



## Healthy Fast Food, Inc.

(OTCBB:HFFI)

Owner and Franchisor of U-SWIRL® Self-Serve Frozen Yogurt Cafés

<b>Stock Price (01/10/11)</b>	\$0.40	<b>Headquarters:</b>	1175 American Pacific, Suite C Henderson, Nevada 89074
<b>Shares Outstanding:</b>	4.70 Million	<b>Phone:</b>	702-448-5301
<b>Estimated Public Float:</b>	3.96 Million	<b>Twitter:</b>	@U_SWIRL
<b>Market Capitalization:</b>	\$1.88 Million	<b>Web Site:</b>	<a href="http://www.U-SWIRL.com">www.U-SWIRL.com</a>
<b>52-Week Low/High:</b>	\$0.25/\$2.85	<b>Franchise Info:</b>	<a href="mailto:info@U-SWIRL.com">info@U-SWIRL.com</a>
<b>Fiscal Year End:</b>	December 31		



### Corporate Overview

Headquartered in Henderson, Nevada, **Healthy Fast Food, Inc.** is on a mission to deliver consumers a smarter alternative to America's favorite meals and snacks. In October 2008, the Company acquired the worldwide rights to **U-SWIRL® Frozen Yogurt** and has commenced executing an aggressive strategy to build the brand into a globally recognized chain of highly experiential frozen yogurt cafés.

Healthy Fast Food's management team has achieved significant success in the development and expansion of various consumer-focused franchise operations over the past four decades. Hank Cartwright, the Company's Chairman and CEO, was the first to introduce the west coast to Pizza Hut as an area developer, opening stores in Nevada, Arizona and California. In addition to achieving notable success with Pizza Hut and California brand Mom's Ice Cream, Cartwright also developed Major Video, the first superstore video rental company in the country. Within four years, Major Video had 185 stores operating in 28 states and Canada with another 41 under construction when Cartwright sold the publicly traded company to Blockbuster in 1989.

At Healthy Fast Food, Cartwright and his team are now intent on taking advantage of the growing demand for healthier fast food alternatives by focusing on lower-fat foods offering better nutritional content and wholesome, natural food ingredients.

The Company's business plan provides for growth through corporate-owned cafés, as well as through marketing **U-SWIRL** as a compelling high growth opportunity to franchise operators and entrepreneurial business owners seeking an efficient and profitable store model. The original **U-SWIRL** franchise was opened in April 2008 in Las Vegas. In March 2009, Healthy Fast Food, through its wholly owned subsidiary U-SWIRL International, Inc., premiered its first Company-owned **U-SWIRL Frozen Yogurt** café in Las Vegas. Today, there are now ten **U-SWIRL** cafés in operation (six Company-owned and four franchise cafés), where customers now flock to choose as many yogurt flavors and toppings as they like, and then pay by the ounce for their unique creations.

Having signed two franchise agreements (Reno, Nevada and Marietta, Georgia) and five area development agreements (Monmouth County, NJ; Phoenix, AZ; Tucson, AZ; Boise, ID and Salt Lake City, UT) representing 33 new **U-SWIRL** franchise cafés to be opened over the next three to five years, Healthy Fast Food is making fast progress in executing a series of complementary business strategies designed to rapidly establish the brand as an industry leader in the successful development and operation of frozen yogurt cafés.



## *The U-SWIRL Frozen Yogurt® Concept and Commitment to Quality*

Featuring the tag line *Worth the Weight®*, U-SWIRL allows guests the ultimate choice in frozen yogurt by providing up to 20 non-fat flavors, including tart, traditional and no-sugar options; and up to 70 delicious toppings, including seasonal fresh fruit, sauces, candy and granola. Guests serve themselves and pay per ounce instead of by the cup size. A healthier alternative to a coffeehouse hang-out, U-SWIRL endeavors to create a relaxing, social environment ideally suited for every member of the family, where they can indulge themselves while eating responsibly. U-SWIRL will even help plan and play host to children's birthday parties and other special occasions.

"These groovy frozen yogurts are small luxuries at a time folks can't afford big luxuries," says Howard Waxman, publisher of the *Ice Cream Reporter* newsletter. "They're not selling frozen yogurt. They're selling the experience." Under the U-SWIRL system, each café must conform to a standard of interior design, featuring distinctive and comfortable décor. All goods sold by franchisees must be purchased through U-SWIRL or U-SWIRL-approved suppliers that have met with the Company's strict, high quality specifications and standards. Further, the yogurt sold in U-SWIRL cafés must meet the criteria established by the National Yogurt Association for live and active culture yogurt.

## *Offering the Frozen Yogurt Industry's Lowest Initial Franchise and Royalty Fees*

Unlike competing frozen yogurt franchise systems that charge an initial franchise fee of up to \$50,000 for a single unit, U-SWIRL franchisees pay only \$15,000. The Company's area development agreements also provide for much more attractive investment terms than most all of its competitors, equaling just \$15,000 plus \$5,000 times the predetermined minimum number of cafés required to be opened in each specific geographic market. Perhaps the most telling demonstration of U-SWIRL's commitment to support win-win partnerships with its franchisees is its low royalty fees. Almost without exception, each of U-SWIRL's fro-yo franchising competitors receives a 6% royalty fee on weekly net sales. Not U-SWIRL. U-SWIRL's royalty fee is only 3% – **less than half of the industry norm**, thus offering potential franchise partners and area developers a compelling business opportunity that is currently unmatched.

In August, 2010, the U.S. Small Business Administration (SBA) listed U-SWIRL Frozen Yogurt on its official Franchise Registry, thereby materially expediting the loan process for franchise investors and ensuring a consistent eligibility decision.

## *U.S. Expansion Underway*

In a news announcement released in late July 2009, Healthy Fast Food reported that it had entered into a franchise agreement with Galena Frozen Yogurt Company, which over the next 12 months plans to open three U-SWIRL Frozen Yogurt cafés in Reno – North Nevada's largest city and one of America's most popular tourist destinations. Galena's first U-SWIRL opened this past November in a highly trafficked shopping district located in southern Reno, and the early reaction has been very strong. In fact, in March 2010, Galena announced that it is now under construction on its second café in the northern region of the city, which is expected to open in the fall; and has finalized lease negotiations for its third café, slated to open in early 2011.

In November 2009, the Company awarded franchise area development rights to a multi-concept franchise system operator based in Phoenix, Arizona, providing for a minimum of 18 U-SWIRL self-serve frozen yogurt cafés to be opened in the Phoenix market over the next five years. Construction commenced on the first two cafés in August, 2010, which are expected to open by the late fall. In February 2010, the Company signed an Area Development Agreement with RMR Group, LLC to develop three U-SWIRL self-serve frozen yogurt cafés in Monmouth County, New Jersey. Currently, RMR Group is engaged in scouting for its first locations.

In April 2010, U-SWIRL entered into an agreement with AV, LLC to develop four franchise cafés in Tucson, Arizona. The Company followed with another area development agreement with Regents Management, LLC in July 2010, providing for the expansion of the U-SWIRL self-serve concept into Boise Idaho, with the first café scheduled to open in that metropolitan market in late 2010. In August 2010, the Company announced that River Jordan, Inc. also signed a new franchise agreement with plans to open a U-SWIRL self-serve frozen yogurt café in Marietta, Georgia, one of metro Atlanta's largest suburbs; and then followed with a second area development agreement in October with Regents for a minimum of five stores in Salt Lake City, Utah.



## **Strong Profitable Performance**

From a financial perspective, Healthy Fast Food is demonstrating that its strategy to support the national roll-out of *U-SWIRL Frozen Yogurt* cafés is indeed right on the mark. As of June 30, 2010, there were a total of six Company-owned cafés in operation – one opened in the first quarter ended March 31, 2009; one opened in the second quarter ended June 30, 2009; three opened in the third quarter ended September 30, 2009; and one opened mid-way through the first quarter ended March 31, 2010. In addition, the Company has four franchised cafés in operation as of November 24, 2010 – one located in Henderson, Nevada, two in Reno, Nevada and one in Meridian, Idaho. The Company posted revenues of \$760,403 for the three months ended September 30, 2010, 43% over the comparable second quarter period in the previous year; and posted an operating profit of \$241,600 from Company café operations.

Hank Cartwright, Chief Executive Officer of Healthy Fast Food, stated, “We are very pleased with the success we have achieved, thus far, in expanding the *U-SWIRL* franchise system out of Nevada and into several states across the country. With 33 new stores contracted for development over the next three to five years and a number of new franchising deals in the works, we have made notable progress since opening our very first company-owned café just 18 months ago. This is a clear testament to the underpinning value that we are building in the *U-SWIRL* brand and to the fact that consumers simply love the *U-SWIRL* concept and self-serve experience.”

## **“Simply Irresistible Business Opportunity” and Among “Most Popular Franchise Trends”**

In an article posted to *US News and World Report* in January of this year titled *Franchising Hot Spots*, it was noted that “Not only is it delicious, but frozen yogurt is also turning out to be a simply irresistible business opportunity.”

Further, *FranchisingForWomen.com* listed “Fun Food” among the “8 Most Popular Franchise Trends in the Year 2009.” The report noted, “Crazy food franchises have grown a lot trendier over the past year...By offering something different than the normal fast food-like menu, these businesses can reach out to crowds that are tired of unhealthy, processed foods. Additionally, by letting consumers create their dishes, such as yogurt shops that let you create your own custom dessert, they can connect with customers on a more creative level.”



The franchise-savvy management team at Healthy Fast Food believes that they can rapidly establish the Company as an industry leader in the successful development and operation of “fro-yo” cafés. Factors that support their belief include sweeping consumer demand for quality frozen desserts matched by overwhelmingly positive consumer reaction to the *U-SWIRL* concept. Moreover, given management’s proven industry expertise and impressive track record for building brands, successful franchise systems and profitable consumer-facing retail chains, Healthy Fast Food expects to serve up strong fundamental growth and true long term value for its valued shareholders.



## **Compelling Market Growth on Tap**

With two-thirds of all Americans characterized as overweight or obese, healthier dessert and snack choices have exploded in popularity. Market research publishing firm *Packaged Facts* contends that the frozen dessert market in the U.S. is expected to grow to more than \$27.6 billion by 2012 with frozen yogurt being one of the fastest growing segments.

Concurring with *Packaged Facts* is *Mintel*, a leading global supplier of consumer, product and media intelligence, who forecasts that the market for ice cream, frozen novelties, sherbet and frozen yogurt through all retail channels will grow 15% from 2008 to 2012. “Convenience and healthy eating trends drive more people to frozen

novelties to satisfy cravings,” commented senior *Mintel* analyst David Morris. “With today’s health-conscious consumer looking for a balance between nutrition and indulgence, options such as light, portion controlled ice cream bars or lower calorie frozen yogurt are sure to resonate.”

## News Archives

- Nov 24, 2010 Healthy Fast Food Announces Grand Opening of *U\_SWIRL* Frozen Yogurt® Café in Meridian, Idaho
- Nov 22, 2010 Healthy Fast Food Reports That Franchises River Jordan, Inc. Signs Lease for New *U\_SWIRL* Frozen Yogurt® Café in Marietta, Georgia
- Nov 12, 2010 Healthy Fast Food Announces Third Quarter 2010 Results
- Oct 27, 2010 Healthy Fast Food Area Development Deal to Open A Minimum of Five *U\_SWIRL*® Self-Serve Frozen Yogurt Cafés in Salt Lake City Metro Market
- Oct 25, 2010 Healthy Fast Food Announces Grand Opening of Second *U-SWIRL*® Self-Serve Frozen Yogurt Café in Reno, Nevada
- Oct 21, 2010 Healthy Fast Food Announces Closing of Secondary Offering
- Aug 25, 2010 Healthy Fast Food Announces Boise Area Developer to Begin Construction on First *U-SWIRL* Frozen Yogurt® Café in Idaho
- Aug 24, 2010 Healthy Fast Food Announces *U-SWIRL* Frozen Yogurt® Approved for SBA Franchise Registry Listing
- Aug 19, 2010 Healthy Fast Food Announces *U-SWIRL*® Self-Serve Frozen Yogurt Café Coming to Atlanta Suburb
- Aug 18, 2010 Healthy Fast Food Reports that Phoenix Area Developer to Open First Two *U-SWIRL*® Self-Serve Frozen Yogurt Cafés this Fall
- Aug 17, 2010 Healthy Fast Food Announces Second Quarter 2010 Results
- Aug 10, 2010 Healthy Fast Food Announces Galena Frozen Yogurt Company to Open Third *U-SWIRL*® Self-Serve Frozen Yogurt Café in Reno
- Jul 28, 2010 Healthy Fast Food to Present at FSX 108th Investment Conference in Fort Lauderdale
- Jul 19, 2010 Healthy Fast Food Expands *U-SWIRL*® Self-Serve Frozen Yogurt Concept Into Boise, Idaho

## Other Relevant Data

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