EDIETS COM INC
Form 424B5
April 06, 2010
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Prospectus Supplement
(to Prospectus dated March 25, 2010)

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-165445

eDiets.com, Inc.

5,275,000 Shares of Common Stock

We are offering 5,275,000 shares of our common stock at a price of $1.00 per share.

We and Prides Capital Partners, LLC (Prides), our largest stockholder, agreed to convert the aggregate principal amount of the three outstanding notes we have issued in favor of Prides (the Prides Notes) plus all accrued and unpaid interest through the date of conversion into common stock at a price equal to the price at which the common stock will be sold in the public offering. As of March 31, 2010, the Prides Notes had an aggregate principal balance of $15,145,000 and aggregate accrued and unpaid interest of $6,327,533. In addition, we and Kevin A. Richardson, II, one of our directors and an officer of Prides, agreed to convert the principal amount of an outstanding note that we have issued in favor of Mr. Richardson (the Richardson Note) plus all accrued and unpaid interest through the date of conversion into common stock at a price equal to the price at which the common stock will be sold in the public offering. As of March 31, 2010, the Richardson Note had an aggregate principal balance of $500,000 and aggregate accrued and unpaid interest of $1,575. Additionally, specified directors and officers have agreed to purchase $500,000 of common stock at a price equal to the price at which the common stock will be sold in the public offering. The conversion of the Prides Notes and the Richardson Note into common stock and the purchase of common stock by specified directors and officers is contingent upon the completion of the public offering described in this prospectus supplement, approval by our stockholders of the three transactions, an amendment to our Certificate of Incorporation increasing our authorized shares to at least 100,000,000 and other customary closing conditions. Prides, which owned 15,118,726 shares, or 52.0%, of our outstanding common stock as of March 31, 2010, has agreed to execute a written consent approving the debt conversions, the private placement and the amendment to our Certificate of Incorporation. The conversion of the Prides Notes and the Richardson Note, and the sale of the common stock to specified directors and officers will be done in private placements exempt from registration under the Securities Act of 1933, as amended.

For a more detailed description of our common stock, see the section entitled Description of Common Stock beginning on page S-8.

Our common stock is listed on The Nasdaq Capital Market under the symbol DIET. The last reported sale price of our common stock on The Nasdaq Capital Market on April 1, 2010 was $1.43 per share.

As of the date of this prospectus supplement, the aggregate market value of our outstanding common stock held by non-affiliates was approximately $20.7 million based on 29,048,512 shares of outstanding common stock, of which 12,462,136 are held by non-affiliates, and a per share price of $1.66 which was based on the closing sale price of our common stock on March 11, 2010. We have not offered any securities pursuant to General Instruction I.B.6. of Form S-3 during the prior 12 calendar month period that ends on and includes the date of this prospectus supplement.

We have retained Roth Capital Partners, LLC as our exclusive placement agent in connection with this offering. The placement agent has no obligation to buy any of the common stock from us or to arrange for the purchase or sale of any specific number or dollar amount of common stock. See Plan of Distribution beginning on page S-9 of this prospectus supplement for more information regarding these arrangements.

Investing in our common stock involves a high degree of risk. See Risk Factors beginning on page S-4 of this prospectus supplement and Risk Factors beginning on page 3 of the accompanying prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the common stock or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Maximum Offering Amount

Public offering price of common stock	$	1.00	$	5,275,000
Placement agent fees	$	0.07	$	369,250
Proceeds, before expenses, to eDiets.com, Inc.	$	0.93	$	4,905,750

We estimate the total expenses of this offering, excluding the placement agency fees but including reimbursement of certain of the placement agent s expenses, will be approximately $197,750. Because there is no minimum offering amount, the actual offering amount, the placement agency fees and net proceeds to us, if any, in this offering may be substantially less than the total offering amounts set forth above. We are not required to sell any specific number or dollar amount of the common stock offered in this offering, but the placement agent will use its best efforts to arrange for the sale of all of the common stock offered.

We expect that delivery of the common stock being offered pursuant to this prospectus supplement will be made to purchasers on or about April 9, 2010.

Roth Capital Partners

The date of this prospectus supplement is April 5, 2010.

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Prospectus Supplement

Prospectus dated March 25, 2010

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus are part of a shelf registration statement on Form S-3, registration statement number 333-165445, that we filed with the Securities and Exchange Commission (the SEC) on March 12, 2010 and that was declared effective on March 25, 2010. Under this shelf registration process, we may offer and sell from time to time in one or more offerings the securities described in the accompanying prospectus. This prospectus supplement describes the specific details regarding this offering, including the price and the amount of our common stock being offered, the risks of investing in our common stock and other items.

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering of our common stock and also adds, updates, and changes information contained in the accompanying prospectus and the documents incorporated by reference. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to this offering. Generally, when we refer to this prospectus, we are referring to both documents combined. To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus or any document filed prior to the date of this prospectus supplement and incorporated by reference, the information in this prospectus supplement will control.

You should rely only on the information contained in this prospectus supplement and the accompanying prospectus, including any information incorporated by reference. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should not assume that the information appearing in this prospectus supplement, the accompanying prospectus or any document incorporated by reference is accurate at any date other than as of the date of each such document. Our business, financial condition, results of operations and prospects may have changed since the date indicated on the cover page of such documents.

References in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference to we, our, us, eDiets and the Company refer to eDiets.com, Inc. Both this prospectus supplement and the accompanying prospectus include important information about us, our common stock and other information you should know before investing. This prospectus supplement also adds, updates, and changes certain of the information contained in the prospectus. You should read both this prospectus supplement and the accompanying prospectus as well as the additional information described under the headings Incorporation by Reference and Where You Can Find More Information before investing in our common stock.

This prospectus supplement contains summaries of certain provisions contained in some of the documents described herein, but reference is made to the actual documents for complete information. All of the summaries are qualified in their entirety by the actual documents. Copies of some of the documents referred to herein have been filed, will be filed or will be incorporated by reference as exhibits to the registration statement of which this prospectus supplement is a part, and you may obtain copies of those documents as described below under the heading Where You Can Find More Information.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary is not complete and does not contain all of the information you should consider before investing in the common stock offered by this prospectus supplement. You should read this summary together with the entire prospectus supplement and prospectus, including our financial statements, the notes to those financial statements, and the other documents that are incorporated by reference in this prospectus supplement, before making an investment decision. See the Risk Factors section of this prospectus supplement on page S-4 and the Risk Factors section of the prospectus on page 3 for a discussion of the risks involved in investing in our common stock.

Our Business

eDiets.com, Inc. leverages the power of technology to bring weight loss solutions to both consumers and businesses. We generate revenue in four ways.

- We sell digital weight-loss programs.
- We offer a nationwide weight loss oriented meal delivery service.
- We derive licensing revenues for the use of our intellectual property and development revenues related to the planning, design and development of private-label nutrition Web sites.
- We sell advertising throughout our content assets, which are primarily our diet, fitness and healthy lifestyle-oriented Web sites.

Subscription Business

We have been offering digital subscription-based plans in the United States since 1998, when we launched our first diet plan. Our digital diet plans are personalized according to an individual s weight goals, food and cooking preferences and include the related shopping lists and recipes. eDiets offers a variety of approximately twenty different diet plans, some of which we have developed and some of which we have licensed from third parties under exclusive arrangements. We also offer a subscription-based nationwide weight loss oriented meal delivery service.

Subscribers to our digital diet and meal delivery plans are acquired through our own advertising or through co-marketing arrangements with third parties. In addition to a digital diet or meal delivery product, they receive access to support offerings including interactive online information, communities and education as well as telephone and online support. eDiets offers message boards on various topics of interest to our subscribers, online meetings presented by licensed mental health counselors, registered dietitians and certified fitness trainers and the resources of approximately 30 customer service representatives, nutritionists and fitness personnel.

Digital subscription programs ranging from four weeks to 52 weeks are billed in advance in varying increments of time. Substantially all of our digital subscribers purchase programs via credit/debit cards, with renewals billed automatically, until cancellation. During 2009 we recorded approximately $5.0 million in digital plans revenue, or approximately 27.4% of total revenues for 2009.

Meal delivery subscribers purchase a full week or five days of prepared breakfasts, lunches, and dinners, supplemented by snacks that are generally shipped to arrive within two to three days. During 2009, we recorded approximately $7.8 million in meal delivery revenue, or approximately 43.3% of total revenues for 2009.

License Business

Our eDiets Corporate Services subsidiary is actively engaged in providing private label online nutrition, fitness and wellness programs to companies mainly in the health insurance, pharmaceutical and food industries. During 2009, we recorded approximately $4.1 million in business-to-business revenue, or approximately 22.4% of total revenues for 2009.

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We also recognized $0.5 million in royalty revenue in 2009 as a result of having licensed to Tesco plc (Tesco) the exclusive rights to use eDiets brand and diet plan technology in the United Kingdom and Ireland. Effective July 31, 2009, we terminated this exclusive licensing agreement with Tesco. The termination agreement provides Tesco with certain continuing rights in the Company technology used by or incorporated into Tesco s diet website prior to termination, including a three-year non-exclusive right to use such technology and, thereafter, an assignment of certain intellectual property rights relating to such technology.

Content Business

Our advertising sales revenues were approximately $0.7 million, or 3.9% of total revenues for 2009, and are derived from our flagship Web site, www.eDiets.com. The site includes free, regularly updated content developed primarily by our in-house editorial staff. Content is grouped into channels including Diet & Nutrition, Fitness, Mind & Body, Health, Food & Recipes and Success Stories.

Additional advertising revenues are generated through placements in our free opt-in email newsletters and through placements within the subscription sales process.

Our principal executive offices are located at 1000 Corporate Drive, Suite 600, Fort Lauderdale, FL 33334. Our telephone number is: (954) 360-9022.

Debt Conversions; Securities Subscription and Purchase Agreements with Directors and Officers

We and Prides agreed to convert the aggregate principal amount of the Prides Notes plus all accrued and unpaid interest through the date of conversion into common stock at a price equal to the price at which the common stock will be sold in the public offering. As of March 31, 2010, the Prides Notes had an aggregate principal balance of $15,145,000 and aggregate accrued and unpaid interest of $6,327,533. As of March 31, 2010, interest on the Prides Notes accrues at a daily rate of approximately $9,321. In addition, we and Mr. Richardson agreed to convert the principal amount of the Richardson Note plus all accrued and unpaid interest through the date of conversion into common stock at a price equal to the price at which the common stock will be sold in the public offering. As of March 31, 2010, the Richardson Note had an aggregate principal balance of $500,000 and aggregate accrued and unpaid interest of $1,575. As of March 31, 2010, interest on the Richardson Note accrues at a daily rate of approximately $68. Additionally, specified directors and officers have agreed to purchase, pursuant to Securities Subscription and Purchase Agreements, $500,000 of common stock at a price equal to the price at which the common stock will be sold in the public offering. The conversion of the Prides Notes and the Richardson Note into common stock and the purchase of the common stock by specified directors and officers is contingent upon the completion of the public offering described in this prospectus supplement (and in the case of the debt conversions receipt of at least $3 million in gross proceeds), approval by our stockholders of the three transactions, an amendment to our Certificate of Incorporation increasing our authorized shares to at least 100,000,000 and other customary closing conditions. Prides, which owned 15,118,726 shares, or 52.0%, of our outstanding common stock as of March 31, 2010, has agreed to execute a written consent approving the debt conversions, the private placement and the amendment to our Certificate of Incorporation. Based on the amounts outstanding under the Prides Notes and the Richardson Note as of March 31, 2010, after consummation of the sale of the 5,275,000 shares of common stock offered pursuant to this prospectus supplement and consummation of the debt conversions and the $500,000 private placement, assuming no other shares of common stock are issued, Prides will own approximately 64.4% of our outstanding common stock on an as adjusted basis. However, because interest will continue to accrue on the Prides Notes until the date of closing of the debt conversions, the percentage of our outstanding common stock that Prides will own at closing of the debt conversions may be slightly higher. The conversion of the Prides Notes and the Richardson Note, and the sale of the common stock to specified directors and officers will be done in private placements exempt from registration under the Securities Act of 1933, as amended.

The Offering

Common stock offered by us	5,275,000 shares.
Common stock to be outstanding after this offering	34,323,512 shares. [1]

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Use of proceeds	We intend to use the net proceeds received from the sale of the common stock for general corporate purposes, including working capital to fund our future growth opportunities, such as the expansion of advertising related to our fresh-prepared meal delivery service. See Use of Proceeds on page S-7.
Market for the common stock	Our common stock is quoted and traded on The Nasdaq Capital Market under the symbol DIET.
Risk factors	See Risk Factors on page S-4 for a discussion of factors you should consider carefully before deciding to invest in our common stock.
The Nasdaq Capital Market symbol for common stock	DIET

(1) The number of shares of our common stock outstanding after this offering is based on 29,048,512 shares outstanding as of March 31, 2010, which excludes:

- 1,041,557 shares of our common stock issuable upon exercise of outstanding stock options granted under the eDiets.com, Inc. Stock Option Plan, originally adopted in 1999, having a weighted average exercise price of $3.45 per share;

- 4,022,572 shares of our common stock issuable upon exercise of outstanding stock options granted under the eDiets.com, Inc. Amended and Restated Equity Incentive Plan, originally adopted in 2004 (the 2004 Plan), having a weighted average exercise price of $2.28 per share;

- 1,641,016 additional shares of our common stock reserved for future issuance under the 2004 Plan;

- 1,689,370 shares of our common stock issuable upon exercise of outstanding warrants having a weighted average exercise price of $1.20 per share (which will be reduced to $1.03 per share pursuant to the adjustment provisions therein in connection with this offering and the conversion of the Prides Notes and the Richardson Note and the purchase of common stock by certain of our directors and officers pursuant to the Securities Subscription and Purchase Agreements described above);

- 21,974,108 shares of our common stock to be issued in connection with the conversion of the Prides Notes and the Richardson Note (based on the aggregate principal and accrued and unpaid interest as of March 31, 2010); and

- 500,000 shares of our common stock to be issued to our directors and officers pursuant to the Securities Subscription and Purchase Agreements described above.

Unless otherwise stated, outstanding share information throughout this prospectus supplement excludes such outstanding options and warrants to purchase shares of common stock and shares available for issuance.

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RISK FACTORS

An investment in our common stock involves a high degree of risk. Before making an investment decision you should carefully consider the risks described below and the risks and uncertainties described in the accompanying prospectus and in our Form 10-K for the year ended December 31, 2009, which is incorporated by reference herein, and the other information set forth or incorporated by reference in this prospectus supplement and the accompanying prospectus. The risks and uncertainties described or incorporated by reference in this prospectus supplement and the accompanying prospectus are not the only ones we face. Additional risks and uncertainties that we are unaware of or that we believe are not material at this time could also materially adversely affect our business, financial condition or results of operations. In any case, the value of our common stock could decline, and you could lose all or part of your investment. You should also refer to our financial statements and the notes to those statements, which are incorporated by reference in this prospectus supplement. See also the information contained under the heading Special Note Regarding Forward-Looking Statements immediately below.

Our use of the offering proceeds may not yield a favorable return on your investment.

We currently intend to use the net proceeds received from the sale of the common stock for general corporate purposes, including working capital to fund our future growth opportunities, such as the expansion of advertising related to our fresh-prepared meal delivery service. Our management has broad discretion over how these proceeds are used and could spend the proceeds in ways with which you may not agree. It is possible that the net proceeds will be invested in a way that does not yield a favorable, or any, return for us. The failure of our management to use such funds effectively could have a material adverse effect on our business, financial condition, operating results and cash flow.

You will experience immediate dilution in the book value per share of the common stock you purchase.

Because the price per share of our common stock being offered is substantially higher than the book value per share of our common stock, you will suffer substantial dilution in the net tangible book value of the common stock you purchase in this offering. After giving effect to the sale by us of 5,275,000 shares of common stock in this offering, and based on a public offering price of $1.00 per share in this offering and a pro forma net tangible book deficit per share of our common stock of $0.34 as of December 31, 2010, if you purchase common stock in this offering, you will suffer immediate and substantial dilution of $1.34 per share in the net tangible book value of the common stock purchased. See Dilution on page S-7 for a more detailed discussion of the dilution you will incur in connection with this offering.

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SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents that are incorporated by reference into this prospectus supplement contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). These statements concern expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. Specifically, this prospectus supplement and the documents incorporated by reference into this prospectus supplement contain forward-looking statements regarding:

- our expectation that we will seek additional capital through a private placement or public offering of our common stock;
- our belief regarding market demand for our products;
- the agreement to convert the amounts outstanding under the Prides Notes and the Richardson Note into common stock;
- our intent to sell $500,000 of common stock to certain directors and officers;
- our belief that our trademarks and other proprietary rights are important to our success and competitive position;
- our expectation that our total gross margins will improve in the future as our efforts to improve meal delivery margin are realized;
- our expectation that revenue streams from revenue sources other than digital plan subscriptions will continue to become a larger share of total revenues;
- our belief that we can rapidly secure alternate technology infrastructure vendors if we experience an interruption in Web site service;
- our expectation that we will be successful in implementing programs designed to enhance the privacy protection of our visitors to our Web site;
- our expectation that we will conduct our operations in compliance with applicable regulatory requirements;
- our expectation regarding the effect of any legal proceedings or legal inquiries on our financial condition or results of operations; and
- our estimates regarding certain accounting and tax matters, including the adoption of certain accounting pronouncements.

These forward-looking statements reflect our current views about future events and are subject to risks, uncertainties and assumptions. We wish to caution readers that certain important factors may have affected and could in the future affect our actual results and could cause actual results to differ significantly from those expressed in any forward-looking statement. The most important factors that could prevent us from achieving our goals, and cause the assumptions underlying forward-looking statements and the actual results to differ materially from those expressed in or implied by those forward-looking statements include, but are not limited to, the following:

our ability to raise additional capital through a private placement or public offering of our common stock;

our ability to accurately assess market demand for our products;

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our ability to meet the conditions necessary to consummate the conversion of the Prides Notes and the Richardson Note and to consummate the sale of $500,000 of common stock to certain directors and officers;

our ability to access the factors that are important to our success and competitive position;

our ability to improve our meal delivery margin and its effect on total gross margins;

our ability to rapidly secure alternate technology infrastructure vendors if we experience Web site service interruption;

our ability to successfully implement programs designed to enhance the privacy protection of our visitors to our Web site;

our ability to maintain compliance with applicable regulatory requirements;

our ability to sufficiently increase our revenues and maintain expenses and cash capital expenditures at appropriate levels;

the state of the credit markets and capital markets, including the level of volatility, illiquidity and interest rates; and

our ability to successfully estimate certain accounting and tax matters, including the effect on our Company of adopting certain accounting pronouncements.

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USE OF PROCEEDS

We estimate that the aggregate net proceeds from this offering, after deducting the placement agent s fees and our estimated offering expenses, will be approximately $4.7 million.

We intend to use the net proceeds received from the sale of the common stock for general corporate purposes, including working capital to fund our future growth opportunities, such as the expansion of advertising related to our fresh-prepared meal delivery service. Our management will have broad discretion in the application of the net proceeds of this offering. We reserve the right to change the use of proceeds as a result of certain contingencies such as competitive developments, opportunities to acquire technologies or products and other factors.

DILUTION

Purchasers of shares of our common stock in this offering will suffer an immediate and substantial dilution in net tangible book value per share. Net tangible book value per share is total tangible assets, reduced by total liabilities, divided by the total number of outstanding shares of common stock. Our net tangible book deficit as of December 31, 2009 was approximately $16.5 million, or approximately $0.57 per outstanding share of common stock.

After giving effect to the sale of the common stock and the application of the net proceeds therefrom at a public offering price of $1.00 per share, our adjusted net tangible book deficit as of December 31, 2009 would have been approximately $11.7 million, or approximately $0.34 per share. This represents an immediate increase in net tangible book value of $0.22 per share to our existing stockholders and an immediate dilution of $1.34 per share to new investors. The following table illustrates this calculation on a per share basis, assuming that we sell all of the common stock we are offering:

Public offering price per share	$ 1.00
Net tangible book deficit per share as of December 31, 2009	$ 0.57
Increase per share attributable to the offering	$ 0.22
Adjusted net tangible book deficit per share as of December 31, 2009 after giving effect to this offering	$ 0.34
Dilution per share to new investors	$ 1.34

The foregoing table is based on 29,048,512 shares of common stock outstanding as of March 31, 2010, which does not take into effect further dilution to new investors that could occur upon the exercise of outstanding options having a per share exercise price less than the offering price.

In addition, the calculations in the foregoing table do not take into account any of the following:

1,041,557 shares of our common stock issuable upon exercise of outstanding stock options granted under the eDiets.com, Inc. Stock Option Plan, originally adopted in 1999, having a weighted average exercise price of $3.45 per share;

4,022,572 shares of our common stock issuable upon exercise of outstanding stock options granted under the eDiets.com, Inc. Amended and Restated Equity Incentive Plan, originally adopted in 2004 (the 2004 Plan), having a weighted average exercise price of $2.28 per share;

1,641,016 additional shares of our common stock reserved for future issuance under the 2004 Plan;

1,689,370 shares of our common stock issuable upon exercise of outstanding warrants having a weighted average exercise price of $1.20 per share (which will be reduced to $1.03 per share pursuant to the adjustment provisions therein in connection with this offering and the conversion of the Prides Notes and the Richardson Note and the purchase of common stock by certain of our directors and officers pursuant to the Securities Subscription and Purchase Agreements);

21,974,108 shares of our common stock to be issued in connection with the conversion of the Prides Notes and the Richardson Note (based on the aggregate principal and accrued and unpaid interest as of March 31, 2010); and

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- 500,000 shares of our common stock to be issued to our directors and officers pursuant to the Securities Subscription and Purchase Agreements.

To the extent that any of our outstanding options or warrants are exercised, we grant additional options under our stock option plans or issue additional warrants, or we issue additional shares of common stock in the future, there may be further dilution to new investors.

DESCRIPTION OF COMMON STOCK

In this offering, we are offering 5,275,000 shares of our common stock at a purchase price of $1.00 per share.

Common Stock

The following description of our common stock is a summary. It is not complete and is subject to and qualified in its entirety by our Certificate of Incorporation and Bylaws, each as amended to date, and a copy of each of which has been incorporated as an exhibit to the registration statement of which this prospectus supplement forms a part.

As of March 31, 2010, our Certificate of Incorporation authorizes us to issue 50,000,000 shares of common stock, par value $0.001 per share, and 1,000,000 shares of preferred stock, par value $0.01 per share. As of March 31, 2010, 29,048,512 shares of common stock were outstanding and no shares of preferred stock were outstanding.

The material terms and provisions of our common stock are described under the caption Description of Common Stock starting on page 11 of the accompanying prospectus.

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PLAN OF DISTRIBUTION

Roth Capital Partners, LLC, which we refer to as the placement agent, has agreed to act as the exclusive placement agent in connection with this offering subject to the terms and conditions of a placement agency agreement dated as of April 5, 2010. The placement agent is not purchasing or selling any common stock offered by this prospectus supplement or the accompanying prospectus, nor is it required to arrange the purchase or sale of any specific number or dollar amount of common stock, but it has agreed to use its best efforts to arrange for the sale of all of the common stock offered hereby. We will enter into subscription agreements directly with purchasers in connection with this offering.

Pursuant to such subscription agreements, we will sell to the purchasers 5,275,000 shares of our common stock at a price of $1.00 per share. We negotiated the price for the shares of common stock offered in this offering with the purchasers and the price was approved by a special committee comprised entirely of disinterested members of our Board of Directors and was ratified by the full Board of Directors. The factors considered in determining the price included the recent market price of our common stock, the general condition of the securities market at the time of this offering, the history of, and the prospects for, the industry in which we compete, our past and present operations, and our prospects for future revenues.

The placement agency agreement provides that the obligations of the placement agent are subject to certain conditions precedent, including the absence of any material adverse change in our business and the receipt of certain opinions, letters and certificates from our counsel, our independent auditors and us.

We will pay the placement agent a cash fee equal to 7% of the gross proceeds from the offering. We will also reimburse the placement agent for all reasonable out-of-pocket expenses that have been incurred by the placement agent in connection with the offering, which shall not exceed 1% of the gross proceeds received by us from the sale of the shares of common stock.

The following table shows the per share and total placement agent fees we will pay to the placement agent in connection with the sale of the common stock offered pursuant to this prospectus supplement, assuming the sale of all of the common stock offered hereby at $1.00 per share:

	Per Share	Total
Placement agency fees	$ 0.07	$ 369,250

Because there is no minimum offering amount required, the actual total placement agency fees, if any, are not presently determinable and may be substantially less than the maximum amount set forth above. The maximum fees to be received by the placement agent or any other member of the Financial Industry Regulatory Association, or FINRA, or independent broker-dealer will not be greater than 8% of the gross proceeds from the sale of the shares sold in this offering. We estimate that total expenses payable by us in connection with this offering, excluding the placement agent fees but including reimbursement of certain of the placement agent s expenses, will be approximately $197,750.

In addition, as described in Subsequent Debt Conversions / Sale Of Common Stock To Insiders below, certain of our officers and directors have agreed, subject to stockholder approval and other closing conditions, to provide $1 million of additional capital in a private placement, consisting of the payment of $500,000 in cash and the exchange of the $500,000 Richardson Note at the public offering price of $1.00 per share (the Private Placement). Roth has also agreed to act as the placement agent with respect to the Private Placement on the same basis as in this offering, and accordingly will receive a cash fee equal to 7% of the price per share of the common stock issued in the Private Placement ($0.07 per share). We will also reimburse the placement agent for all reasonable out-of-pocket expenses that have been incurred by the placement agent in connection with the Private Placement, which shall not exceed 1% of the price per share of the common stock issued in the Private Placement.

We have agreed to indemnify the placement agent against certain liabilities, including liabilities under the Securities Act of 1933, as amended, and liabilities arising from breaches of representations and warranties contained

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in the placement agency agreement. We have also agreed to contribute to payments the placement agent may be required to make in respect of such liabilities.

We have agreed not to issue or sell any shares of common stock or securities exchangeable or convertible into common stock at a price less than $1.00 per share for a period of 60 days following the close of this offering, except that we may issue stock options or shares of restricted stock pursuant to existing equity compensation plans and issue shares of our common stock upon the exercise of outstanding convertible securities.

The placement agent may be deemed to be an underwriter within the meaning of Section 2(a)(11) of the Securities Act, and any fees or commissions received by it and any profit realized on the resale of securities sold by it while acting as principal might be deemed to be underwriting discounts or commissions under the Securities Act. As an underwriter, the placement agent is required to comply with the requirements of the Securities Act and the Exchange Act, including, without limitation, Rule 415(a)(4) under the Securities Act and Rule 10b-5 and Regulation M under the Exchange Act. These rules and regulations may limit the timing of purchases and sales of shares of common stock by the placement agent. Under these rules and regulations, the placement agent:

- may not engage in any stabilization activity in connection with our securities; and

- may not bid for or purchase any of our securities or attempt to induce any person to purchase any of our securities, other than as permitted under the Exchange Act, until it has completed its participation in the distribution.

From time to time in the ordinary course of their respective businesses, the placement agent or its affiliates have in the past or may in the future engage in investment banking and/or other services with us and our affiliates for which it has or may in the future receive customary fees and expenses.

The foregoing does not purport to be a complete statement of the terms and conditions of the placement agency agreement and the subscription agreement. Copies of the placement agency agreement and the subscription agreement will be included as exhibits to our current report on Form 8-K that will be filed with the SEC and incorporated by reference into the Registration Statement of which this prospectus supplement forms a part. See Where You Can Find More Information on page S-12.

SUBSEQUENT DEBT CONVERSIONS / SALE OF COMMON STOCK TO INSIDERS

Pursuant to a Debt Conversion Agreement dated April 5, 2010, we and Prides agreed to convert the aggregate principal amount of the Prides Notes plus all accrued and unpaid interest through the date of conversion into common stock at a price equal to the price at which the common stock will be sold in the public offering described in this prospectus supplement. As of March 31, 2010, the Prides Notes had an aggregate principal balance of $15,145,000 and aggregate accrued and unpaid interest of $6,327,533. As of March 31, 2010, interest on the Prides Notes accrues at a daily rate of approximately $9,321. In addition, pursuant to a Debt Conversion Agreement dated April 5, 2010, we and Mr. Richardson agreed to convert the principal amount of the Richardson Note plus all accrued and unpaid interest through the date of conversion into common stock at a price equal to the price at which the common stock will be sold in the public offering. As of March 31, 2010, the Richardson Note had an aggregate principal balance of $500,000 and aggregate accrued and unpaid interest of $1,575. As of March 31, 2010, interest on the Richardson Note accrues at a daily rate of approximately $68. Additionally, pursuant to Securities Subscription and Purchase Agreements dated April 5, 2010, specified directors and officers have agreed to purchase in a private placement $500,000 of common stock at a price equal to the price at which the common stock will be sold in the public offering. Based on the amounts outstanding under the Prides Notes and the Richardson Note as of March 31, 2010, after consummation of the sale of the 5,275,000 shares of common stock offered pursuant to this prospectus supplement, the issuance of 21,974,108 shares of common stock upon consummation of the debt conversions and the sale of 500,000 shares of common stock in the private placement, assuming no other shares of common stock are issued, Prides will own approximately 64.4% of our outstanding common stock on an as adjusted basis. However, because interest will continue to accrue on the Prides Notes until the date of closing of the debt conversions, the percentage of our outstanding common stock that Prides will own at closing of the debt conversions may be slightly higher. The conversion of the Prides Notes and the Richardson Note, and the sale of the common

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stock to specified directors and officers will be done in private placements exempt from registration under the Securities Act of 1933, as amended.

Pursuant to the Debt Conversion Agreements with Prides and Mr. Richardson and the Securities Subscription and Purchase Agreement with Mr. Richardson, we have made representations and warranties relating to, among other things, corporate organization, good standing and qualification to do business; corporate power and authority to enter into and perform our obligations under, and enforceability of, the agreements; required regulatory consents, approvals, orders and filings; the absence of breaches, violations or defaults under laws, or conflict with, other contracts or organizational documents; the receipt of consents, approvals, orders and filings; capitalization; tax matters; liabilities; litigation; permits; title to property; intellectual property matters; compliance with laws; insurance matters; labor disputes; supplier and customer relations; and approval under Section 203 of the Delaware General Corporation Law.

The conversion of the Prides Notes and the Richardson Note into common stock and the purchase of the common stock by specified directors and officers is contingent upon the completion of the public offering described in this prospectus supplement, approval by our stockholders of the issuance of common stock in the debt conversions and the private placement, an amendment to our Certificate of Incorporation increasing our authorized shares to at least 100,000,000 in addition to other customary closing conditions. In addition, the debt conversions are contingent on our receipt of at least $3 million in gross proceeds from the sale of common stock in the public offering. Prides, which owned 15,118,726 shares, or 52.0%, of our outstanding common stock as of March 31, 2010, has agreed to execute a written consent approving the debt conversions, the private placement and the amendment to our Certificate of Incorporation.

In connection with the required stockholder approval, we have agreed to prepare and file an information statement with the SEC and to send the information statement to stockholders as required by Regulation 14C under the Securities and Exchange Act of 1934, as amended, and Delaware law. The debt conversions and the private placement will not close until at least 20 calendar days after a definitive information statement is sent to stockholders.

We have also agreed, contingent upon the completion of the conversion of the Prides Note, to register for resale the shares of common stock issued in the debt conversions and the private placement.

LEGAL MATTERS

The validity of the common stock being offered hereby is being passed upon for us by Holland & Knight, LLP, Fort Lauderdale, Florida.

EXPERTS

The consolidated financial statements of the Company appearing in the Company s Annual Report (Form 10-K) for the year ended December 31, 2009 (including the schedule appearing therein), have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon (which contains an explanatory paragraph describing conditions that raise substantial doubt about the Company s ability to continue as a going concern as described in Note 2 to the consolidated financial statements), included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

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WHERE YOU CAN FIND MORE INFORMATION

We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, and we file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy the reports, proxy statements and other information that we file at the SEC s Public Reference Room at 100 F Street NE, Washington, D.C. 20549 at prescribed rates. You may also obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Our SEC filings are also available to you on the SEC s web site (http://www.sec.gov).

INCORPORATION BY REFERENCE

The SEC allows us to incorporate by reference the information we file with it, which means that we can disclose important information to you by referring you to documents containing that information. The information incorporated by reference is considered to be part of this prospectus, and later information that we file with the SEC will automatically update and supersede this information. We incorporate by reference into this prospectus the following documents filed by us with the SEC, other than information deemed furnished and not filed (including information furnished pursuant to Item 2.02 or Item 7.01 of Form 8-K):

SEC Filing (File No. 000-30559)	Period Covered or Date of Filing
Annual Report on Form 10-K	Year ended December 31, 2009
Description of our common stock contained in the Registration Statement on Form 8-A and any amendment or report filed for the purpose of updating such description	May 4, 2000
Any future filings we will make with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act until this offering is complete or terminated.	After the date of this prospectus supplement.

We will provide without charge to each person to whom this prospectus is delivered, upon written or oral request, a copy of any documents that have been or may be incorporated by reference in the prospectus, excluding exhibits to those documents unless they are specifically incorporated by reference into those documents, or you may obtain them from our corporate Web site at http://www.ediets.com/.com. Your request should be directed to our Chief Financial Officer at our principal executive offices at:

eDiets.com, Inc.

1000 Corporate Drive, Suite 600

Fort Lauderdale, FL 33334

Telephone: (954) 703-6374

We maintain an internet Web site at http://www.ediets.com, which contains information relating to us and our business. We do not incorporate the information on our internet website by reference.

Statements contained in this prospectus concerning the provisions of any documents are necessary summaries of those documents, and each statement is qualified in its entirety by reference to the copy of the document filed with the SEC.

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PROSPECTUS

eDiets.com, Inc.

Up to $30,000,000

Common Stock

Preferred Stock

Warrants

Units

We may offer and sell from time to time:

- shares of our common stock;
- shares of our preferred stock;
- warrants to purchase common stock and/or preferred stock; and
- units consisting of two or more of these classes or series of securities.

We may sell any combination of these securities in one or more offerings, up to an aggregate initial offering price of $30,000,000, on terms to be determined at the time of the offering. We may sell the securities to or through underwriters, directly to investors or through agents. We also may sell common stock upon conversion of preferred stock or common stock or preferred stock upon the exercise of warrants.

Each time we offer securities, we will provide a prospectus supplement containing more specific information about the particular securities and offering and attach it to this prospectus. The prospectus supplements also may add, update or change information contained in this prospectus. This prospectus may not be used to offer or sell securities without a prospectus supplement that includes a description of the method and terms of the offering.

We will sell these securities directly to investors, through agents on our behalf or through underwriters or dealers as designated from time to time. If any agents or underwriters are involved in the sale of any of these securities, the applicable prospectus supplement will provide the names of the agents or underwriters, the specific terms of the plan of distribution and any applicable fees, commissions or discounts.

Our common stock is listed on the Nasdaq Capital Market (Nasdaq) under the symbol DIET. On March 10, 2010, the last reported sale price for our common stock reported on Nasdaq was $1.51 per share.

The aggregate market value of our outstanding common stock held by non-affiliates is approximately $18.8 million based on 29,048,512 shares of outstanding common stock, of which 12,462,136 are held by non-affiliates, and a per share price of $1.51 based on the closing sale price of our common stock on March 10, 2010. We have not offered any securities pursuant to General Instruction I.B.6. of Form S-3 during the prior 12 calendar month period that ends on and includes the date of this prospectus.

This offering involves material risks. See Risk Factors beginning on page 3.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is March 25, 2010.

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If it is against the law in any state to make an offer to sell these shares, or to solicit an offer from someone to buy these shares, then this prospectus does not apply to any person in that state, and no offer or solicitation is made by this prospectus to any such person.

You should rely only on the information contained in this prospectus and any prospectus supplement. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer and sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

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ABOUT THIS PROSPECTUS

This prospectus is part of a Registration Statement that we filed with the Securities and Exchange Commission, which we refer to as the SEC, using a shelf registration process. Under this shelf process, we may, from time to time, sell any combination of securities described in this prospectus in one or more offerings up to a total public offering price of $30,000,000.

This prospectus, together with the documents incorporated by reference into this prospectus, provides you with a general description of the securities that we may offer and the offering. Each time we offer common stock, we will provide a prospectus supplement that will contain specific information about the securities and the offering. The prospectus supplement may also add, update or change information contained in this prospectus. We will file each prospectus supplement with the SEC. You should read both this prospectus and the applicable prospectus supplement together with additional information described under the heading Incorporation by Reference in this prospectus.

We have not authorized any dealer, agent or other person to give any information or to make any representation other than those contained or incorporated by reference in this prospectus and any accompanying prospectus supplement. You must not rely upon any information or representation not contained or incorporated by reference in this prospectus or any accompanying prospectus supplement. This prospectus and any accompanying prospectus supplement do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the registered securities to which they relate, nor do this prospectus and any accompanying prospectus supplement constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. You should not assume that the information contained in this prospectus and any accompanying prospectus supplement is accurate on any date subsequent to the date set forth on the front of the document or that any information we have incorporated by reference is correct on any date subsequent to the date of the document incorporated by reference, even though this prospectus and any accompanying prospectus supplement is delivered or securities are sold on a later date.

Unless the context otherwise requires, the terms we, our, us, the Company and eDiets refer to eDiets.com, Inc. and its consolidated subsidiar

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COMPANY INFORMATION

Our Business

eDiets.com, Inc. leverages the power of technology to bring weight loss solutions to both consumers and businesses. We generate revenue in four ways.