

Company may, in its sole discretion, determine whether the location of your cold storage facility is unreasonable or whether sales accounts outside your MSA are unreasonably remote from the MSA.

Unless the Company agrees otherwise in writing, the Company will only ship to a single cold storage facility on your behalf, which must be located in your MSA or in surrounding areas. The Company will arrange to drop ship products in quantities of at least 1 pallet to your wholesale customers.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise and related agreements. You should read the provisions in the agreements attached to this Offering Circular.

FRANCHISE AGREEMENT

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
a. Term of the agreement	3.a	Ten years from date your Franchise Agreement is executed by the Company.
b. Renewal or extension of the term	3.b	If you comply with the Franchise Agreement and have purchased at least four pallets of frozen H & H Products per year during the two years before expiration, you may extend for an additional five years.
c. Requirements for franchisee to renew or extend	3.a, 3.b	Sign a new agreement (which may be materially different) six months before expiration, sign general release and pay renewal fee.
d. Termination by franchisee	None	Rights as provided by law.
e. Termination by Company without "cause"	None	
f. Termination by Company with "cause"	11	The Company can terminate on notice and without cure for certain reasons.
g. "Cause" defined -- curable defaults	11	Fail to pay financial obligations or comply with insurance obligations and cure within five days, breach the Franchise Agreement and cure within thirty days.
h. "Cause" defined -- defaults which cannot be cured	11	Unapproved use of marks, diversion of prospective franchisee, attempt to sell business within ninety days of Company sales show or sales promotion in the MSA without Company's approval; bankruptcy; insolvency; dissolution or termination of

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
		Franchisee; sales of more than 50% of assets; 3 defaults in a 24-month period; failure to transfer within 6 months after death or disability; abandonment or failure to operate business; subfranchising, subdistributing or subdividing your rights without Company's approval; sell products to former franchisees of the Company; other activities detrimental to the Company or the Licensed Marks.
i. Franchisee's obligations on termination/non-renewal	12	Cease to operate and represent connection; pay sums due and damages incurred; return any confidential materials and trade secrets; provide list of customers and employees; terminate, transfer or assign telephone numbers, yellow pages listings, name registrations and business licenses; return all materials bearing the Licensed Marks; cease use of all indicia of origin.
j. Assignment of contract by the Company	10.a	The Company may sell or assign.
k. "Transfer" by franchisees defined	10.b	Sale, assignment or transfer of your interest in the Franchise Agreement, in you or in the franchised business.
l. Company approval of transfer by franchisee	10.b	Company can withhold approval for good business reasons.
m. Conditions for Company approval of transfer	10.c	Notice of transfer with specified information.
n. The Company's right of first refusal to acquire franchisee's business	10.d	Exercisable within thirty days after notice.
o. Company's option to purchase franchisee's business	None	
p. Death or disability of franchisee	10.h.	The franchised business must be transferred to an approved person in 6 months.
q. Non-competition covenants during the term of the franchise	9.b	No offering or selling products which compete directly with H & H Products.

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
r. Non-competition covenants after the franchise is terminated or expires	12.g	Prohibits owning interests nor engaging in business which sell products that compete with H & H Products you sold in your MSA and in surrounding areas where you conducted business for one year after termination or expiration.
s. Modification of the Agreement	None	
t. Integration/Merger Clause	16.e	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises may not be enforceable.
u. Dispute resolution by arbitration or mediation	14	Except for certain claims, all disputes must be arbitrated in Palm Beach County, Florida.
v. Choice of forum	None	
w. Choice of law	15	Governed by Florida law.

These states have statutes that may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise: ARKANSAS (Stat. Section 70-807), CALIFORNIA (Bus. & Prof. Code Sections 2000-20043), CONNECTICUT (Gen. Stat. Section 42-133e et seq.), DELAWARE (Code Sections 2551-2556), HAWAII (Rev. Stat. Section 482E), ILLINOIS (815 ILCS 705/1-44), INDIANA (Stat. Section 23-2-2.7), IOWA (Code Sections 523H.1-523H.17), MICHIGAN (Stat. Section 19.854(27)), MINNESOTA (Stat. Section 80C.14), MISSISSIPPI (Code Section 75-24-51), MISSOURI (Stat. Section 407.400), NEBRASKA (Rev. Stat. Section 87-401), NEW JERSEY (Stat. Section 56:10-1), SOUTH DAKOTA (Codified Laws Section 37-5A-51), VIRGINIA (Code 13.1-557-13.1-564), WASHINGTON (Code Section 19.100.180), WISCONSIN (Stat. Section 135.03). These and other states may have court decisions that may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise.

See Exhibit H for additional disclosures required by various State Administrators.

Item 18

PUBLIC FIGURES

The Company does not use any public figure to promote its franchise.

Item 19

EARNINGS CLAIM

The Company does not furnish or authorize its salespersons to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of a H & H Franchised Business. Actual results vary from H & H Franchised Business to H & H Franchised Business and the Company cannot estimate the results of any particular franchise.

We have specifically instructed salespersons, agents and employees and officers that they are not permitted to make claims or statements as to earnings, sales or profits or prospects or chances of success, nor are they authorized to represent or estimate dollar figures as to any particular H & H Franchised Business. You should not rely on unauthorized representations as to earnings, sales, profits or prospects or chances of success.

Item 20

LIST OF FRANCHISED OUTLETS

**FRANCHISED STORE STATUS SUMMARY
FOR YEARS 2004/2005/2006**

<u>State</u>	<u>Operational Transfer</u>	<u>Cancellations or Terminations By Franchisor</u>	<u>Not Renewed By Franchisor</u>	<u>Reacquired By Franchisor</u>	<u>Otherwise Left System</u>	<u>Total From Left Column (2)</u>	<u>Operating At Annual Year End</u>
Alabama	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1
Arizona	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	3/3/3
California	0/0/0	0/0/0	0/0/0	0/0/0	2/1/1	2/1/1	10/8/7
Colorado	0/0/0	0/0/0	0/0/0	0/0/0	0/1/0	0/1/0	2/3/2
Connecticut	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Delaware	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0
Florida	0/0/0	0/0/0	0/0/0	0/0/0	3/0/0	3/0/0	8/5/6
Georgia	0/0/0	0/1/0	0/0/0	0/0/0	0/0/0	0/1/0	1/1/1
Hawaii	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Idaho	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1	0/0/1	1/1/1
Illinois	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1	0/0/1	4/5/5
Indiana	0/0/0	0/0/0	0/0/0	0/0/0	1/0/2	1/0/2	2/2/2
Iowa	0/0/0	0/0/0	0/0/0	0/0/0	0/1/0	0/1/0	2/2/1
Kansas	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Kentucky	0/0/0	0/0/0	0/0/0	0/0/0	0/1/0	0/1/0	1/1/0
Maine	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Maryland	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/2/2
Massachusetts	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1	0/0/1	3/4/4
Michigan	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/2
Minnesota	0/0/0	0/0/0	0/0/0	0/0/0	0/0/2	0/0/2	1/2/2
Mississippi	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Missouri	0/0/0	0/0/0	0/0/0	0/0/0	1/0/1	1/0/1	2/2/2
Nevada	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	2/2/2

<u>State</u>	<u>Operational Transfer</u>	<u>Cancellations or Terminations By Franchisor</u>	<u>Not Renewed By Franchisor</u>	<u>Reacquired By Franchisor</u>	<u>Otherwise Left System</u>	<u>Total From Left Column (2)</u>	<u>Operating At Annual Year End</u>
New Hampshire	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
New Jersey	0/0/0	1/1/0	0/0/0	0/0/0	0/0/2	1/1/2	6/6/7
New Mexico	0/0/0	0/0/0	0/0/0	0/0/0	0/1/0	0/1/0	1/1/1
New York	0/0/0	0/0/0	0/0/0	0/0/0	0/1/0	0/1/0	5/6/5
North Carolina	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	2/2/2
Ohio	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0	1/0/0	3/2/4
Oklahoma	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	2/2/2
Oregon	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0	1/0/0	2/2/2
Pennsylvania	0/0/0	0/1/0	0/0/0	0/0/0	0/0/1	0/1/1	2/2/2
Puerto Rico	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	2/2/2
Rhode Island	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
South Carolina	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/2
Tennessee	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	2/2/2
Texas	0/0/2	0/0/0	0/0/0	0/0/0	0/0/1	0/0/3	4/6/7
Utah	0/1/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/2/2
Virginia	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	2/2/2
West Virginia	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
Wisconsin	<u>0/0/0</u>	<u>0/0/0</u>	<u>0/0/0</u>	<u>0/0/0</u>	<u>1/0/0</u>	<u>1/0/0</u>	<u>2/1/1</u>
TOTALS:	0/1/2	1/3/0	0/0/0	0/0/0	10/6/13	11/10/15	81/84/86

- NOTES:
1. All numbers are set forth as of the Franchisor's fiscal year end, December of each year.
 2. The number in the "Total" column may exceed the number of units affected because several events may have affected the same unit in the same or the three disclosed fiscal years.

NEW PROJECTED FRANCHISED BUSINESSES IN THE NEXT FISCAL YEAR

State	Franchise Agreements Signed But Not Operational	New Franchisees
Alabama		
Alaska		
Arizona		1
Arkansas		
California		1
Colorado		
Connecticut		
Delaware		

State	Franchise Agreements Signed But Not Operational	New Franchisees
District of Columbia		
Florida		3
Georgia		
Hawaii		
Idaho		
Illinois		1
Indiana		
Iowa		
Kansas		
Kentucky		
Louisiana		
Maine		
Maryland		
Massachusetts		
Michigan		1
Mississippi		
Missouri		
Minnesota		1
Nebraska		
Nevada		
New Hampshire		
New Jersey		1
New Mexico		
New York		1
North Carolina		
North Dakota		
Ohio		
Oklahoma		1
Oregon		
Pennsylvania		

State	Franchise Agreements Signed But Not Operational	New Franchisees
Rhode Island		
South Carolina		
South Dakota		
Tennessee		1
Texas		
Utah		
Vermont		
Virginia		1
Washington		1
West Virginia		
Wisconsin		
Wyoming		
US Virgin Islands		
TOTAL:	0	14

Attached as Exhibit D is a list of the names of all franchisees and their addresses and telephone number of all their units as of December 31, 2006. None of the franchised businesses identified above are owned by persons listed in Item 2, or business entities owned by persons listed in Item 2.

Attached as Exhibit E is a list of the name and last known home address and telephone number of every franchisee who, in the Company's most recent full fiscal year end: (1) had a unit terminated by the Company; (2) had a unit not renewed by the Company; (3) otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement; or (4) has not communicated with the Company within 10 weeks.

Item 21

FINANCIAL STATEMENTS

Attached as Exhibit C are the Company's audited financial statements as of December 31, 2004, December 31, 2005, and December 31, 2006.

Item 22

CONTRACTS

The following Agreements are attached to this Offering Circular.

<u>Exhibit</u>	<u>Agreement</u>
B	Franchise Agreement Schedule 1 - Franchisee's Metropolitan Statistical Area Schedule 2 - Equipment Purchase Order Schedule 3 - Personal Release
F	Freezer Contract
H	Security Agreement

Item 23

RECEIPT

A receipt in duplicate is attached to this Offering Circular as Exhibit J. Please sign both copies of the receipt. Retain one copy for your records. Return the other copy to Happy & Healthy Products, Inc., 1600 South Dixie Highway, Suite 200, Boca Raton, Florida 33432.