year 2010

General and administrative ("G&A") expenses include costs associated with our corporate headquarters in Emeryville, CA, field supervision, bonuses, outside and contract services, accounting and legal fees, travel and travel-related expenses, share-based compensation and other. Total G&A expenses in fiscal 2011 were $37.8 million, an increase of $0.5 million, or 1.4%, compared to $37.3 million for the prior year. As a percentage of total revenue, total G&A expenses increased to 16.7% for fiscal 2011 compared to 14.2% for the prior year, primarily due to the sales reduction from refranchising as described above. The increase of total G&A expenses was primarily due to increases in bonuses for the accomplishment and acceleration of our strategic objectives (approximately $2.3 million) and the effect of the fifty third week in fiscal 2011(approximately $0.5 million), partially offset by the decrease in legal expenses (approximately $1.4 million), reduced expense for share-based compensation (approximately $0.5 million) and reduced consulting fees (approximately $0.4 million). During fiscal 2011, we recorded a charge of $1.0 million relating to settlement of outstanding litigation and related costs compared to $2.1 million during fiscal 2010.

Fiscal Year 2010 to Fiscal Year 2009

Total G&A expenses in fiscal 2010 were $37.3 million, an increase of $0.3 million, or 0.6%, compared to $37.0 million for the prior year. As a percentage of total revenue, total G&A expenses increased to 14.2% for fiscal 2010 compared to 12.3% for the prior year. The increase of total G&A expenses was primarily due to charges to settle outstanding litigation and related costs (approximately $2.1 million), increases in bonuses for the accomplishment and acceleration of our strategic objectives (approximately $1.3 million of which $0.7 million was in equity and affected non cash stock-based compensation), partially offset by the decrease in the number of Company Stores and the related overhead expenses to manage and support these Company Stores as a result of our refranchising initiative (approximately $1.5 million).

Store pre-opening

Fiscal Year 2011 to Fiscal Year 2010

Store pre-opening costs are primarily expenses incurred for training new store personnel, pre-opening marketing and pre-opening rent. Store pre-opening costs in fiscal 2011 were $1.0 million, an increase of $0.4 million, or 48.9%, compared to $0.6 million for the prior year. The increase in Store pre-opening expenses was primarily due to the opening of nine new Company Stores, 22 new Franchise Stores and 18 new International Stores in fiscal 2011 as compared to the opening of one new Company Store and 30 new Franchise Stores in the prior year.

Fiscal Year 2010 to Fiscal Year 2009

Store pre-opening costs in fiscal 2010 were $0.6 million, an increase of $0.1 million, or 25.6%, compared to $0.5 million for the prior year. The increase in Store pre-opening expenses was primarily due to the opening of one new Company Store and 30 new Franchise Stores in fiscal 2010 as compared to the opening of two new Company Stores and 23 new Franchise Stores in the prior year.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment when indicators of impairment are present. Expected future cash flows associated with an asset, in addition to other quantitative and qualitative analyses, including certain assumptions about expected future operating performance and changes in economic conditions are the key factors in determining undiscounted future cash flows. If the sum of the undiscounted cash flows is less than the carrying value of the asset, we recognize an impairment loss equal to the amount by which carrying value exceeds the fair value of the asset. For more information, please refer to the discussion under "*Business and Summary of Significant Accounting Policies—Impairment of Long-Lived Assets*" included in Note 1 in the Notes to Consolidated Financial Statements.

Fiscal Year 2011 to Fiscal Year 2010

Impairment of long-lived assets in fiscal 2011 was $1.3 million, a decrease of $1.5 million, or 53.5%, compared to $2.8 million for the prior year. The decrease of impairment of long-lived assets is primarily due to improved operating performance and impairment charges for refranchised stores recognized in fiscal 2010, which charges did not recur during fiscal 2011.

Fiscal Year 2010 to Fiscal Year 2009

Impairment of long-lived assets in fiscal 2010 was $2.8 million, a decrease of $9.8 million, or 78.0%, compared to $12.6 million for the prior year. The decrease of impairment of long-lived assets was primarily due to a reduction in the carrying value of store fixed assets in 2009 that did not recur to the same extent in 2010.

Store lease termination and closure

Lease termination costs consist primarily of the costs of future obligations related to closed store locations. Discounted liabilities for future lease costs and the fair value of related subleases of closed locations are recorded when the stores are closed. These amounts are subject to adjustments as liabilities are settled. In assessing the discounted liabilities for future costs of obligations related to closed stores, we make assumptions regarding amounts of future subleases. If these assumptions or their related estimates change in the future, we may be required to record additional exit costs or reduce exit costs previously recorded. Exit costs recorded for each of the periods presented include the net effect of such changes in estimates (See Note 7 in the Notes to Consolidated Financial Statements).

Fiscal Year 2011 to Fiscal Year 2010

Store lease termination and closure costs were $0.7 million in fiscal 2011, a decrease of $3.6 million, or 83.1%, compared to $4.3 million for the prior year. The decrease of store lease termination and closure costs reflected the closing of 11 Company Stores, of which only two were closed prior to their respective lease expiration dates, in fiscal 2011. During fiscal 2010, we closed 23 Company Stores, and nine were closed prior to their respective lease expiration dates. Lease obligations are payable through 2023.

Fiscal Year 2010 to Fiscal Year 2009

Store lease termination and closure costs were $4.3 million in fiscal 2010, an increase of $3.1 million, or 244.8 %, compared to $1.2 million for the prior year. The increase of store lease termination and closure costs was primarily due to the closing of 23 Company Stores during fiscal 2010, of which nine were closed prior to the lease expiration date. During fiscal 2009, we closed eight Company Stores, and four were closed prior to their respective lease expiration dates. Lease obligations are payable through 2021.

Other operating, net

Fiscal Year 2011 to Fiscal Year 2010

Other operating, net consists primarily of gain or loss on disposals, income from jambacard breakage, franchise related occupancy expense and jambacard-related fees. In fiscal 2011, other operating, net was $0.2 million of expense compared to other operating, net of $4.3 million of income for fiscal 2010. The increase in expense of $4.5 million is primarily due to a decrease in jambacard breakage income for fiscal 2011 (approximately $0.8 million), a reversal of breakage income recorded in prior years (approximately $0.7 million), an increase in the net loss on disposal of fixed assets resulting primarily from replacement of equipment (approximately $1.5 million), and an increase in international and other franchise-related expense (approximately $0.5 million). In addition, during fiscal 2011, we recorded jambacard-related fees and charges of approximately $1.0 million in other operating, whereas in the prior year we recorded $0.5 million for such fees in store operating expense.

Fiscal Year 2010 to Fiscal Year 2009

In fiscal 2010, other operating, net was $4.3 million of income, an increase of $0.5 million, or 11.8%, compared to other operating, net of $3.8 million of income for fiscal 2009. The increase of other operating, net is primarily due to an increase in jambacard breakage income net of amortization (approximately $2.5 million), partially offset by the net loss on disposal of fixed assets (approximately $2.0 million). The jambacard breakage income includes an adjustment of $1.5 million to record the effect of escheatment status change in certain States.

Gain from derivative liabilities

Fiscal Year 2011 to Fiscal Year 2010

No gain from derivative liabilities was recorded for fiscal 2011 nor in fiscal 2010.

Fiscal Year 2010 to Fiscal Year 2009

No gain from derivative liabilities was recorded for fiscal 2010 compared to a gain of $1.6 million for the prior year period. No gain or loss from derivative liabilities was recorded as the warrants that were classified as derivative liabilities have expired and no gain or loss was recorded for the change in the fair value of our Put and Call Right issued in connection with the issuance of our Senior Notes because it was exercised during the second fiscal quarter of 2009.

Interest income

Fiscal Year 2011 to Fiscal Year 2010

Interest income represents interest earned on cash held in our interest bearing accounts. Interest income in fiscal 2011 was $0.2 million, an increase of $0.1 million, or 117.8%, compared to $0.1 million for the prior year. The increase of interest income was primarily due to interest on notes receivable from certain franchisees.

Fiscal Year 2010 to Fiscal Year 2009

Interest income represents interest earned on cash held in our interest bearing accounts. Interest income in fiscal 2010 was $0.1 million, a decrease of $0.3 million, or 81.9%, compared to $0.4 million for the prior year. The decrease of interest income was primarily due to lower interest rates in fiscal 2010 (approximately $0.3 million).

Interest expense

Fiscal Year 2011 to Fiscal Year 2010

Interest expense in fiscal 2011 and 2010 was $0.5 million and relates primarily to leasing arrangements and obligations recorded as a result of early lease terminations.

During fiscal 2011 and 2010, we paid cash dividends on the Series B Preferred Stock totaling $1.6 million and $2.3 million, respectively. This amount is recorded in stockholders' equity.

Fiscal Year 2010 to Fiscal Year 2009

Interest expense in fiscal 2010 was $0.5 million, a decrease of $6.4 million compared to $6.9 million for the prior year. The decrease in interest expense was primarily due to the repayment of outstanding Senior Notes and the payment of related interest as well as prepayment penalties and wrote off the associated prepaid loan fees and transaction costs in fiscal 2009 that did not re-occur in fiscal 2010. The repayment resulted from the issuance of Series B Preferred Stock in June 2009.

During fiscal 2010 and 2009, we paid cash dividends on the Series B Preferred Stock totaling $2.3 million and $1.4 million, respectively.

Income tax (expense) benefit

Fiscal Year 2011 to Fiscal Year 2010

Income tax benefit in fiscal 2011 was $0.3 million compared to an income tax expense of $(0.2) million for the prior year. The decrease in income tax expense was primarily due to the write-off of tax goodwill and the change in liability related to uncertain tax positions in fiscal 2011.

Fiscal Year 2010 to Fiscal Year 2009

Income tax expense in fiscal 2010 was $(0.2) million compared to an income tax benefit of $1.1 million for the prior year. The decrease in income tax expense was primarily due to foreign taxes incurred in fiscal 2010.

LIQUIDITY AND CAPITAL RESOURCES

Known Events, Trends or Uncertainties Impacting or Expected to Impact Comparisons of Reported or Future Results

Management reviews and discusses its operations based on both financial and non-financial metrics. Among the key financial metrics upon which management focuses is reviewing the performance based on the Company's consolidated GAAP results, including Company Store comparable sales. Management also uses certain supplemental, non-GAAP financial metrics in evaluating financial results, including Franchise Store comparable sales and system-wide comparable sales.

Company Store comparable sales represent the change in year-over-year sales for all Company Stores opened for at least 13 full fiscal periods.

Franchise Store comparable sales, a non-GAAP financial measure, represents the change in year-over-year sales for all Franchise Stores opened for at least 13 full fiscal periods, as reported by franchisees.

System-wide comparable store sales, a non-GAAP financial measure, represents the change in year-over-year sales for all Company and Franchise Stores opened for at least 13 full fiscal periods and are based on sales by both company-owned and franchise-operated stores, as reported by franchisees, which are in the store base.

Company-owned stores that were sold in refranchising transactions are included in the store base for each accounting period of the fiscal quarter in which the store was sold to the extent the sale is consummated at least three days prior to the end of such accounting period, but only for the days such stores have been company-owned. Thereafter, such stores are excluded from the store base until such stores have been franchise-operated for at least one full fiscal period at which point such stores are included in the store base and compared to sales in the comparable period of the prior year. Comparable store sales exclude closed locations.

Management reviews the increase or decrease in Company Store comparable store sales, Franchise Store comparable sales and system-wide comparable sales compared with the same period in the prior year to assess business trends and make certain business decisions. The Company believes that Franchise Store comparable sales and system-wide comparable sales data, non-GAAP, financial measures, are useful in assessing the overall performance of the Jamba brand and, ultimately, the performance of the Company.

The following table sets forth operating data that do not otherwise appear in our consolidated financial statements as of and for the 53 week period ended January 3, 2012 and the 52 week period ended December 28, 2010:

	53 Week Period Ended January 3, 2012	52 Week Period Ended December 28, 2010
Percentage change in Company Store comparable sales[1]	4.0%	(2.3)%
Percentage change in Franchise Store comparable sales[2]	3.4%	(1.6)%
Percentage change in system-wide comparable sales[2]	3.7%	(2.1)%
Total Company Stores	307	351
Total Franchise Stores	443	391
Total International Stores	19	1
Total JambaGo Stations	35	0

(1) Percentage change in Company Store comparable sales compares the sales of Company Stores during fiscal year 2011 to the sales from the same Company Stores for fiscal year 2010. A Company Store is included in this calculation after its thirteenth full fiscal period of operations. Sales from Franchise Stores are not included in the Company Store comparable sales.

(2) Percentage change in system-wide comparable sales compares the combined sales of Company and Franchise-operated Stores during fiscal year 2011 to the combined sales from the same Company and Franchise Stores for the fiscal year 2010. A Company or Franchise Store is included in this calculation after its thirteenth full fiscal period of operations.

The following table sets forth certain data relating to Company Stores and Franchise Stores for the periods indicated:

	53 week period ended January 3, 2012		52 week period ended December 28, 2010	
	Domestic	International	Domestic	International
Company Stores:				
Beginning of period	351	—	478	—
Company Stores opened	9	—	1	—
Company Stores closed	(11)	—	(23)	—
Company Stores sold to franchisees	(42)	—	(105)	—
Total Company Stores	307	—	351	—
Franchise Stores:				
Beginning of period	391	1	260	1
Franchise Stores opened	22	18	30	—
Franchise Stores closed	(12)	—	(4)	—
Franchise Stores purchased from Company	42	—	105	—
Total Franchise Stores	443	19	391	1

Refranchising Initiative

In May 2009 we announced our refranchising initiative under which we stated our intent to sell existing Company Stores to new or existing franchisees who want to operate multiple store locations. We believe our refranchising initiative helped us to accelerate growth and to achieve certain operational efficiencies. This initiative also helped to shift our business to an asset light model. We initially planned to complete the sale of up to 150 Company Stores to new or existing franchisees. By the close of fiscal 2011, we had completed the sale of 174 Company Stores, the last 42 of which were sold in the first quarter of fiscal 2011.

In many refranchising transactions, we entered into development agreements committing buyers to build additional Franchise Stores in regions their purchased stores occupy. In addition, as part of these refranchising transactions, buyers of mature Company Stores are obligated to refresh and refurbish these stores.

Cash Flows Summary

The following table summarizes our cash flows for each of the past three full fiscal years (in thousands):

	January 3, 2012	December 28, 2010	December 29, 2009
Net cash (used in) provided by operating activities	$(1,080)	$ (953)	$ 8,464
Net cash (used in) provided by investing activities	(7,010)	3,598	(3,127)
Net cash (used in) provided by financing activities	(1,327)	(2,378)	2,598
Net (decrease) increase in cash and cash equivalents	$(9,417)	$ 267	$ 7,935

Operating Activities

Net cash used in operating activities increased by $0.1 million in fiscal 2011 compared to fiscal 2010 primarily due to decreased cash flows associated with an increase in working capital (approximately $7.5 million), partially offset by the decrease in net loss adjusted for noncash items (approximately $7.4 million). Our decreased cash flows were primarily due to rent prepayments partially offset by receipts from our franchisees and licensees. In addition, our decision not to repeat, in 2010, the holiday season Jambacard program we established with Costco in 2009 contributed to the decrease in cash flows.

In the Costco jambacard program we sell jambacards to Costco who resells them to its customers. We participated in the Jambacard program in 2009 holiday season, which enabled us to record cash proceeds of approximately $6.2 million from sales of jambacards during the 52 week period ended December 28, 2010. We did not have this program in 2010. In September 2011, we resumed the Jambacard program with Costco for the holiday season of fiscal year 2011, resulting in cash inflows during fiscal 2011 and fiscal 2012. Our decreased cash flows were partially offset by increased fees from our franchisees and licensees as we expanded our franchise store base and CPG licensing program.

The amount of cash used in our operating activities during any particular quarter is highly subject to variations in the seasons, with the first and fourth quarters of the fiscal year encompassing the winter and holiday season when we traditionally generate our lowest revenue, and our second and third quarters of the fiscal year encompassing the warmer seasons where a significant portion of our revenue and cash flows are realized. For more information on seasonality, refer to the section below entitled "*Seasonality and Quarterly Results.*" We also expect to have increased expenditures during the first part of the fiscal year as we invest in product development and domestic expansion with the goal to have new products released and new stores open by mid-year to take advantage of the busier summer months.

Net cash provided by operating activities decreased by $9.4 million in fiscal 2010 compared to fiscal 2009 primarily due to a decrease in cash flows related to our jambacard sales (approximately $13.5 million) and a decrease in refundable taxes received during fiscal 2009, (approximately $5.2 million) partially offset by an increase in cash flows relating to receivables (approximately $8.8 million). We did not continue the program we had with Costco in fiscal 2009 whereby we sold jambacards to Costco who resold them to its customers. As a result, at the end of fiscal 2010, we did not have receivables for the cards sold to Costco.

Investing Activities

Net cash used in investing activities was $7.0 million in fiscal 2011 compared to net cash provided by investing activities of $3.6 million in fiscal 2010, primarily reflecting a decrease in proceeds received from the refranchising initiative (approximately $10.0 million) and a net increase in spending on company-owned store investment in nine new stores, store refreshes and technology infrastructure (approximately $0.6 million).

Net cash provided by investing activities increased $6.7 million in fiscal 2010 compared to fiscal 2009 primarily due to an increase in proceeds received from the refranchising of 105 Company Stores (approximately $9.0 million), a decrease in spending for the purchases of property and equipment (approximately $0.7 million), partially offset by a decrease in restricted cash as a result of the payoff of our Financing Agreement during 2009 (approximately $3.0 million).

In fiscal 2012, we expect capital expenditures to be approximately $6.0 million depending on our liquidity needs, including investing in improvements to our technology infrastructure and maintenance capital. We expect to open up to nine new Company Stores as we focus our growth on expanding and accelerating the development of traditional and non-traditional Franchise Stores.

Financing Activities

Net cash used in financing activities decreased by $1.1 million in fiscal 2011 compared to fiscal 2010, due to a decrease in preferred stock dividend payments (approximately $0.7 million), due to the conversion of shares of preferred stock to common stock, a reduction in capital lease payments (approximately $0.2 million) and an increase in proceeds pursuant to stock plans (approximately $0.2 million).

Net cash used in financing activities decreased by $5.0 million in fiscal 2010 compared to fiscal 2009, due to the preferred stock issuance in 2009, net of repayment of the Senior Notes and transaction costs (approximately $7.2 million), partially offset by the related put option payment (approximately $3.0 million) and an increase in preferred stock dividends payments (approximately $0.9 million).

Liquidity

As of January 3, 2012, we had cash and cash equivalents of $19.6 million compared to $29.0 million in cash and cash equivalents as of December 28, 2010. As of January 3, 2012 and December 28, 2010, we had no short term or long term debt. Our primary sources of liquidity are cash flows provided by operating activities. In the future, and as permitted under the Securities Purchase Agreement for the Series B Preferred Stock, we may enter equipment leasing arrangements and incur up to $10.0 million of indebtedness as necessary. We cannot assure, however, that such financing will be available on favorable terms or at all. During September, 2011, we resumed our Costco jambacard program for the 2011 holiday season, where we sell jambacards to Costco who resells them to its customers. The receivable related to Costco of $2.7 million was subsequently collected in early 2012. As of January 3, 2012, we held $1.4 million in restricted cash, which represented cash held in money market accounts or certificates of deposit to collateralize our letters of credit and advertising fund.

While we have completed our refranchising initiative and do not anticipate further proceeds from the sale of additional Company Stores, we expect that our cash on hand and future cash flows provided by operating activities will be sufficient to fund our working capital and general corporate needs, Series B Preferred Stock dividend payments and the non-discretionary capital expenditures for the foreseeable future. Our primary liquidity and capital requirements are for working capital and general corporate needs and the planned fiscal 2012 capital expenditures are described above. The use of cash to fund discretionary capital expenditures will be based on the need to conserve our capital.

On February 14, 2012, we entered into a Credit Agreement (the "Credit Agreement") with Wells Fargo Bank, National Association (the "Lender") whereby the Lender is providing us with a six million dollar revolving line of credit. The outstanding balance under the credit facility bears interest at a LIBOR Market Index Rate based upon the rate for one month U.S. dollar deposits, plus 3.75% per annum. Under the terms of the Credit Agreement, we are required to maintain minimum levels of trailing annual consolidated EBITDA and liquidity and will be subject to limits on annual capital expenditures. The Credit Agreement terminates January 31, 2013 or may be terminated earlier by us or by the Lender. The credit facility is subject to customary affirmative and negative covenants for credit facilities of this type, including limitations on us with respect to liens, indebtedness, guaranties, investments, distributions, mergers and acquisitions and dispositions of assets. The credit facility is evidenced by a revolving note made by us in favor of the Lender, is guaranteed by us and is secured by substantially all of our assets including the asset of our subsidiaries and a pledge of stock of our subsidiaries. We are in compliance with all related covenants.

The adequacy of our available funds will depend on many factors, including the macroeconomic environment, the operating performance of our Company Stores, the successful expansion of our franchise and licensing programs and the successful rollout and consumer acceptance of our new beverage and food initiatives. Given these factors, our foremost priorities for the near term continue to be preserving and generating cash sufficient to fund our liquidity needs.

Contractual Obligations

The following table summarizes contractual obligations and borrowings as of January 3, 2012, and the timing and effect that such commitments are expected to have on our liquidity and capital requirements in future periods. We expect to fund these commitments primarily with operating cash flows generated in the normal course of business.

	Payments Due by Period (in 000s)				
	Total	Less Than 1 Year	1-2 Years	3-4 Years	5 or More Years
Operating lease obligations(1)	$110,597	$24,805	$43,733	$25,870	$16,189
Purchase obligations(2)	83,341	70,618	5,133	5,060	2,530
Series B redeemable preferred stock redemption	19,365	—	—	—	19,365
Dividends for Series B redeemable preferred stock	8,520	1,549	3,098	3,098	775
Total	$221,823	$96,972	$51,964	$34,028	$38,859

(1) Our wholly owned subsidiary, Jamba Juice Company, is a party to each Company Store lease obligation. The operating lease obligations represent future minimum lease payments under non-cancelable operating leases and lease termination fees as of January 3, 2012. The minimum lease payments do not include common area maintenance ("CAM") charges, insurance, contingent rent obligations or real estate taxes, which are also required contractual obligations under our operating leases. In the majority of our operating leases, CAM charges are not fixed and can fluctuate from year to year. Total CAM charges, insurance, contingent rent obligations, license, permits and real estate taxes for our fiscal year ended January 3, 2012 were $7.0 million.

(2) We negotiate pricing and quality specifications for many of the products used in Company Stores and Franchise Stores. This allows for volume pricing and consistent quality of products that meet our standards. Although we negotiate and contract directly with manufacturers, co-packers or growers for our products, we purchase these products from third-party centralized distributors. These distributors source, warehouse and deliver specified products to both Company Stores and Franchise Stores.

As of January 3, 2012, our gross unrecognized tax benefits totaled $0.2 million and are not included in the table as a reasonably reliable estimate of the timing of future payments, if any, cannot be predicted.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

New Accounting Standards

See the Recent Accounting Pronouncements section in Note 1 of our Notes to Consolidated Financial Statements for a summary of new accounting standards.

SEASONALITY AND QUARTERLY RESULTS

Our business is highly subject to day-to-day volatility based on weather and varies by season. A significant portion of our revenue is realized during the second and third quarters of the fiscal year, which include the summer months. The fourth quarter of the fiscal year, which encompasses the winter months and the holiday season, has traditionally been our lowest revenue volume quarter. Although we have expanded the number of stores offering our hot oatmeal, hot beverages, sandwiches and California Flatbread selections, our business will likely continue to be subject to seasonal patterns for the foreseeable future, given that the largest portion of our sales continues to be from the sale of smoothies during the warmer parts of the year. Because of the seasonality of the business, results for an individual quarter are not necessarily indicative of the results which may be achieved for the full fiscal year. Furthermore, since our fiscal year will now have four 13-week quarters as compared to our previous quarters where our first fiscal quarter was sixteen weeks, the second and third quarters were twelve weeks, and the fourth quarter was twelve or thirteen weeks, our quarterly results as compared to previous quarters in 2011 or earlier may not be indicative of our performance.

INFLATION

We do not believe that inflation has had a material impact on our results of operations in recent years. However, we cannot predict what effect inflation may have on our operations in the future.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rates

We do not enter into market risk sensitive instruments for trading purposes. We are exposed to financial market risks due primarily to changes in interest rates in our interest bearing accounts. We do not believe a change in interest rate will materially affect our financial position or results of operations. A one percent change of the interest rate would result in an annual change in the results of operations of $0.2 million.

Commodities Prices

We are exposed to the impact of commodity and utility price fluctuations related to unpredictable factors such as weather and various market conditions over which we do not have control. We purchase significant amounts of fruits and dairy products to support the needs of our Company Stores. The price and availability of these commodities directly impacts the results of operations and can be expected to impact the future results of operations.

We purchase fruit based on short-term seasonal pricing agreements. These short-term agreements generally set the price of procured frozen fruit and 100% pure fruit concentrates for less than one year based on estimated annual requirements. In order to mitigate the effects of price changes in any one commodity on our cost structure, we contract with multiple suppliers both domestically and internationally. These agreements typically set the price for some or all of our estimated annual fruit requirements, protecting us from short-term volatility. Nevertheless, these agreements typically contain a *force majeure* clause, which, if utilized (such as hurricanes in 2004 that destroyed the Florida orange crop and more recently with the 2007 freeze that affected California citrus), may subject us to significant price increases.

Our pricing philosophy is not to attempt to change consumer prices with every move up or down of the commodity market, but to take a longer term view of managing margins and the value perception of our products in the eyes of our customers. Our objective is to maximize our revenue through increased customer traffic.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Jamba, Inc.:

We have audited the accompanying consolidated balance sheets of Jamba, Inc. and subsidiaries (the Company) as of January 3, 2012 and December 28, 2010, and the related consolidated statements of operations, stockholders' equity, and cash flows for the fiscal years ended January 3, 2012, December 28, 2010 and December 29, 2009. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Jamba, Inc. and subsidiaries as of January 3, 2012 and December 28, 2010, and the results of their operations and their cash flows for the fiscal years ended January 3, 2012, December 28, 2010 and December 29, 2009, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of January 3, 2012, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 8, 2012 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP
San Francisco, California
March 8, 2012

JAMBA, INC.

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except share and per share amounts)	January 3, 2012	December 28, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 19,607	$ 29,024
Restricted cash	1,352	1,620
Receivables, net of allowances of $294 and $200	13,040	6,377
Inventories	2,228	2,486
Prepaid and refundable taxes	574	539
Prepaid rent	2,761	508
Assets held for sale	—	3,877
Prepaid expenses and other current assets	1,509	1,604
Total current assets	41,071	46,035
Property, fixtures and equipment, net	44,760	49,215
Trademarks and other intangible assets, net	1,130	1,341
Restricted cash	—	205
Deferred income taxes	—	40
Other long-term assets	1,332	3,218
Total assets	$ 88,293	$ 100,054
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 4,155	$ 6,851
Accrued compensation and benefits	6,566	6,161
Workers' compensation and health insurance reserves	1,092	1,140
Accrued jambacard liability	33,256	29,756
Other current liabilities	9,961	12,622
Total current liabilities	55,030	56,530
Long-term workers' compensation and health insurance reserves	—	166
Other long-term liabilities	13,079	15,416
Total liabilities	68,109	72,112
Commitments and contingencies (Notes 9 and 15)		
Series B redeemable preferred stock, $.001 par value, 304,348 shares authorized; 168,389 and 197,485 issued, and outstanding, respectively	17,880	20,554
Stockholders' equity:		
Common stock, $.001 par value, 150,000,000 shares authorized; 67,280,485 and 63,734,961 shares issued, and outstanding, respectively	68	64
Additional paid-in capital	369,027	365,817
Accumulated deficit	(366,791)	(358,493)
Total stockholders' equity	2,304	7,388
Total liabilities and stockholders' equity	$ 88,293	$ 100,054

See Notes to Consolidated Financial Statements.

JAMBA, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands, except share and per share amounts)	Fiscal Year Ended January 3, 2012	Fiscal Year Ended December 28, 2010	Fiscal Year Ended December 29, 2009
Revenue:			
Company stores	$ 214,837	$ 254,491	$ 295,607
Franchise and other revenue	11,597	8,162	6,030
Total revenue	226,434	262,653	301,637
Costs and operating expenses (income):			
Cost of sales	49,503	61,307	72,669
Labor	67,868	85,189	100,589
Occupancy	31,092	38,561	43,888
Store operating	32,847	38,358	38,734
Depreciation and amortization	12,463	14,610	18,271
General and administrative	37,798	37,262	37,044
Store pre-opening	965	648	516
Impairment of long-lived assets	1,291	2,778	12,639
Store lease termination and closure	721	4,255	1,234
Other operating, net	210	(4,292)	(3,840)
Total costs and operating expenses	234,758	278,676	321,744
Loss from operations	(8,324)	(16,023)	(20,107)
Other income (expense):			
Gain on derivative liabilities	—	—	1,597
Interest income	159	73	404
Interest expense	(473)	(547)	(6,905)
Total other expense, net	(314)	(474)	(4,904)
Loss before income taxes	(8,638)	(16,497)	(25,011)
Income tax benefit (expense)	340	(159)	1,066
Net loss	(8,298)	(16,656)	(23,945)
Redeemable preferred stock dividends and deemed dividends	(2,331)	(4,077)	(1,860)
Net loss attributable to common stockholders	$ (10,629)	$ (20,733)	$ (25,805)
Weighted-average shares used in the computation of loss per share:			
Basic	66,310,654	58,711,495	53,632,299
Diluted	66,310,654	58,711,495	53,632,299
Loss per share:			
Basic	$ (0.16)	$ (0.35)	$ (0.48)
Diluted	$ (0.16)	$ (0.35)	$ (0.48)

See Notes to Consolidated Financial Statements.

JAMBA, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Dollars in thousands, except share amounts)	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Stockholders' Equity
Balance as of December 30, 2008	54,690,728	$ 55	$358,258	$(317,892)	$ 40,421
Share-based compensation expense	—	—	1,274	—	1,274
Common stock repurchased pursuant to repayment of Financing Agreement	(2,000,000)	(2)	(2,497)	—	(2,499)
Issuance of common stock pursuant to stock plans	21,800	—	29	—	29
Beneficial conversion feature and warrants issued related to redeemable preferred stock	—	—	1,116	—	1,116
Accretion of redeemable preferred stock	—	—	(328)	—	(328)
Redeemable preferred stock dividends	—	—	(1,532)	—	(1,532)
Net loss	—	—	—	(23,945)	(23,945)
Balance as of December 29, 2009	52,712,528	53	356,320	(341,837)	14,536
Share-based compensation expense	—	—	1,146	—	1,146
Issuance of common stock pursuant to stock plans	278,133	—	149	—	149
Conversion of redeemable preferred stock	10,686,300	11	12,279	—	12,290
Accretion of redeemable preferred stock	—	—	(1,775)	—	(1,775)
Redeemable preferred stock dividends	—	—	(2,302)	—	(2,302)
Restricted shares vested	58,000	—	—	—	—
Net loss	—	—	—	(16,656)	(16,656)
Balance as of December 28, 2010	63,734,961	64	365,817	(358,493)	7,388
Share-based compensation expense	—	—	1,256	—	1,256
Issuance of common stock pursuant to stock plans	587,924	1	942	—	943
Conversion of redeemable preferred stock	2,909,600	3	3,343	—	3,346
Accretion of redeemable preferred stock	—	—	(672)	—	(672)
Redeemable preferred stock dividends	—	—	(1,659)	—	(1,659)
Restricted shares vested	48,000	—	—	—	—
Net loss	—	—	—	(8,298)	(8,298)
Balance as of January 3, 2012	67,280,485	$ 68	$369,027	$(366,791)	$ 2,304

See Notes to Consolidated Financial Statements.

JAMBA, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)	Fiscal Year Ended January 3, 2012	Fiscal Year Ended December 28, 2010	Fiscal Year Ended December 29, 2009
Cash (used in) provided by operating activities:			
Net loss	$ (8,298)	$(16,656)	$(23,945)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:			
Depreciation and amortization	12,463	14,610	18,271
Impairment of long-lived assets	1,291	2,778	12,639
Lease termination, store closure costs and disposals	1,501	(324)	(1,374)
Jambacard breakage income and amortization, net	(3,685)	(5,252)	(2,777)
Share-based compensation	1,256	1,146	1,274
Bad debt and purchase obligation reserves	164	528	(178)
Deferred rent	(457)	(869)	793
Deferred income taxes	40	958	(644)
Write-off of loan fees and loan discount	—	—	2,865
Equity (income) loss from joint ventures	(51)	(61)	(7)
Gain on derivative liabilities	—	—	(1,597)
Amortization of loan premium	—	—	887
Changes in operating assets and liabilities:			
Receivables	(6,717)	3,333	(5,441)
Inventories	148	957	(150)
Prepaid and refundable taxes	(35)	(48)	5,179
Prepaid rent	(2,253)	(22)	(301)
Prepaid expenses and other current assets	95	(482)	206
Other long-term assets	1,937	838	106
Restricted cash from operating activities	473	898	1,995
Accounts payable	(2,494)	1,152	(2,080)
Accrued compensation and benefits	1,005	(928)	(582)
Workers' compensation and health insurance reserves	(214)	(948)	(2,327)
Accrued jambacard liability	7,185	(3,247)	10,268
Other current liabilities	(2,793)	2,332	(2,326)
Other long-term liabilities	(1,643)	(1,646)	(2,290)
Cash (used in) provided by operating activities	(1,080)	(953)	8,464
Cash provided by (used in) investing activities:			
Capital expenditures	(10,744)	(10,165)	(10,839)
Proceeds from the sale of stores	3,734	13,763	4,712
Decrease in restricted cash	—	—	3,000
Cash (used in) provided by investing activities	(7,010)	3,598	(3,127)
Cash (used in) provided by financing activities:			
Proceeds from issuance of redeemable preferred stock	—	—	34,115
Payments on debt facility	—	—	(25,000)
Payments on exercise of put agreement	—	—	(3,000)
Payments of costs for issuance of redeemable preferred stock	—	—	(1,908)
Redeemable preferred stock dividends paid	(1,621)	(2,302)	(1,360)
Payment on capital lease obligations	(20)	(225)	(282)
Proceeds pursuant to stock plans	314	149	33
Cash (used in) provided by financing activities	(1,327)	(2,378)	2,598
Net (decrease) increase in cash and equivalents	(9,417)	267	7,935
Cash and equivalents at beginning of period	29,024	28,757	20,822
Cash and equivalents at end of period	$ 19,607	$ 29,024	$ 28,757
Supplemental cash flow information:			
Cash paid for interest	$ 237	$ 293	$ 3,309
Income taxes paid	36	18	51
Noncash investing and financing activities:			
Noncash property, fixtures and equipment additions	$ 202	$ 1,705	$ 1,396
Accretion of redeemable preferred stock	672	1,775	328
Beneficial conversion feature of redeemable preferred stock	—	—	885
Warrants issued in connection with issuance of redeemable preferred stock	—	—	231
Redeemable preferred stock dividends	38	50	172
Conversion of redeemable preferred stock	3,346	12,290	—

See Notes to Consolidated Financial Statements.

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business—Jamba, Inc. consummated its initial public offering in July 2005. On March 10, 2006, Jamba, Inc. entered into an Agreement and Plan of Merger with Jamba Juice Company (the "Merger Agreement"). On November 29, 2006 (the "Merger Date"), the Jamba, Inc. consummated the merger with Jamba Juice Company (the "Merger") whereby Jamba Juice Company became its wholly owned subsidiary.

Jamba, Inc. together with its wholly-owned subsidiary, Jamba Juice Company ("the Company") owns and franchises, on a global basis, Jamba Juice stores. Jamba Juice Company is a leading restaurant retailer of better-for-you specialty beverage and food offerings which include great tasting fruit smoothies, fresh squeezed juices, hot teas, hot oatmeal made with organic steel cut oats, fruit and veggie smoothies, Fit n'Fruitful™ smoothies with Weight Burner Boost™, Whirl'ns™ Frozen Yogurt, breakfast wraps, salads, sandwiches, California Flatbreads™, and a variety of baked goods and snacks. Jamba, Inc. was incorporated in January 2005, and went public through an initial public offering later that year. In November 2006, the Company completed its acquisition of Jamba Juice Company, which first began operations in 1990. As of January 3, 2012, there were 769 Jamba Juice stores globally, consisting of 307 Company-owned and operated stores ("Company Stores"), 443 franchise-operated stores ("Franchise Stores") in the United States, and 19 international Franchise Stores ("International Stores"). As of January 3, 2012, Jamba Juice also had a retail consumer products program that included ten license agreements covering a variety of CPG products.

Basis of Presentation—The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Jamba Juice Company. All intercompany balances and transactions have been eliminated. The equity method of accounting is used to account for the joint venture owned by Jamba Juice Company because Jamba Juice Company exercises significant influence over operating and financial policies of its partners. Accordingly, the carrying value of this investment is reported in other long-term assets, and the Company's equity in the net income and losses of this investment is reported in other operating, net.

Fiscal Year End—On June 7, 2007, Jamba, Inc.'s board of directors approved a change to the Company's fiscal year end from the second Tuesday following December 31 to the Tuesday closest to December 31. The Company's most recently completed fiscal year, referred to as fiscal 2011, started on December 29, 2010 and ended on January 3, 2012 and has 53 weeks. The Company's fiscal 2010 started on December 30, 2009 and ended on December 28, 2010, which is referred to as fiscal 2010. The Company's fiscal 2009 started on December 31, 2008 and ended on December 29, 2009, which is referred to as fiscal 2009. Fiscal 2010 and fiscal 2009 have 52 weeks.

Significant Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates, and such differences could affect the results of operations reported in future periods.

Reclassifications—During fiscal 2010, the Company reclassified to cost of sales certain costs of managing its procurement program, which commenced at the beginning of the year. The Company recorded $ 1.7 million, previously recorded in general and administrative expense, in cost of sales under this program. During fiscal 2009, these costs were recorded in general and administrative expense and were $1.5 million.

Concentrations of Risk—The Company maintains food distribution contracts primarily with one supplier, Southwest Traders, Inc. This supplier provided approximately 94%, 75% and 75% of foods and products sold in

Company Stores, in fiscal 2011, fiscal 2010 and fiscal 2009, respectively, which potentially subjects the Company to a concentration of business risk. If this supplier had operational problems or ceased making product available to the Company, operations could be adversely affected.

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents. The Company places its cash and cash equivalents with high-quality financial institutions. Balances in the Company's cash accounts frequently exceed the Federal Deposit Insurance Corporation insurance limit.

Self-Insurance Reserves—The Company is self-insured for healthcare benefits, and liabilities are based on statistical analyses of historical industry data as well as actual historical trends. The estimated accruals for these liabilities could be significantly affected if future occurrences and claims differ from these assumptions and historical trends. For workers' compensation benefits, the Company was self-insured for existing and prior years' exposures through September 30, 2008. Liabilities associated with the risks that the Company retains for workers compensation benefits are estimated in part, by considering historical claims experience, demographic factors, severity factors, and other actuarial assumptions.

Cash and Cash Equivalents—The Company considers all highly liquid instruments with maturities of three months or less when purchased to be cash equivalents. As of January 3, 2012 and December 28, 2010, the Company did not have any investments with maturities greater than three months.

Restricted Cash and Investments—At January 3, 2012, the Company held $1.4 million in restricted cash, representing cash held in money market accounts or certificates of deposits to collateralize the Company's letters of credit which is required since the Company was self-insured for workers' compensation.

At December 28, 2010, the Company held $1.8 million in restricted cash, of which $1.6 million was classified as a current asset and $0.2 million classified as a long-term asset, representing cash held in money market accounts or certificates of deposits to collateralize the Company's letters of credit which is required since the Company was self-insured.

Receivables—Receivables primarily represent amounts due from sale of jambacards, royalty fees, advertising fees, construction allowances, amounts receivable from suppliers, jambacards issued by the franchisees and rent receivable from franchisees. The allowance for doubtful accounts is the Company's estimate of the amount of probable credit losses in the Company's existing accounts receivable.

Inventories—Inventories include only the purchase cost and are stated at the lower of cost or market. Cost is determined using the first-in, first-out method (FIFO). Inventories consist of food, beverages and available-for-sale promotional products.

Property, Fixtures and Equipment—Property, fixtures and equipment are recorded at cost. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful life. The estimated useful life for leasehold improvements is the lesser of 10 years or the term of the underlying lease. The estimated useful life for furniture, fixtures and equipment is three to 10 years.

Impairment of Long-Lived Assets—The Company evaluates long-lived assets for impairment when facts and circumstances indicate that the carrying values of long-lived assets may not be recoverable. The impairment evaluation is generally performed at the individual store asset group level. The Company first compares the carrying value of the asset to the asset's estimated future undiscounted cash flows. If the estimated future cash flows are less than the carrying value of the asset, we measure an impairment loss based on the asset's estimated fair value. The fair value of a store's assets is estimated using a discounted cash flow model based on internal projections and taking into consideration the view of a market participant. The estimate of cash flows is based on, among other things, certain assumptions about expected future operating performance. Factors considered during the impairment evaluation include factors related to actual operating cash flows, the period of time since a store has been opened or remodeled, refranchising expectations and the maturity of the relevant market.

The Company announced its refranchising initiative in May 2009 and it ended in April, 2011. During the refranchising initiative, the Company classified assets as held for sale and suspended depreciation and amortization on such assets when all of the following criteria were met: (i) Board of Directors approval to refranchise (the store or group of stores) is received; (ii) the stores can be immediately removed from operations; (iii) an active program to locate a buyer is implemented; (iv) the assets are being actively marketed for sale at or near their current fair value; (v) significant changes to the plan of sale are not likely; and (vi) the sale is probable within one year. Assets held for sale were recorded at the lower of the carrying amount or fair value less cost to sell. Fair value was determined based on the purchase price in the asset purchase agreement.

Refranchising—For each refranchise transaction, the Company entered into an asset purchase agreement, and related franchise agreements, and sublease agreements. Certain franchise agreements included royalty concessions over future years and certain sublease agreements included rent concessions for some or all of the remaining terms of the leases. The royalty and rent concessions were discounted to present value and recorded as liabilities in deferred revenue and other long-term liabilities on the consolidated balance sheet. At January 3, 2012, royalty concessions and rent concessions were $0.7 million and $1.5 million, respectively. At December 28, 2010, royalty concessions and rent concessions were $0.8 million and $2.2 million, respectively. There were no rent or royalty concessions at December 29, 2009.

Trademarks and Other Intangible Asset Impairment—Trademarks are not subject to amortization and are tested for impairment annually (at year-end), or more frequently if events or changes in circumstances indicate that the asset might be impaired. The Company performed its test for impairment on trademarks by comparing the fair value of the trademarks to their carrying amounts. An impairment loss was generally recognized when the carrying amount of the trademarks is less than the fair value. The fair value of trademarks was estimated using the income approach which is based on assumptions about future cash flows resulting from franchise and license agreements.

Intangible assets subject to amortization (primarily franchise agreements, reacquired franchise rights and a favorable lease portfolio intangible asset recognized in the purchase of Jamba Juice in 2006) are tested for impairment annually (at year-end) or more frequently if changes in circumstances indicate that their carrying amounts may not be recoverable. Intangible assets are amortized over their estimated useful lives using a method of amortization that reflects the pattern in which the economic benefits of the intangible assets are consumed or otherwise realized. Useful life for the franchise agreements is 13.4 years. The useful life of reacquired franchise rights represents the remaining term of the franchise agreement. The useful life of the favorable lease portfolio intangible is based on the related lease term.

Jambacards—The Company, through its subsidiary, Jamba Juice Company, has been selling jambacards to its customers in its retail stores and through its website since November 2002. The Company's jambacards do not have an expiration date. An obligation is recorded at the time of either an initial load or a subsequent reload in accrued jambacard liability on the Company's consolidated balance sheets. The Company recognizes income from jambacards when (i) the jambacard is redeemed by the customer or (ii) the likelihood of the jambacard being redeemed by the customer is remote (also referred to as "jambacard breakage") and the Company determines that it does not have a legal obligation to remit the unredeemed jambacards to the relevant jurisdictions. The Company determines the jambacard breakage amount based upon its historical redemption patterns. The Company has concluded that after three years of inactivity, the likelihood of redemption becomes remote and recognizes breakage income at that time. Jambacard breakage income is included in other operating, net in the consolidated statements of operations.

As a result of the Merger, the jambacard liability was adjusted to fair value by discounting the projected cash flows to present value, which are the costs to service deferred revenue, plus an estimated operating margin. The adjustment was amortized over the expected life of the jambacard and resulted in $0, $0.2 million and $0.1 million of expense during fiscal 2011, fiscal 2010 and fiscal 2009, respectively, which offset the amount recorded as jambacard breakage income. The adjustment was fully amortized as of December 28, 2010. The Company recorded $3.7 million, $5.3 million and $2.8 million of jambacard breakage income during fiscal 2011, fiscal 2010 and fiscal 2009, respectively.

Rent Expense—Under the provisions of certain of our leases, there are rent holidays and/or escalations in payments over the base lease term, as well as renewal periods. The effects of rent holidays and escalations are reflected in rent costs on a straight-line basis over the expected lease term, which includes cancelable option periods when it is deemed to be reasonably assured that the Company will exercise such option periods due to the fact that the Company would incur an economic penalty for not doing so. The lease term commences on the date when the Company becomes legally obligated for the rent payments which generally coincides with the time when the landlord delivers the property for us to develop. All rent costs recognized during construction periods are classified as pre-opening expenses. Pursuant to the refranchising initiative, the Company recorded liabilities for rent concessions over the remaining term of certain store leases of refranchised stores.

Construction Allowances—The Company receives construction allowances from certain landlords, which are deferred and amortized on a straight-line basis over the lease term as a reduction of rent expense. Construction allowances are recorded in deferred rent and other long-term liabilities.

Revenue Recognition—Revenue from Company Stores is recognized when product is sold. Revenue is presented net of any taxes collected from customers and remitted to government entities. Revenue from jambacards is recognized upon redemption. Until redemption, outstanding customer balances are recorded as a liability. See "jambacards" section above for discussion on recognition of jambacard breakage.

Franchise revenue is generated from three sources; royalties, development fees, and initial franchise fees.

Royalties from Franchise Stores are determined as a percentage of revenue and are recognized in the same period as the related franchise store revenue. If collection of the franchise royalty fee is doubtful, revenue is recognized at the time of collection.

Development fees are paid to the Company as part of an agreement to open and operate a specific number of stores in a specified territory. The amount of the fee is based on the number of stores to be opened pursuant to the development agreement and secures the territory for exclusivity during the development. The nonrefundable fees collected for these services are recognized ratably as the franchise stores under these agreements open. The Company's multi-unit development agreements specify the number of stores to be opened. Any changes to the specific number of stores would be stated in a subsequent contractual agreement (see Note 2).

The Company charges an initial franchise fee for providing operational materials, new store opening planning, and functional training courses. Initial franchise fees, if any, are due for payment at the time the franchise agreement for a particular store is executed. Franchise fees are recognized as revenue when all material services or conditions have been substantially performed or satisfied and no other material conditions or obligations related to the determination of substantial performance exist. Duties and services that are completed prior to approval include training, facilities inspection, receipt of operating license(s), and clearance from appropriate agencies. These duties and services are substantially complete prior to the approval of the opening of a store. Duties and services relating to the earning of the franchise fees are necessary for the stores to open. Revenue is recognized when the store opens.

Royalties from licensed CPG products are based on a percentage of product sales and are recognized as revenue upon the sale of the product to retail outlets.

Cost of Sales—The Company includes in cost of sales, costs incurred to acquire fruit, dairy and other products used to make smoothies and juices, paper products, as well as the costs related to managing our procurement program, and payments received from vendors.

Advertising Fund—The Company participates with its franchisees in an advertising fund, established in fiscal 2010, to collect and administer funds contributed for use in advertising and promotional programs which are designed to increase sales and enhance the reputation of the Company and its franchise owners. Contributions to the advertising fund are required for Company Stores and traditional Franchise Stores and are generally based on a percent of store sales. The Company has control of the advertising fund. The fund is consolidated and the Company reports all assets and liabilities of the fund.

The advertising fund assets, consisting primarily of cash received from the Company and franchisees and accounts receivable from franchisees, can only be used for selected purposes and are considered restricted. The advertising fund liabilities represent the corresponding obligation arising from the receipts of the marketing program. In accordance with ASC Topic 952-605-25, the receipts from the franchisees are recorded as a liability against which specified advertising costs are charged. The Company does not reflect franchisee contributions to the fund in its consolidated statements of operations or consolidated statements of cash flows.

Advertising fund assets as of January 3, 2012 include $1.5 million of receivables from franchisees, which is recorded in receivables on the consolidated balance sheet. Advertising fund liabilities as of January 3, 2012, of $0.5 million are reported in other current liabilities and accounts payable on the consolidated balance sheet.

Advertising fund assets as of December 28, 2010 include $0.5 million of receivables from franchisees, which is recorded in receivables on the consolidated balance sheet. Advertising fund liabilities as of December 28, 2010 of $0.9 million are reported in other current liabilities and accounts payable on the consolidated balance sheet. There were no advertising fund assets or advertising fund liabilities as of December 29, 2009.

Advertising Costs—Advertising costs are expensed as incurred and were $7.3 million, $7.8 million and $5.9 million in fiscal 2011, fiscal 2010 and fiscal 2009, respectively, and are classified as store operating expenses. The Company received advertising contributions from its franchisees, which contributions were recorded as an offset to advertising expense, and were $2.8 million, $1.9 million and $1.3 million for fiscal 2011, fiscal 2010 and fiscal 2009, respectively.

Store Pre-opening Costs—Costs incurred in connection with start-up and promotion of new store openings as well as rent from possession date to store opening date are expensed as incurred.

Comprehensive Income—Comprehensive income is defined as the change in equity during a period from transactions and other events, excluding changes resulting from investments from owners and distributions to owners. Comprehensive income (loss) equals net income (loss) for all periods presented.

Income Taxes—Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Any effect on deferred tax assets and liabilities due to a change in tax rates is recognized in income in the period that includes the enactment date. In establishing deferred income tax assets and liabilities, we make judgments and interpretations based on enacted tax laws and published tax guidance applicable to our operations. We record deferred tax assets and liabilities and evaluate the need for valuation allowances to reduce deferred tax assets to amounts more likely than not of being realized. Changes in our valuation of the deferred tax assets or changes in the income tax provision may affect our annual effective income tax rate.

Uncertain tax positions are recognized as the greatest amount more than 50% likely of being sustained upon audit based on the technical merits of the position. On a quarterly basis, we review and update our inventory of tax positions as necessary to add any new uncertain tax positions taken, or to remove previously identified uncertain positions that have been effectively settled. Additionally, uncertain positions may be re-measured as warranted by changes in facts or law. Accounting for uncertain tax positions requires significant judgments, including estimating the amount, timing and likelihood of ultimate settlement. Although we believe that these estimates are reasonable, actual results could differ from these estimates. The Company classifies interest and penalties related to income taxes as a component of income taxes in the consolidated statements of operations.

Earnings (Loss) Per Share—Basic earnings (loss) per share is computed based on the weighted-average of common shares outstanding during the period. Diluted earnings (loss) per share is computed based on the weighted-average number of common shares and potentially dilutive securities, which includes preferred stock outstanding from the Company's issuance of preferred stock, outstanding warrants and outstanding options and restricted stock awards granted under the Company's stock option plans. Anti-dilutive shares of 24.2 million, 31.3 million and 20.5 million have been excluded from diluted weighted-average shares outstanding in fiscal 2011, fiscal 2010 and fiscal 2009, respectively. The Company's basic weighted-average shares outstanding are equal to its diluted weighted-average shares outstanding since the Company experienced a net loss in each of fiscal 2011, fiscal 2010 and fiscal 2009.

For purposes of determining the net loss attributable to common stock used in the computation of loss per share, the amount of the loss was increased by the preferred stock dividends and deemed dividends. The deemed dividend represents the accretion of the issuance cost and beneficial conversion feature of the Company's preferred stock.

Share-based compensation—The Company measures and recognizes all share-based compensation under the fair value method.

Stock options for a fixed number of shares are granted to certain employees and directors with an exercise price based on the grant date fair value of the Company's common stock. The Company also grants restricted stock with a fair value determined based on the closing price of the Company's common stock on the date of grant (see Note 11). Stock options generally vest over a four-year period. Share-based compensation expense is recognized ratably over the service period.

The fair value of restricted stock units is determined based on the Company's closing stock price on the date of grant. These restricted stock units vest and become unrestricted three years after the date of grant. Share-based compensation expense is recognized ratably over the three-year service period for restricted stock units.

Fair Value of Financial Instruments—The carrying value of cash and cash equivalents, notes and accounts receivable and accounts payable approximates fair value.

Segment Reporting—The Company has one reportable retail segment.

Recent Accounting Pronouncements

Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs (ASU No. 2011-04)

(Included in ASC 820 "Fair Value Measurement")

ASU No. 2011-04 amends existing guidance to provide common fair value measurements and related disclosure requirements between GAAP and International Financial Reporting Standards ("IFRS"). Additional disclosure requirements in the amendment include: (1) for Level 3 fair value measurements, a description of the valuation processes used by the entity and a discussion of the sensitivity of the fair value measurements to changes in unobservable inputs; (2) discussion of the use of a nonfinancial asset that differs from the asset's highest and best use; and (3) the level of the fair value hierarchy of financial instruments for items that are not measured at fair value but disclosure of fair value is required. ASU No. 2011-04 is effective for interim and annual periods beginning after December 15, 2011 with early adoption not permitted. The Company will adopt ASU No. 2011-04 in fiscal 2012 and does not anticipate any material impact on the Company's consolidated financial statements.

Presentation of Comprehensive Income (ASU No. 2011-05)

(Included in ASC 220 "Comprehensive Income")

ASU No. 2011-05 amends existing guidance to allow only two options for presenting the components of net income and other comprehensive income: (1) in a single continuous statement of comprehensive income or (2) in two separate but consecutive financial statements consisting of an income statement followed by a statement of other comprehensive income. ASU No. 2011-05 requires retrospective application, and it is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011 with early adoption permitted. The Company will adopt ASU No. 2011-05 in fiscal 2012 and does not anticipate any material impact on the Company's consolidated financial statements.

2. DEVELOPMENT AGREEMENTS

The Company's wholly owned subsidiary, Jamba Juice Company, has entered into multi-unit license agreements with area developers to develop stores in certain geographic regions. Under typical multi-unit license agreements, the area developer generally pays one-half of the initial nonrefundable fee multiplied by each store to be developed as a nonrefundable development fee upon execution of the multi-unit license agreement. The agreements are generally for a term of 10 years. Each time a store is opened under the multi-unit license agreement, the Company credits the franchisee one-half of the initial fee paid as part of the development fee and the franchisee is required to pay the remaining one-half of the initial fee. As of January 3, 2012, there were 32 stores operating under a current multi-unit license agreement. In addition, the Company has entered into and will continue to enter into development agreements in connection with its franchising activities in the United States and at international locations. In connection with its domestic franchising efforts through fiscal 2011, fifteen area developers have contractual commitments to open 78 Franchise Stores over the next one to ten years. In connection with our international efforts, as of January 3, 2012, three developers have contractual commitment to build 301 stores and stations over the next ten years.

The Company generally executes franchise agreements for each store that establishes the terms of its arrangement with the franchisee. The franchise agreements typically require the franchisee to pay an initial, non-refundable fee and continuing fees based upon a percentage of sales. Subject to the Company's approval and the franchisee's payment of a renewal fee, a franchisee may generally renew the franchise agreement upon its expiration.

Franchise revenue consists of royalties and fees from our franchisees. The Company recognizes initial fees received from a franchisee as revenue when it has performed substantially all initial services required by the franchise agreement, which is generally upon the opening of a store. The Company recognizes continuing royalties based upon a percentage of franchisee revenues as earned. The Company is not required to contribute capital as part of multi-unit license agreements or franchise agreements.

Deferred franchise revenue is included in other long-term liabilities on the consolidated balance sheets and as of January 3, 2012 and December 28, 2010 and includes $0.7 million and $0.5 million, respectively, relating to non-refundable development fees and initial fees paid by franchisees whose stores have not yet opened. In addition, deferred franchise revenue as of January 3, 2012 and December 28, 2010 includes $0.7 million and $0.6 million, respectively, relating to non-refundable international development fees.

3. PROPERTY, FIXTURES AND EQUIPMENT

Property, fixtures, and equipment as of January 3, 2012 and December 28, 2010, consisted of the following (in thousands):

	January 3, 2012	December 28, 2010
Leasehold improvements	$ 49,703	$ 47,848
Furniture, fixtures and equipment	55,199	51,407
Construction in progress (primarily stores under construction)	77	120
Total	104,979	99,375
Less accumulated depreciation and amortization	(60,219)	(50,160)
Total	$ 44,760	$ 49,215

Depreciation and amortization expense related to property, fixtures and equipment for fiscal 2011, fiscal 2010 and fiscal 2009 was $12.3 million, $14.6 million, and $18.3 million, respectively.

4. ASSETS HELD FOR SALE

Assets held for sale consists of Company Stores that the Company expects to refranchise. Such assets are recorded at the lower of the carrying amount or fair value, less cost to sell. Fair value is determined based on the purchase price in the asset purchase agreement. Assets are no longer depreciated once classified as held for sale. Assets held for sale at December 28, 2010 include $3.9 million of property, fixtures and equipment and are included in prepaid expenses and other current assets on the consolidated balance sheets.

5. TRADEMARKS AND OTHER INTANGIBLE ASSETS

The carrying amount and accumulated amortization of trademarks and other intangible assets as of January 3, 2012 and December 28, 2010, were as follows (in thousands):

	Gross Amount	Accumulated Amortization	Net Amount
Amortized Intangible Assets			
As of January 3, 2012			
Trademarks	$ 410	$ —	$ 410
Favorable leases	2,051	(1,901)	150
Franchise agreements	828	(315)	513
Reacquired franchise rights	325	(268)	57
Total	$3,614	$(2,484)	$1,130
As of December 28, 2010			
Trademarks	$ 267	$ —	$ 267
Favorable leases	2,273	(1,913)	360
Franchise agreements	891	(294)	597
Reacquired franchise rights	375	(258)	117
Total	$3,806	$(2,465)	$1,341

Intangible assets are amortized over their expected useful lives. Amortization expense for intangible assets for fiscal 2011, fiscal 2010 and fiscal 2009 was $0.3 million, $1.1 million and $1.9 million, respectively. Expected annual amortization expense for intangible assets recorded as of January 3, 2011 is as follows (in thousands):

Fiscal Year	Amortization Expense
2012	201
2013	105
2014	74
2015	69
2016	66
Thereafter	205

Trademarks are not subject to amortization and are tested for impairment annually (at year-end), or more frequently if events or changes in circumstances indicate that the asset might be impaired. The impairment test consisted of the comparison of the fair value of the trademarks to its carrying amount. The fair value of trademarks was estimated using the income approach which is based on assumptions about future cash flows resulting from franchise and license agreements. As of January 3, 2012 and December 28, 2010, the Company had trademarks of approximately $0.4 million and $0.3 million, respectively.

6. OTHER LONG-TERM ASSETS

As of January 3, 2012 and December 28, 2010, other long-term assets consisted of the following (in thousands):

	January 3, 2012	December 28, 2010
Notes receivable from franchisees	$ —	$1,625
Deposits	848	951
Investment in JJC Hawaii, LLC	470	548
Other	15	94
Total	$1,333	$3,218

The Company accounts for its investments in JJC Hawaii, LLC under the equity method. The Company owns a 5.0% interest in JJC Hawaii, LLC as of January 3, 2012 and December 28, 2010. The equity in earnings recognized by the Company for JJC Hawaii, LLC was $54,000, $61,000 and $81,000 for fiscal 2011, fiscal 2010 and fiscal 2009, respectively.

7. IMPAIRMENT, STORE LEASE TERMINATION AND CLOSURE COSTS AND WORKFORCE REDUCTION

Long-lived asset impairment

The Company evaluates long-lived assets for impairment when facts and circumstances indicate that the carrying values of long-lived assets may not be recoverable. The evaluation includes consideration of factors such as historical and current operating performance and projected future results at store level. Impairment charges include the write-down of long-lived assets at stores that were assessed for impairment because of management's intention to close the store or because of changes in circumstances that indicate the carrying value of an asset may not be recoverable. The Company recorded impairment charges of $1.3 million, $2.8 million and $12.3 million for fiscal 2011, fiscal 2010 and fiscal 2009, respectively.

Store lease termination and closure costs and workforce reduction

As a result of the Company's revitalization efforts and revised development goals, the Company evaluated the infrastructure needed to support its evolving business model and restructured its Support Center to eliminate certain administrative positions. During fiscal 2011, 2010 and 2009, the Company incurred $0.7 million, $4.3 million and $1.2 million, respectively, in charges related to asset write-offs for lease termination and closure costs.

Lease termination costs consist primarily of the costs of future obligations related to closed store locations. Discounted liabilities for future lease costs and the fair value of related subleases of closed locations are recorded when the stores are closed. These amounts are subject to adjustments as liabilities are settled. In assessing the discounted liabilities for future costs of obligations related to closed stores, the Company made assumptions regarding amounts of future subleases. If these assumptions or their related estimates change in the future, the Company may be required to record additional exit costs or reduce exit costs previously recorded. Exit costs recorded for each of the periods presented include the effect of such changes in estimates. Severance accruals were paid during fiscal 2010 and 2009. Lease obligations are payable through 2019, less sublease amounts. The following is a reconciliation of the store closure and severance accrual and is included in Other current liabilities and Other long-term liabilities (in thousands):

Balance as of December 29, 2009	$ 2,478
Provision for noncancellable lease payments of closed stores	2,443
Severance payments	(144)
Payments on lease liabilities	(1,889)
Adjustment	130
Balance as of December 28, 2010	$ 3,018
Provision for noncancellable lease payments of closed stores	154
Payments on lease liability	(2,834)
Adjustments	235
Balance as of January 3, 2012	$ 573

Gain/loss on Disposal of Other Assets—The Company recognized a loss on disposal of fixed assets of $2.1 million and $0.3 million in fiscal 2011 and 2010, respectively, and a gain on disposal of assets of $2.0 million in fiscal 2009. The loss on disposal in fiscal 2011 includes a net loss of $0.3 million on sale of fixed assets of refranchised stores pursuant to our refranchising initiative which ended in April 2011. The loss on disposal in fiscal 2010 is net of a $1.5 million dollar gain on refranchising of Company Stores.

8. OTHER LONG-TERM LIABILITIES

As of January 3, 2012 and December 28, 2010, other long-term liabilities consisted of the following (in thousands):

	January 3, 2012	December 28, 2010
Deferred revenue, long term	$ 3,078	$ 3,101
Construction allowance	2,974	3,515
Deferred rent	6,155	6,072
Other liabilities	872	2,728
Total other long-term liabilities	$13,079	$15,416

9. LEASE COMMITMENTS

The Company leases its office, retail stores, and some equipment under operating leases, with terms expiring through 2023. Most store leases have an initial term of 10 years, with renewal options of up to 10 years and provide for payment of common area operating expenses and real estate taxes. Rental expense, net of sublease income was $24.8 million in fiscal 2011, $28.5 million in fiscal 2010 and $33.9 million in fiscal 2009 and is recorded in occupancy costs and general and administrative expenses. Contingent rent included in occupancy costs was $0.4 million, $0.4 million and $0.3 million in fiscal 2011, 2010 and 2009, respectively.

The aggregate future minimum noncancelable lease payments as of January 3, 2012, were as follows (in thousands):

Fiscal Year Ending:	
2012	$ 24,805
2013	23,515
2014	20,218
2015	15,118
2016	10,752
Thereafter	16,189
Total minimum lease commitments	$110,597

The Company has subleases related to certain of its operating leases. The Company recognized sublease income of $8.0 million in fiscal 2011, $2.4 million in fiscal 2010 and $0.8 million in fiscal 2009, respectively. Future minimum lease payments under operating leases of $111 million have been reduced by future minimum sublease rental income of $37.0 million.

The Company has certain contractual obligations for some of its operating leases that could be terminated in the future upon written notice and payment of a termination fee. These termination fees totaled approximately $0.1 million at January 3, 2012.

10. REDEEMABLE PREFERRED STOCK

A summary of redeemable preferred stock activity for fiscal year 2011 is presented below (dollars in thousands, except share amounts):

	Redeemable preferred stock	
	Shares	Amount
Balance as of December 28, 2009	304,348	$ 31,069
Conversion of redeemable preferred stock	(106,863)	(12,290)
Accretion of redeemable preferred stock	—	1,775
Balance as of December 28, 2010	197,485	20,554
Conversion of redeemable preferred stock	(29,096)	(3,346)
Accretion of redeemable preferred stock	—	672
Balance as of January 3, 2012	168,389	$ 17,880

On June 16, 2009, the Company issued (i) 170,000 shares of its Series B-1 Convertible Preferred Stock, par value $0.001, (the "Series B-1 Preferred") to affiliates of Mistral Equity Partners at a price of $115 per share, for an aggregate purchase price of approximately $19.6 million, and (ii) 134,348 shares of its Series B-2 Convertible Preferred Stock, par value $0.001, (the "Series B-2 Preferred") to CanBa Investments, LLC at a price of $115 per share, for an aggregate purchase price of approximately $15.4 million. The issuance of shares of the Series B-1 and B-2 Preferred Stock (together the "Series B Preferred Stock" or "Preferred Stock") for $35 million, less approximately $3.1 million in total transaction costs, which included $2.2 million in transaction fees and $885,000 paid to investors, was completed through a private placement to the purchasers as accredited investors and pursuant to the exemptions from the registration requirements of the Securities Act. The shares of Preferred Stock and the shares of the Company's Common Stock issuable upon conversion of the Preferred Stock to be issued to the purchasers includes legends restricting transfer other than pursuant to an effective registration statement under the Securities Act or in accordance with an exemption from registration. The holders of the Series B Preferred Stock have the right to require the Company to redeem all or a portion of the shares of the Series B Stock on or after seven years from the date of issuance of the Preferred Stock.

The shares of Preferred Stock are convertible at the election of the holders, at any time, into shares of Common Stock at an initial conversion price of $1.15 per share. The conversion price for the Preferred Stock is subject to customary anti-dilution adjustments for stock splits, dividends or certain other equity restructurings. After a two year period from the original date of issuance, the Company will have the right to require that the shares of Preferred Stock be converted into shares of Common Stock if (i) the Common Stock trading volume averages 150,000 shares per trading day over a 30 trading day period and (ii) the daily volume weighted average price per share of the Common Stock exceeds the product of 2.5 times the then-applicable conversion price for any 20 of the preceding 30 trading days at any time these conditions continue to be satisfied and for a period of 10 trading days thereafter. Upon exercise of this right, the Preferred Stock will be converted at the then-applicable conversion rate and the Company will be obligated to pay any then-existing dividend arrearages in cash.

The Preferred Stock has an 8% dividend, payable quarterly in cash, which accrues irrespective of whether dividends are actually declared or paid. The dividend rate shall increase to 10% in the event the Common Stock is not listed for trading on any of the New York Stock Exchange, the NASDAQ Global Market or the American Stock Exchange or if the Company fails to declare and pay, in full and in cash, dividends on shares of the Preferred Stock for three consecutive quarters until such time as the dividends are paid in full and in cash. After seven years from the date the shares of Preferred Stock are originally issued, the holders of such shares will have the right to require the Company to redeem their shares of Preferred Stock, in whole or in part, at a price per share equal to the original sale price per share plus any unpaid but accrued dividends. The Company has also granted the purchasers of the shares of Preferred Stock certain pre-emptive rights with respect to the sale and issuance by the Company of equity securities, as delineated in the Purchase Agreement. If the Company fails to declare and pay, in full and in cash, dividends on shares of the Preferred Stock for three consecutive quarters, the size of the board of directors of the Company ("Board") shall be increased by one member and the holders of the Preferred Stock, voting together as a single class, shall be entitled to elect one additional member to the Board until such time as the dividends are paid in full and in cash.

The holders of the shares of Preferred Stock have the right to vote on any matters submitted to a vote of the stockholders of the Company and are entitled to cast that number of votes equal to the aggregate number of shares of Common Stock issuable upon the conversion of such holders' shares of Preferred Stock at the then-applicable conversion price. The holders of the shares of Preferred Stock will also receive customary protective provisions under the Certificate of Designation and additional protections under the Purchase Agreement (including the requirement that the consent of a majority of the holders of the shares of Common Stock issuable upon conversion of the Preferred Stock must be obtained prior to the Company incurring in excess of $10 million in indebtedness).

The holders of the shares of the Series B-1 Preferred, voting as a separate class, elected two members to the Board. The Series B-1 Preferred holders are allowed to hold two seats on the Board so long as 50% more of the number of shares of Series B-1 Preferred originally issued is outstanding. In the event the number of shares of Series B-1 Preferred Stock outstanding is less than 50% of the number of shares originally issued but greater than or equal to 25% of the number of shares originally issued, the holders of the shares of Series B-1 Preferred, voting as a separate class, will be entitled to elect only one member of the Board. The ability to have any members to the Board by the holders of the shares of the Series B-1 Preferred will cease once the number of outstanding shares of Series B-1 Preferred is less than 25% of the number of shares of Series B-1 Preferred originally issued.

The holders of the shares of the Series B-2 Preferred, voting as a separate class, elected one member to the Board. The Series B-2 Preferred holders are allowed to hold one seat on the Board so long as more than 25% of the number of shares of Series B-1 Preferred originally issued is outstanding. The ability to elect any members to the Board by the holders of the shares of Series B-2 Preferred will cease once the number of outstanding shares of Series B-2 Preferred is less than 25% of the number of shares of Series B-2 Preferred originally issued.

In the event of the liquidation, dissolution or winding-up of the affairs of the Company, whether voluntary or involuntary, the holders of shares of the Series B Preferred Stock then outstanding will be entitled to receive, out of the assets of the Company available for distribution to its stockholders before any payment shall be made to the holders of shares of Common Stock or any other junior stock by reason of their ownership thereof, an amount per share equal to the greater of (i) the Series B original issue price of $115 per share plus any applicable accrued dividends or (ii) such amount per share as would have been payable had all shares of Series B Preferred Stock been converted into Common Stock immediately prior to the liquidation.

The Series B Preferred Stock is classified as temporary stockholders' equity, since the shares are (i) redeemable at the option of the holder in the future after satisfaction of the requisite holding period and (ii) have conditions for redemption which are not solely within the control of the Company. Total transaction costs of $3.1 million, which is comprised of $2.2 million in transaction fees and $885,000 paid to investors is recorded as a reduction in proceeds received by the Company. The $885,000 paid to investors, is also recorded as a beneficial conversion feature. These items will be accreted to the redemption amount over seven years. The proceeds from the issuance of Series B Preferred Stock were used to repay in full the outstanding debt resulting from the Company's Senior Notes and for working capital.

During the fiscal year ended January 3, 2012, holders converted 18,400 shares of outstanding Series B-1 Preferred Stock and 10,696 shares of outstanding Series B-2 Preferred Stock to an aggregate 2,909,600 shares of common stock at the initial conversion price of $1.15 per share. During the fiscal year ended December 28, 2010, holders converted 42,451 shares of outstanding Series B-1 Preferred Stock and 64,412 shares of outstanding Series B-2 Preferred Stock to an aggregate 10,686,300 shares of common stock at the initial conversion price of $1.15 per share.

During fiscal 2011, 2010 and 2009, the Company paid cash dividends on the Series B Preferred Stock totaling $1.6 million, $2.3 million and $1.4 million, respectively. Accretion related to the Series B Preferred Stock for the fiscal years ended January 3, 2012, December 28, 2010 and December 29, 2009 was $0.7 million, $1.8 million and $0.3 million, respectively, including the acceleration of accretion on converted shares.

In June 2009, The Company granted a warrant to purchase common stock to Northpoint Advisors, LLC by the Company for professional services provided. The number of shares purchasable upon exercise of the warrant is 760,870 and the exercise price is $1.15 per share. The fair value of the warrant on June 16, 2009 was estimated at $0.2 million, was recorded as a reduction in proceeds received by the Company and is being accreted to the redemption amount. The number of shares and exercise price are subject to adjustments due to events such as stock splits, distributions of common stock and other similar capital restructuring as noted in the warrant document. The warrant is a registrable security under the provisions of the Registration Rights Agreement of

June 16, 2009 among the Company and the investors. The registrable securities include the shares issuable upon exercise of the warrant as well as shares issuable upon conversion of the Series B Preferred Stock to common stock. In accordance with the registration rights agreement, the Company filed an S-3 registration statement after the issuance of the registrable securities.

11. SHARE-BASED COMPENSATION

Stock Options—The Company maintains three share-based compensation plans (collectively, the "Plans"). The Company's Amended and Restated 2006 Employee, Director and Consultant Stock Plan, as amended (the "2006 Plan") was approved by the Company's stockholders on November 28, 2006, and provides for the granting of up to eight million shares of common stock in the form of nonqualified and incentive stock options, stock grants or other share-based awards to employees, nonemployee directors and consultants. The amendment and restatement of the 2006 Plan was approved by stockholders on May 20, 2010. In connection with the merger of Jamba, Inc. with Jamba Juice Company on November 28, 2006, the Company assumed the outstanding options under the Jamba Juice Company 1994 Stock Incentive Plan (the "1994 Plan") and the Jamba Juice Company 2001 Equity Incentive Plan (the "2001 Plan"), both of which provided for the granting of nonqualified and incentive stock options to employees, nonemployee directors and consultants. No additional grants are available under the 2001 Plan and the 1994 Plan.

As of January 3, 2012, there remained 2,250,942 shares available for grant under the Company's 2006 Plan. Options granted under the 2006 Plan have an exercise price equal to the closing price of the Company's common stock on the grant date. Options granted in 2006 under the 2006 Plan have an exercise price equal to the average of the closing price of the Company's common stock for five trading days, consisting of the two days immediately following the date of grant, the day of the grant, and two days immediately before the date of grant. Options under the 2001 Plan and 1994 Plan were granted at an exercise price equal to or greater than the fair market value of the common stock at the date of the grant, are exercisable for up to 10 years, and vest annually on grant date over a four year period. Options outstanding under the 1994 Plan and the 2001 Plan became fully vested in 2010.

In December 2008, the Company granted an aggregate of 1,500,000 shares of stock options to its new President and Chief Executive Officer, resulting in an increase in the number of shares issued under stock option awards outstanding. This award was granted as an inducement grant outside of the Company's existing equity plans and has a three-year vesting period.

The fair value of options granted was estimated at the date of grant using a Black-Scholes option-pricing model. Option valuation models, including Black-Scholes, require the input of highly subjective assumptions, and changes in the assumptions used can materially affect the grant date fair value of an award. These assumptions include the risk-free rate of interest, expected dividend yield, expected volatility, and the expected life of the award. The risk-free rate of interest is based on the zero coupon U.S. Treasury rates appropriate for the expected term of the award. For expected life we apply the guidance provided by the SEC Staff Accounting Bulletin No. 110. Expected dividends are zero based on history of not paying cash dividends on the Company's common stock. Expected volatility is based on a 75/25 blend of historic daily stock price observations of the Company's common stock since its inception and historic daily stock price observations of the Company's peers during the period immediately preceding the share-based award grant that is equal in length to the award's expected term. We make assumptions for the number of awards that will ultimately not vest ("forfeitures") in determining the share-based compensation expense for these awards. The Company uses historical data to estimate expected employee behaviors related to option exercises and forfeitures. There is currently no market-based mechanism or other practical application to verify the reliability and accuracy of the estimates stemming from these valuation models or assumptions, nor is there a means to compare and adjust the estimates to actual values, except for annual adjustments to reflect actual forfeitures.

The fair value of stock options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions:

	Fiscal Year Ended January 3, 2012	Fiscal Year Ended December 28, 2010	Fiscal Year Ended December 29, 2009
Weighted-average risk-free interest rate	1.15%	1.59%	2.03%
Expected life of options (years)	6.25	6.24	5.0
Expected stock volatility	63.4%	65.9%	57.9%
Expected dividend yield	0%	0%	0%

A summary of the stock option activities for fiscal years 2010 and 2011 is presented below (shares and dollars in thousands):

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Contractual Term	Aggregate Intrinsic Value
Options outstanding at December 29, 2009	5,346	$2.75		
Options granted	1,083	2.27		
Options exercised	(278)	0.53		
Options canceled	(333)	5.63		
Options outstanding at December 28, 2010	5,818	$2.60		
Options granted	1,356	1.80		
Options exercised	(229)	1.14		
Options canceled	(767)	4.41		
Options outstanding at January 3, 2012	6,178	$2.25	7.64	$1,230
Options vested or expected to vest at January 3, 2012	5,470	$2.31	7.42	$1,209
Options exercisable at January 3, 2012	3,465	$2.71	6.80	$ 917

The intrinsic value of stock options is defined as the difference between the current market value and the exercise price, which is equal to the market value at the time of the grant. Information regarding options outstanding and exercisable at January 3, 2012 is as follows:

Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
$0.36 – $0.58	125,000	7.12 years	$0.42	87,500	$0.43
$0.60 – $0.60	1,500,000	6.91 years	0.60	1,125,000	0.60
$1.03 – $1.08	115,000	7.44 years	1.07	87,500	1.07
$1.31 – $1.31	953,415	6.67 years	1.31	758,180	1.31
$1.61 – $1.61	765,250	9.86 years	1.61	—	—
$1.79 – $1.80	751,900	8.58 years	1.79	289,357	1.79
$2.19 – $2.21	135,000	9.33 years	2.21	16,250	2.21
$2.22 – $2.22	656,350	8.86 years	2.22	173,471	2.22
$2.27 – $4.48	629,633	7.82 years	2.84	381,508	3.19
$5.09 – $11.77	546,372	4.99 years	9.94	546,372	9.94
	6,177,920		$2.25	3,465,138	$2.71

The weighted-average fair value of options granted in fiscal 2011 and fiscal 2010 was $1.06 and $2.27, respectively. At January 3, 2012, stock options totaling 5,470 are expected to vest over the next three years. The remaining expense to amortize is approximately $1.1 million at January 3, 2012.

Share-based compensation expense was $1.3 million, $1.1 million, and $1.3 million for fiscal 2011, fiscal 2010, and fiscal 2009, respectively, and is included in general and administrative expenses in the consolidated statements of operations. No income tax benefit was recorded in fiscal 2011, 2010 and 2009.

Restricted Stock—During the fiscal year ended December 29, 2009, the Company issued restricted stock units ("RSUs") as permitted under the 2006 Plan. RSUs are charged against the 2006 Plan share reserve on the basis of one share for each unit granted. The fair value of RSUs is determined based on the Company's closing stock price on the date of grant. These RSUs vest and become unrestricted 33.3% on the first anniversary of the grant date and 33.3% per year thereafter. Share-based compensation expense is recognized ratably over the three-year service period for RSUs. The remaining expense to amortize is approximately $48 thousand at January 3, 2012.

Information regarding activity for RSUs outstanding under the 2006 Plan is as follows (shares in thousands):

	Number of shares of RSUs	Weighted-Average Grant Date Fair Value (per share)
RSUs outstanding as of December 29, 2009	180	$1.79
RSUs granted	—	—
RSUs forfeited (canceled)	(12)	1.79
RSUs vested	(58)	1.79
RSUs outstanding as of December 28, 2010	110	$1.79
RSUs granted	—	—
RSUs forfeited (canceled)	(14)	1.79
RSUs vested	(48)	1.79
RSUs outstanding as of January 3, 2012	48	$1.79

12. INCOME TAXES

The components of the income tax (expense) benefit are as follows (in thousands):

	January 3, 2012	December 28, 2010	December 29, 2009
Current:			
Federal	$—	$ 919	$ (1)
State	(36)	46	423
Foreign	(8)	(165)	—
	$(44)	$ 800	$ 422
Deferred and Others:			
Federal	$300	$(890)	$ 644
State	84	(68)	—
Foreign	—	—	—
	$384	$(959)	$ 644
Income tax (expense) benefit	$340	$(159)	$1,066

The difference between the effective income tax rate and the United States federal income tax rate is summarized as follows:

	January 3, 2012	December 28, 2010	December 29, 2009
Statutory federal rate	(34.0)%	(34.0)%	(34.0)%
State income taxes less federal benefit	(5.7)	(5.5)	(5.5)
Foreign income taxes	0.1	1.0	0.0
Change in valuation allowance	46.3	36.5	34.7
Nontaxable gain on derivative liability	0.0	(0.0)	(0.2)
Stock options	0.5	1.8	1.5
Write-off of goodwill	(5.4)	0.0	0.0
Changes of liability related to uncertain tax positions	(4.5)	0.4	0.7
Other	(1.2)	0.8	(1.4)
	(3.9)%	1.0%	(4.2)%

Deferred income taxes are provided for the temporary differences between the carrying values of the Company's assets and liabilities for financial reporting purposes and their corresponding income tax bases. The temporary differences give rise to either a deferred tax asset or liability in the financial statements that is computed by applying current statutory tax rates to taxable and deductible temporary differences based upon the classification (i.e., current or noncurrent) of the asset or liability in the financial statements that relates to the particular temporary difference. Deferred taxes related to differences that are not attributable to a specific asset or liability are classified in accordance with the future period in which they are expected to reverse and be recognized for income tax purposes. The deferred tax asset (liability) consisted of the following temporary differences as of January 3, 2012 and December 28, 2010 (in thousands):

	January 3, 2012	December 28, 2010
Reserves and accruals	$ 8,248	$ 10,184
Total current deferred tax asset	8,248	10,184
Net operating losses	48,425	40,269
Deferred rent	2,444	2,384
Tax credit attributes	1,523	1,543
Basis difference in intangibles	5,213	6,194
Share-based compensation	1,059	981
Basis difference in fixed assets	12,588	13,128
Basis difference in investments	(153)	(157)
Reserves and accruals	70	590
Other	—	134
Total non-current deferred tax asset	71,169	65,066
Valuation allowance	(79,417)	(75,210)
Total net deferred tax asset	$ —	$ 40

Tax benefit of net operating losses, temporary differences and credit carryforwards are recorded as an asset to the extent that management assesses that these items are "more likely than not" to be realized. Realization of the future tax benefits is dependent on the Company's ability to generate sufficient taxable income within the carryforward period. A valuation allowance is provided for deferred tax assets when it is "more likely than not" that some portion of the deferred tax asset will not be realized. Because of the Company's recent history of operating losses, management believes the recognition of the deferred tax assets arising from the above-mentioned future tax benefits is currently not likely to be realized and, accordingly, has provided a valuation allowance. A valuation allowance has been recorded for the net deferred tax assets at January 3, 2012, which increases the valuation allowance by $4.2 million for the fiscal year ended January 3, 2012.

At January 3, 2012, the Company has federal and state net operating loss carryovers of $115.8 million and $132.9 million, respectively, which, if not used earlier, will expire between 2017 and 2031. In addition, the Company also has tax credit carryforwards for federal and state purposes of $1.0 million and $0.8 million, respectively. Of the federal tax credit carryforwards, approximately $233,000 will expire in 2031 if unused before that year. The remaining federal tax credits and the state tax credits do not expire.

The Company underwent an "ownership change" as defined in section 382 of the Internal Revenue Code during the second quarter of our 2009 fiscal year, as a result of our issuance of Series B-1 Convertible Preferred Stock and Series B-2 Convertible Preferred Stock and other prior trading in our stock.

The amount of our taxable income for tax years ending after our ownership change which may be offset by net operating loss carryovers ("NOL") and tax credits from pre-change years will be subject to an annual limitation, known as a section 382 limitation. As of January 3, 2012, the amount of pre-change federal NOL is $55.3 and the pre-change state NOL is $73.0 million, the post-change federal NOL is $60.5 million and the post-change state NOL is $59.8 million (before considering the annual 382 limitation and any built-in losses).

The Company has determined the annual section 382 limitation to be approximately $3.4 million. To the extent that the section 382 limitation exceeds the amount of taxable income offset by the net operating loss carryforwards from the pre-change years, the excess may increase the future section 382 limitation. The NOL from the post-change years are generally not subject to the section 382 limitation. However, due to the existence of a net unrealized built-in loss at the ownership change date, section 382 further limits the Company's ability to fully utilize the tax deductions associated with certain of its assets, including depreciation and amortization deductions recognized during the 5 post-change years ending in 2014. Although these deductions will occur in the post-change period, section 382 treats the deductions as pre-change losses subject to the annual 382 limitation. A valuation study is currently in process to ascertain the net unrealized built-in loss associated with these assets at the ownership change date.

As a result of certain realization requirements of Accounting Standards Codification Topic 718, the table of deferred tax assets and liabilities shown above does not include certain deferred tax assets as of January 3, 2012 and December 28, 2010 that arose directly from tax deductions related to equity compensation in excess of compensation recognized for financial reporting. The deferred tax assets include primarily net operating loss carryforwards. Equity will be increased by $0.3 million if and when such deferred tax assets are ultimately recognized. The Company uses tax law ordering when determining when excess tax benefits have been realized.

Changes in the Company's unrecognized tax benefits are as follows (in thousands):

	Fiscal Year Ended January 3, 2012	Fiscal Year Ended December 28, 2010
Beginning balance	$693	$604
Increases attributable to tax positions taken during prior periods	—	89
Increases attributable to tax positions taken during current periods	—	—
Decreases resulting from lapse of applicable statutes of limitations	517	—
Ending balance	$176	$693

As of January 3, 2012, the entire unrecognized tax benefits reduce the deferred tax asset of the net operating loss carryforwards. If recognized, none of the unrecognized tax benefits would impact the Company's effective tax rate. As of January 3, 2012, it is reasonably possible that the unrecognized tax benefits will not significantly increase or decrease in the next twelve months.

The Company is subject to taxation in the United States and various state and local jurisdictions. As of January 3, 2012, the Company is subject to U.S. federal income tax examinations for the tax years ended

December 30, 2008 through December 28, 2010. With few exceptions, as of January 3, 2012, the Company is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for the tax years ended before December 30, 2008.

13. FAIR VALUE MEASUREMENT

Financial Assets and Liabilities

The carrying value of the Company's cash and cash equivalents accounts receivable and accounts payable approximate fair value because of their short-term nature. Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability. A three-tier fair value hierarchy is established as a basis for considering such assumptions and for inputs used in the valuation methodologies in measuring fair value:

Level 1: Quoted prices are available in active markets for identical assets or liabilities.

Level 2: Inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable.

Level 3: Unobservable inputs that are supported by little or no market activity, therefore requiring an entity to develop its own assumptions that market participants would use in pricing.

The following table presents financial assets that were accounted for at fair value on a recurring basis as of January 3, 2012 and December 28, 2010 by level within the fair value hierarchy (in thousands):

	Level 1	Level 2	Level 3
January 3, 2012			
Assets:			
Cash invested in money market fund[(1)]	$1,352	$—	$—
December 28, 2010			
Assets:			
Cash invested in money market fund[(1)]	$1,825	$—	$—

(1) Included in restricted cash on the consolidated balance sheet.

Non-financial Assets and Liabilities

The Company's non-financial assets and liabilities primarily consist of long-lived assets, trademarks and other intangibles, and are reported at carrying value. They are not required to be measured at fair value on a recurring basis. The Company evaluates long-lived assets for impairment when facts and circumstances indicate that their carrying values may not be recoverable. Trademarks and other intangibles are evaluated for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired.

The following table presents assets that were accounted for at fair value on a non-recurring basis and remaining on the consolidated balance sheets as of January 3, 2012 and December 28, 2010. Total losses include losses recognized from all non-recurring fair value measurements for the fiscal years ended January 3, 2012 and December 28, 2010 (in thousands):

	Level 1	Level 2	Level 3
January 3, 2012			
Assets:			
Assets held for sale	$—	$—	$ —
Long-lived assets(1)	—	—	5,575
Total losses recognized for the fiscal year ended January 3, 2012	—	—	1,291
December 28, 2010			
Assets:			
Assets held for sale	—	—	$3,877
Long-lived assets(1)	—	—	6,531
Total losses recognized for the fiscal year ended December 28, 2010	—	—	2,778

(1) Included in property, fixtures and equipment, net on the consolidated balance sheet.

For assets that are measured using quoted prices in active markets, fair value is the published market price per unit multiplied by the number of units held without consideration of transaction costs. The Company invested cash in money market funds and active exchange funds of $1.4 million and $1.8 million as of January 3, 2012 and December 28, 2010, respectively.

Assets held for sale consisted of Company Stores that the Company expected to refranchise. Such assets were recorded at the lower of the carrying amount or fair value less cost to sell. Fair value was determined based on the purchase price in the asset purchase agreement.

14. EMPLOYEE BENEFIT PLAN

The Company maintains a voluntary defined contribution plan covering all eligible employees. Eligible employees may elect to defer and contribute a percentage of their compensation to the plan, not to exceed the dollar amount set by law. During fiscal 2011 and fiscal 2010, the Company matched employees' contributions on a discretionary basis, resulting in a contribution of $0.1 million. In prior years, the Company matched 100% of the first 3%, and 50% for the 4% and 5% of an employees' contributions resulting in contribution for fiscal 2009 of $0.8 million.

15. OTHER COMMITMENTS AND CONTINGENCIES

Litigation Related—The Company records a liability for litigation claims and contingencies when payment is probable and the amount of loss can be reasonably estimated.

Two putative class action lawsuits, brought on behalf of former employees against the Company, were granted final Court approval during August and December of 2011. These lawsuits, brought in 2009 and 2010, respectively, alleged the Company failed to comply with various California labor laws. In August 2010, after engaging in settlement negotiations, the Company reached settlements for two of the lawsuits, each on a California statewide basis. The settlements were memorialized into definitive settlement agreements during 2011. One lawsuit was settled in November, 2011 and a designated claims administrator was charged with managing the claims. The other lawsuit gave class members the opportunity to participate or to opt-out, and to submit claims no later than November 2011. The Company paid these claims in February, 2012. The settlements for these two lawsuits, which totaled $1.9 million, $0.5 million of which was paid in fiscal 2011, did not include any admission of wrongdoing by the Company. As of January, 3, 2012, the Company has an accrual of $1.4 million for the payout, based on the claims submitted by the class members.

The Company is a defendant in other litigation arising in the normal course of business. Although there can be no assurance as to the ultimate disposition of these matters, it is the opinion of the Company's management, based upon the information available at this time, that the expected outcome of these matters, individually or in the aggregate, will not have a material adverse effect on the results of operations, liquidity or financial condition of the Company.

Other—The Company has purchase obligations with certain suppliers for certain fruits and dairy for various terms typically ranging from one year to five years. The Company has one contract with a supplier for a 15 year term that ends in 2024. These contracts are commitments to purchase a minimum level of fruit and other items used in the production of the Company's products totaling $83.3 million.

16. RELATED-PARTY TRANSACTIONS

The Company paid $0.4 million and $0.2 million in fiscal 2011 and fiscal 2010, respectively, to Mistral Capital Management, LLC for monitoring fees pursuant to the securities purchase agreement for the sale of its Series B Preferred Stock. Mistral Capital Management, LLC serves as an investment manager to certain funds who hold shares of the Company's Series B Preferred Stock. Two members of the Company's Board of Directors, Andrew R. Heyer and Beth L. Bronner, hold positions as general partner and Managing Director, respectively, of Mistral Capital Management, LLC.

17. UNAUDITED QUARTERLY INFORMATION

(In thousands, except per share amounts)

In accordance with its refranchising initiative, during fiscal 2011 the Company sold 42 stores during the first quarter. During fiscal 2010 the Company sold 20 stores during the first quarter, 22 stores in the second quarter, 46 stores in the third quarter and 17 stores during the fourth quarter.

	Fiscal Year 2011			
(Dollars in thousands, except share and per share amounts)	Sixteen Weeks Ended April 19, 2011	Twelve Weeks Ended July 12, 2011	Twelve Weeks Ended October 4, 2011	Thirteen Weeks Ended January 3, 2012
Revenue:				
Company stores	$63,203	$55,969	$54,102	$ 41,563
Franchise and other revenue	2,972	2,886	2,976	2,763
Total revenue	66,175	58,855	57,078	44,326
Costs and operating expenses (income):				
Cost of sales	15,213	12,807	11,808	9,675
Labor	21,964	16,610	14,565	14,729
Occupancy	10,180	6,725	6,802	7,385
Store operating	9,521	7,668	8,539	7,119
Depreciation and amortization	3,956	2,860	2,805	2,842
General and administrative	10,445	8,038	7,398	11,917
Impairment of long-lived assets	576	326	312	77
Other operating, net	647	(68)	924	393
Total costs and operating expenses	72,502	54,966	53,153	54,137
(Loss) Income from operations	(6,327)	3,889	3,925	(9,811)
Other income (expense):				
Interest income	—	27	99	33
Interest expense	(233)	(106)	(117)	(17)
Total other (expense) income, net	(233)	(79)	(18)	16
(Loss) Income before income taxes	(6,560)	3,810	3,907	(9,795)
Income tax benefit (expense)	40	123	217	(40)
Net (loss) income	(6,520)	3,933	4,124	(9,835)
Redeemable preferred stock dividends and deemed dividends	(827)	(538)	(489)	(477)
Net (loss) income attributable to common stockholders	$ (7,347)	$ 3,395	$ 3,635	$(10,312)
(Loss) Earnings per share:				
Basic	$ (0.11)	$ 0.05	$ 0.05	$ (0.15)
Diluted	$ (0.11)	$ 0.05	$ 0.05	$ (0.15)

(Dollars in thousands, except share and per share amounts)	Fiscal Year 2010 Sixteen Weeks Ended April 20, 2010	Twelve Weeks Ended July 13, 2010	Twelve Weeks Ended October 5, 2010	Twelve Weeks Ended December 28, 2010
Revenue:				
Company stores	$78,470	$72,250	$63,922	$ 39,849
Franchise and other revenue	1,958	1,823	2,167	2,214
Total revenue	80,428	74,073	66,089	42,063
Costs and operating expenses (income):				
Cost of sales	19,113	17,124	15,042	10,028
Labor	27,670	21,424	19,665	16,430
Occupancy	12,963	9,363	8,564	7,671
Store operating	10,962	9,896	9,461	8,039
Depreciation and amortization	4,934	3,490	3,085	3,101
General and administrative	10,877	9,361	8,087	8,937
Impairment of long-lived assets	171	2,121	—	486
Other operating, net	(1,176)	(397)	2,655	(471)
Total costs and operating expenses	85,514	72,382	66,559	54,221
(Loss) Income from operations	(5,086)	1,691	(470)	(12,158)
Other income (expense):				
Interest income	24	14	21	14
Interest expense	(177)	(112)	(145)	(113)
Total other expense	(153)	(98)	(124)	(99)
(Loss) Income before income taxes	(5,239)	1,593	(594)	(12,257)
Income tax (expense) benefit	(17)	(9)	(174)	41
Net loss	(5,256)	1,584	(768)	(12,216)
Redeemable preferred stock dividends and deemed dividends	(1,803)	(660)	(659)	(955)
Net (loss) income attributable to common stockholders	$ (7,059)	$ 924	$ (1,427)	$(13,171)
Earnings (Loss) per share:				
Basic	$ (0.13)	$ 0.02	$ (0.02)	$ (0.21)
Diluted	$ (0.13)	$ 0.02	$ (0.02)	$ (0.21)

During the fourth quarter of fiscal 2011, revenue included $3.6 million for the 53rd week in the fiscal year. As a result of accomplishing and accelerating its strategic objectives, the Company recorded approximately $2.4 million for employee performance compensation in G&A expense. In addition, G&A expense includes $0.5 million relating to the 53rd week in fiscal 2011. Other operating, net included an adjustment of $0.6 million to reverse breakage recorded in prior years.

During the fourth quarter of fiscal 2010, the Company recorded $3.0 million for jambacards breakage in other operating, net, which included a one-time benefit of approximately $1.5 million to recognize the effect of changes in the escheatment status in certain states. The adjustment included $0.3 million relating to the fourth quarter of fiscal 2010 and $0.2 million for each of the first three quarters of fiscal 2010.

18. SUBSEQUENT EVENTS

On February 14, 2012, the Company entered into a Credit Agreement (the "Credit Agreement") by and among the Company, Jamba Juice Company, the Company's wholly-owned subsidiary, as borrower ("Jamba Juice") and Wells Fargo Bank, National Association (the "Lender") whereby Lender is providing for a six million dollar revolving line of credit to Jamba Juice. The outstanding balance under the credit facility bears interest at a LIBOR Market Index Rate based upon the rate for one month U.S. dollar deposits, plus 3.75% per annum. Under the terms of the Credit Agreement, the Company and Jamba Juice are required to maintain minimum levels of trailing annual consolidated EBITDA and liquidity and will be subject to limits on annual capital expenditures. The Credit Agreement terminates January 31, 2013 or may be terminated earlier by Jamba Juice or by Lender. The credit facility is subject to customary affirmative and negative covenants for credit facilities of this type, including limitations on the Company with respect to liens, indebtedness, guaranties, investments, distributions, mergers and acquisitions and dispositions of assets. The credit facility is evidenced by a revolving note made by Jamba Juice in favor of Lender, is guaranteed by the Company and the subsidiaries of Jamba Juice and is secured by substantially all of the assets of the Company, Jamba Juice and their subsidiaries, including a pledge of stock of the Company's subsidiaries. The Company is in compliance with all related covenants.

On January 27, 2012, the Company acquired the assets of Talbott Teas, a Chicago-based boutique premium tea company, the purchase price for which is based on certain earn-out arrangements. The transaction will be recorded under the acquisition method during the first quarter of fiscal 2012.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not Applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, as the Company's controls are designed to do, and management necessarily was required to apply its judgment in evaluating the risk related to controls and procedures.

In connection with the preparation of this Annual Report on Form 10-K, as of January 3, 2012, an evaluation was performed under the supervision and with the participation of our management, including the CEO and CFO, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of January 3, 2012. These conclusions were communicated to the Audit Committee.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act. Our internal control system is designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of published financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Our management has assessed the effectiveness of our internal control over financial reporting as of January 3, 2012. In making its assessment of internal control over financial reporting, management used the criteria set forth by the Committee of Sponsoring Organizations ("COSO") of the Treadway Commission in Internal Control—Integrated Framework. Based on this assessment, our CEO and CFO concluded that our internal control over financial reporting was effective as of January 3, 2012 based on the criteria set forth by COSO in Internal Control—Integrated Framework.

Our independent registered public accounting firm, KPMG LLP, has issued an audit report on the effectiveness of our internal control over financial reporting. This report appears below.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

On March 7, 2012 the Compensation and Executive Development Committee of the Board of Directors of the Company established criteria for cash incentive awards that may be paid under the Company's Management Incentive Plan for the first performance period in fiscal year 2012 which covers January 3, 2012 through July 3, 2012 (the "2012 First Half Criteria"). Under the 2012 First Half Criteria, cash incentive awards will be earned by participants upon the achievement of specified Company financial objectives, department strategic objectives and individual personal objectives. Depending on a participant's position, the financial metrics account for 60% to 75% of the 2012 First Half Criteria. The strategic and personal metrics account for 25% to 30% and 0% to 10%, respectively, of the 2012 First Half Criteria and are dependent and vary based upon an employee's job title, department and individual duties.

If each of the target metrics is achieved in the first performance period for fiscal year 2012, participants will be eligible for a target award, based on the participant's position, as follows:

Position	Target Award as a % of Base Salary During Performance Period
CEO and President	100%
President Stores	50%
CFO	50%
Sr. VP/ Group VP/ VP	40%

Directors and Managers are also participants in the Management Incentive Plan with 2012 First Half Criteria target award percentages similarly based on base salary during the performance period.

Under the 2012 First Half Criteria, a participant is also eligible for an additional 25% of a participant's target award amount as a maximum award if the general and administrative expense target is achieved and the Company's operating profit for the performance period exceeds the target award level by a pre-determined amount.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Jamba, Inc.:

We have audited Jamba, Inc. and subsidiaries (the Company) internal control over financial reporting as of January 3, 2012, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Jamba, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 3, 2012, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Jamba, Inc. and subsidiaries as of January 3, 2012 and December 28, 2010, and the related consolidated statements of operations, stockholders' equity, and cash flows for the fiscal years ended January 3, 2012, December 28, 2010 and December 29, 2009, and our report dated March 8, 2012 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

San Francisco, California
March 8, 2012

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information regarding the Directors of the Company is incorporated herein by reference from the Company's 2012 Proxy Statement to Stockholders to be filed pursuant to Regulation 14A under the Exchange Act no later than 120 days after the end of the Company's 2011 fiscal year.

Information regarding the Executive Officers of the Company is contained in Part I of this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is incorporated herein by reference from the Company's 2012 Proxy Statement to Stockholders to be filed pursuant to Regulation 14A under the Exchange Act no later than 120 days after the end of the Company's 2011 fiscal year.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Except as set forth below, information required by Item 12 is incorporated herein by reference from the Company's 2012 Proxy Statement to Stockholders to be filed pursuant to Regulation 14A under the Exchange Act no later than 120 days after the end of the Company's 2011 fiscal year.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Item 13 is incorporated herein by reference from the Company's 2012 Proxy Statement to Stockholders to be filed pursuant to Regulation 14A under the Exchange Act no later than 120 days after the end of the Company's 2011 fiscal year.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by Item 14 is incorporated herein by reference from the Company's 2012 Proxy Statement to Stockholders to be filed pursuant to Regulation 14A under the Exchange Act no later than 120 days after the end of the Company's 2011 fiscal year.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

Documents filed as part of this report:

(1) List of Financial Statements

The following consolidated financial statements are included herein in Part II, Item 8 of this Annual Report on Form 10-K:

(2) Schedules to Financial Statements:

All financial statement schedules have been omitted because they are either inapplicable or the information required is provided in the Company's Consolidated Financial Statements and Notes thereto or included in Part II, Item 8 of this Annual Report on Form 10-K.

(3) List of Exhibits

Incorporated herein by reference is a list of the Exhibits contained in the Exhibit Index.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Emeryville, State of California, on the 9th day of March, 2012.

JAMBA, INC.

By: /s/ JAMES D. WHITE

James D. White
Chief Executive Officer and President

POWER OF ATTORNEY

We the undersigned officers and directors of Jamba, Inc., hereby severally constitute and appoint James D. White and Karen L. Luey, or either of them, his attorneys-in-fact, for such person in any and all capacities, to sign any amendments to this report and to file the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that either of said attorneys-in-fact, or substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ JAMES D. WHITE **James D. White**	Chief Executive Officer, President and Chairman of the Board of Directors (Principal Executive Officer)	March 9, 2012
/s/ KAREN L. LUEY **Karen L. Luey**	Chief Financial Officer, Chief Administrative Officer, Executive Vice President and Secretary (Principal Financial Officer and Principal Accounting Officer)	March 9, 2012
/s/ BETH BRONNER **Beth Bronner**	Director	March 9, 2012
/s/ MICHAEL A. DEPATIE **Michael A. Depatie**	Director	March 9, 2012
/s/ RICHARD L. FEDERICO **Richard L. Federico**	Director	March 9, 2012
/s/ ANDREW HEYER **Andrew Heyer**	Director	March 9, 2012
/s/ LESLEY H. HOWE **Lesley H. Howe**	Director	March 9, 2012
/s/ MARVIN IGELMAN **Marvin Igelman**	Director	March 9, 2012
/s/ BRIAN SWETTE **Brian Swette**	Director	March 9, 2012
/s/ FRITZI G. WOODS **Fritzi G. Woods**	Director	March 9, 2012

EXHIBIT INDEX

Exhibit Number	Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
3.1	Amended and Restated Certificate of Incorporation of the Company	8-K	001-32552	3.1	December 5, 2006	
3.2	Certificate of Amendment to Amended and Restated Certificate of Incorporation of the Company	8-K	001-32552	3.2	December 5, 2006	
3.3	Certificate of Designation, Preferences and Rights of the Terms of the Series A Preferred Stock	8-K	001-32552	3.1	October 9, 2008	
3.4	Certificate of Designation of Series B-1 Convertible Preferred Stock and Series B-2 Convertible Preferred Stock	8-K	001-32552	3.1	June 17, 2009	
3.5	Amended and Restated Bylaws of the Company	8-K	001-32552	3.3	August 17, 2010	
4.1	Specimen Common Stock Certificate	S-1	333-122812	4.2	February 14, 2005	
4.2	Rights Agreement, effective as of October 8, 2008 between Jamba, Inc. and Continental Stock Transfer & Trust Company as Rights Agent	8-K	001-32552	4.1	October 9, 2008	
4.3	Amendment No. 1 to Rights Agreement dated June 16, 2009 between Jamba, Inc. and Continental Stock Transfer & Trust Company as Rights Agent	8-K	001-32552	4.3	June 17, 2009	
4.4	Registration Rights Agreement dated June 16, 2009 between Jamba, Inc., the Investors and North Point	8-K	001-32552	4.1	June 17, 2009	
4.5	Form of Warrant issued to North Point Advisors LLC	8-K	001-32552	4.2	June 17, 2009	
10.1	Form of Indemnity Agreement entered into between the Company and its directors, officers and certain other employees	8-K	001-32552	10.1	December 5, 2006	
10.2	Form of Distribution Agreement by and between Jamba Juice Company and various suppliers	8-K	001-32552	10.4	December 5, 2006	
10.3	Office Lease for the property located at 6475 Christie Avenue, Emeryville, CA 94608, by and between Jamba Juice Company and Bay Center Office, LLC dated July 28, 2006	8-K	001-32552	10.5	December 5, 2006	
10.4	Amended and Restated 1994 Stock Incentive Plan**	8-K	001-32552	10.16	December 5, 2006	

Exhibit Number	Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
10.5	2001 Equity Incentive Plan**	8-K	001-32552	10.17	December 5, 2006	
10.6	Jamba, Inc. Amended and Restated 2006 Employee, Director and Consultant Stock Plan**	DEF14A	001-32552	Annex A	April 1, 2010	
10.7	Form of Incentive Stock Option Plan under the 2006 Plan**	10-Q	001-32552	10.2	August 17, 2011	
10.8	Form of Non-Qualified Stock Option Agreement under the 2006 Plan**	10-Q	001-32552	10.3	August 17, 2011	
10.9	Form of Restricted Stock Units Agreement under the 2006 Plan**	10-Q	001-32552	10.4	August 17, 2011	
10.10	Jamba, Inc. 2010 Employee Stock Purchase Plan	DEF14A	001-32552	Annex B	April 1, 2010	
10.11	Non-employee Director Compensation Policy**	8-K	001-32552	10.21	December 5, 2006	
10.12	Distribution Agreement by and between Jamba Juice Company and Southwest Traders, Inc. dated September 1, 2007*	10-K	001-32552	10.27	March 17, 2008	
10.13	Form of Executive Employment Agreement entered into between Jamba Juice Company and each of Karen L. Luey, Thibault de Chatellus, Steve Adkins, Greg Schwartz and Susan Shields**	8-K	001-32552	10.1	October 14, 2008	
10.14	Employment Agreement dated November 17, 2008 between Jamba Juice Company and James White**	8-K	001-32552	10.1	November 18, 2008	
10.15	Notice of Grant of Non-Qualified Stock Option and Non-Qualified Stock Option Agreement, Dated December 1, 2008, entered into between Jamba, Inc. and James White**	10-K	001-32552	10.22	March 16, 2009	
10.16	Securities Purchase Agreement dated May 31, 2009 between the Company and the purchasers identified therein (including as exhibits the Form of Certificate of Designation, Form of Registration Rights Agreement and of Amendment No. 1 to Rights Plan)	8-K	001-32552	10.1	June 2, 2009	

Exhibit Number	Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
10.17	Jamba, Inc. Management Incentive Plan	8-K	001-32552	10.1	December 21, 2010	
10.18	Credit Agreement dated as of February 14, 2012 by and among the Company, Jamba Juice company and Wells Fargo Bank, National Association					X
14.1	Code of Business Conduct and Ethics	8-K	001-32552	14.1	December 5, 2006	
21.1	List of Subsidiaries					X
23.1	Consent of Independent Registered Public Accounting Firm–KPMG LLP					X
24	Power of Attorney, included on signature page hereto					X
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended					X
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended					X
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X

101.INS XBRL Instance Document
101.SCH XBRL Taxonomy Extension Schema Document
101.CAL XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF XBRL Taxonomy Extension Definition Linkbase Document
101.LAB XBRL Taxonomy Extension Label Linkbase Document
101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

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* This exhibit (or portions thereof) has been filed separately with the Securities and Exchange Commission pursuant to an application for confidential treatment. The confidential portions of this exhibit have been omitted and are marked by an asterisk.

** Management contract, or compensatory plan or arrangement.

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Corporate and Stockholder Information

Board of Directors

Beth Bronner

Michael A. Depatie

Richard L. Federico

Andrew R. Heyer

Lesley H. Howe

Marvin Igelman

Brian Swette

James D. White

Fritzi G. Woods

Officers

James D. White
Chairman of the Board of Directors, President and Chief Executive Officer of the Company and Jamba Juice Company

Karen L. Luey
Executive Vice President and Chief Financial Officer, Chief Administrative Officer and Secretary of the Company and Jamba Juice Company

Bruce Schroder
Executive Vice President, Chief Operating Officer of the Company and Jamba Juice Company

Steve Adkins
Senior Vice President, Operations Support of Jamba Juice Company

Thibault de Chatellus
Senior Vice President, International of Jamba Juice Company

Richard Coats
Senior Vice President, Franchise Operations of Jamba Juice Company

Thomas Madsen
Senior Vice President, Finance and Strategy of Jamba Juice Company

Gregory A. Schwartz
Senior Vice President, Supply Chain of Jamba Juice Company

Susan H. Shields
Senior Vice President and Chief Innovation Officer of Jamba Juice Company

Julie S. Washington
Senior Vice President, Chief Brand Officer of Jamba Juice Company

Jamba, Inc.
6475 Christie Ave
Suite 150
Emeryville, CA 94608
Phone 510.596.0100
Fax 510.653.0643

Transfer Agent
Continental Stock Transfer & Trust Company
17 Battery Place
New York, NY 10004

Corporate Counsel
DLA Piper LLP (US)
2000 University Ave
East Palo Alto, CA 94303

Independent Registered Public Accounting Firm
KPMG LLP
55 Second Street, Suite 1400
San Francisco, CA 94105

SEC Form 10-K
A copy of the Company's annual report to the Securities and Exchange Commission on Form 10-K (exclusive of exhibits) is available without charge upon written request to:

Investor Relations
Jamba, Inc.
c/o ICR, Inc.
825 Third Avenue
31st Floor
New York, NY 10022
646.277.1200

Notice of Annual Meeting
Jamba Juice Support Center
6475 Christie Avenue, Suite 150
Emeryville, CA 94608
May 17, 2012
8:00 a.m. (PDT)

Common Shares
Common Shares of Jamba, Inc. are traded on NASDAQ under the symbol JMBA

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