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HAPPY & HEALTHY PRODUCTS, INC.
FRANCHISE AGREEMENT

This Agreement ("Agreement") is entered into as of _____, 20__, by and between Happy & Healthy Products, Inc. ("H & H"), a Florida corporation with its principal place of business at 1600 South Dixie Highway, Suite 200, Boca Raton, Florida 33432 and _____ ("Franchisee").

1. RECITALS

a. Franchisee has investigated several business opportunities and has decided to acquire a Franchise from H & H for the purpose of engaging in the business of distributing frozen fruit confection items, frozen snacks and desserts, and other designated items ("H & H Products" or "Products") pursuant to the freezer marketing program and direct sales program developed by H & H for the sale of Products to accounts not already selling H & H Products.

b. H & H is willing, on the terms described below, to provide Franchisees with the opportunity to participate in its marketing programs and its distribution network.

2. GRANT OF FRANCHISE

a. Subject to all the terms and conditions herein, H & H grants to Franchisee the non-exclusive right to use (i) the trademark Happy & Healthy™, (ii) the registered trademark Fruitfull® ("Fruitfull®"), (iii) the registered trademark Be Happy & Healthy®, (iv) the registered trademark Happy Indulgence®, and (v) such other marks as H & H may hereafter develop for Franchisee's use (collectively "Licensed Marks"), and all the other benefits of this Agreement as set forth herein, in the operation of a H & H Franchised Business in the Metropolitan Statistical Area ("MSA") designated on Schedule 1 (hereafter "Franchisee's MSA").

b. H & H agrees not to grant any more than one (1) Franchise for every one hundred thousand (100,000) residents or increment of that amount in Franchisee's MSA. However, H & H may grant one (1) additional Franchise in Franchisee's MSA for each Franchisee which has been in business for more than one (1) year and which has not purchased at least four (4) pallets of H & H Products during the preceding twelve (12) months.

c. H & H agrees not to sell bulk packs of Fruitfull® frozen fruit bars in Franchisee's MSA to any one other than to H & H Franchisees. A "bulk pack" consists of twenty-four (24) frozen fruit bars or frozen yogurt bars. This section does not restrict H & H from selling Fruitfull® frozen fruit bars or frozen yogurt bars in other size packages or any other H & H Products, either through other channels of distribution, in or outside Franchisee's MSA.

d. Franchisee may sell H & H Products within Franchisee's assigned MSA and within a reasonable distance from the assigned MSA, provided:

1. H & H only will ship to a single cold storage facility; and
2. Franchisee may not sell H & H Products in an MSA not assigned to Franchisee if H & H has granted the maximum allowable number of franchises for that MSA; and

3. H & H may, in its sole discretion, determine whether the location of Franchisee's cold storage facility is unreasonable or whether sales accounts outside Franchisee's MSA are unreasonably remote from the MSA.

e. H & H will arrange to drop ship Products in quantities of at least one (1) pallet to Franchisee's Wholesale customers.

3. TERM OF FRANCHISE

a. Unless Franchisee shall have executed H & H's successor Franchise Agreement on the form of Franchise Agreement then used by H & H for similarly situated Franchisees, this Agreement shall expire on the tenth anniversary of its Effective Date (the "Expiration Date"). The Effective Date is the date this Agreement is executed by the president of H & H.

b. If Franchisee has complied with this Agreement throughout its term, and has purchased no fewer than four (4) pallets of frozen H & H Products per year during the two (2) years preceding the Expiration Date, provided Franchisee executes the form of successor Franchise Agreement tendered to Franchisee by H & H at least six (6) months before the Expiration Date, H & H shall enter into a successor Franchise Agreement with Franchisee for a five (5) year term. The successor Franchise Agreement may differ materially in its terms from this Agreement. Franchisee's renewal rights may be conditioned upon Franchisee's execution of a general release in the form submitted by H & H, and upon Franchisee's paying a renewal administration fee of up to Five Hundred Dollars (\$500.00).

c. If H & H intends not to offer Franchisee a successor Franchise Agreement, H & H shall give Franchisee at least one hundred eighty (180) days notice of nonrenewal before the Expiration Date. The term of this Agreement will be automatically extended if necessary to give Franchisee a full one hundred eighty (180) days notice of nonrenewal.

4. FEES

a. As a condition of becoming a Franchisee, Franchisee has agreed to pay H & H the nonrefundable initial franchise fee specified on the Summary Pages. If the amount specified in Section 7 of the Summary Pages has not been received by H & H by the later of fifteen (15) business days from the date Franchisee received a Franchise Offering Circular describing this Franchise or the date specified in Section 7 of the Summary Pages, as well as all fees due to H & H for freezers, Products and (as applicable) cart kits, H & H may, at its option, terminate this Agreement without waiving its right to the initial franchise fee already paid. Franchisee is required to pay the cost of freight on all freezers and carts purchased from H & H unless Franchisee pays H & H the full initial franchise fee, full cost of the freezer(s) and the full cost of the initial inventory within fifteen (15) business days after H & H provides Franchisee with a Uniform Franchise Offering Circular.

b. H & H shall institute, maintain and administer an Advertising Fund (the "Advertising Fund") for the sole and exclusive purpose of supporting and paying for marketing programs H & H deems necessary, desirable or appropriate to promote the good will and public image of the Licensed Marks and all H & H franchises. Franchisee shall be required to contribute to the Advertising Fund an amount equal to Twenty-Five Dollars (\$25) per month* (the "Advertising Fund Contributions"); provided, however, Franchisee shall not be required to make any Advertising Fund Contributions for the first six (6) months that Franchisee operates its franchised business. Franchisee shall be required to make the Advertising

* On January 1, 2008, the Advertising Fund Contributions shall be increased to Five Hundred Dollars (\$500.00) per year.

Fund Contributions for a particular year, on January 2nd of that year. H & H shall have the right to increase the amount of Franchisee's Advertising Fund Contribution upon sixty (60) days prior written notice, but in no event will the amount of the Advertising Fund Contribution exceed one hundred fifty dollars (\$150.00) per month, which may be adjusted for inflation.

5. LOCATION ASSISTANCE

In consideration of Franchisee's initial franchise fee, H & H will make available to Franchisee; if Franchisee is a Wholesale Franchisee, the services of an independent marketing consultant. The term "Wholesale Franchisee" includes "Standard Wholesale", "Grand Wholesale" and "Super Grand Wholesale" Franchisees. The marketing consultant shall provide Franchisee with on-the-job training in the operation of an H & H Franchised Business in Franchisee's MSA, and any surrounding areas agreed to by H & H. For the Standard Wholesale Franchisee, the consultant will assist you establishing contracts with 15-20 accounts in your MSA and any surrounding areas agreed to by the Company. The accounts will be a combination of freezer accounts and "conventional" (non-freezer) accounts. The amount of each type of account is determined by the Franchisee for a total of 15-20 accounts.

For the Grand Wholesale and Super Grand Wholesale Franchisee, the consultant will assist you in establishing contracts with 30-40 accounts in your MSA and any surrounding areas agreed to by the Company. The accounts will be a combination of freezer accounts and "conventional" (non-freezer) accounts. The amount of each type of account is determined by the Franchisee for a total of 30-40 accounts.

Once the initial accounts have been established, Franchisee alone shall be responsible for servicing the accounts, relocating freezers whenever business so warrants, and establishing new accounts.

This Agreement in no way precludes Franchisee from hiring or retaining sales personnel or independent contractors, including the independent marketing consultant which helped Franchisee to establish his business, so long as such relationships are undertaken at no expense to H & H.

6. SALES AND MARKETING

a. Franchisee understands that H & H will provide Franchisee with an explanation of its dedicated freezer marketing plan and ideas for promoting H & H Products at retail events. Moreover, H & H will provide Franchisee (if Franchisee is a Standard, Grand or Super Grand Wholesale Franchisee) with the location and marketing assistance prescribed in Section 5, above. H & H's assistance may include, without limitation or obligation, pricing recommendations, suggestions of point of purchase promotional materials, signage for dedicated freezers, suggestions for sales presentations to retailers and food service company managers, and the opportunity to exchange ideas and experiences with other H & H franchisees. Franchisee's success as a business person will depend primarily on Franchisee's ability to obtain and service profitable accounts. No two accounts are the same. Franchisee agrees that the Franchisee alone is responsible for developing and implementing his or her own marketing and sales programs in the Franchisee's MSA, and that H & H has no obligation to Franchisee other than those expressly prescribed by this Agreement.

b. H & H has granted Franchisee this Franchise solely for the purpose of opening and servicing new accounts for H & H Products. Thus, Franchisee may not solicit sales from any account which is an existing account of another authorized seller of H & H Products or an account that another authorized seller of H & H Products is actively pursuing, provided that authorized seller is following the guidelines for actively pursuing accounts as stipulated in H & H's Operations Manual. Additionally, Retail Franchisees may not solicit sales from any Wholesale account without H & H's consent, which will

be conditioned on the Franchisee's execution of an agreement to be bound by all the terms and conditions of Standard Wholesale Franchisees, as they may exist at the time the request is made. Finally, Franchisee may not sell H & H Products, to any other distributor of frozen desserts or snack products without H & H's prior written approval, which may be withheld for any reason.

c. Except as is otherwise expressly set forth in this Agreement, H & H does not restrict Franchisee or any other H & H Franchisee in the accounts upon which they may call. Franchisee is an independent contractor and, subject to the terms of this Agreement, shall have complete control over the operations of Franchisee's business.

d. H & H will direct all marketing programs financed by the Advertising Fund, and will have sole discretion over the creative concepts, materials and endorsements used and the geographic, market and media placement and allocation of the programs. The Advertising Fund may be used to pay the costs of preparing and producing video, audio and written advertising materials; administering local, regional, multi-regional and national advertising programs including, without limitation, purchasing direct mail and other media advertising; employing advertising, public relations and media buying agencies to assist in these activities; and supporting public relations, market research and other advertising and marketing activities. The Advertising Fund may elect to furnish Franchisee with marketing, advertising and promotional formats and sample materials without additional charge, or provide Franchisee with multiple copies of marketing, advertising and promotional materials at the direct cost of producing them.

The Advertising Fund will be accounted for separately from H & H's other funds, and will not be used to defray any of H & H's general operating expenses, except for costs, salaries, travel expenses, administrative costs and overhead H & H may incur in activities reasonably related to the administration of the Advertising Fund and its marketing programs (including, without limitation, conducting market research, preparing advertising and marketing materials, general production costs and collecting and accounting for contributions to the Advertising Fund). H & H may spend in any fiscal year an amount greater or less than the total contributions of all Franchised Locations to the Advertising Fund in that year and H & H may cause the Advertising Fund to invest any surplus for future use by the Advertising Fund. Franchisee authorizes H & H to collect for remission to the Advertising Fund any advertising or promotional monies or credits offered by any supplier based upon Franchisee's purchases. All interest earned on monies contributed to the Advertising Fund will be used to pay advertising costs of the Advertising Fund before other assets of the Advertising Fund are expended. H & H will prepare an annual statement of monies collected and costs incurred by the Advertising Fund and will furnish it to Franchisee upon written request.

Franchisee agrees that the Advertising Fund will be intended to maximize recognition of the Marks and all H & H franchisees. Although H & H will endeavor to utilize the Advertising Fund to develop advertising and marketing materials and programs, and to place advertising, that will benefit all H & H franchisees, H & H undertakes no obligation to ensure that expenditures by the Advertising Fund in or affecting any geographic area will be proportionate or equivalent to the contributions to the Advertising Fund by Franchisees operating in that geographic area or that any Franchised Location will benefit directly or in proportion to its contribution to the Advertising Fund from the development of advertising and marketing materials or the placement of advertising. Although H & H intends the Advertising Fund to be of unlimited duration, H & H will have the right to terminate and, if terminated, to reinstate, the Advertising Fund at any time after all amounts in the fund have been expended.

e. Except as expressly provided in this Section 6, H & H assumes no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction or administration of the Advertising Fund.

7. SUPPLIES AND INFORMATION

a. H & H will provide Franchisee a limited supply of advertising and sales materials for use in promoting the Products. H & H may charge a fee for quantities which exceed its current standard allotment for Franchisees.

b. H & H will provide form freezer location agreements to Franchisee if franchisee is a Wholesale Franchise for use when placing freezers on the premises of third parties.

c. H & H may provide telephonic assistance to the Franchisee on matters relating to H & H Products or the freezers.

d. H & H also may serve as a clearing house for questions and information between and among various H & H Franchisees.

e. H & H shall lend to Franchisee a copy of its Confidential Operations Manual (the "Manual") and Franchisee shall comply with all provisions of such Manual. From time to time during the term of this Agreement, H & H may communicate to the Franchisee mandatory and suggested standards, methods, procedures and specifications applicable to the System and information relative to other obligations of Franchisee hereunder and to the operation of the Franchised Business. Such communications may be made through such Confidential Manual, as and when available, or through H & H Communications. The Manual shall at all times remain the exclusive property of H & H and shall be returned to H & H promptly upon request by H & H and, in any event, upon termination or expiration of this Agreement for any reason whatsoever. If the Operations Manual is not returned to H & H, Franchisee agrees to pay liquidated damages of \$1,000 to H & H. Franchisee shall not at any time copy, duplicate, record or otherwise reproduce or transcribe the Manual or any part of this Agreement or any of the forms supplied by H & H hereunder without H & H's prior written consent. H & H shall have the right to add to, modify, withdraw from or otherwise revise the provisions of the Manual from time to time. The provisions of the Manual (as revised from time to time) and the mandatory standards, methods, procedures and specifications applicable to the System and such revisions made from time to time by H & H shall constitute provisions of this Agreement and Franchisee shall comply with same as if fully set forth herein.

f. Franchisee acknowledges that certain information relating to the operation of the Franchised Business including, without limitation, the standards, methods, procedures and specifications of the System, and the contents of the Manual, is derived from information disclosed to Franchisee by H & H and that all such information is of a proprietary and confidential nature and is a trade secret of H & H. Franchisee shall maintain the absolute confidentiality of all such information during the Term and after the termination or expiration of this Agreement for any reason whatsoever and shall not disclose any such information for any reason whatsoever, disclosing the same to Franchisee's employees only to the extent necessary for the operation of the Franchised Business in accordance with this Agreement. Franchisee further agrees not to use any such information, directly or indirectly, in any other business or in any other manner or obtain any benefit therefrom not specifically approved in writing by H & H during the term of this Agreement or afterwards. Franchisee may not at any time copy, duplicate, record or otherwise reproduce any part of the Manual. If Franchisee's copy of the Manual is lost, destroyed or significantly damaged, H & H will replace the Manual at its then applicable charge.

8. WARRANTIES

H & H is an authorized wholesaler of freezers and inventory for one or more suppliers. As a wholesale distributor, H & H neither manufactures the freezers nor manufactures the Products sold by its Franchisees. All warranties on freezers and Products shall be manufacturers' warranties. No warranty, either express or implied on the freezers or Products is offered by H & H. However, H & H agrees to pass through to Franchisee all warranties of manufacturers with whom H & H and Franchisee deal.

9. FRANCHISEE'S OBLIGATIONS

a. Franchisee agrees to use his/her best efforts to sell H & H Products.

b. So long as this Agreement is in effect, except in an emergency, Franchisee agrees that he/she will not purchase from any source other than H & H or a Master Distributor designated by H & H any of the Products offered to Franchisee by H & H unless H & H notifies Franchisee that he or she may purchase directly from a manufacturer. Nor shall Franchisee, without H & H's prior written approval, offer or sell through the Franchised Business or otherwise, any products which compete directly with Products offered to Franchisee by H & H.

c. Franchisee agrees to purchase all additional freezers (after purchasing initial freezers from H & H) from H & H or sources approved by H & H, approval will not be unreasonably withheld.

d. Franchisee shall secure, at its sole expense, appropriate cold storage facilities necessary for the operation of its Franchised Business. Franchisee shall designate a single cold storage facility for receiving shipments from H & H. H & H will ship only to such a designated cold storage facility, approved by H & H in writing, which is located in Franchisee's MSA or in a surrounding area. H & H may withhold its approval of a cold storage facility in its sole discretion, including, without limitation, if H & H determines that transportation of Products to the facility is difficult or impractical.

e. Franchisee agrees not to engage in any activities which reflect unfavorably upon the manufacturers of the Products acquired pursuant to this Agreement, or upon H & H.

f. Franchisee agrees to allow H & H to use Franchisee's likeness, company name or individual name, as the case may be, in future H & H promotional materials, as well as to identify Franchisee as an H & H Franchisee.

g. Franchisee shall purchase automobile and business liability insurance for the Franchise Business in amounts adequate to protect Franchisee and H & H against claims of up to One Million Dollars (\$1,000,000.00). Such policies shall name H & H as an additional insured. If Franchisee doesn't purchase the insurance as required, H & H may, at its option, purchase the minimum coverage required of Franchisee, and charge Franchisee an administrative surcharge of up to One Hundred Ten Percent (110%) of the cost of the premium to cover H & H's associated administrative costs. Franchisee must provide H & H with certificates of such insurance within sixty (60) days of the execution of this Agreement. Franchisee shall require the insurance carrier to provide H & H with at least thirty (30) days notice of its intended cancellation of such policy(ies).

h. Franchisee shall maintain all accounting reports, lists of active accounts, lists of accounts which Franchisee is actively pursuing and other informational reports as H & H may require. Franchisee shall also respond in a reasonable amount of time to questionnaires and provide other information as Company may require. In the event that Franchisee has not responded to any such

requests from H & H within four (4) weeks after the requested due date, H & H may, in its sole discretion, refrain from shipping any additional H & H Products or other items to Franchisee until such requested information is provided.

i. Franchisee shall within sixty (60) days after execution of this Agreement provide H & H with a quality photograph of Franchisee (together with Franchisee's household family members if applicable). Franchisee and all members in the photograph shall execute a Personal Release, in the form set forth in Schedule 3, attached hereto, so that H & H may use such photograph.

j. Franchisee shall only stock freezers and carts with H & H Products, authorized products and other non-competitive products. Franchisee shall ensure that H & H Products constitute at least two-thirds (2/3) of all products contained in each of its freezers and carts. If H & H elects to add items to its line of H & H Products, these items can also be stocked in the freezers and carts and competitive products shall be removed.

k. Franchisee agrees to conduct its business at all times in a manner using sales, marketing and operational procedures which have been prescribed and/or approved by H & H in either its Confidential Operations Manual(s) (if any) or other communications to its franchisees.

l. Franchisee agrees that it will not, without H & H's prior written approval, sell, assign or transfer any freezer to a person or entity that is not an H & H franchisee until Franchisee has removed all H & H Products, the Licensed Marks, decals and other marks associated with the Franchise from the freezer. Franchisee acknowledges that it would be difficult to determine the amount of damages suffered by H & H if Franchisee fails to comply with this subsection, so Franchisee agrees that Franchisee shall pay H & H \$3,000 in addition to all attorneys' fees H & H incurs in enforcing this provision, as liquidated damages and not as a penalty, for each individual violation of this subsection. The requirements of this Section 9.1. apply even when H & H and Franchisee are not renewing the Franchise Agreement.

m. Franchisee agrees that, during the term of this Agreement, he/she shall attend and participate in (i) either the Convention or the Winter Symposium within two years after commencing operation of the Franchised Business and (ii) at least three (3) Conventions or Winter Symposiums within each five-year period thereafter. Franchisee shall solely be responsible for the costs associated with attending such Conventions or Symposiums, including airfare, lodging and meals.

n. Franchisee agrees that, within three (3) months after Franchisee commences business and at all time thereafter during the term of this Agreement, Franchisee shall have a computer or some other electronic device, along with access to the internet through an internet access provider, which will enable Franchisee to communicate via e-mail with H & H from Franchisee's place of business. Franchisee agrees that it will review its e-mail messages at least once every business day, unless otherwise agreed upon by H & H in advance.

o. Franchisee agrees that Franchisee shall execute a Security Agreement (in a form satisfactory to H & H) in the event that H & H extends credit to Franchisee in connection with the purchase of more than two (2) pallets of H & H Products.

10. TRANSFER

a. H & H may sell or assign any or all of its rights or interests in this Agreement at any time.

b. Franchisee may sell, assign or transfer his/her interest in this Agreement, in Franchisee, or in the Franchised Business only with H & H's prior written approval, which may be withheld for good business reasons, which include, but are not limited to the failure of the Franchisee, transferee or terms of the transfer to satisfy the terms and standards H & H generally applies to transfers and transferees at the time Franchisee proposes to make a transfer. The standards need not be in writing.

c. Franchisee must notify H & H of any bona fide proposed transfer or sale of any rights or interests in Franchisee, the Franchise Agreement or the Franchised Business, and set forth a complete description of all terms and fees of the proposed transfer or assignment, including the proposed transferee's name, address, financial qualifications and previous five (5) years business experience.

d. H & H or its assignee may, within thirty (30) days after receipt of such notice, purchase the interest offered on the same economic terms as those offered, less any brokerage fees or commissions.

e. If H & H fails to exercise its option to purchase the interest which is the subject of the transfer or assignment within thirty (30) days of H & H's receipt of the notice described above, H & H shall notify Franchisee of its approval or disapproval of the proposed transfer and its terms. If H & H approves the transfer, it only may be accomplished on terms which are no more favorable to the transferee than were the terms offered to H & H.

f. H & H may condition a transfer upon the transferee's paying H & H a transfer fee (but no initial franchise fee) and upon the transferee's executing a general release for the benefit of H & H, its employees, agents and representatives, and upon the transferee's signing H & H's then current form of Franchise Agreement. The transfer fee and training fee will be Four Thousand Dollars (\$4,000) and up to Seven Thousand Dollars (\$7,000) if H & H obtained the lead for such transfer.

g. Franchisee may transfer to another MSA, only with H & H's prior written approval, which may be withheld in H & H's sole discretion. Such transfer will be conditioned upon Franchisee's payment of Three Thousand Dollars (\$3,000) and Franchisee's entering into H & H's then current Franchise Agreement.

h. Upon Franchisee's death or disability (or, if Franchisee is a corporation, partnership or other entity, the death or disability of a principal owner), Franchisee's (or such principal owner's) executor, administrator, conservator, guardian or other personal representative shall transfer Franchisee's interest in this Agreement (or the principal owner's interest) in Franchisee to a third party provided the transfer is made to the spouse, adult child, heirs or legal representative of the deceased or disabled person and such person has been approved by H & H in advance, which approval may be withheld for good business reasons. Such disposition of this Agreement or the interest in Franchisee (including, without limitation, transfer by bequest or inheritance) must be completed within a reasonable time, not to exceed six (6) months from the date of death or disability, and will be subject to all of the terms and conditions applicable to transfers contained in this Section. A failure to transfer Franchisee's interest in this Agreement or a principal owner's interest in Franchisee to an approved party within this period of time constitutes a breach of this Agreement. For purposes hereof, the term "disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent Franchisee or the principal owner from managing and operating the Franchised Business. Any

transfer made pursuant to this Section 10.h. shall not be subject to the provisions of Section 10.d., 10.e., or 10.f.

11. TERMINATION

H & H may terminate the Franchise Agreement, without prejudice to the enforcement of any legal or equitable remedy, immediately upon giving Franchisee written notice of such termination and the reason or cause for the termination, without providing Franchisee with an opportunity to cure the default. The following shall constitute sufficient basis for H & H to terminate the Franchise Agreement:

a. If the Franchisee fails to pay any financial obligation to H & H or to a supplier of products or equipment approved by H & H or fails to comply with Section 9.g of this Agreement within five (5) days after H & H gives Franchisee a written notice of default;

b. If the Franchisee fails to perform or breaches any covenant or obligation owing under the Franchise Agreement and fails to cure such non-compliance within thirty (30) days after H & H gives Franchisee written notice of default;

c. If Franchisee uses the Licensed Marks in any way which has not been previously approved by H & H;

d. If Franchisee attempts to divert any prospective H & H Franchisee from entering into a Franchise Agreement with H & H, or if Franchisee attempts to sell its Franchise or Franchised Business in the MSA within ninety (90) days of the date(s) H & H is scheduled to participate in a franchise or business opportunity show, conducting an in-house workshop or conducting an advertising campaign to select new franchisees in the Franchisee's MSA, without H & H's prior written approval;

e. If Franchisee attempts to sell its Franchise or any interest in Franchisee or its Franchised Business in any MSA within ninety (90) days of the day(s) H & H is scheduled to participate in a franchise or business opportunity show, conducting an in-house workshop or conducting an advertising campaign to select new franchisees without H & H's prior written approval;

f. If Franchisee attempts to subfranchise or subdivide its Franchise rights without H & H's prior written approval;

g. If Franchisee sells or attempts to sell any H & H Product to another wholesaler, distributor or former H & H franchisee without H & H's prior written approval;

h. If Franchisee engages in any other activities which, in H & H's reasonable opinion, brings discredit upon the Licensed Marks or the reputation and goodwill of H & H or its Franchisees;

i. If Franchisee files, or if Franchisee has filed against it, a voluntary or involuntary petition in bankruptcy or is adjudicated as bankrupt or insolvent; if Franchisee files any petition or answer seeking or acquiescing in any reorganization, arrangement, liquidation, dissolution, receivership, appointment of trustee, liquidator or examiner; if a receiver, trustee or liquidator is appointed for all or any part of Franchisee's assets; or upon the dissolution or termination of existence of Franchisee;

j. If Franchisee sells more than fifty percent (50%) of the assets relating to its Franchised Business;

k. If Franchisee has received from H & H, during any consecutive 24 month period, 3 or more notices of default (whether or not the notices relate to the same or to different defaults and whether or not the defaults were timely cured by Franchisee);

l. If Franchisee abandons or fails or refuses to actively operate the Franchised Business for any period such that H & H may reasonably conclude that Franchisee does not intend to continue operating the Franchised Business; or

m. If Franchisee fails to purchase at least four (4) pallets of frozen H & H Products from H & H or an authorized Master Distributor during any calendar year following the year in which H & H executes the Franchise Agreement.

12. OBLIGATIONS FOLLOWING TERMINATION OR NONRENEWAL

Upon the expiration or termination of the Franchise Agreement, Franchisee shall immediately:

a. Cease to be a Franchisee of H & H and cease to operate the former Franchised Business. Franchisee shall not thereafter, directly or indirectly, represent to the public that the former Franchised Business is or was operated or in any way connected with H & H Products, or hold itself out as a present or former Franchisee of H & H;

b. Pay all sums owing to H & H. Upon termination for any default by Franchisee, such sums shall include actual damages, costs and expenses incurred by H & H as a result of the default;

c. Return to H & H any and all trade secrets and confidential materials owned by H & H, and all copies thereof which may be in Franchisee's possession. Franchisee shall retain no copy or record of any of the foregoing other than its copy of the Franchise Agreement, any correspondence between the parties, and any other document which Franchisee reasonably needs for compliance with any applicable provision of law;

d. Provide H & H a complete list of Franchisee's employees, customers, their respective addresses, all mailing lists, and any outstanding obligations Franchisee may have to any third parties, including outstanding customer orders. H & H shall have the right, but not the obligation, to fill any such outstanding customer orders generated by Franchisee, and in such event, Franchisee shall immediately reimburse H & H for any costs or expenses incurred by H & H in doing so. In addition, H & H shall have the right to cancel any orders placed by Franchisee for which delivery has not been made;

e. Take such action as may be required by H & H to terminate, transfer or assign to H & H or its designee all telephone numbers, white and yellow page telephone references and advertisements, and all trade and similar name registrations and business licenses, and to cancel any interest which Franchisee may have in the same;

f. Cease to use in advertising or in any manner whatsoever, any methods, procedures, or techniques in which H & H has a proprietary right, title or interest, the Licensed Marks, and other marks and indicia of origin associated with the Franchise, and remove or change all trade dress, including photographs of Products, decals, posters and other indications of association with the Franchise from any vehicles, buildings, freezers, uniforms, clothing and other effects at the Franchisee's expense and in a manner satisfactory to H & H. Unless otherwise approved in writing by H & H, Franchisee must return to H & H all copies of materials bearing the Licensed Marks as specified by H & H.

g. For one (1) year following the termination or expiration of the Franchise Agreement, the Franchisee shall not directly or indirectly own an interest in or engage in any business, in Franchisee's MSA or in surrounding areas where Franchisee has carried on the Franchised Business, which sells products that compete directly with the H & H brand Products which were sold by the Franchisee during the term of the Franchise Agreement;

h. Franchisee understands and acknowledges that H & H shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in the Franchise Agreement or any portions thereof, without the Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof; and Franchisee agrees that it shall comply immediately with any covenant as so modified.

i. If all or any portion of a covenant described above is held unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which H & H is a party, Franchisee expressly agrees to be bound by any lesser covenant imposing the maximum duty permitted by law that is subsumed within the terms of such covenant, as if the resulting covenant were separately stated in and made a part of the covenants described above. Franchisee further expressly agrees that the existence of any claim it may have against H & H, whether or not arising from the Franchise Agreement, shall not constitute a defense to the enforcement by H & H of the above covenants.

13. DISCLAIMERS

a. Except as is expressly set forth elsewhere in this Agreement, H & H will not refund Franchisee's initial investment in whole or in part, unless the freezers or Products sold to Franchisee by H & H are defective, and the manufacturer does not promptly replace the defective freezers or Products.

b. Except as set forth in the Uniform Offering Circular that has been delivered to Franchisee, H & H makes no representations whatsoever as to the actual or potential sales, income or profits a Franchisee may achieve as a result of this Agreement. Franchisee acknowledges that the success or failure of the Franchisee's Business depends substantially upon Franchisee himself or herself.

14. REMEDIES

a. Franchisee may only bring any claims he or she may have against H & H in arbitration pursuant to the rules of the American Arbitration Association in Palm Beach County, Florida.

b. H & H may bring any claim it may have against Franchisee in arbitration pursuant to the rules of the American Arbitration Association in Palm Beach County, Florida. H & H also may bring an action in any court of competent jurisdiction to enjoin any violation of this Agreement or to obtain specific performance hereof. Franchisee shall be liable to H & H for H & H's costs and attorneys' fees arising from pursuing or defending against any claims against Franchisee in arbitration or in litigation, regardless of the forum. Additionally, Franchisee agrees to reimburse H & H for any fees or expenses H & H incurs in collecting any amounts due under this Agreement.

15. GOVERNING LAW

This Agreement shall be governed by and interpreted under the laws of Florida.

16. ACKNOWLEDGEMENTS

a. Franchisee understands and acknowledges that H & H is not the manufacturer of the freezers which H & H sells to Franchisee and that H & H makes no representations or warranties about

the freezers. H & H has multiple sources of freezers which are all similar in utility value but may have minor differences in dimensions, features and colors (e.g., the freezers currently come in either red, white or blue). The freezers do not include locks or baskets, although manufacturers and H & H may occasionally add those features at no charge. Franchisee's only contractual obligation is to H & H, and that this Agreement creates no contractual obligation between Franchisee and any manufacturer or other suppliers of Products or equipment.

b. H & H agrees to arrange shipment of all freezers purchased at the time this Agreement is executed to Franchisee within approximately thirty (30) working days from receipt and approval of this Agreement, and receipt of payment in full, accompanied by cashier's check, certified check, money order or bank transfer. In the event of strikes, riots, insurrections, circumstances beyond H & H's control or Acts of God, this period may be extended, but under no circumstances to exceed ninety (90) working days. If H & H fails to effect shipment within such time period, Franchisee, upon request, shall have payment for said order refunded immediately.

c. Franchisee shall be responsible for Franchisee's own federal, state and local taxes, and or compliance with all applicable laws, as well as any sales taxes due on equipment or Products purchased from H & H. Franchisee shall act as an independent contractor and shall be solely liable for determining the nature and applicability of all local laws which may apply to the operation of the Franchised Business in Franchisee's MSA, or where else the Franchisee conducts business.

d. All Franchisee's purchases of H & H Products shall be made solely from H & H or an authorized Master Distributor, other than emergency purchases to fill an unexpected shortage of certain products, which purchases may be made from another Franchisee. An "H & H Product" or "Product" is any product designated as such by H & H, and which H & H makes available for purchase by Franchisee.

e. Franchisee and H & H agree that this Agreement contains their entire understanding relative to its subject matter, and there is no reliance upon any verbal or other written representation whatsoever. H & H has not guaranteed minimum or maximum earnings; any estimate thereof is in the nature of possibilities only; earnings are primarily dependent upon the type of service and promotion rendered by the Franchisee and sales volume, which factors are beyond the control of H & H. This Agreement may be amended only in writing and signed by all parties hereto.

f. Franchisee agrees not to use the Licensed Marks or any trademarks, service marks, names or indicia which are or maybe confusingly similar to the Licensed Marks in Franchisee's name or identity. Franchisee must obtain written permission to use any of the Licensed Marks from H & H on a per use basis if such use has not previously been authorized in writing.

g. Franchisee acknowledges that H & H or its agent has provided Franchisee with a Franchise Offering Circular not later than the earlier of the first personal meeting held to discuss the sale of the Franchise, ten (10) business days before the execution of this Agreement, or ten (10) business days before any payment of any consideration connected to the purchase of this Franchise. Franchisee further acknowledges that Franchisee has read such Franchise Offering Circular and understands its contents.

h. Franchisee acknowledges that H & H has provided Franchisee with a copy of this Agreement and all related documents, fully completed, for at least five (5) business days prior to Franchisee's execution hereof.

i. Franchisee acknowledges that H & H has advised it to consult with its own attorneys, accountants, or other advisors, that Franchisee has had ample opportunity to do so, and that the attorneys for H & H have not advised or represented Franchisee with respect to this Agreement or the relationship hereby created.

j. Franchisee acknowledges and recognizes that different terms and conditions, including different fee structure and investment requirements may pertain to different H & H Franchises offered in the past, contemporaneously herewith, or in the future, and that H & H does not represent that all Franchise Agreements are or will be identical.

k. Franchisee acknowledges that except as is specifically set forth in this Agreement, it is not nor is it intended to be a third party beneficiary of this Agreement or any other agreement or contractual relationship to which H & H is a party.

l. This Agreement only shall become effective upon its execution by H & H's President.

m. Franchisee agrees that the Franchised Business shall only be operated by the Franchisee or by a Manager/Employee employed by Franchisee who has previously been approved by H & H. H & H's approval of Franchisee's Manager/Employee shall be predicated upon the Manager's execution of a confidentiality agreement in a form approved by H & H.

[Signatures on following page]

IN WITNESS WHEREOF, the parties intending to be legally bound hereby, have duly executed, sealed and delivered this Agreement.

Happy & Healthy Products, Inc.

By: _____
Linda Kerr Kamm, President

Date: _____

Franchisee

By: _____

Date: _____

By: _____

Date: _____

Schedule 1

Franchisee's Metropolitan Statistical Area ("MSA")

H & H awards Franchisee the right to operate an H & H Franchised Business pursuant to the attached Franchise Agreement in the Metropolitan Statistical Area known as:

A map depicting the boundaries is attached hereto with initials of an authorized H & H representative and Franchisee to express their agreement to its boundaries.

Schedule 2

Happy & Healthy Products, Inc.

Equipment Purchase Order

Name

Address

City State Zip

() _____
Home Phone

() _____
Business Phone

DATE: _____

TO: Happy & Healthy Products, Inc.
1600 S. Dixie Highway
Suite 200
Boca Raton, FL 33432

PAYMENT: _____
All funds to be by certified check, cashier
check, money order, bank wire, or credit
card.

PLEASE SHIP THE FOLLOWING ITEMS:

Custom Display Freezer, includes initial
Point of Sale material and other initial
materials.

<u>QUANTITY</u>	<u>PRICE</u>	<u>TOTAL</u>
_____ CUSTOM DISPLAY FREEZER(S)	@ \$ _____ \$ _____	
_____ CASES OF H & H PRODUCTS	@ \$ _____ \$ _____	
_____ CUSTOM WATERMELON CART KIT(S)	@ \$2,100 \$ _____	
GRAND TOTAL ON EQUIPMENT	\$ _____	
TRAINING FEE	\$ _____	
FRANCHISE FEE TOTAL	\$ _____	
STATE SALES TAX (FLORIDA ONLY)	\$ _____	
GRAND TOTAL	\$ _____	

FLORIDA PURCHASERS REQUIRED TO PAY 6% FLORIDA SALES TAX ON EQUIPMENT

Address where Equipment is to be shipped: _____

NOTE: All shipments will be freight collect, F.O.B. California, Florida, Georgia, Minnesota, New York, New Jersey or Texas, unless Purchaser remits balance of payment, or payment in full within fifteen (15) business days of receipt of UFOC. If Purchaser makes full payment in given time frame, Purchaser will not be required to pay freight on initial shipment of equipment or product. If not approved within five (5) business days by H & H or Purchaser, refund payment immediately to Purchaser.

APPROVED BY H & H

Representative of H & H DATE

DATE

Purchaser DATE

By: Linda Kerr Kamm, President

Purchaser DATE

Schedule 3

**HAPPY & HEALTHY PRODUCTS, INC.
PERSONAL RELEASE**

In consideration of, and as an inducement to, the execution of the Franchise Agreement (the "Franchise Agreement") dated _____, 20__, by Happy and Healthy Products, Inc. ("H & H"), a Florida Corporation with its principal place of business at 1600 South Dixie Highway, Suite 200, Boca Raton, Florida 33432 and _____ ("Franchisee"), Franchisee and H & H agree as follows:

1. Franchisee hereby grants to H & H, its agents, successors, licensees and assigns, the right to use the photograph(s) of Franchisee (and Franchisee's family as the case may be), which was provided to H & H pursuant to the Franchise Agreement ("the Photos"), along with any additional photos given to or acquired by H & H.

2. Franchisee agrees and consents that H & H may exhibit, distribute, transmit and/or otherwise exploit the Photos as H & H may see fit, in any and all media now and hereafter known, and in advertising and/or publicity in connection therewith and the right to use Franchisee's name in any connection with any of the foregoing.

3. Franchisee agrees that the rights granted to H & H hereunder are granted for the entire world and shall inure in perpetuity and no further compensation shall be payable to Franchisee at any time in connection therewith.

IN WITNESS WHEREOF, the parties intending to be legally bound hereby, have duly executed,
sealed and delivered this Agreement.

HAPPY & HEALTHY PRODUCTS, INC.

By: _____
Linda Kerr Kamm
President

Date: _____

FRANCHISEE

By: _____

Date: _____

By: _____

Date: _____

Schedule 5

**{SECOND} ADDENDUM TO THE
FRANCHISE AGREEMENT**

THIS {SECOND} ADDENDUM to the Franchise Agreement (the "Agreement") by and between **Happy & Healthy Products, Inc.**, a Florida Corporation and _____ (hereinafter referred to as "Franchisee") is made and entered into this _____ day of _____, 20__.

Recitals

Franchisor and Franchisee entered into the Agreement on _____, 20__. The Franchisee has obtained from a lender a loan ("Loan") in which funding is provided with the assistance of the United States Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining the SBA assisted financing.

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

- The Franchise Agreement is in full force and effect, and Franchisor has sent no official notice of default to Franchisee under the Franchise Agreement that remains uncured on the date hereof.
- Provided that Franchisee complies with the provisions of Section 10 of the Agreement, Franchisor will not unreasonably withhold, delay or condition its consent to any proposed transfer or assignment by Franchisee.
- This Addendum automatically terminates on the earliest to occur of the following: (i) a Termination occurs under the Franchise Agreement; (ii) the Loan is paid; or (iii) SBA no longer has any interest in the SBA financing.

IN WITNESS WHEREOF, the parties hereto have duly executed this {Second} Addendum on the date first written above.

HAPPY & HEALTHY PRODUCTS, INC.

By: _____
Its: _____

FRANCHISEE

By: _____
Its: _____