

FRANCHISE DISCLOSURE DOCUMENT



Happy & Healthy Products, Inc.
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The Company offers four franchise packages for the distribution and sale of FRUITFULL[®] frozen fruit bars, confection bars, confection items, frozen desserts and other H & H Products through dedicated freezers placed in retail outlets, through a retailer's own freezers and via freezers mounted in cart kits. A Retail Franchise involves purchase of at least one freezer, one cart kit and one pallet of frozen H & H Products. A Standard Wholesale Franchise involves purchase of at least 10 freezers and 2 pallets of frozen H & H Products. A Grand Wholesale Franchise involves purchase of at least 20 freezers and 2 pallets of frozen H & H Products. A Super Grand Wholesale Franchise involves purchase of at least 30 freezers and 3 pallets of frozen H & H Products.

The total investment necessary to begin operation of a Happy & Healthy Products franchise is \$37,208 to \$48,283 for a Retail Franchise, \$47,982 to \$66,307 for a Standard Wholesale Franchise, \$59,732 to \$78,557 for a Grand Wholesale Franchise, \$74,245 to \$93,070 for a Super Grand Wholesale Franchise and \$91,745 to \$112,070 for a Premium Wholesale Franchise. This includes \$35,208 to \$35,408 for a Retail Franchise, \$45,982 to \$52,432 for a Standard Wholesale Franchise, \$57,732 to \$64,682 for a Grand Wholesale Franchise, \$72,245 to \$79,695 for a Super Grand Wholesale Franchise and \$89,745 to \$98,195 for a Premium Wholesale Franchise that must be paid to the franchisor or affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Date of Issuance: March 1, 2013

See Exhibit I for particular state effective dates.

State Cover Page

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit A for information about the franchisor, about other franchisors, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT PERMITS THE FRANCHISEE TO ARBITRATE WITH THE COMPANY ONLY IN FLORIDA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE WITH THE COMPANY IN FLORIDA THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT STATES THAT FLORIDA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. IF YOU FAIL TO PURCHASE AT LEAST 4 PALLETS OF FROZEN H&H PRODUCTS DURING ANY CALENDAR YEAR, THEN WE MAY TERMINATE YOUR FRANCHISE.
4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source is our agent and represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Effective Date: See Exhibit I for state effective dates.

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- A List of State Administrators
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- C Financial Statements of Happy & Healthy Guaranty, LLC
Guarantee of Performance of Happy & Healthy Guaranty, LLC
- D List of Franchisees
- E List of Former Franchisees
- F Freezer Contract

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