

The Company has offered franchises since August 1, 1993. The Company has not offered franchises for any other businesses which are the same type of business that you will operate, or for any other type of business.

## **Item 2**

### **BUSINESS EXPERIENCE**

President:      Linda Kerr Kamm

Ms. Kamm has been President of the Company since its inception in 1991. Ms. Kamm has been President of Direct Distributors, Inc., Boca Raton, Florida ("DDI") from 1986 to present (although DDI no longer operates as a business).

Vice President and General Manager:      Rosemary E. Harris

Ms. Harris has been the Vice President and General Manager of the Company since July, 2004. Ms. Harris was the General Manager of the Company from May, 1999 until July, 2004.

## **Item 3**

### **LITIGATION**

No litigation is required to be disclosed in this offering circular.

## **Item 4**

### **BANKRUPTCY**

No person previously identified in Items 1 and 2 of this Offering Circular has been involved as a debtor in proceedings under the U.S. Bankruptcy Code required to be disclosed in this Item.

## **Item 5**

### **INITIAL FRANCHISE FEE**

The following are the fee payments you may make to the Company before opening your business.

#### **Initial Franchise Fee.**

The initial franchise fee is \$21,000. A non refundable deposit of \$5,000, which will be credited toward the initial franchise fee, must be paid at the time the Franchise Agreement is executed. The balance is due 15 business days after the Offering Circular is delivered to you. The Company may extend the time within which the balance is due if you provide the Company satisfactory evidence of your efforts to obtain financing for a substantial part of the initial investment. If after proving diligent efforts, you are unable to obtain financing

for your franchised business, the Company will return all but \$1,000 of the initial deposit. Otherwise, no part of the initial franchise fee is refundable.

The initial franchise fee is the same for all Franchisees and is not negotiable.

### **Freezer and Inventory Purchases.**

As of the date of this Offering Circular, the Company charges Retail Franchisees 49¢ per juice-based FRUITFULL<sup>®</sup> bar, 53¢ per cream-based FRUITFULL<sup>®</sup> bar, and 85.5¢ per Happy Indulgence<sup>®</sup> Decadent Dips<sup>™</sup> dessert bar. Super Grand Wholesale, Grand Wholesale and Standard Wholesale Franchisees pay 48.5¢ per juice-based FRUITFULL<sup>®</sup> bar and 52.5¢ per cream-based FRUITFULL<sup>®</sup> bar and 85¢ per Happy Indulgence<sup>®</sup> Decadent Dips<sup>™</sup> dessert bar. You are currently entitled to a 2% discount for prepaid orders. These prices are subject to change at any time. Prices for H & H Products other than frozen fruit bars vary. The Company sells frozen H & H Products in “bulk packs” consisting of 24 bars per box. There are 324 boxes to a pallet.

Retail Franchisees must purchase from the Company one pallet of frozen H & H Products for the sum of \$4,081 (with the prepayment discount), one freezer for \$775 and one Watermelon cart kit for \$2,100. Retail Franchisees neither pay for nor receive the services of an independent marketing consultant. Retail Franchisees may later convert to Standard Wholesale Franchise status by purchasing 9 freezers from the Company, 1 pallet of frozen H & H Products (if a second has not been already purchased), and by paying for 1 week’s services from an independent marketing consultant for a total fee of \$14,106.

Standard Wholesale Franchisees must purchase from the Company 10 freezers for a sum of \$7,250 and 2 pallets of frozen H & H Products for the sum of \$8,069 (with prepayment discount).

Grand Wholesale Franchisees must purchase from the Company 20 freezers for a sum of \$14,000 and 2 pallets of frozen H & H Products for the sum of \$8,069 (including prepayment discount).

Super Grand Wholesale Franchisees must purchase from the Company 30 freezers for a sum of \$20,250 and 3 pallets of frozen H & H Products for the sum of \$12,129 (including prepayment discount).

Costs of freezers, H & H Products and carts are net of any applicable sales taxes, which you must pay.

Except for price changes, the costs of purchasing freezers and initial inventory purchases are uniform for all franchisees currently purchasing and are not negotiable.