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Department of
Business Oversight

FRANCHISE DISCLOSURE DOCUMENT

Abbott's Frozen Custard, Inc.
A New York Corporation
4791 Lake Avenue
Rochester, New York 14612
Phone: (585) 865-7400
www.abbottscustard.com

The franchisee will operate one or more retail frozen custard (and related products) stands where the public may purchase frozen custard, soft drinks, and other desserts and related food products as approved by us, the franchisor.

The total investment necessary to begin operation of an Abbott's Frozen Custard franchise is between $339,562 and $580,618. This includes an initial franchise fee of $37,000, and other initial fees of $138,354 to $156,801 that must be paid to us or affiliates for your first Abbott's Store. If you choose to enter into a Development Agreement, you must open a minimum of three stores. The total investment necessary under the Development Agreement is between $1,129,686 to $1,852,854. This includes a development fee of $21,000 that must be paid to us or affiliates to open three stores.

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.**

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact Brenden Drew at 4791 Lake Avenue, Rochester, New York 14612 and (585) 314-2921.

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.

Issuance Date: March 15, 2019
(See the following page for 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 F for information about the franchisor, 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 AND DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN NEW YORK. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN NEW YORK THAN IN YOUR OWN STATE.

2. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT STATE THAT NEW YORK 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. 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 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.

State Effective Dates

California	July 19, 2018
Connecticut	January 2004
Maryland	August 14, 2018
New York	
Texas	February 18, 2014
Virginia	June 1, 2018

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ABBOTT'S FROZEN CUSTARD, INC.
DISCLOSURE DOCUMENT

EXHIBITS

ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, "AFC," "we," "us," and "our" mean Abbott's Frozen Custard, Inc., the franchisor. "You" and "your" mean the person who buys the franchise. If you are a corporation, partnership or other entity, "you" and "your" include the franchisee's owners.

Abbott's Frozen Custard, Inc. is a New York corporation incorporated on March 3, 1964. AFC does not operate under any other name. Our principal business address is 4791 Lake Avenue, Rochester, New York 14612. AFC has no parents, predecessors or affiliates.

Our agents for service of process are disclosed in Exhibit E.

We are offering a franchise to you for the operation of one or more Abbott's retail frozen custard (and related products) stand-alone stores ("Abbott's Stores" or "Franchised Businesses" or "Store") where the public may purchase frozen custard, soft drinks, and other desserts and food-related products as approved by us. The franchise includes the right to use our name, product line (including our Abbott's Frozen Custard Mix), and methods of operation. The services and products of Abbott's Frozen Custard stand-alone stores are used primarily by the motoring public for desserts or refreshment stops.

Our business has been a family-operated business for over 75 years, and we have conducted business of a type to be operated by you for approximately 60 years in Rochester, New York. We have offered franchises for Abbott's Stores for approximately 40 years. In 2016, we began to offer and operate a separate, co-branded, "store-within-a-store" franchise system within existing restaurants and other retail establishments to enable them to offer Abbott's retail frozen custard. This franchise system, which is co-branded with other retail establishments, is offered to existing businesses where the owners and/or operators of such businesses have experience offering and selling goods and/or services in the food service industry, and where no more than 20 percent of the owner's or operator's anticipated total gross revenues will be derived from the sales of Abbott's products ("Co-Branded Custard Counter"). Co-Branded stores are not offered under this disclosure document.

We have not offered franchises in any other lines of business. We do not engage, and have never engaged, in any business activities or any other line of business other than as described in this disclosure document.

Description of Franchised Business

General. We grant franchises to establish and operate a Franchised Business, as indicated in, and under, a franchise agreement (the "Franchise Agreement"). The Franchised Business is a retail stand which features and offers for sale to the public frozen custard, and related products as we specify, under our Proprietary Marks, as defined below. In order to become a franchisee, you will be required to operate your Abbott's Store in accordance with our standards and specifications, and you will be required to sign a Franchise Agreement.

Development Agreement. We also offer the opportunity to establish and operate more than one Store in a designated area ("Development Area") under a development agreement entered into with us ("Development Agreement") in the form attached as Exhibit D to this disclosure document. Under the Development Agreement, we will specify the number of Stores you must develop within the Development Area and will designate your particular development schedule ("Development Schedule"). You must develop a minimum of three (3) Stores. For each Store you develop under the Development Agreement, you must sign a separate, then-current franchise agreement.

The Abbott's System. The Abbott's Store will operate according to a unique system developed and owned by us consisting of a unique method for the preparation, distribution, and serving of frozen custard products, including frozen custard, and related products (the "System"). The distinguishing characteristics of the System include the names "Abbott's" and "Abbott's Frozen Custard"; specially designed color schemes, signs, emblems; confidential formulas and recipes used in the preparation of frozen custard products; specialized menus; and standards and specifications for equipment, equipment layouts, products, operating procedures, marketing and management programs, all of which may be changed, improved, and further developed by us.

The Franchised Business will operate in accordance with our Confidential Operations Manual (the "Manual") to be provided to you. You will also be provided with the right to use certain trade names, service marks, trademarks, logos, emblems, and other indicia of origin, including the marks "Abbott's," "Abbott's Frozen Custard," and such other trade names, service marks, trademarks, and trade dress as are now, or may subsequently be designated by us for use in connection with the System ("Proprietary Marks"). We can add, eliminate, modify, or substitute any of the Proprietary Marks at any time, in our sole discretion.

Market, Competition. The general market for retail businesses featuring frozen confections is well-developed and competitive. The number of restaurants and stores offering frozen confection products has increased recently and is expected to continue to increase rapidly. The Franchised Business will be competing against other national and local businesses featuring frozen custard and other frozen confections, such as ice cream and frozen yogurt, as well as supermarkets, convenience stores, and fast food restaurants which offer similar items and services to the general public. The Franchised Business may also compete against other AFC locations or points of distribution. The food service business is highly competitive in price, service, business location, and food quality, and is often affected by changes in consumer tastes, economic conditions, population and traffic patterns.

The retail sale of frozen custard and frozen confections is typically seasonal. Sales levels are highly sensitive to local weather conditions and temperature. Frozen custard retail stands located in enclosed malls may be less affected by these conditions, but may still experience seasonal trends. In certain locations, depending on weather conditions and temperature, frozen custard retail stands operate from March through December.

Industry-Specific Laws and Regulations. Your Franchised Business will be subject to various federal, state and local laws, and regulations affecting the frozen custard retail stand, including state and local licensing, zoning, land use, construction and environmental regulations and various health, sanitation, and safety standards affecting the frozen custard retail stand. The operation of your Franchised Business may require a license for preparing and serving food on-premises. Various state and local laws may require the testing of products sold at your Abbott's Store on a periodic basis, either in the Franchised Business or at an outside laboratory. Your Franchised Business will be subject to state and local employment laws, such as the Fair Labor Standards Act and various state laws governing such matters as minimum wages, overtime, and working conditions. Your Franchised Business will also be subject to other laws or regulations that are not specific to the industry, but apply to businesses generally.

ITEM 2
BUSINESS EXPERIENCE

President: Gail L. Drew

Since January 1995, Ms. Drew has served as President of AFC, in Rochester, New York.

Vice President and Chief Executive Officer: Robert J. Amico

Since January 1995, Mr. Amico has served as Vice President and Chief Executive Officer of AFC, in Rochester, New York.

Vice President of Business Development: Brenden Drew

Mr. Drew is a Certified Public Accountant. From 2009 through 2016, he worked as a consultant for PricewaterhouseCoopers, LLP in Boston, Massachusetts providing advisory services for both buy and sell side transactions and customized financial analyses. During this time, he consulted for AFC on various projects. As of 2017, Mr. Drew serves as the Vice President of Business Development of AFC in Rochester, New York.

Director of Franchise Operations: Joseph Orden

From 2000 to 2016, Mr. Orden served as AFC's Senior Franchise Coordinator in Rochester, New York. As of 2017, he serves as the Director of Franchise Operations of AFC also in Rochester.

Director of Corporate Retail Operations: Crystal Sampsell

From 2007 to 2016, Mrs. Sampsell served as AFC's Corporate Locations Manager in Rochester, New York. As of 2017, she serves of the Director of Corporate Retail Operations of AFC also in Rochester.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Franchise Agreement

The initial franchise fee is $37,000 ("Franchise Fee"), which is payable upon the signing of the Franchise Agreement. The remainder is due within 5 days after your signing and delivery to us of a lease or other suitable arrangement for the franchise location. The Franchise Fee is used to operate and maintain the franchise system and is not otherwise refundable.

Development Agreement

If you enter into a Development Agreement, in addition to the initial franchise fee for each Franchise Agreement you sign, as described above, you must also pay an initial development fee on the signing of the Development Agreement. The development fee will depend on the size of the development area and the number of Stores to be developed and is the mathematical product of $7,000 and the number of Stores granted. The development fee is paid for a development area granted, not for the right to open any individual Store. The development fee is not refundable. However, we take the development fee you pay to us and credit you $7,000 toward the initial franchise fee payable to us under each Franchise Agreement entered into for each Abbott's Store required to be developed under the Development Agreement. Under the Development Agreement you must open a minimum of three Stores. Accordingly, if you enter into a Development Agreement with us for three Stores, you will pay us a development fee of $21,000, at the time you sign the Development Agreement and a franchise fee of $30,000 (a $37,000 fee - $7,000 credit) at the time you sign each franchise agreement. To open all three Stores you will pay a total of $21,000 in development fees and $90,000 in initial franchise fees.

Other Initial Fees

Before you open your Franchised Business, you must pay us and/or suppliers the following other initial fees which total $138,354 to $156,801 per Abbott's Store you open:

(1) $125,354 to $136,801 for operational equipment, including a custard machine, dipping cabinets, freezers, menu boards, point of sale terminals, small wares furniture, and interior branding elements excluding freight and sales tax. You must pay these amounts within five days of your execution of a lease or binding purchase agreement for the Franchised Business. If you require additional equipment for your Store, you must pay us a portion of the costs for the equipment prior to our delivery of the equipment to your Franchised Business. The remaining balance is due when we complete the equipment installation or when you have opened for business, whichever comes first. We will not order custard-mixing equipment until all permits for

construction of your Store are approved and after the Store layout is complete in our sole discretion. Equipment orders cannot be cancelled without our written consent. We may refund the equipment fee if you obtain our written consent to cancel the order and if you agree to compensate us against losses incurred due to the canceled order;

(2) $8,000 - $10,000 for opening inventory. This fee is non-refundable;

(3) $5,000 - $10,000 for initial advertising, payable after you execute a lease or have a binding purchase commitment for the Store. The initial advertising will be paid to us and spent on local advertising for your Store via a combination of efforts by the Abbott's marketing firm of record and local channels. This fee is non-refundable.

For additional information on these other Initial Fees, please see Item 7.

ITEM 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty	5.5% of Gross Sales; however, we reserve the right to charge the greater of $4.80 Per Gallon Royalty or a royalty of 6.0% of Gross Sales (as defined)	5.5% of Gross Sales Royalty payment due weekly as invoiced Per Gallon Royalty payment due weekly as invoiced	See footnote 1

1 You must pay to us a recurring, non-refundable royalty fee, as determined by us, of 5.5% of Gross Sales (as defined below). We reserve the right to charge a royalty equal to the greater of (i) $4.80 per gallon of frozen custard mix, or sorbet purchased by you or used by you or your assignees in the operation of the Franchised Business ("Per Gallon Royalty") or (ii) 6.0% of your total Gross Sales (as defined below) ("Gross Sales Royalty"). We will not change the method of calculating royalties without giving you at least 6 months' prior written notice.

"Gross Sales" means all revenues generated by your Abbott's Store (and any other Abbott's Stores opened under the Franchise Agreement) conducted upon, from or with respect to the Abbott's Store, whether such sales are evidenced by cash, check, credit, charge, account, barter, or exchange. Gross Sales includes monies or credit received from the sale of food and merchandise, from tangible property, promotional or otherwise, and for services performed from or at the Abbott's Stores, excluding the sale of food or merchandise for which refunds have been made in good faith to customers, the sale of equipment used in the operation of the Franchised Business; sales, use, or excise tax imposed by a governmental authority directly on sales and collected from customers; however, the amount for such tax is added to the selling price or absorbed, and is actually paid by you to such governmental authority.

After the first calendar year of the Franchise Agreement, we may set a new higher Per Gallon Royalty by the percentage increase in the all goods or general category of the Consumer Price Index for All Urban Consumers (CPI U) published by the United States Bureau of Labor Statistics, or comparable index if the specified index is not available. The base index will be that of the beginning of the calendar year in which the Franchise Agreement is signed. The Per Gallon Royalty, as modified by escalation, will be computed to two decimal places.

Type of Fee	Amount	Due Date	Remarks
Advertising	2% of Gross Sales of the Franchised Business ("Advertising Fee")	Bi-weekly	The biweekly Advertising Fee will be based on Gross Sales, less sales tax of the Franchised Business as described in Note 1, above. In the years following the first calendar year (or portion thereof) of your operation, we may increase the 2% advertising fee to not more than 5% of your Gross Sales.
	0.5% of the Gross Sales of the Franchised Unit commencing upon the second year anniversary of the Effective Date of this Agreement; 1.0% of the Gross Sales of the Franchised Unit commencing upon the third year anniversary of the Effective Date of this Agreement.	Annually during the term of the Agreement	Franchisee shall pay third-party vendors of its choosing for its own local advertising. Upon the request of Franchisor, Franchisee shall produce receipts and any other documentation that substantiates that Franchisee spent the amounts required on local advertising as required.
Transfer	1/3 of then-current Franchise Fee	Before transfer is effective	If you assign or transfer any interest of your franchise to a transferee who is not a member of your immediate family and not a corporation formed by you for convenience, you will be required to pay a non-refundable transfer fee to us equal to one-third of the then-prevailing Franchise Fee charged by us to new franchisees.
Renewal	1/4 of then-current Franchise Fee.	Before renewal is effective	
Supplier Inspection and Testing	\$500 to \$1,000	Actual cost; as incurred.	If you desire to purchase products from an unapproved supplier and our representatives inspect the supplier's facilities and samples from the supplier are delivered to us or to an independent testing facility we designate for testing, you must pay to us a charge not to exceed the reasonable cost of investigation and the actual cost of the test.

Type of Fee	Amount	Due Date	Remarks
Late Payment Penalty	0.5% per week of unpaid balance	Date when payment becomes overdue	For default or delay in making payments to us under the Franchise Agreement, you must pay us a late charge which will accrue in the amount of 0.5% per week or (the portion of a week) until paid.
Insurance	Cost of insurance and, if not obtained by you, our procurement expense	As required and as incurred.	Before you start construction of your Franchised Business, you must purchase and maintain at your sole expense at all times during the term of the Franchise Agreement the insurance coverage required by the Franchise Agreement, including workers' compensation insurance, employer's liability insurance, comprehensive or commercial general liability insurance, and all risk property insurance. If you fail to obtain or maintain the insurance required, we will have the right and authority (but not the obligation) to obtain the required insurance and to charge you for it, which charges, together with a reasonable administrative fee for our expenses in so acting, will be payable by you immediately upon notice.

Type of Fee	Amount	Due Date	Remarks
Audit	Cost of audit, which could range from $500 to $1,000, if Gross Sales understated by 2%	30 days after billing	You must regularly submit to us certain information: weekly, monthly, and yearly sales reports and yearly financial statements and tax returns. We have the right to audit this information. Audits will be conducted at our expense. However, if we elect to have you pay royalties based on Gross Sales and any audit shows an understatement of 1% or more of Gross Sales Royalty, then you must immediately pay to us the royalty fee due for the amount understated upon demand, plus the additional late payment fee from the date such amount was due until paid. In addition, you must reimburse us for our costs of the audit including reasonable accounting and attorneys' fees.
Liquidated Damages	$500 per day	As incurred	If you violate the Franchise Agreement, after the 5th day that we provide written notice to you of the violation, you must pay to us $500 per day as liquidated damages, not as a penalty, for each day during which such violation continues, or such lesser amount as permitted under local law.
Indemnification	Cost of liability	As incurred	You must indemnify and hold harmless us and our successors and assigns from all claims, demands, losses, damages, liabilities, costs, and expenses (including attorneys' fees and litigation expenses) resulting from, or alleged to have resulted from, or in connection with your operation of the Abbott's Store(s).

Type of Fee	Amount	Due Date	Remarks
Collection Costs and Attorneys' Fees	Cost of collection and attorneys' fees	As incurred	You must pay us all expenses, including attorneys' fees and court costs, incurred by us and our successors and assigns to remedy any defaults of or enforce any rights under the Franchise Agreement, effect termination of the Franchise Agreement or collect any amounts due under the Franchise Agreement.
Sales Taxes	Cost of sales, use or similar tax	As incurred	You must pay us an amount equal to any sales, use, or similar tax (but not income taxes) imposed on us by the authorized taxing authority of any state or political subdivision with respect to any payment made by you to us for services or material furnished by us to you under the Franchise Agreement. The payments are nonrefundable and are collected by and payable to us. This reimbursement requirement will be applied uniformly to all franchisees.
Additional Training	$1,000 - $5,000	As incurred	We may make available to you or your employees such additional training programs as we, in our sole discretion, may choose to conduct. Attendance at these training programs may be mandatory. We reserve the right to charge you a fee to cover the cost of conducting such mandatory training programs. If we offer additional training programs, they will be held at a location of our choice. Your costs depend on if you have to travel and have to incur hotel, food, and rental car expenses. Additional training programs will generally be held for three (3) days.

Type of Fee	Amount	Due Date	Remarks
Computer software/hardware updates	\$2,000 - \$5,000	As incurred	Costs of computer software and hardware upgrades and updates will be paid to vendors, not us. The range of costs depends on how many computers the Franchised Business has and how you maintain the computer software.
Renewing Renovation, Refurbishment, Modernization, and Replacement of Franchise Facilities	\$7,000 - \$10,000	As incurred	At your sole cost and expense, you must complete a full reimaging, renovation, refurbishment and modernization of the Franchised Business, within the time frame required by us, but no more often than once every five (5) years, including the equipment, signs, interior and exterior décor items, fixtures, furnishings, trade dress, color scheme, presentation of trademarks and service marks, supplies, and other products and materials, to meet our then-current standards, specifications and design criteria for Abbott's' businesses, including structural changes, remodeling and redecoration, and such modifications to existing improvements as may be necessary to do so. These costs and expenses will be paid to vendors, not to us and will generally cover the cost of painting and new menu signs.

Type of Fee	Amount	Due Date	Remarks
Interest	18% per annum or the maximum rate permitted by law, whichever is less	As incurred	Any monthly report required under the Franchise Agreement that is not actually received by Abbott's on or before the due date is deemed overdue, and all monthly payments to Abbott's for that month, whether or not timely received, will also deemed overdue, and you must pay interest on those payments as a penalty until the reports are submitted. You must pay Abbott's immediately upon demand, interest on the Gross Sales stated on the reports from the date such report was due until the report is submitted, at the rate of 18% per annum, or the maximum rate permitted by law, whichever is less.

**Unless indicated above in Item 6, all of the fees listed above are non-refundable and are imposed by, payable to, and collected by us.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Franchise Agreement

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee[1]	$37,000	Lump sum	$37,000 deposit on signing of Franchise Agreement and Addendum	AFC
Operational Equipment[2]	$125,354 - 136,801	Lump sum	After signing lease and completion of the Store layout	AFC and Suppliers
Exterior Signs[3]	$5,000 - $25,000	Lump sum	After the Store layout is complete and the signs are approved	Suppliers
Design Fee (architects and engineers)[4]	$13,000- $22,000	As arranged	Upfront before design or layout is started	AFC and Suppliers
Real Estate & Improvements[5]	$106,200 – $266,333	As arranged	As incurred	Landlord and suppliers

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Opening Inventory[6]	$8,000 - $10,000	Lump Sum	15 days before opening	Suppliers; AFC
Initial Advertising[7]	$5,000 - $10,000	As arranged	As incurred	Suppliers; AFC
Estimated Costs of Traveling to Rochester, NY for Training [8]	$1,200 - $3,000	As arranged	As incurred	Third-party vendors
Utilities[9]	$2,000 – $5,000	As arranged	As incurred	Suppliers
Office Supplies[10]	$500	As arranged	As incurred	Suppliers
Insurance Premiums[11]	$4,000 – $6,000	As arranged	As incurred	Suppliers
Additional Funds -- 3 mos.[12]	$25,000 – $50,000	As arranged	As incurred	See Note 12
TOTAL	$339,562 - $580,618			

1 We do not finance any fee.

2 The estimate provided above includes the equipment necessary to furnish and operate a standard Abbott's location as specified in the operations manual or otherwise in writing by us in accordance with the Addendum to the Franchise Agreement. This includes the computer point-of-sale system that you are required to purchase. These costs are non-refundable.

3 You must purchase the standard AFC signs from reputable vendors. With respect to the sign(s), you will pay for: (1) compliance with applicable laws and obtaining all permits and licenses; (2) real estate and other taxes; (3) installation, repairs and maintenance; and (4) insurance coverage. The cost of the signs will be approximately $5,000 - $25,000 and is non-refundable.

4 This amount includes an estimate for the work performed by our designated corporate architects and your local architect. You must contract with our architect to plan the layout and design of the Store. After the layout and design is completed, you must provide these plans to a local architect to complete the necessary local permitting process. Additional design fees may be added due to the nature of the Store or area surrounding the Store.

5 We require you to own or lease a location with at least 800 square feet of space suitable for retail sale of franchise products. Typical locations are in retail corridors, downtown areas, public attractions or densely populated neighborhoods. Three months' rent for a franchise is typically $8,400 - $14,500. A security deposit (usually equal to one month's rent) may be necessary if the building is leased, payable to the building owner. Other leasehold improvements (including wallpaper, paint, flooring, lighting, building code requirements) are estimated to be approximately $80,000 - $225,000, payable to independent contractors or suppliers.

Regardless of whether you own the premises for the Franchised Business or decide to lease or construct a new facility, you must adapt your Franchised Business to our standard plans and specifications and to local and state laws, rules, regulations, and ordinances. The fees for these design services typically cost between $15,000 to $22,000. You must implement the standard Abbott's layout specifications and interior and exterior designs that Abbott's will provide to you. These plans are for a traditional Abbott's store. Additional costs for these services may be incurred by you if the facility or premises of the Franchised Business is outside the scope of this standard plan. You will be exclusively responsible for conforming the designs, plans, and specifications to all applicable laws and regulations and for obtaining our approval of the final designs, plans and specifications. Due to several factors, including your desire to purchase or lease, the local real estate market, the unique nature of local regulations, and configuration of each franchise, we cannot estimate the total cost of constructing and equipping a franchise with any specificity. You should consult with your own construction consultants to estimate construction costs for any location at which you are considering opening a franchise.

[6] The required opening inventory from any Franchised Business will, of course, be determined by the volume of sales anticipated. The fees for opening inventory are non-refundable and are collected by and are payable to us.

[7] You must spend a minimum of $5,000 on local advertising during the first 12 months of operation. You will spend this amount on a variety of marketing strategies and services in your trade area based on consultation with us.

[8] The training costs are an average of the travel expenses incurred by training participants for items such as flights, hotel and food. These costs will depend, in part, on the sites designated by us for training. These expenses may or may not be refundable depending on the third-party vendors that you use.

[9] This figure includes estimated expenses for heating, lighting, air conditioning and other utility charges, which will vary depending upon local weather and building conditions, applicable rates, and other factors. Security deposits for utilities, including the amounts required and terms of repayment, will depend upon the local utility companies. Utility deposits may range between $2,000 and $5,000.

[10] The estimate provided includes forms, paper, cash register, and tape.

[11] This estimate is the annual premiums for the insurance described in the Item 6 chart.

[12] This is an estimate only of the range of initial start-up expenses you may incur for approximately the first 3 months of operation. The actual amount of additional funds you will need also depends on a variety of factors, including your own management skill, economic conditions, competition in your area, prevailing wage rates, local markets for our services.

The estimate of additional funds for 3 months is based on an owner-operated business and does not include salaries or benefits for employees or any allowance for an owner's draw. We estimate that, in general, you can expect to put additional cash into the business during at least the first 3 to 9 months. We cannot estimate or promise when, or whether, any individual franchisee will achieve positive cash flow or profits.

Development Agreement[1]

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Development Fee[2]	$21,000	Lump sum	At signing of Development Agreement	Us
Franchise Fee to Open Three Stores[3]	$90,000	Lump sum	At signing of Franchise Agreements	Us
Additional Initial Investment Expenses to Open Three Stores[4]	$1,018686 - $1,741,854	As arranged	As incurred	Us or Suppliers
TOTAL	$1,129,686 - $1,852,854			

Except as otherwise described in the notes below, the above chart provides an estimate of your initial investment if you sign a Development Agreement. All costs in the table are estimates only. Actual costs will vary for each developer and each location depending upon a number of factors. All fees and payments described in this Item 7 are non-refundable, unless otherwise stated or permitted by the payee. We do not currently offer financing for any of the amounts described above, but we may recommend financial institutions to you.

1 The estimates in this chart are based on a Development Agreement that requires you to develop three Stores. If you are required to develop more (or fewer) than three Stores, your estimated initial investment will change accordingly.

2 The Development Fee in the table is based on an agreement to develop three Stores. The Development Fee is the mathematical product of $7,000 and the number of Stores granted.

3 You must pay us a $37,000 initial franchise fee for each Store you develop under a Development Agreement. However, you will receive a credit of $7,000 towards the initial franchise fee payable under the Franchise Agreement for each Store upon execution of each Franchise Agreement.

4 This estimate is based on the initial investment for a single Store as shown in the first chart in this Item 7, except for the initial franchise fee. We have multiplied those figures by three to estimate the initial investment for three Stores. If you develop more than three Stores, your initial investment will be higher.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must maintain, at all times during the term of the Franchise Agreement, at your expense, the premises of the Franchised Business and all fixtures, furnishings, signs, systems, and equipment in conformity with our high standards and public image and to make such additions, alterations, repairs, and replacements as may be required by us.

At least 15 days before beginning any construction related to the Franchised Business, you must procure, and maintain, at all times during the term of the Franchise Agreement, minimum insurance coverage protecting you and us, and our officers, directors, agents, and employees, against any loss, liability, or expense whatsoever from personal injury, death or property damage or casualty, including, fire, lightning, theft, vandalism, malicious mischief, and other perils normally included in an extended coverage endorsement arising from, occurring upon or in connection with the construction, operation or occupancy of the Franchised Business. The policy or policies must be written by an insurance company satisfactory to us and must include, at a minimum the following coverage:

- Workers' Compensation Insurance, with statutory limits as required by the laws and regulations applicable to the employees of Franchisee who are engaged in the performance of their duties relating to the Franchised Unit, including any pre-opening training programs, as well as such other insurance as may be required by statute or regulation of the state in which the Franchised Unit is located.

- Employer's Liability Insurance, for employee bodily injuries and deaths, with a limit of Five Hundred Thousand Dollars ($500,000.00) each accident.

- Comprehensive or Commercial General Liability Insurance, covering claims for bodily injury, death and property damage, including Premises and Operations, Independent Contractors, Products and Completed Operations, Personal Injury, Contractual, and Broad form Property Damage liability coverages, with limits as follows:

- Occurrence/Aggregate Limit of One Million Dollars ($1,000,000.00) for bodily injury, death and property damage each occurrence and Two Million Dollars ($2,000,000.00) for general aggregate, or Split liability limits of One Million Dollars ($1,000,000.00) for bodily injury per person;

- One Million Dollars ($1,000,000.00) for bodily injury per occurrence; and Five Hundred Thousand Dollars ($500,000.00) for property damage.

- All Risk Property Insurance, on a replacement cost basis, with limits as appropriate, covering the real property of Franchisee and any real property which Franchisee may be obligated to insure by contract. Such real property may include building, machinery, equipment, furniture, fixtures and inventory.

You must purchase all custard-mixing equipment, requirements for certain ingredients (including cones, flavorings, syrups, and sundaes), custard mix, sorbet, and any other items sold as part of the end products that are offered for consumption to the retail consumer (the "Products") only from us. We are currently the only approved supplier for all of the Products. Upstate Niagara Cooperative, Inc. ("Upstate Farms") is currently an approved supplier of custard mix, and milk.

You must purchase all other ingredients, products, materials, supplies, paper goods, milk and other items required for the operation of the Franchised Business, except the Products, solely from us or suppliers who demonstrate, to our continuing reasonable satisfaction, the ability to meet our reasonable standards and specifications for such items; who possess adequate quality controls and capacity to supply your needs promptly and reliably; and who have been approved in writing by us and such approval has not subsequently been revoked. None of our officers own an interest in any approved supplies. If you desire to purchase any such items from an unapproved supplier, you must submit to us a written request for approval, or must request the supplier itself to seek approval. We must have the right to require, as a condition of our approval, that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, at our option, either to us or to an independent laboratory designated by us for testing prior to granting approval. A charge not to exceed our reasonable cost of inspection and the actual cost of testing must be paid by the supplier or you. We reserve the right, at our option, to re-inspect the facilities and products of any such approved supplier and to revoke our approval upon failure of such supplier. In addition to testing and inspections, we typically review the proposed supplier's financial records, business reputation, delivery performance, credit rating and other information. Our approval review usually is complete in 14 days. Applicable specifications, if and when they are available, will be furnished to you after you sign the Franchise Agreement.

For purchases made by franchisees for frozen custard mix and milk from our approved supplier, Upstate Farms, we derive $0.886 per gallon. If you purchase the above listed items from us, we will derive revenue from the required purchases. In the fiscal year ended October 31, 2018, we had approximately $3,434,339 in total revenues and approximately $544,603 of revenues from franchisee purchases of custard-mixing equipment, frozen custard mix, and milk, or 15.8% of our total revenues.

The cost of equipment and supplies purchased in accordance with our specifications will represent approximately 65% of your total purchases in establishing a franchise and approximately 30% of your total purchases during operation of the franchise. We do not provide material benefits to you based on your use of designated or approved sources. We negotiate purchase arrangements with suppliers for the benefit of our franchisees.

ITEM 9
FRANCHISEE'S OBLIGATIONS

This table list your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Franchise Agreement

Obligation	Section in Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease	Article I of Franchise Agreement	Items 6, 11
b. Pre-opening purchases/leases	Sections 10.03 and 10.04	Item 8
c. Site development and other pre-opening requirements	Article II of Franchise Agreement	Items 6, 7, 11
d. Initial and ongoing training	Article VIII of Franchise Agreement	Item 11
e. Opening	Article X of Franchise Agreement	Item 11
f. Fees	Article III of Franchise Agreement	Items 5, 6, 7
g. Compliance with standards and policies/Operating Manual	Sections 10.09 and 10.17 of Franchise Agreement	Item 11
h. Trademarks and proprietary information	Articles V and XII of Franchise Agreement	Items 13, 14
i. Restrictions on products/services offered	Section 10.02 of Franchise Agreement	Item 16
j. Warranty and customer service requirements	Not applicable	Item 11
k. Territorial development and sales quotas	Article II of Franchise Agreement	Item 12
l. Ongoing product/service purchases	Sections 10.03 and 10.04 of Franchise Agreement	Item 8
m. Maintenance, appearance and remodeling requirements	Section 10.01 of Franchise Agreement	Item 11
n. Insurance	Article XI of Franchise Agreement	Item 6
o. Advertising	Sections 8.03, 8.04, 10.05 and 10.06 of Franchise Agreement	Items 6, 11
p. Indemnification	Sections 15.04 and 18.03 of Franchise Agreement	Item 13

Obligation	Section in Agreement	Item in Disclosure Document
q. Owner's participation/ management/staffing	Section 10.13 of Franchise Agreement	Items 11, 15
r. Records/reports	Article IV of Franchise Agreement	Item 6
s. Inspections/audits	Sections 5.09, 9.04, 9.09, 10.02, and 10.04 of Franchise Agreement	Items 6, 11
t. Transfer	Article XIV of Franchise Agreement	Item 17
u. Renewal	Section 2.02 of Franchise Agreement	Item 17
v. Post-termination obligations	Sections 16.01 and 16.04 of Franchise Agreement	Item 17
w. Non-competition covenants	Sections 13.02 and 13.03 of Franchise Agreement	Item 17
x. Dispute resolution	Sections 24.02 of Franchise Agreement	Items 13, 14

Development Agreement

Obligation	Section in Agreement	Item in Disclosure Document
a. Site selection and acquisition/lease	Article 3; Section 5.1	Items 6, 11
b. Pre-opening purchases/leases	None	Item 8
c. Site development and other pre-opening requirements	Article 3	Items 6, 7, 11
d. Initial and ongoing training	None	Item 11
e. Opening	Exhibit B	Item 11
f. Fees	Article 2	Items 5, 6, 7
g. Compliance with standards and policies/Operating Manual	Section 8.2	Item 11
h. Trademarks and proprietary information	None	Items 13, 14
i. Restrictions on products/services offered	None	Item 16
j. Warranty and customer service requirements	None	Item 11
k. Territorial development and sales quotas	Article 6	Item 12

Obligation		Section in Agreement	Item in Disclosure Document
l.	Ongoing product/service purchases	None	Item 8
m.	Maintenance, appearance and remodeling requirements	None	Item 11
n.	Insurance	None	Item 6
o.	Advertising	None	Items 6, 11
p.	Indemnification	Article 10	Item 13
q.	Owner's participation/ management/staffing	None	Items 11, 15
r.	Records/reports	None	Item 6
s.	Inspections/audits	None	Items 6, 11
t.	Transfer	Article 7	Item 17
u.	Renewal	Article 4	Item 17
v.	Post-termination obligations	Article 8	Item 17
w.	Non-competition covenants	Section 8.2	Item 17
x.	Dispute resolution	Article 14	Items 13, 14

ITEM 10
FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease, or other obligations.

ITEM 11
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as described below, we are not required to provide any assistance to you.

Pre-Opening Obligations

Franchise Agreement

Except as described below, before the Franchised Business opens, we are required by the Franchise Agreement to provide the following to you:

1. We will provide training for you, your partner if you are a partnership or your principal shareholder if you are a corporation, and up to two (2) of your personnel (Franchise Agreement, Section 8.01);

2. We will loan one copy of the Manual, if and when available, to you for the duration of the Franchise Agreement or make the Manual available to you electronically via diskette, CD ROM, electronic mail, the internet, or other electronic format (Franchise Agreement, Section 9.03);

3. We will continue our efforts to maintain high and uniform standards of quality, cleanliness, appearance, and service at all of our Abbott's Stores, to protect and enhance the reputation of the System and the demand for the products and services of the System (Franchise Agreement, Section 9.04);

4. We will establish uniform criteria for approving suppliers; make every reasonable effort to disseminate our standards and specifications to your prospective suppliers upon your written request; however, we may elect not to make available to prospective suppliers the standards and specifications for such formulas or equipment designs deemed by us in our sole discretion to be confidential (Franchise Agreement, Section 9.04);

5. We will approve the architecture, layout, and initial appearance of the Franchised Business (Franchise Agreement, Section 9.06);

6. We will provide a list of approved items of required equipment and inventory (Franchise Agreement, Section 9.07); and

7. Upon your request and our discretion, we will conduct inspection visits of the construction of the Franchised Business. (Franchise Agreement, Sections 9.08 and 9.09).

Development Agreement

1. We will provide site selection guidance and consultation as we deemed advisable (Development Agreement, Section 5.1.1).

2. Upon your written request, we will provide assistance for the purpose of finding an approved location for a Store. (Development Agreement, Section 5.2).

Continuing Obligations

After the Franchised Business opens, we are required to provide the following to you:

Franchise Agreement

1. We will make available to you continuing advisory assistance in the operation of the Franchised Business, in person, over the Internet or by electronic or written bulletins made available as we may be deem appropriate (Franchise Agreement, Section 9.01);

2. We will continue our efforts to maintain high and uniform standards of quality, cleanliness, appearance, and service at all Abbott's stores to protect and enhance the reputation of the System and the demand for the products and services of the System (Franchise Agreement, Section 9.04); and

3. We will inspect the Franchised Business and its operations, as we deem appropriate (Franchise Agreement, Section 9.08).

Development Agreement

Under the Development Agreement, we need not furnish any assistance to you after the opening of your Store(s).

Advertising Fees.

We will develop and conduct advertising and promotional programs that are regional and local in scope. Typically, we work directly with an advertising agent to place advertising. The cost of this advertising will be paid from the Fund. We will apply amounts so received, together with an equal percentage amount from each Abbott's store owned by us, as we deem appropriate in our sole discretion, to the cost of advertising the product and your business and other franchisees who are also paying an advertising fee to us and whose franchise primary marketing areas are within the same standard metropolitan statistical area. (Franchise Agreement, Section 3.02). We are not required to spend any amount on advertising in the area or territory where you are located.

Currently, you must contribute to the Fund 2% of the Gross Sales of the Franchised Business. In addition, after your first year of operations, we reserve the right to increase the advertising fee of 2% of the Gross Sales requirement to not more than 5% of the Gross Sales. Contributors to the Fund include us, franchisees, and AFC-owned franchises as well as some outside vendors and suppliers. All franchised and company-owned locations are required to contribute to the Fund at the same rate. We, in our sole discretion, may elect to waive or reduce the Advertising Fee for those franchisees that are located outside of the greater Rochester, New York metropolitan area, if the primary focus of the advertising will only benefit those franchisees within a particular region. We may charge these franchisees a reduced Advertising Fee based on the benefits they may receive from the advertising promotions chosen by us. The applicable reduction will be left to our sole discretion. (Franchise Agreement, Section 3.02). The funds collected for the Fund will be used to promote the products and services sold by you and us and are not used to sell additional franchises. Any remains in the Fund at the end of a fiscal year remain in the Fund and accrue from year to year. (Franchise Agreement, Section 8.03).

In addition to managing the Fund, we will also: (a) review and approve, if acceptable, all of your marketing and promotional materials and programs, *e.g.*, on-site, direct mail, newspaper, radio, television, and Internet advertising; we will provide you with notice of approval or disapproval within 10 days after our receipt of your proposed advertising; (b) require your participation in our promotional and special event programs; (c) reserve the right to receive payment for providing goods or services to the Fund; and (d) administer the Fund for the purpose of marketing and promoting Abbott's Frozen Custard, Inc. An unaudited annual statement of Fund administration for the most recent fiscal year will be provided to you upon written request. (Franchise Agreement, Section 8.04). We strongly suggest you work with a local marketing firm in your area at your own expense to develop additional marketing for your location.

During our last fiscal year, we expended approximately 50% of the Fund contributions on production costs for marketing and promotional materials and programs, 40% of such Fund contributions on media placement costs and approximately 10% on administrative costs, or other items. We did not expended any Fund contributions on advertising which was principally a solicitation for the sale of franchises during our most recent fiscal year.

Advertising Council

We do not have an advertising council composed of franchisees that advises us on advertising policies.

Advertising

You must promote the product in your Territory. All local advertising by you must be in such media, and of such type and format as we may approve; must be conducted in a dignified manner; and must conform to such standards and requirements as we may specify. You must not use any advertising, promotional plans, or materials unless and until you have received written approval from us. (Franchise Agreement, Section 10.05).

All advertising and promotional plans proposed to be used by you, except such plans and materials that have been previously approved by us must be submitted to us for our written approval (except with respect to prices to be charged) prior to any use. We must use our best efforts to complete our review of your proposed advertising and promotional plans within fifteen (15) days after we receive such plans. If written approval is not received by you from us within 15 days after receipt by us of such plans, we will be deemed to have disapproved such plans. (Franchise Agreement, Section 10.06).

Website

You must not promote, offer, or sell any products or other services related to the Franchised Business through the Internet or use the Proprietary Marks in any Internet domain name, electronic mail address or home page address, or in the operation of any internet Web Site without our prior written consent. The term "Web Site" means an interactive electronic document contained in a network of computers linked by communications software, commonly referred to as the Internet or World Wide Web, including social and business networking media such as Facebook, Twitter, LinkedIn, and online blogs and forums. We will approve or disapprove a Web Site within five (5) days after we receive your request. We may establish such requirements as we deem appropriate, including, among others: (i) we may require you to submit to us for our prior written approval, a sample of any proposed Internet Web Site for the Abbott's Store(s), domain name, home page address, format and visible (including proposed screen shots and any text, video clips, photographs, images, sound bites or other materials in which any third party has any ownership interest) and non-visible content (including meta-tags) in the form and manner that we may reasonably require; (ii) we may require you to establish hyperlinks to our Web Site and others as we may require, and to obtain our prior written approval of your use of any other hyperlinks and/or other links; (iii) we may require you to submit to us for our prior written approval any modifications to your Web Site. We may revoke our approval of your Web Site at any time and require you to discontinue your use of it. In addition to any other applicable requirements, you must comply with any standards and specifications we develop that are applicable to Web Sites as set forth in the Manual or otherwise in writing, which standards and specifications we may modify. We may designate the form and content of your Web Site and may require that any such Web Site be hosted by us or a third party whom we designate. We also may charge you a fee for developing, reviewing and approving your Web Site and/or hosting it. You must not use or permit any third party to use any of the Proprietary Marks in connection with any Internet Web Site and/or as part of any Internet domain name or electronic mail or home page address, unless such use is expressly approved by us in writing. (Franchise Agreement, Section 10.11).

Computer Equipment.

Under the Franchise Agreement, you must record all sales on our point-of-sale system provided by us. You must purchase and install computer hardware and software equipment at the Abbott's Store(s) and/or at your principal business office, which computer hardware will include telecommunications devices, and which software may be a single program or set of programs, all of which must be obtained in accordance with our standards and specifications (the "Required Computer Equipment"). The Required Computer Equipment will permit 24 hour per day electronic communications between us and you, including access to the Internet and our intranet. Currently, the basic computer point-of-sale system that we require you to purchase will cost approximately $10,000 to $11,000.

We have the right to require maintenance or an upgrade or update to the Required Computer Equipment. The maintenance, upgrades, or updates may be completed by a third party. There are no limitations on the cost or frequency of these obligations. In addition, we will have independent access to the information and data on sales recorded on cash registers or other point-of-sale equipment. There are no contractual limitations on our rights to access such information and data.

Table of Contents of Manual

We will allow you to view the Manual before purchasing the franchise.

Location Selection.

Under the Franchise Agreement, you must operate the Franchised Business only at a single location acceptable to us. You must submit a location approval application to us describing the proposed site. You must submit to us satisfactory evidence that the Franchise Business is a permitted use under the zoning laws for the Premises (or a copy of an application to rezone or for a specific use permit). We will respond within ten (10) days, either accepting or rejecting (with reasons) the proposed location. If we and you cannot agree on an acceptable location, we may terminate the Franchised Business.

We consider the following variables to be important in site selection: the population density, traffic patterns, points of interest, foot traffic, and proximity of the proposed site to other franchisees or potential competitors.

If you enter into a Development Agreement and fail to obtain a location for a Store within the time period designated in the Franchise Agreement, we can terminate the Development Agreement.

Opening of Business.

We estimate that the typical length of time between the signing of the Franchise Agreement or the first payment of any consideration for the Franchised Business and the opening of your business is approximately sixteen (16) weeks. Although 16 weeks is the typical length of time, it must be recognized that delays in the delivery of equipment or other items, such as the ability to obtain a lease, could extend this period.

Training.

We will provide you with two (2) trainings sessions, the first will be held in Rochester, New York with the second at your location a week before your scheduled opening. The initial mandatory training program for you, your partner if you are a partnership, or your principal shareholder if you are a corporation, and up to two members of your initial staff. You will begin the basic training course at a day and time we designate at our headquarters in Rochester, New York. The program will be given during normal retail hours. The program normally lasts four (4) consecutive business days, but will continue until we, in our sole discretion, deem the personnel qualified to operate the franchise operation. The instructors of the training program will all have prior experience at various levels within our organization including training. Our principal instructor is Mr. Joseph Orden, who has been with us for over 25 years. The training will consist of the proper operation of the franchise, serving of products, office administration, and any other tasks pertinent to the successful operation of the franchise. The training will be given at no charge, but we reserve the right to impose reasonable charges and to be reimbursed for training materials in connection with the courses. You will be responsible for all your and your employees' costs for wages, employee benefits, travel, lodging, and meals during the training program. Each participant must complete this initial mandatory training program to our satisfaction. The estimated costs for the initial mandatory training for travel, lodging, and food if your training is held away from your home town is approximately between $1,200 and $3,000 for each person who attends the training program.

We may make available to you or your employees additional training programs as we, in our sole discretion, may choose to conduct. Attendance at these training programs may be mandatory. We reserve the right to charge you a fee to cover the cost of conducting such mandatory training programs. All other expenses during the training period, including meals, lodging, wages, and travel, will be borne by you. Optional training programs (instruction and required materials) may be offered to you for a fee and may take place over the Internet. Any additional or optional training would cover subjects previously covered in our initial training program, would be given at a location of your choice, and would typically last for 3 days. The initial training program will be conducted at our mutual convenience prior to the opening. We do not have regularly scheduled training classes, as they are held on an as-needed basis. You must successfully complete training at least ten (10) days prior to opening the business.

TRAINING PROGRAM

Subject	Classroom Training	Hours On-the-Job Training	Location
Franchise Operation and Sanitation (See Note 1)	2 hours	23 hours	Our headquarters (Rochester, NY) or franchisee's location
Production of Product (See Note 2)	2 hours	23 hours	Our headquarters (Rochester, NY) or franchisee's location
Office Administration (See Note 3)	---	2 hours	Our headquarters (Rochester, NY) or franchisee's location

Note 1.

This course will train your staff regarding customer relations, handling and inventory of supplies, and the basic set-up, maintenance and operational skills needed to care for the franchise equipment. The proper methods for sanitation will also be covered in this course. Joseph Orden of AFC is currently the instructor. Mr. Orden has worked at Abbott's for over 25 years and has extensive experience in AFC franchise operations, including equipment operation, sanitation, and customer relations. Manuals for this course will be provided in hard copy and electronically.

Note 2.

This course will train your staff on the proper techniques for the production of each product sold by the Franchise. Manuals for this course will be provided in hard copy and electronically. Joseph Orden of AFC is currently the instructor for this course.

Note 3.

This course will train your staff on the proper method of bookkeeping and recordkeeping. Joseph Orden of AFC is currently the instructor for this course.

ITEM 12
TERRITORY

We will grant to you a franchise to open and operate a Franchised Business at one location as designated in the Franchise Agreement ("Approved Location"). You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

The franchise granted to you under the Franchise Agreement grants to you the rights to establish and operate the Franchised Business at only the specific location set forth in the Franchise Agreement. We, and our affiliates, have the right to operate and grant as many other franchises for the operation of Abbott's businesses, anywhere in the world, as we, in our sole discretion, elect.

We retain the rights (a) to establish and operate, and license others to establish and operate a business similar to or the same as your Franchised Business under the same or different Proprietary Marks at any location; and (b) to sell or distribute, directly or indirectly, or license others to sell or distribute ice cream products and any other products or services, including, without limitation, sales made at supermarkets, convenience stores, grocery stores, machines, variety stores, and the Internet, at any location (regardless of its proximity to your Franchised Business) under the same or different Proprietary Marks as we and our affiliates deem appropriate.

If you are unable to continue to occupy your Approved Location, you may relocate only with our prior written consent, which we may withhold in our sole discretion. You may not change your location(s) except in accordance with the requirements of the Franchise Agreement. The selection and construction of any new location will be subject to our requirements in effect at that time.

We may establish other franchises, company-owned outlets or other channels of distribution, selling, or leasing similar products or services under a different trade name or trademark.

Development Agreement

The Development Agreement assigns you a Development Area within which you must develop Stores under a Development Schedule. Each Store developed under the Development Agreement must be located in the Development Area. The Development Area and the Development Schedule will be identified in Exhibit B to the Development Agreement. We must approve the site for each Store you propose to develop in the Development Area before you sign a lease for the site. The Development Area will be a geographic area we agree on, defined by, for example, highways, state, county, or town line, with a minimum population of approximately 10,000 persons.

If you meet the obligations under the Development Schedule, your Development Area will be exclusive and no other Stores using the Proprietary Marks will be established, operated, or franchised to others under the System and Proprietary Marks in the Development Area. If you do not meet the Development Schedule obligations, your development rights will be maintained; however, your Development Area will not be exclusive. We retain the rights, among others: (a) to establish and operate, and license others to establish and operate, a Store under the System and the Proprietary Marks at any location outside the Development Area; (b) to sell or distribute, directly or indirectly, or license others to sell or distribute frozen custard and related products and any other products or services, including sales made at supermarkets, convenience stores, grocery stores, machines, variety stores and the Internet, at any location (regardless of its proximity to the Stores) whether within or outside the Development Area under the same or different Proprietary Marks; and (c) to acquire and operate any business of any kind under different proprietary marks, at any location (regardless of its proximity to the Stores) whether located within or outside the Development Area.

If you fail to open and operate in the Development Area the number of Stores by the dates described in the Development Schedule, your failure will constitute a material default of the Development Agreement. Upon such a default, we will have the right, including but not limited to, to terminate the Development Agreement, license others the right to open and operate Stores in the Development Area, reduce the number of Stores you may develop, or reduce the size of the Development Area.

ITEM 13
TRADEMARKS

Under the Franchise Agreement, we grant you the right and license to use the following proprietary marks which are registered trademarks on the principal register of the United States Patent and Trademark Office ("USPTO") solely in connection with your Franchise.

Trademark	Registration Number	Registration Date
	3953934	May 3, 2011
	3126651	August 8, 2006
ABBOTT'S	3126650	August 8, 2006
ABBOTT'S	2427652	February 6, 2001
HAPPILY EVER AFTER	5421905	March 13, 2018

There are no effective material determinations of the USPTO, the Trademark Trial and Appeals Board, the Trademark Administrator of any state, or any court relating to the Proprietary Marks. There is no pending infringement, opposition, cancellation, or material litigation involving the Proprietary Marks. There are no agreements currently in effect that significantly limit our rights to use or license the use of the Proprietary Marks in a manner material to the Franchise. All required affidavits pertaining to these registrations have been filed or will be filed by the deadlines.

You must promptly notify us of any suspected infringement of, or challenge to the validity of the ownership of, or our right to use, the Proprietary Marks licensed hereunder. We have the sole right to control any administrative proceeding or litigation involving the Proprietary Marks. In the event we undertake the defense or prosecution of any litigation relating to the Proprietary Marks, you must sign any and all documents and to do such acts and things as may, in the opinion of our counsel, be necessary to carry out such defense or prosecution. You may not directly or indirectly contest our ownership of our rights in the Proprietary Marks.

We have the right to substitute different Proprietary Marks for use in identifying the System and the franchised businesses operating, and you must immediately substitute Proprietary Marks upon receipt of written notice from us.

We have no actual knowledge of either superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks.

We may designate new, modified, or replacement marks for your use, and require you, at your own expense, to use them in addition to or instead of any of the previously designated Proprietary Marks. These requirements may include, among things, conducting business under a different trade name. Under the Franchise Agreement, you must comply fully with our requirement to modify or discontinue using a trademark.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

We do not own any right in, or to, any patents or registered copyrights that are material to the franchise.

Confidential Manual

In order to protect the reputation and goodwill of us and the System and to maintain uniform standards of operation under our Proprietary Marks, you must conduct the Franchised Business in accordance with the Manual.

You must treat the Manual, and the information contained, as confidential, and must use all reasonable efforts to keep such information secret and confidential. You must not, at any time, without our prior written consent, copy, duplicate, record, or otherwise make the Manual available to any unauthorized person or entity. The Manual will at all times remain our sole property.

In order for you to benefit from new knowledge information, methods, and technology adopted and used by us in the operation of the System, we may revise the Manual and you agree to adhere to and abide by all such revisions. You must at all times to keep your copy of the Manual current and up-to-date, and in the event of any dispute as to the contents of your Manual, the terms of the master copy of the Manual maintained by us at our home office, will be controlling.

Confidential Information

You must not, during the term of the Franchise Agreement or subsequently, communicate, divulge, or use for the benefit of any other person, persons, partnership, association, corporation or other entity, any confidential information, knowledge, or know-how concerning the construction and methods of operation of the Franchised Business which may be communicated to you, or of which you may be apprised, by virtue of your operation under the terms of the Franchise Agreement. You must divulge such confidential information only to your employees as must have access to it in order to exercise the franchise rights granted and to establish and operate the Franchised Business under the Franchise Agreement and as you may be required by law, provided you must give us prior written notice of any such required disclosure immediately upon receipt of notice by you in order for us to have the opportunity to seek a protective order or take such other actions as we deem appropriate under the circumstances.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We require you to participate in the actual operation of the Franchised Business. In addition, we will not grant a Franchised Business unless it is under the direct, on-premises supervision of a member of your immediate family. If you are a corporation, a person who owns at least 1/3 of the corporate equity or a designated business manager approved and trained by AFC must handle the direct, on-site supervision. Your on-site supervisor must have satisfactorily completed initial training to our satisfaction.

You must operate your Franchised Business for at least ten (10) consecutive months of each calendar year.

You must, at our request, require all of your supervisory employees, as a condition of their employment, to sign an agreement prohibiting them, during the term of their employment or subsequently, from communicating, divulging, or using for the benefit of any person, persons, partnership, association, corporation, or other entity any confidential information, trade secrets, knowledge, or know-how concerning the System or methods of operation of the Franchised Business which may be acquired as a result of their employment with you or other franchisees. A duplicate original of each such agreement must be provided by you to us immediately upon signing.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell or offer for sale only such products and menu items that have been expressly approved for sale in writing by us, including frozen custard, sorbet, cones, desserts, and soft drinks, refrain from selling any products and menu items that are not approved by us or for which we have withdrawn approval and meet our uniform standards of quality and quantity and as have been prepared in accordance with our methods and techniques for product preparation; sell or offer for sale the minimum menu items specified in the Manual or otherwise in writing; refrain from any deviation from our standards and specifications for serving or selling the menu items, without our prior written consent; and discontinue selling or offering for sale such items as we may, in our discretion, disapprove in writing at any time.

We reserve the right to withdraw any of our previous approvals. In addition, we have the right to add additional authorized products that you must offer. There are no limits on our right to do so except that the investment required of a franchisee (for equipment, supplies and initial inventory) will not exceed $7,000 per year, adjusted for increases based on changes in the Consumer Price Index using January 1, 2018 as a base. Under the terms of the Franchise Agreement, you must comply with the new requirements.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION
THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement and Development Agreement. You should read these provisions in the agreements attached to this disclosure document.

THE FRANCHISE RELATIONSHIP

Provision	Section in Franchise Agreement	Summary
a. Term of Franchise	Section 2.01	One 10-year term
b. Renewal or extension of the term	Section 2.02	If mutually agreeable, you may renew for another 10-year term
c. Requirements for you to renew or extend	Section 2.02	A renewal extends the franchise for an another 10-year term. Upon renewal, however, you will be required to sign our then-current standard of franchise agreement, which may include materially different terms and conditions from your original franchise agreement including a higher royalty fee. In order to renew you must give written notice not less than six (6) months nor more than twelve (12) months before the end of the initial term; sign our then-current standard form of franchise agreement; sign a general release; not be in default of any provision of Franchise Agreement, or any amendment; have paid or otherwise satisfied all monetary obligations owed by you to us; agree to reimage, renovate, refurbish, modernize, or replace the Franchised Business; and pay to us the then-current renewal fee in effect at the date of renewal.

Provision	Section in Franchise Agreement	Summary
d. Termination by you	No provision	The Franchise Agreement does not contain such a provision.
e. Termination by us without cause	No provision	The Franchise Agreement does not contain such a provision.
f. Termination by us with cause	Section 15	We have the right to terminate the Franchise Agreement with cause. Depending upon the reason for termination, we may not provide you an opportunity to cure. See this Item 17(g) and (h) for further description.
g. "Cause" defined-defaults which can be cured	Section 15.03	You have ten (10) days to cure defaults for failure to pay royalties, financial obligations owed to us by you and/or violations of your local health code, and thirty (30) days, prior to the effective date of termination for any other default, except those described in this Item 17(h)
h. "Cause" defined-defaults which cannot be cured	Sections 15.01 and 15.02	Your rights will automatically terminate without notice if you become insolvent, file for bankruptcy, or are subject to various legal actions or proceedings. We may terminate the Franchise Agreement, without any opportunity to cure the default, effective immediately upon notice, if, for example: (1) you fail to complete construction of the Franchised Business and open for business within 180 days of signing of the Franchise Agreement; (2) you fail to operate the Franchised Business for the required 10 months per year without our consent; (3) you are convicted of or plead guilty to a felony; (4) a threat to public health or safety results from the operation of the Franchised Business; (5) you attempt to transfer your rights under the Franchise Agreement or in you or the Franchised Business without our consent; (6) you fail to comply with the covenants relating to non-disclosure and non-competition or fail to obtain signing of covenants

Provision	Section in Franchise Agreement	Summary
		from others, as required by the Franchise Agreement; (7) you disclose the contents of the Manual or other confidential information; (8) an approved transfer is not effected following your death or mental incapacity; (9) you submit false reports. receive a notice of default and do not initiate a cure immediately; (10) if after you cure any default, you commit the same default again; (11) you misuse the Proprietary Marks or damage the goodwill in the Proprietary Marks; (12) you refuse to let us inspect the premises of the Franchised Business, or your books, records or accounts; (13) you receive a notice of default and do not initiate a cure immediately; or (14) if after you cure any default, you commit the same default again.
i. Your obligations on termination/nonrenewal	Sections 13.03 and 16.01	2-year period of non-compete; cease operating the Franchised Business; return confidential information, signage and advertising materials; pay all sums owing to us; return the Manual.
j. Assignment of contract by us	Article XIV	We have the right to transfer or assign all or any part of our rights or obligations under the Franchise Agreement to any person or legal entity.
k. "Transfer" by you- definition	Section 14.02	You may not transfer an interest in the Franchise Agreement or you, or sell substantially all of the assets of the Franchised Business, without our prior written consent.
l. Our approval of transfer by franchisee	Section 14.02	We must approve all transfers; right to transfer is subject to our right of first refusal
m. Conditions for our approval of transfer	Section 14.03	We may impose any or all of the following conditions on our approval of your proposed transfer: you have satisfied your accrued monetary obligations and other obligations to us and our affiliates; you agree to remain obligated to covenants under the Franchise Agreement; transferee meets our then-current criteria for

Provision	Section in Franchise Agreement	Summary
		new franchisees; the transferee enter into a written assignment, assuming and agreeing to perform your obligations under the Franchise Agreement; transferee agrees to complete renovation within the time frame requested by us; transferee completes training program then in effect; you sign a written guaranty of transferee's obligations under the Franchise Agreement; and you pay to us a transfer fee of 1/3 of the then-prevailing franchise fee.
n. Our right of first refusal to acquire your business	Section 14.06	We can match any offer for your business or assume your obligations and pay you the book value for the franchise
o. Our option to purchase your business	Section 14.06	Upon your wish to assign your franchise, we may match any third party offer upon sixty (60) days written notice
p. Your death or disability	Section 14.05	Upon your death or mental incapacity, your executor, administrator, or personal representative must transfer your interest in the Franchise Agreement, you, or the Franchised Business to a third party approved by us within twelve (12) months after your death or mental incapacity. Such transfers will be subject to the same conditions as any other transfer.
q. Non-competition covenants during the term of the franchise	Section 13.02	You must not divert or attempt to divert any business or customer of the business franchised to any competitor; employ or seek to employ any person who is, at that time, employed by us or by any other AFC franchisee; or own, maintain, operate, engage in, or have any interest in any fast food store that specializes in the sale of ice cream products ("Ice Cream Store").

Provision	Section in Franchise Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Sections 13.03	You must not, for a continuous uninterrupted period of two (2) years following the termination or expiration of the Franchise Agreement own, maintain, engage in, or have any interest in any Ice Cream Store located within twenty (20) miles of the Approved Location; and must not, for one (1) year following the termination or expiration of the Franchise Agreement, employ or seek to employ any person who is, at the time, employed by us or by any other Abbott's franchisee.
s. Modification of the agreement	Section 22.01	No amendment, change, or variance from the Franchise Agreement will be binding on either party unless mutually agreed to by the parties and signed in writing.
t. Integration/merger clause	Section 22.01	Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Disputes resolution by arbitration or mediation	Not applicable	The Franchise Agreement does not contain such provision.
v. Choice of forum	Section 24.02	Judicial district in which we have our principal place of business.
w. Choice of law	Section 24.01	New York.

Development Agreement

Provision	Section in Development Agreement	Summary
a. Term of Development Agreement	Section 4.1	The earlier of the last date specified in the Development Schedule or the date when Developer has open and in operation all of the Stores required by the Development Schedule.
b. Renewal or extension of the term	No provision	Not applicable.
c. Requirements for you to renew or extend	No provision	Not applicable.

Provision	Section in Development Agreement	Summary
d. Termination by you	No provision	Not applicable.
e. Termination by us without cause	No provision	Not applicable.
f. Termination by us with cause	Section 6	We have the right to terminate with cause.
g. "Cause" defined-defaults which can be cured	No provision	Not applicable.
h. "Cause" defined-defaults which cannot be cured	Sections 6.1 and 6.2	If you become insolvent or make a general assignment for the benefit of creditors; if you file for bankruptcy; if you are adjudicated a bankrupt or insolvent; if you fail to comply with the terms, conditions, or obligations of the Development Agreement; if you fail to comply with the Franchise Agreement or any other agreement between you or any of your affiliates and us and our affiliates or subsidiaries; or you make or attempt to make a transfer or assignment in violation of the provisions of the Development Agreement.
i. Your obligations on termination/nonrenewal	Section 6.3	Obligations include: loss of rights granted under the Development Agreement and other agreements.
j. Assignment of contract by us	Section 7.1	No restriction on our right to assign.
k. "Transfer" by you- definition	Section 7.2	Includes transfer without our consent for assignment of any direct or indirect interest in you, your business, or substantially all the assets of you without our prior written consent
l. Our approval of transfer by franchisee	Section 7.2	Except as provided for in Item 17.k above, we have the right to approve all transfers but will not unreasonably withhold approval.

Provision	Section in Development Agreement	Summary
m. Conditions for our approval of transfer	Section 7.2	Satisfaction of all of your accrued monetary obligations to us or our affiliates; non-default of any material provision of Development Agreement; transferor's signing of general release under seal; transferee's entering into written assignment; transferee's meeting of our educational, managerial, and business standards; transferee's signing of our then-current standard form of Development Agreement; your remaining liable for obligations of your business before the effective date of transfer; opening of each Store in compliance with terms of Franchise Agreement for each Store; payment of transfer fee; and transferor's offering to sell interest to us.
n. Our right of first refusal to acquire your business	Section 7.3	We will have the option to purchase the seller's interest on the same terms and conditions offered by a third party.
o. Our option to purchase your business	No provision	Not applicable.
p. Your death or disability	Section 7.4	Upon your death or mental incapacity, your executor, administrator, or personal representative must transfer your controlling interest in the Development Agreement or in you, to a third party approved by us within nine (9) months after your death or mental incapacity. These transfers will be subject to the same conditions as any other transfer.

Provision	Section in Development Agreement	Summary
q. Non-competition covenants during the term of the franchise	Section 8.2	You must not: (a) divert or attempt to divert any business or customer to any competitor, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System; (b) employ or seek to employ any person who is at that time employed by us or by any other franchisee of us, or otherwise directly or indirectly induce such person to leave his or her employment; or (c) own, maintain, operate, engage in, be employed by, provide any assistance to, or have any interest in any business that (i) offers or sells products or services which are the same as or similar to the products and services being offered by the Stores; and (ii) offers or sells any product which are the same as, or substantially similar to, products offered by Abbott's Stores where the sale of such products constitute twenty (20%) percent or more of the Gross Sales of the business operated or intended to be operated.
r. Non-competition covenants after the franchise is terminated or expires	Section 8.3	You must not, for a continuous uninterrupted period of two (2) years following the transfer, termination or expiration of the Franchise Agreement own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in any business that: (i) offers or sells products or services which are the same as or similar to the products and services offered by the Franchised Businesses under the System; and (ii) is, or is intended to be, located at or within: the Development Area or twenty (20) miles of any business operating under the Proprietary Marks.
s. Modification of the agreement	Section 13	No amendment, change, or variance from the Development Agreement will be binding on either party unless mutually agreed to by the parties and signed in writing.

Provision	Section in Development Agreement	Summary
t. Integration/merger clause	Section 13	The Development Agreement, the documents referred to in the Development Agreement, and the attachments if any, constitute the entire, full, and complete agreement between you and us concerning the subject matter of the Development Agreement, and supersede all prior agreements.
u. Disputes resolution by arbitration or mediation	Section 14	The parties must first attempt to settle all disputes and claims by mediation at the office of JAMS located in or closest to our principal place of business as determined by us in accordance with the Mediation Rules of JAMS; otherwise, all disputes and claims relating to the Development Agreement must be settled by arbitration at the office of JAMS located in Rochester, New York.
v. Choice of forum	Section 14	All disputes and claims relating to the Development Agreement must be arbitrated in Rochester, New York.
w. Choice of law	Section 14	The Development Agreement will be interpreted and construed under the laws of the State of New York.

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote our franchise.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Historical Financial Performance Representations

There were a total of 17 franchised and 5 corporate stores open as of December 31, 2016, 16 franchised and 5 corporate stores open as of December 31, 2017, and 17 franchised and 5 corporate stores open as of December 31, 2018. The chart below provides the average gross sales, of three Abbott's Stores that were franchised, have been open for at least six years (2012 to 2018), and are located in free standing buildings in the Western New York geographical market. For purposes of this Item 19, these Stores, (Store A, Store B and Store C) are referenced as the "Designated Stores." The Designated Stores all operate under the name "Abbott's Frozen Custard" and conduct a business similar to the type of business that you will operate.

Some stores have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.

The Designated Stores are the only franchised locations in our system which can currently provide us with financial information in a consistent and comparable format for the years presented. If you plan to operate an Abbott's Store outside of the Western New York geographical market, in something other than a free standing building, your results may vary.

For the Designated Restaurants, the annual Gross Sales for 2016, 2017, and 2018, are as follows:

Chart 1:
Gross Sales for Designated Stores

	2016 (Dollars in actuals)	2016 Lowest Figure in Range (Dollars in actuals)	2016 Highest Figure in Range (Dollars in actuals)	2017 (Dollars in actuals)	2017 Lowest Figure in Range (Dollars in actuals)	2017 Highest Figure in Range (Dollars in actuals)	2018 (Dollars in actuals)	2018 Lowest Figure in Range (Dollars in actuals)	2018 Highest Figure in Range (Dollars in actuals)
Median Gross Sales	$360,431	$304,867	$443,405	$364,825	$294,872	$442,507	$342,825	$296,000	$424,188
Average Gross Sales	$369,568			$367,401			$354,338		

"Gross Sales" means all revenues generated by your Abbott's Store (and any other Abbott's Stores opened under the Franchise Agreement) conducted upon, from or with respect to the Abbott's Store, whether such sales are evidenced by cash, check, credit, charge, account, barter, or exchange. Gross Sales includes monies or credit received from the sale of food and merchandise, from tangible property, promotional or otherwise, and for services performed from or at the Abbott's Stores, excluding the sale of food or merchandise for which refunds have been made in good faith to customers, the sale of equipment used in the operation of the Franchised Business; sales, use or excise tax imposed by a governmental authority directly on sales and collected from customers; however, the amount for such tax is added to the selling price or absorbed, and is actually paid by you to such governmental authority.

The number of Designated Stores that attained or exceeded the average annual Gross Sales figures stated in the Chart 1 above was 1 in 2016 (33% of the Designated Stores; 1 in 2017 (33% of the Designated Stores); and 1 in 2018 (33% of the Designated Stores). To make the financial performance representation in this Item 19, we relied on the Gross Sales information provided to us by our Franchised Businesses. We have not audited or verified this information. The products sold at all of the Designated Stores are substantially the same as those that will be offered at your Franchised Business. All annual figures are based on the calendar year (January 1 – December 31).

Chart 2:
Annual Gallons Purchased and Gross Sales

We thought it may be useful to provide insights into the historical annual gallons of custard purchased by certain stores in our system. The stores highlighted below are similar to the type of stand-alone stores that you would open under this offering. In the listing of stores below, we have excluded 14 stores that are operated as a Co-Branded Custard Counter or store-within-a-store operation. These locations are not similar to our stand-alone franchises location from a physical location or operational perspective. We excluded locations that were not operating for the twelve months prior to October 31, 2018 and our flagship location which is located and operates in a unique environment unlike any other store location in our system.

Store	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
A	3370	3183	3174	3550	3218	3294	836	3277	3026	2915
B	3410	3235	2945	3018	3257	3002	3208	3416	3163	3227
C	2084	1892	1939	1623	1510	885	830	1790	2158	2337
D	3677	3209	3091	3310	3155	3913	3419	3923	3896	3915
E	2838	2509	2572	2252	2539	2422	1196	2275	7739	8346
F	4026	4010	3843	4042	3529	3545	3973	4166	3791	3578
G	2252	2358	2313	2551	2431	2751	3033	3337	3172	2735
H	5405	5436	5480	5394	5833	5813	5972	6204	6039	5309
I	4103	4173	3737	4015	4014	4007	4247	4444	4183	3742
J	4045	3944	3937	3989	4191	4051	3983	4340	3816	3569
K	3269	3289	3141	3115	2845	2526	2720	3031	2685	2854
L	3159	3242	3451	3844	3776	3876	4461	4492	2902	2652
M	1789	1800	1804	1978	1977	1954	1927	1930	1965	1922
N	2417	2384	2155	2010	1795	1789	2053	2738	2955	3070
O			2485	2342	2423	2485	2863	2968	2891	2822
P								3297	2475	2495
Q									1080	1045
R										3415
S										1469
Average gallons	3274	3190	3071	3136	3099	3087	2981	3477	3408	3232
Median gallons	3319	3222	3091	3115	3155	3002	3033	3317	3026	2915
Lowest Figure in Annual Range	1789	1800	1804	1623	1510	885	830	1790	1080	1045
Highest Figure in	5405	5436	5480	5394	5833	5813	5972	6204	7739	8346

Store	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Annual Range										

Chart 3:
Average Operating Expenses

Finally, the following table presents the actual expenses, as a percentage of revenue, incurred in the operation of a corporate store. This location has been in operation for more than eight (8) years, is a free standing building larger than 1,000 square feet, and employs a full-time manager to oversee the operations. While all corporate stores are operated following our procedures, we chose to disclose this specific store as it most closely represents your potential franchised location in geography, physical attributes, and operations when compared to our other corporate locations. We have included these expenses to demonstrate both the consistency at which we operate our business, as well as the targets to which we will train you to operate your business. Please refer to the footnotes for further details on each line item.

Expenses as a % of revenue	2014	2015	2016	2017	2018	5 year median	5 year average
Cost of goods sold [1]	35%	31%	31%	34%	32%	32%	33%
Payroll [2]	21%	23%	24%	24%	23%	23%	23%
Direct operating expenses [3]	12%	9%	10%	8%	13%	10%	10%
Administrative expenses [4]	2%	2%	2%	2%	2%	2%	2%
Real estate [5]	13%	18%	16%	18%	16%	16%	16%

Note 1: Cost of goods sold (COGS) includes all purchases of inventory, including freight charges, made by this location necessary to operate the business. While corporate owned locations do not pay a royalty, we have included a royalty amount of 5.5% of Gross Sales within this number for your reference. We reserve the right to increase this Royalty as described in Item 6 on six months' notice to you.

Note 2: Payroll includes all wages, payroll taxes, and benefits paid employees.

Note 3: Direct operating expenses include utilities, maintenance, and advertising. This corporate owned location benefits from corporate marketing initiatives conducted by the advertising fund. However, these expenses are not pushed down to the individual store income statement. It is expected that franchised locations will invest additional money in individual marketing efforts. We have included a 2% of Gross Sales contribution to the marketing fund as part of this amount for your reference. We reserve the right to increase this contribution rate as described in Item 6.

Note 4: Administrative expenses includes credit card processing fees, bank charges, payroll processing fees, and computer supplies.

Note 5: Includes rent, property taxes, amortization, and depreciation.

You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees listed in this Disclosure Document may be one source of information.

Written substantiation of the data used in preparing this financial performance representation will be made available to you upon reasonable written request.

Other than the financial performance representation in this Item 19, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing Abbott's Store, however, we may provide you with the actual records of that business. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Brenden Drew, Vice President of Business Development, at 4791 Lake Avenue, Rochester, New York 14612 and (585) 314-2921, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table 20.1
SYSTEM-WIDE OUTLET SUMMARY
FOR YEARS 2016 TO 2018

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2016	17	17	0
	2017	17	16	-1
	2018	16	17	1
Company-Owned	2016	5	5	0
	2017	5	5	0
	2018	5	5	0
Total Outlets	**2016**	**22**	**22**	**0**
	2017	**22**	**21**	**-1**
	2018	**21**	**22**	**1**

*Note: All numbers are as of October 31 (our fiscal year end) for each year.
** Note 2: Each of the system-wide charts in this section reflect outlet information for franchised and company-owned outlets under the current Abbott's Stand-Alone Unit Franchise System described in this disclosure document.

Table 20.2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR)
FOR YEARS 2016 TO 2018

State	Year	Number of Transfers
NY	2016	0
	2017	0
	2018	0
Total	**2016**	**0**
	2017	**0**
	2018	**0**

Table 20.3
STATUS OF FRANCHISED OUTLETS
FOR YEARS 2016 TO 2018

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewal	Reacquired by Franchisor	Ceased Operations– Other Reasons	Outlets at End of Year
CO	2016	1	0	0	0	0	1	0
	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
MA	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
	2018	2	1	0	0	0	0	3
NY	2016	13	1	0	0	0	0	14
	2017	14	1	2	0	0	2	11
	2018	11	0	1	0	0	0	10
SC	2016	1	0	0	0	0	0	1
	2017	1	1	0	0	0	0	2
	2018	2	0	0	0	0	0	2
NC	2016	0	0	0	0	0	0	0
	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewal	Reacquired by Franchisor	Ceased Operations–Other Reasons	Outlets at End of Year
VA	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
	2018	1	0	0	0	0	0	1
Total	**2016**	**17**	**1**	**0**	**0**	**0**	**1**	**17**
	2017	**17**	**3**	**2**	**0**	**0**	**2**	**16**
	2018	**16**	**2**	**1**	**0**	**0**	**0**	**17**

Table 20.4
STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS 2016 TO 2018

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
FL	2016	1	0	0	0	0	1
	2017	1	0	0	0	0	1
	2018	1	0	0	0	0	1
NY	2016	4	0	0	0	0	4
	2017	4	0	0	0	0	4
	2018	4	0	0	0	0	4
Total	**2016**	**5**	**0**	**0**	**0**	**0**	**5**
	2017	**5**	**0**	**0**	**0**	**0**	**5**
	2018	**5**	**0**	**0**	**0**	**0**	**5**

Table 20.5
PROJECTED OPENINGS
AS OF OCTOBER 31, 2018

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
New York	0	0	0
North Carolina	1	1	0
South Carolina	0	0	0
Massachusetts	1	1	0
Virginia	1	1	0
Florida	1	1	0
Louisiana	1	1	0
TOTALS	**5**	**5**	**0**

Listed in Exhibit G is the name of all of our current franchisees (as of October 31, 2018) and the address and telephone number of each of their stores. We had two developers as of October 31, 2018.

Listed in Exhibit H is the name of those franchisees that were terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business with us during the most recently completed fiscal year or have not communicated with us within the ten (10) weeks preceding the date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No franchisees have signed confidentiality clauses during the last three fiscal years that restrict their ability to speak with you about their franchised business.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit A are AFC's audited financial statements for fiscal years ended October 31, 2018, October 31, 2017, and October 31, 2016, along with interim unaudited financials of AFC, dated January 19, 2019.

ITEM 22
CONTRACTS

Attached are copies of the following contracts related to the offer of the Franchise:

<u>Exhibit</u>

B.	AFC Franchise Agreement
C.	AFC Equipment and Supply Agreement
D.	AFC Development Agreement

ITEM 23
RECEIPT

A receipt in duplicate is attached to this disclosure document as Exhibit J. You should sign both copies of the receipt. Keep one copy for your own records and return the other signed copy to Abbott's Frozen Custard, Inc., 4791 Lake Avenue, Rochester, New York 14612.

Exhibit B

FRANCHISE AGREEMENT

ABBOTT'S
FRANCHISE AGREEMENT

Between

ABBOTT'S FROZEN CUSTARD, INC.

and

____

4830-9979-9945.4

ABBOTT'S FROZEN CUSTARD, INC.
FRANCHISE AGREEMENT

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ABBOTT'S
FRANCHISE AGREEMENT

THIS AGREEMENT (the "Agreement") is made this ______ day of ________________, 20___, by and between **ABBOTT'S FROZEN CUSTARD, INC.**, a New York corporation, having its principal place of business at 4791 Lake Avenue, Rochester, New York ("Franchisor" or "Abbott's") and ____________________________, jointly and severally where more than one, having its principal place of business at ____________________________, ("Franchisee").

WITNESSETH:

WHEREAS, Franchisor has developed and owns a unique system for opening and operating retail frozen custard (and related products) stands using a unique method for the preparation, marketing, distribution, and serving of ice cream products, including frozen custard and related products. (the "Abbott's System" or "System");

WHEREAS, the distinguishing characteristics of Franchisor's Abbott's System include, without limitation, the names "Abbott's" and "Abbott's Frozen Custard"; specially designed color schemes, signs, emblems; confidential formulas and recipes used in the preparation of ice cream products; specialized menus; and standards and specifications for equipment, equipment layouts, products, operating procedures, marketing and management programs, all of which may be changed, improved, and further developed by Franchisor from time to time;

WHEREAS, Franchisor identifies the Abbott's System by means of certain trade names, service marks, trademarks, logos, emblems, and other indicia of origin, including, but not limited to, the marks "Abbott's," "Abbott's Frozen Custard," and such other trade names, service marks, trademarks, and trade dress as are now, or may hereafter, be designated by Franchisor for use in connection with the Abbott's System (collectively referred to as the "Proprietary Marks");

WHEREAS, Franchisor continues to develop, use, and control the use of such Proprietary Marks to identify for the public the source of services and products marketed thereunder in the Abbott's System and to represent the System's high standards of quality, appearance, and service;

WHEREAS, Franchisee wishes to be assisted, trained, and licensed by Franchisor as an Abbott's franchisee and licensed to use, in connection therewith, the Abbott's System;

WHEREAS, Franchisee understands the importance of the Abbott's System and Abbott's high and uniform standards of quality, cleanliness, appearance, and service, and the necessity of opening and operating Abbott's Units (as defined below) in conformity with the Abbott's System;

NOW, THEREFORE, the parties hereto agree as follows:

Franchisee Initials ________
Abbott's Frozen Custard, Inc. Representative Initials ________

4830-9979-9945.4

I. APPOINTMENT

1.01. Franchisor grants to Franchisee a franchise to open and operate an Abbott's frozen custard retail stand (the "Unit" or "Franchised Unit") at one location only as follows ("Approved Location"):

Address: ______________________
____
____
____

If the location is not determined at the time of signing this Agreement, Franchisee must submit a location approval application to Franchisor describing the proposed site. Franchisor shall respond within ten (10) days, either accepting or rejecting (with reasons) the proposed location.

Within thirty (30) days after notice of Franchisor's approval of the proposed location (or within thirty (30) days after execution of this Agreement if the location has been determined at the time of signing), Franchisee must submit to Franchisor satisfactory evidence that franchise is permitted use under the zoning laws for the proposed location (or a copy of an application rezone or for a specific use permit).

Within ninety (90) days after notice of Franchisor's approval of the proposed location (or within ninety (90) days after execution of this Agreement if the location has been determined at the time of signing), Franchisee shall submit, in writing to Franchisor, satisfactory proof to Franchisor that Franchisee: (i) owns the Approved Location; or (ii) has leased the Approved Location for a term which, with renewal options, is not less than the initial term of this Agreement; and (iii) has entered into a written agreement to purchase or to lease the Approved Location on terms provided in this Section 1.01, subject only to obtaining any necessary governmental permits.

If Franchisee leases the Approved Location, the lease must also provide: (a) that, in the event Franchisee defaults under the lease, notice of the default shall immediately be forwarded to Franchisor; (b) that landlord consents to assign such lease to Franchisor or its assignee in the event this Agreement is terminated, (c) that Franchisor shall have the right, upon default under the lease or other cessation of operation at the Approved Location, to make any required modifications and alterations to the Franchised Unit, as designated in Section XVI herein; and (e) that, in the event of Franchisee defaults under the lease, Franchisor shall have the right to enter the premises and remove the equipment on-site or have the right to purchase such equipment from the landlord at net book value, if landlord has taken possession of such equipment.

1.02. Except as otherwise set forth herein, (i) the franchise granted to Franchisee under this Agreement is non-exclusive, and grants to Franchisee the rights to establish and operate the Franchised Unit at only the specific location set forth hereinabove, (ii) no exclusive, protected, or other territorial rights in the contiguous area or market of such Franchised Unit or otherwise is hereby granted or to be inferred and (iii) Franchisor and/or its affiliates have the right to operate and grant as many other franchises for the operation of Abbott's Units, anywhere in the world, as they shall, in their sole discretion, elect.

1.03. Franchisor retains the rights, among others, on any terms and conditions Franchisor deems advisable, and without granting Franchisee any rights therein: (a) to establish and operate, and license others to establish and operate a business similar to or the same as the Franchised Unit under the same or different Proprietary Marks at any location; and (b) to sell or distribute, directly or indirectly, or license others to sell or distribute ice cream products and any other products or services, including, without limitation, sales made at supermarkets, convenience stores, grocery stores, machines, variety stores, and the Internet, at any location (notwithstanding its proximity to the Unit) under the same or different Proprietary Marks as Franchisor and Franchisor's affiliates deem appropriate.

1.04. Franchisee will not, without Franchisor's prior written consent (which shall not unreasonably be withheld), move the Unit or operations or establish another Unit or operation during the term of this Agreement. If Franchisee moves the Unit or operations in accordance with this section, Franchisee and Franchisor must agree upon a new Approved Location. Franchisee will not operate any business other than a Unit from the subject location without Franchisor's written consent.

1.05. Franchisee may offer catering services for certain events and/or participate in fairs, festivals and other public community events, subject to the prior written approval and policies set by Franchisor, in its sole discretion.

1.06. Franchisee shall execute and deliver to Franchisor an Americans with Disabilities Act ("ADA") Certification in the form attached to this Agreement as Exhibit "B," to certify to Franchisor that the Franchised Unit and any proposed renovations comply with the ADA.

II. TERM

2.01. Except as otherwise provided in this Agreement, the initial term of this Franchise Agreement (the "Term") shall expire on the tenth (10^{th}) anniversary of the date of commencement of operation of the Franchised Unit. For all purposes under this Agreement, the date of commencement of operation of the Franchised Unit shall be the date verified in writing by Franchisor and delivered to Franchisee in a form substantially similar to the Notice attached hereto as Exhibit "C." Franchisee agrees and shall be obligated to operate the Franchised Unit and perform hereunder for the full Term of this Agreement.

2.02. Franchisee may, at its option, renew this franchise for one (1) additional period of ten (10) years, provided that, at the time of renewal:

A. Franchisee gives Franchisor written notice of such election to renew not less than six (6) months nor more than twelve (12) months prior to the end of the initial Term;

B. Franchisee executes Franchisor's then-current standard form of franchise agreement, which may include, without limitation, a higher royalty fee or other amounts due Franchisor other than those contained in this Agreement;

C. Franchisee executes a general release in a form prescribed by Franchisor of any and all claims against Franchisor and its officers, directors, agents, and employees;

D. Franchisee is not in default of any provision of this Agreement, or any amendment hereof or successor hereto, or any other agreement between Franchisee and Franchisor and Franchisee has fully and faithfully performed all of Franchisee's obligations throughout the term of this Agreement;

E. Franchisee has paid or otherwise satisfied all monetary obligations owed by Franchisee to Franchisor and any indebtedness of Franchisee, which is guaranteed by Franchisor, and Franchisee has timely paid or otherwise satisfied these obligations throughout the term of this Agreement;

F. Franchisee agrees, at its sole cost and expense, to reimage, renovate, refurbish, and modernize or replace the Franchised Unit, within the timeframe required by Franchisor, including, equipment, signs, interior and exterior decor items, fixtures, furnishings, trade dress, color scheme, presentation of trademarks and service marks, supplies, and other products and materials to bring the Unit in compliance with Franchisor's then-current standards, specifications and design criteria for Abbott's Units, as contained in the then-current franchise agreement, Manual (as defined herein), or otherwise in writing, including, without limitation, such structural changes, remodeling and redecoration and such modifications to existing improvements as may be necessary; and

G. Franchisee shall pay to Franchisor the then-current renewal fee in effect at the date of renewal.

III. FEES

3.01. In consideration of the franchise granted to Franchisee herein, Franchisee shall pay to Franchisor the following:

A. A franchise fee of Thirty-Seven Thousand Dollars ($37,000) ("Franchise Fee") is payable as a deposit upon the signing of this Agreement. Such Franchise Fee shall be fully earned by Franchisor upon execution of this Agreement by Franchise.

B. A recurring, non-refundable royalty fee of 5.5% of Gross Sales (as defined herein) of all goods sold at the Unit (and any other Units opened pursuant to this Agreement) during the term of this Agreement ("Gross Sales Royalty"), provided, however, that Franchisor reserves the right to change the royalty and charge a fee equal to the greater of (i) a Gross Sales Royalty of 6.0% of Gross Sales, or (ii) $4.80 per gallon of frozen custard mix, frozen yogurt, sherbet, and sorbet purchased by Franchisee or utilized by Franchisee or Franchisee's assignees in operation of the Unit ("Per Gallon Royalty"). The Gross Sales Royalty shall be due and payable weekly as invoiced, unless a holiday, in which case it shall be due the next business day, and shall be based on the Gross Sales of the preceding week. The Per Gallon Royalty, if and when implemented by us, shall be due and payable every two (2) weeks on the first business day of such week (i.e., Monday, unless a holiday, in which case it shall be due the next business day) on the number of gallons purchased during the preceding applicable week.

C. After the expiration of the first calendar year of this Agreement, in addition to Franchisor's right to charge the greater of 6.0% of Gross Sales or the Per Gallon Royalty in Section 3.01.B, if Franchisor elects to charge the Per Gallon Royalty, Franchisor may increase the Per Gallon Royalty amount by the percentage increase in the goods or general category of the Consumer Price Index for All Urban Consumers (CPI U) published by the United States Bureau of Labor Statistics, or comparable index if the specified index ceases to be available ("CPI Provision"). The base index will be that of the beginning of the calendar year in which this Agreement is executed by the parties. Franchisor will give Franchisee written notice of any increased royalty amount, and such increased royalty will be applicable to all sales by Franchisee from the beginning of the next calendar month. The Per Gallon Royalty as modified by this escalation will be computed to two decimal places. For the purpose of clarity, the CPI Provision sets forth an additional right of Franchisor to change and potentially increase the applicable royalty separate and apart from what is provided in Section 3.01.B. The CPI Provision shall not be interpreted as setting a cap, limitation, or restriction on any increase on the Per Gallon Royalty that results from a switch between a Gross Sales Royalty or Per Gallon Royalty.

D. Gross Sales will be deemed equal to all revenues received less sales taxes collected, and once a week thereafter, based on Franchisee's actual Gross Sales, Franchisor will either issue a credit or an invoice to Franchisee representing the difference between the applicable Per Gallon Royalty and the applicable Gross Sales Royalty. Any amount due to Franchisee (a credit) or any amount due to Franchisor (an invoice) will be credited or paid as applicable on the next date a royalty payment is due.

E. Franchisee shall spend a minimum of Five Thousand Dollars ($5,000) during the first year of operations of the Franchised Unit on various marketing initiatives in consultation with Franchisor. Further, during the term of this Agreement and pursuant to Section 10.05 herein, Franchisee shall pay third-party vendors of its choosing for its own local advertising an amount equal to 0.5% of the Gross Sales of the Franchised Unit commencing upon the second year anniversary of the Effective Date of this Agreement and 1.0% of the Gross Sales of the Franchised Unit commencing upon the third year anniversary of the Effective Date of this Agreement. Upon the request of Franchisor, Franchisee shall produce receipts and any other documentation that substantiates that Franchisee spent the amounts required on local advertising as required by this provision.

3.02 Separate and apart from the required marketing payments detailed in Section 3.01.E., Franchisee will also pay Franchisor an advertising fee of 2% of the Gross Sales of the Franchised Unit. The advertising fee is due and payable weekly during the initial calendar year or any portion of the calendar year during which this Agreement is in effect. In the years following the first calendar year, the 2% fee may be increased by Franchisor to an amount not to exceed 5% per year. Franchisor will apply amounts so received, together with an equal percentage amount from each Abbott's Unit owned by Franchisor, as Franchisor deems appropriate in Franchisor's sole discretion, to the cost of advertising the product and Franchisee's business and other franchisees who are also paying an advertising fee to Franchisor and whose franchise primary marketing areas are within the same standard metropolitan statistical area. Franchisor, in its sole discretion, may elect to waive or reduce the advertising fee if Franchisor determines that Franchisee is outside of this primary marketing area.

3.03 Franchisee agrees that, in case of default or delay on its part in making any payments to Franchisor required under this Agreement, Franchisee will make an additional payment to Franchisor, in addition to the amounts due, equal to 0.5% per week, or portion of the week until paid.

3.04 For the purposes of this Agreement, the term "Gross Sales" shall mean all revenues generated by Franchisee's Unit (and any other Units opened pursuant to this Agreement) conducted upon, from or with respect to the Franchised Unit, whether such sales are evidenced by cash, check, credit, charge, account, barter or exchange. Gross Sales shall include, without limitation, monies or credit received from the sale of food and merchandise, from tangible property of every kind and nature, promotional or otherwise, and for services performed from or at the Franchised Unit. Gross Sales shall not include the sale of food or merchandise for which refunds have been made in good faith to customers, the sale of equipment used in the operation of the Franchised Unit, nor shall it include sales, use or excise tax imposed by a governmental authority directly on sales and collected from customers; provided that the amount for such tax is added to the selling price or absorbed therein, and is actually paid by Franchisee to such governmental authority.

3.05 Franchisor will not change the method of calculating royalties pursuant to Section 3.01.B without giving Franchisee at least six (6) months' prior written notice.

3.06 Franchisee shall pay Franchisor an amount equal to any sales, use or similar tax (but not income taxes) imposed on Franchisor by the authorized taxing authority of any state or political subdivision with respect to any payment made by Franchisee to Franchisor for services or material furnished by Franchisor to Franchisee under this Agreement.

3.07 Any monthly report required under this Agreement, including, but not limited to, Section 4.02 herein, that is not actually received by Franchisor on or before the due date is deemed overdue, and all monthly payments to Franchisor for that month, whether or not timely received, shall also be deemed overdue, and Franchisee must pay interest on those payments as a penalty until the reports are submitted. Franchisee shall pay Franchisor immediately upon demand, interest on the Gross Sales stated on the reports from the date such report was due until the report is submitted, at the rate of eighteen percent (18%) per annum, or the maximum rate permitted by law, whichever is less. Entitlement to such interest shall be in addition to any other remedies Franchisor may have.

IV. ACCOUNTING AND RECORDS

4.01. Accurate Books and Records. During the Term of this Agreement, Franchisee shall maintain and preserve, for at least three (3) years from the dates of their preparation, full, complete and accurate books, records, and accounts in accordance with generally accepted accounting principles and in the form and the manner prescribed by Franchisor from time-to-time in the Manual (as defined herein) or otherwise in writing. These records shall include, without limitation, cash register sales tape, purchases, sales and other tax returns (including copies of applicable federal income tax returns and those of Franchisee's assignees, if any, for verification of royalty amounts payable), duplicate deposit slips and other evidence of Gross Sales, and all other business transactions. In addition, Franchisee grants to Franchisor the right to verify such amounts payable by checking or receiving directly, copies of invoices, or shipping data from Franchisor's suppliers or approved suppliers of frozen custard or sorbet.

4.02. Royalty Reports. Franchisee must report its Gross Sales (and all sales taxes collected and paid) to Franchisor every month. Each monthly report shall be delivered to Franchisor by the third business day of the next month on forms prescribed by Franchisor, accurately reflecting all Gross Sales during the preceding applicable period and such other forms, reports, records, financial statements or information as Franchisor may reasonably require in the Manual (as defined herein), or otherwise in writing.

4.03. Other Reports. Franchisee shall also submit to Franchisor, for review or auditing, such other forms, financial statements, reports, records, information, and data as Franchisor may reasonably designate, in the form and at the times and places reasonably required by Franchisor, upon request and as specified from time-to-time in the Manual (as defined herein) or otherwise in writing. If Franchisee has combined or consolidated financial information relating to the Franchised Unit with that of any other business or businesses, including a business licensed by Franchisor, Franchisee shall simultaneously submit to Franchisor, for review or auditing, the forms, reports, records, and financial statements which contain the detailed financial information relating to the Franchised Unit, separate and apart from the financial information of such other businesses. Franchisee hereby authorizes all of its suppliers and distributors to release to Franchisor, upon Franchisor's request, any and all of its books, records, accounts or other information relating to goods, products and supplies sold to Franchisee and/or the Franchised Unit.

4.04. Equipment. Franchisee shall record all sales on cash registers or other point-of-sale equipment provided by Franchisor.

4.05. Franchisor's Right of Audit. Franchisor or its designated agents or auditors shall have the right at all reasonable times to audit, review, and examine by any means, including electronically through the use of telecommunications devices or otherwise, at its expense, the books, records, accounts, and tax returns of Franchisee related to the Franchised Unit. If Franchisor has elected to have Franchisee pay Gross Sales Royalty and any audit, review or examination reveals that Gross Sales have been understated in any report to Franchisor, Franchisee shall immediately pay to Franchisor the Gross Sales Royalty due with respect to the amount understated upon demand, plus the additional payment provided for in Section 3 calculated from the date such amount was due until paid. If any such understatement exceeds one percent (1%) of Gross Sales as set forth in the report, Franchisee shall, in addition, upon demand, reimburse Franchisor for any and all costs and expenses connected with such audit, review, or examination (including, without limitation, reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other rights and remedies Franchisor may have.

V. PROPRIETARY MARKS

5.01. It is understood and agreed that the Franchised Unit granted herein to use Franchisor's Proprietary Marks applies only to use in connection with the operation of the Franchised Unit franchised in this Agreement at the location designated in Section I hereof, and includes only such Proprietary Marks as are now designated or which may hereafter be designated, in the Manual (as defined herein) or otherwise in writing as a part of the System (which might or might not be all of the Proprietary Marks pertaining to the System owned by Franchisor), and does not include any other mark, name, or indicia of origin of Franchisor now existing or which may hereafter be adopted or acquired by Franchisor.

5.02. With respect to Franchisee's use of the Proprietary Marks pursuant to this Agreement, Franchisee acknowledges and agrees that:

A. Franchisee shall not use the Proprietary Marks as part of Franchisee's corporate or other business name;

B. Franchisee shall not hold out or otherwise use the Proprietary Marks to perform any activity or incur any obligation or indebtedness in such manner as might, in any way, make Franchisor liable therefor, without Franchisor's prior written consent;

C. Franchisee shall execute any documents and provide such other assistance deemed necessary by Franchisor or its counsel to obtain protection for the Proprietary Marks or to maintain the continued validity of such Proprietary Marks; and

D. Franchisor reserves the right to substitute different Proprietary Marks for use in identifying the System and the franchised businesses operating thereunder, and Franchisee agrees to immediately substitute Proprietary Marks upon receipt of written notice from Franchisor.

5.03. Franchisee expressly acknowledges Franchisor's exclusive right to use the mark "Abbott's" for store services, ice cream products, including frozen custard and other related food products, and the other Proprietary Marks of the System. Franchisee agrees not to represent in any manner that it has any ownership in the Proprietary Marks or the right to use the Proprietary Marks except as provided in this Agreement. Franchisee further agrees that its use of the Proprietary Marks shall not create in its favor any right, title, or interest in or to the Proprietary Marks, and that all of such use shall inure to the benefit of Franchisor.

5.04. Franchisee acknowledges that the use of the Proprietary Marks outside the scope of this license, without Franchisor's prior written consent, is an infringement of Franchisor's exclusive right to use the Proprietary Marks, and during the term of this Agreement and after the expiration or termination hereof, Franchisee covenants not to, directly or indirectly, commit an act of infringement or contest or aid in contesting the validity or ownership of Franchisor's Proprietary Marks, or take any other action in derogation thereof.

5.05. Franchisee shall promptly notify Franchisor of any suspected infringement of, or challenge to, the validity of the ownership of, or Franchisor's right to use, the Proprietary Marks licensed hereunder. Franchisee acknowledges that Franchisor has the right to control any administrative proceeding or litigation involving the Proprietary Marks. In the event Franchisor undertakes the defense or prosecution of any litigation relating to the Proprietary Marks, Franchisee agrees to execute any and all documents and to do such acts and things as may, in the opinion of counsel for Franchisor, be necessary to carry out such defense or prosecution.

5.06. Franchisee understands and agrees that its license with respect to the Proprietary Marks is non-exclusive to the extent that Franchisor has and retains the right under this Agreement as described in Section 1.04 herein:

A. To grant other licenses for the Proprietary Marks, in addition to those licenses already granted to existing franchisees;

B. To develop and establish other franchise systems for the same, similar, or different products or services utilizing proprietary marks not now or hereafter designated as part of the System licensed by this Agreement, and to grant licenses thereto, without providing Franchisee any right therein; and

C. To develop and establish other systems for the sale, at wholesale or retail, of similar or different products utilizing the same or similar Proprietary Marks, without providing Franchisee any right therein.

5.07. Franchisee acknowledges and expressly agrees that any and all goodwill associated with the System and identified by the Proprietary Marks used in connection therewith shall inure directly and exclusively to the benefit of Franchisor and its affiliates and is the property of Franchisor and its affiliates, and that upon the expiration or termination of this Agreement or any other agreement, no monetary amount shall be assigned as attributable to any goodwill associated with any of Franchisee's activities in the operation of the Franchised Unit granted herein, or Franchisee's use of the Proprietary Marks.

5.08. Franchisee understands and acknowledges that each and every detail of the Abbott's System is important to Franchisee, Franchisor, and other franchisees in order to develop and maintain high and uniform standards of quality and services, and hence to protect the reputation and goodwill of Abbott's Units. Accordingly, Franchisee covenants:

A. To operate and advertise the Franchised Unit, at Franchisee's own expense, under the name "Abbott's," without prefix or suffix;

B. To adopt and use the Proprietary Marks licensed hereunder solely in the manner prescribed by Franchisor;

C. To observe such reasonable requirements with respect to trademark registration notices as Franchisor may from time to time direct in the Manual (as defined herein) or otherwise in writing; and

D. To only use Abbott's name, logo, or any advertising or promotional materials for the Franchised Unit which are approved in writing in advance in each instance by Franchisor.

5.09. In order to preserve the validity and integrity of the Proprietary Marks licensed herein and to assure that Franchisee is properly employing the same in the operation of the Franchised Unit, Franchisor or its agents shall at all reasonable times have the right to inspect Franchisee's operations, premises, and Franchised Unit and make periodic evaluations of the services provided and the products sold and used therein. Franchisee shall cooperate with Franchisor's representatives in such inspections and render such assistance to the representatives as may reasonably be requested. If Franchisee materially fails to observe those instructions, the terms of this Agreement, or if Franchisee fails to pursue the franchise operations with Franchisee's best efforts, Franchisor will give notice in writing to Franchisee of the observed defects or deficiencies, and Franchisee will have five (5) business days to correct such defects. Failure to correct any such breach will be an act of default under this Agreement by Franchisee entitling Franchisor (i) to seek injunctive relief pursuant to Section 24.04 herein or (ii) to terminate the Franchised Unit immediately as set forth in Section XV.

5.10. Franchisor reserves the right, in Franchisor's sole discretion, to modify, add to, or discontinue use of the Proprietary Marks, or to substitute different proprietary marks, for use in identifying the System and the businesses operating thereunder. Franchisee agrees promptly to comply with such changes, revisions and/or substitutions, and to bear all the costs of modifying Franchisee's signs, advertising materials, interior graphics and any other items which bear the Proprietary Marks to conform therewith.

VI. OBLIGATIONS OF CORPORATE OR PARTNERSHIP FRANCHISEE

6.01. If Franchisee, or any successor to or assignee of Franchisee, is a corporation, or limited liability company:

A. Franchisee shall furnish to Franchisor, upon execution or any subsequent transfer of this Agreement, a copy of Franchisee's Articles of Incorporation, Certificate of Incorporation, Bylaws and a list of shareholders showing the percentage interest of each, and shall thereafter promptly furnish Franchisor with a copy of any and all amendments or modifications thereto;

B. Franchisee shall promptly furnish Franchisor, on a regular basis, with certified copies of such corporate records material to the Franchised Unit as Franchisor may require from time to time in the Manual (as defined herein) or otherwise in writing; and

C. Franchisee shall maintain stop-transfer instructions against the transfer, on its records, of any securities with voting rights, subject to the restrictions of this Agreement, and each stock certificate of the corporate Franchisee representing each share of stock, shall have conspicuously endorsed upon it the following legend:

> "The transfer of this stock is subject to the terms and conditions of an Abbott's Franchise Agreement with Abbott's Frozen Custard, Inc. dated __________. Reference is made to the provisions of said Franchise Agreement and to the Articles and By-Laws of this corporation."

D. Franchisee shall, prior to the execution of this Agreement, complete and furnish to Franchisor the shareholders of Franchisee list, Exhibit "E" to this Agreement.

6.02. If Franchisee, or any successor to or assignee of Franchisee, is a partnership, limited partnership or limited liability partnership, Franchisee shall furnish to Franchisor, upon execution or any subsequent transfer of this Agreement, a copy of Franchisee's Articles of Partnership, if any, and Partnership Agreement, and shall thereafter promptly furnish Franchisor with a copy of any and all amendments or modifications thereto.

6.03. Franchisee shall, prior to the execution of this Agreement, furnish to Franchisor a completed Statement of Legal Composition in the form attached hereto as Exhibit "F" or such other form as Franchisor may designate, which completed statement shall identify all parties with an ownership interest in Franchisee, the amount of such ownership interest, the jurisdiction in which Franchisee is legally incorporated or organized, and other information specified. Franchisee shall thereafter furnish to Franchisor an updated Statement of Legal Composition promptly when requested by Franchisor. Franchisee shall promptly advise Franchisor of any change in Franchisee's legal composition. By furnishing to Franchisor a completed Statement of Legal Composition, Franchisee represents, warrants, and covenants to Franchisor that all of the information furnished in the completed statement is true and correct as of the date it is furnished to Franchisor.

VII. CONFIDENTIAL OPERATING STANDARDS MANUAL

7.01. In order to protect the reputation and goodwill of Franchisor and the Abbott's System and to maintain uniform standards of operation under Franchisor's Proprietary Marks, Franchisee shall conduct the Franchised Unit in accordance with Franchisor's Confidential Operating Standards Manual (the "Manual").

7.02. Franchisee shall at all times treat the Manual, and the information contained therein, as confidential, and shall use all reasonable efforts to keep such information secret and confidential. Franchisee shall not, at any time, without Franchisor's prior written consent, copy, duplicate, record, or otherwise make the Manual available to any unauthorized person or entity.

7.03. The Manual shall at all times remain the sole property of Franchisor.

7.04. In order for Franchisee to benefit from new knowledge information, methods, and technology adopted and used by Franchisor in the operation of the System, Franchisor may from time-to-time revise the Manual and Franchisee agrees to adhere to and abide by all such revisions.

7.05. Franchisee agrees at all times to keep its copy of the Manual current and up-to-date, and in the event of any dispute as to the contents of Franchisee's Manual, the terms of the master copy of the Manual maintained by Franchisor at Franchisor's home office, shall be controlling.

7.06. The Manual is intended to further the purposes of this Agreement, and is specifically incorporated, by reference, into this Agreement. Except as otherwise set forth in this Agreement, in the event of a conflict between the terms of this Agreement and the terms of the Manual, the terms of this Agreement shall control.

VIII. TRAINING AND ADVERTISING

8.01. As an aid to Franchisee in setting up Franchisee's operations, Franchisor will provide training for Franchisee, a partner of Franchisee if Franchisee is a partnership, or a principal shareholder of Franchisee if Franchisee is a corporation, and up to two (2) of Franchisee's personnel in the proper operation of equipment, serving of products, and other tasks pertinent to the good operation of the Franchised Unit. Such training will continue until Franchisor, in its sole discretion, deems the personnel qualified and has completed the training to Franchisor's satisfaction and may occur over the Internet. Franchisor reserves the right to impose reasonable charges and to be reimbursed for materials used in connection with the training. Further, Franchisee will be responsible for all of Franchisee's and Franchisee's employees' costs for wages, employee benefits, travel, lodging and meals during the training program.

8.02. Franchisor may make available to Franchisee or Franchisee's employees, from time to time, such additional training programs as Franchisor, in its sole discretion, may choose to conduct. Attendance at said training programs may be mandatory. Franchisor reserves the right to charge Franchisee a fee to cover the cost of conducting such mandatory training programs. All other expenses during the training period, including meals, lodging, wages, and travel, shall be borne by Franchisee. Optional training programs (instruction and required materials) may be offered to Franchisee for a fee and may take place over the Internet.

8.03. Franchisor shall create a fund from Franchisee's payment of the advertising fees described in Section 3.02 herein (the "Fund"). The funds collected for the Fund will be used to promote the products and services sold by Franchisee and Franchisor. Any remaining funds in the Fund at the end of a fiscal year remain in the Fund and accrue from year to year.

8.04. Franchisor shall (a) review and approve, if acceptable, all of Franchisee's marketing and promotional materials and programs, including on site, direct mail, newspaper, radio, television, Internet and Networking Media Website (as described in Section 10.11) advertising and other emerging media or promotional advertising tactics; Franchisor will provide Franchisee with notice of approval or disapproval within ten (10) days after Franchisor's receipt of Franchisee's proposed advertising; (b) require Franchisee's participation in Franchisor's promotional and special event programs, the cost of which will be paid for from the Fund; (c) reserve the right to receive payment for providing goods or services to the Fund; and (d) administer the Fund for the purpose of marketing and promoting Abbott's Frozen Custard, Inc. An unaudited annual statement of Fund administration for the most recent fiscal year will be provided to Franchisee upon written request. Franchisor shall have the right to prohibit Franchisee from conducting any advertising over the Internet, as determined in its sole discretion.

IX. DUTIES OF THE FRANCHISOR

9.01. Franchisor will make available to Franchisee such continuing advisory assistance in the operation of the Franchised Unit, in person, over the Internet, or by electronic or written bulletins made available from time to time, as Franchisor may deem appropriate.

9.02. Franchisor, in its sole discretion, may provide opening assistance to Franchisee at the Franchised Unit.

9.03. Franchisor will loan one (1) copy of the Manual, if and when available, to Franchisee for the duration of this Agreement or make the Manual available to Franchisee electronically via diskette, CD ROM, electronic mail, the Internet, or other electronic format. The Manual will contain the standards, specifications, procedures, and techniques of the Abbott's System.

9.04. Franchisor will continue its efforts to maintain high and uniform standards of quality, cleanliness, appearance, and service at all Abbott's Units, to protect and enhance the reputation of the Abbott's System and the demand for the products and services of the System. Franchisor will establish uniform criteria for approving suppliers; make every reasonable effort to disseminate its standards and specifications to prospective suppliers of Franchisee upon the written request of Franchisee, provided that Franchisor may elect not to make available to prospective suppliers the standards and specifications for such formulas or equipment designs deemed by Franchisor in its sole discretion to be confidential; and may conduct periodic inspections of the premises and evaluations of the products used and sold at the Franchised Unit and in all other Abbott's Units.

9.05. Franchisor will provide training to Franchisee as set forth in Section VIII hereof.

9.06. Franchisor will approve the architecture, layout, and initial appearance of the Franchised Unit.

9.07. Franchisor will provide Franchisee with a list of approved items of required equipment and inventory.

9.08 As Franchisor deems appropriate, Franchisor shall conduct inspection visits of the construction of the Franchised Unit and its operations.

9.09 If, during any period in which Franchisee is in default of any of its obligations under this Agreement, Franchisor determines, in its sole discretion, that the Franchised Unit is being operated in a manner that threatens to impair the goodwill of the System or jeopardize customer goodwill or safety, Franchisor will have the right, at its option and upon five (5) days' written notice, to assume management of the Franchised Unit and/or elect to service any or all of Franchisee's customers, within the territory from one or more locations determined by Franchisor. Franchisor will thereafter have the right to continue such management or service until it determines, in its sole discretion that the circumstances under which Franchisor has assumed such management or service will have been corrected by Franchisee and Franchisee is otherwise in good standing under this Agreement. All funds from the operation of the Franchised Unit during the period of Franchisor's management will be kept in a separate fund and all expenses of the Franchised Unit, including compensation, other costs, and travel and living expenses of Franchisor's appointed manager, will be charged to such fund. As compensation for the management services provided, in addition to all other fees due hereunder, Franchisor will have the right to charge such fund a reasonable management fee during the period of Franchisor's management. Franchisee agrees to indemnify and hold Franchisor and any representatives of Franchisor who may act hereunder harmless from any and all claims arising out of the acts or omissions to act of Franchisor and/or its representatives in connection with the management of the Franchised Units, except those involving gross negligence or willful misconduct of Franchisor or its representatives.

X. DUTIES OF THE FRANCHISEE

Franchisee understands and acknowledges that every detail of the System is important to Franchisor, Franchisee, and other franchisees in order to develop and maintain high and uniform operating standards, to increase the demand for Abbott's products and services, and to protect the reputation and goodwill of Franchisor. Accordingly, Franchisee agrees that:

10.01. Franchisee shall maintain, at all times during the term of this Agreement, at Franchisee's expense, the premises of the Franchised Unit and all fixtures, furnishings, signs, systems, and equipment ("improvements") thereon or therein, in conformity with Franchisor's high standards and public image and to make such additions, alterations, repairs, and replacements thereto (but no others, without Franchisor's prior written consent) as may be required by Franchisor, including but not limited to the following:

A. To keep the Franchised Unit in the highest degree of sanitation and repair, including, without limitation, such periodic repainting, repairs or replacement of impaired equipment, and replacement of obsolete signs, as Franchisor may reasonably direct;

B. To meet and maintain the highest governmental standards and ratings applicable to the operation of the Franchised Unit;

C. At its sole cost and expense, to complete a full reimaging, renovation, refurbishment and modernization of the Franchised Unit, within the time frame required by Franchisor, but no more often than once every five (5) years, including the equipment, signs, interior and exterior decor items, fixtures, furnishings, trade dress, color scheme, presentation of trademarks and service marks, supplies, and other products and materials, to meet Franchisor's then-current standards, specifications and design criteria for Abbott's Units, including without limitation, such structural changes, remodeling and redecoration and such modifications to existing improvements as may be necessary to do so (a "Franchised Unit Renovation"). Franchisee shall not be required to perform a Franchised Unit Renovation if there are less than four (4) years remaining on the term of this Agreement. Nothing herein shall be deemed to limit Franchisee's other obligations, during the term of this Agreement, to operate the Franchised Unit in accordance with Franchisor's standards and specifications for the Abbott's System, including, but not limited to, the obligations set forth in this Section X.

10.02. Franchisee shall operate the Franchised Unit in conformity with such uniform methods, standards, and specifications as Franchisor may from time to time prescribe in the Manual or otherwise in writing, to insure that the highest degree of quality, service, and cleanliness is uniformly maintained and to refrain from any deviation therefrom and from otherwise operating in any manner which reflects adversely on Franchisor's name and goodwill or on the Proprietary Marks, and in connection therewith:

A. To maintain in sufficient supply, and use at all times, only such ingredients, products, materials, supplies, and paper goods as conform to Franchisor's standards and specifications, and to refrain from deviating therefrom by using non-conforming items, without Franchisor's prior written consent. Franchisor may designate itself or an affiliate to be an approved supplier, or the only approved supplier, of any products and other items.

B. To sell or offer for sale only such products and menu items that have been expressly approved for sale in writing by Franchisor, including, but not limited to, frozen custard, desserts, and soft drinks, refrain from selling any products and menu items that are not approved by Franchisor or for which Franchisor has withdrawn approval and meet Franchisor's uniform standards of quality and quantity and as have been prepared in accordance with Franchisor's methods and techniques for product preparation; to sell or offer for sale the minimum menu items specified in the Manual or otherwise in writing; to refrain from any deviation from Franchisor's standards and specifications for serving or selling the menu items, without Franchisor's prior written consent; and to discontinue selling or offering for sale such items as Franchisor may, in its discretion, disapprove in writing at any time;

C. To use the premises of the Franchised Unit solely for the purpose of conducting the business franchised hereunder, and to conduct no other business or activity thereon, whether for profit or otherwise, without Franchisor's prior written consent;

D. To keep the Franchised Unit open and in normal operation during such business hours as Franchisor may prescribe in the Manual or otherwise in writing;

E. To permit Franchisor or its agents, at any time during ordinary business hours, to remove from the Franchised Unit samples of any ingredients, products, materials, supplies, and paper goods used in the operation of the Franchised Unit, without payment therefor, in amounts reasonably necessary for testing by Franchisor or an independent laboratory, to determine whether such samples meet Franchisor's then-current standards and specifications. In addition to any other remedies it may have under this Agreement, Franchisor may require Franchisee to bear the cost of such testing if any such ingredient, products, materials, supplier or paper goods have been obtained from a supplier not approved by Franchisor, or if the sample fails to conform to Franchisor's specifications;

F. To purchase, install, and construct, at Franchisee's expense, all improvements furnishings, signs, and equipment specified in the approved standard plans and specifications, and such other furnishings, signs, or equipment as Franchisor may reasonably direct from time to time in the Manual or otherwise in writing; and to refrain from installing or permitting to be installed on or about the premises of the Franchised Unit, without Franchisor's written consent, any improvements, furnishings, signs or equipment not first approved in writing as meeting Franchisor's standards and specifications;

G. To comply with all applicable federal, state and local laws, regulations, and ordinances pertaining to the operation of the Franchised Unit, including, but not limited to, the ADA;

H. To notify Franchisor with five (5) calendar days after the receipt of any notice from a governmental authority that the Franchised Unit is in violation of any applicable public health law, code, or regulation.

I. Franchisee shall grant Franchisor and its agents the right to enter upon the premises of the Franchised Unit at any time during ordinary business hours for the purpose of conducting inspections; cooperate with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from Franchisor or its agents, and without limiting Franchisor's other rights under this Agreement, take such steps as may be necessary immediately to correct the deficiencies detected during any such inspection, including, without limitation, immediately desisting from the further use of any equipment, promotional materials, products, or supplies that do not conform with Franchisee's then-current specifications, standards, or requirements; and

J. Franchisee will maintain a fully trained staff, having completed training with Abbott's in order to ensure all employees meet the minimum position training standards to prepare and serve Abbott's products to the required specifications as defined in the Manual.

10.03. Franchisee shall purchase all custard-mixing equipment, requirements for the frozen custard mix and other ingredients (including cones, flavorings, syrups, sundaes, etc.), and any other items sold as part of the end products that are offered for consumption to the retail consumer (the "Products") only from Franchisor.

10.04. Franchisee shall purchase all ingredients, products, materials, supplies, paper goods, and other items required for the operation of the Franchised Unit, except the Products, solely from us or suppliers who demonstrate, to the continuing reasonable satisfaction of Franchisor, the ability to meet Franchisor's reasonable standards and specifications for such items; who possess adequate quality controls and capacity to supply Franchisee's needs promptly and reliably; and who have been approved in writing by Franchisor and such approval has not thereafter been revoked. Notwithstanding the foregoing, Franchisor reserves the right to require Franchisee to purchase any or all approved products, equipment, or merchandise solely from Franchisor or an affiliate of Franchisor. If Franchisee desires to purchase any such items from an unapproved supplier, Franchisee shall submit to Franchisor a written request for approval, or shall request the supplier itself to seek approval. Franchisor shall have the right to require, as a condition of its approval, that its representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, at Franchisor's option, either to Franchisor or to an independent laboratory designated by Franchisor for testing prior to granting approval. A charge not to exceed Franchisor's reasonable cost of inspection and the actual cost of testing shall be paid by the supplier or Franchisee. Franchisor reserves the right, at its option, to re-inspect the facilities and products of any such approved supplier from time to time and to revoke its approval upon failure of such supplier to continue to meet any of the foregoing criteria.

10.05. All local advertising by Franchisee shall be in such media, and of such type and format as Franchisor may approve; shall be conducted in a dignified manner; and shall conform to such standards and requirements as Franchisor may specify. Franchisee shall not use any advertising or promotional plans or materials unless and until Franchisee has received written approval from Franchisor, pursuant to the procedures and terms set forth in Section 10.06. hereof.

10.06. All advertising and promotional plans proposed to be used by Franchisee except such plans and materials that have been previously approved by Franchisor shall be submitted to Franchisor for Franchisor's written approval (except with respect to prices to be charged) prior to any use thereof. Franchisor shall use its best efforts to complete its review of Franchisee's proposed advertising and promotional plans within fifteen (15) days after Franchisor receives such plans. If written approval is not received by Franchisee from Franchisor within fifteen (15) days after receipt by Franchisor of such plans, Franchisor shall be deemed to have disapproved such plans. Subject to Franchisor's approval of marketing materials to be used by Franchisee pursuant to this Section 10.06, Franchisee shall seek additional marketing support from a local marketing company should Franchisee deem the advertising materials provided by Franchisor insufficient.

10.07. Franchisee shall, at Franchisor's request, require all of its supervisory employees, as a condition of their employment, to execute an agreement prohibiting them, during the term of their employment or thereafter, from communicating, divulging, or using for the benefit of any person, persons, partnership, association, corporation, or other entity any confidential information, trade secrets, knowledge, or know-how concerning the Abbott's System or methods of operation of the Franchised Unit which may be acquired as a result of their employment with Franchisee or other franchisees. A duplicate original of each such agreement shall be provided by Franchisee to Franchisor immediately upon execution.

10.08. If at any time the Franchised Unit is proposed to be operated by an entity or individual other than Franchisee, Franchisor reserves the right to review and approve the operating entity or individual and to

Franchisee Initials:________

Abbott's Frozen Custard, Inc. Representative Initials________

require and approve an operating agreement prior to such party's assumption of operations. Franchisor may, in its sole discretion, reject either the operating entity, the individual operator or the operating agreement. If approved by Franchisor, the operating entity and/or individual shall agree in writing to comply with all of Franchisee's obligations under the Franchise Agreement as though such party were the franchisee designated therein, on such form as may be designated by Franchisor. The operation of the Franchised Unit by any party other than Franchisee, without Franchisor's prior written consent, shall be deemed a material default of this Agreement for which Franchisor may terminate this Agreement pursuant to the provisions of Section 15.02. hereof.

10.09. Franchisee will maintain the Unit in strict accordance with all applicable laws and regulations (*e.g.*, health and sanitation requirements, and the ADA and with Franchisor's instructions and quality standards as established by Franchisor in the Manual or otherwise in writing, including portion sizes, cones, paper and plastic goods and other supplies, advertising, Unit colors, cleanliness, appearance of personnel and general franchise operation appearance, and insurance coverage). Franchisee shall also comply with all federal and state laws requiring disclosure of nutritional information on menus and menu boards, including, but not limited to, the requirements of Section 4205 of the Patient Protection and Affordable Care Act of 2010. In addition, Franchisee shall pursue the operation of the Unit with Franchisee's best efforts.

10.10. Franchisee shall, within thirty (30) days from receipt of written notice from Franchisor, purchase and install computer hardware and software equipment at the Franchised Unit and/or at Franchisee's principal business office, which computer hardware shall include telecommunications devices, and which software may be a single program or set of programs, all of which must be obtained in accordance with Franchisor's standards and specifications (the "Required Computer Equipment"). The Required Computer Equipment shall permit twenty-four (24) hour per day electronic communications between Franchisor and Franchisee including access to the Internet and Franchisor's intranet. Franchisor shall have the right to require maintenance or an upgrade or update to the Required Computer Equipment. Such maintenance, upgrades, or updates may be completed by a third party. There are no limitations on the cost or frequency of such obligations. Franchisor shall also have independent access to the information and data on sales recorded on cash registers or other point-of-sale equipment. There are no contractual limitations on Franchisor's rights to access such information and data.

10.11. Franchisee Web Sites. Franchisee shall not promote, offer, or sell any products or other services related to the Franchised Unit through the Internet or use the Proprietary Marks in any Internet domain name, electronic mail address or home page address, or in the operation of any Internet Web Site without Franchisor's prior written consent. The term "Web Site" means an interactive electronic document contained in a network of computers linked by communications software, commonly referred to as the Internet or World Wide Web, including social and business networking media such as Facebook, Twitter, LinkedIn, and online blogs and forums. Franchisor will approve or disapprove a website within five (5) days after Franchisor receives Franchisee's request. In connection with any such consent, which Franchisor may grant or withhold, in Franchisor's sole discretion, Franchisor may establish such requirements as Franchisor deems appropriate, including, among others: (i) Franchisor may require Franchisee to submit to Franchisor for Franchisor's prior written approval, a sample of any proposed internet Web Site for the Franchised Unit, domain name, home page address, format and visible (including proposed screen shots and any text, video clips, photographs, images, sound bites or other materials in which any third party has any ownership interest) and non-visible content (including meta-tags) in the form and manner that Franchisor may reasonably require; (ii) Franchisor may require Franchisee to establish hyperlinks to Franchisor's Web Site and others as Franchisor may require, and to obtain Franchisor's prior written approval of Franchisee's use of any other hyperlinks and/or other links; (iii) Franchisor may require Franchisee to submit to Franchisor for Franchisor's prior written approval any modifications to Franchisee's Web Site. Franchisor may revoke Franchisor's approval of Franchisee's Web Site at any time and require Franchisee to discontinue Franchisee's use of it. In addition to any other applicable requirements, Franchisee must comply with any standards and specifications Franchisor develops that are applicable to Web Sites as set forth in the Manual or otherwise in writing, which standards and specifications

Franchisor may modify from time to time. Franchisor may designate the form and content of Franchisee's Web Site and may require that any such Web Site be hosted by Franchisor or a third party whom Franchisor designates. Franchisee specifically acknowledges and agrees that any Web Site owned or maintained by or for the benefit of Franchisee, including any posting on or contribution to a Networking Media Website, shall be deemed "advertising" under this Agreement and will be subject to, among other things, Franchisor's prior review and approval. Franchisor also may charge Franchisee a fee for developing, reviewing, and approving Franchisee's Web Site and/or hosting it. In addition to the foregoing, Franchisee shall not use or permit any third party to use any of the Proprietary Marks in connection with any Internet web site and/or as part of any internet domain name or electronic mail or home page address, unless such use is expressly approved by Franchisor in writing.

10.12. Franchisee must use Franchisor's designated designer to design the Unit. In addition, Franchisor must approve, in writing, the layout and architecture and exterior and interior appearance and decor of the Unit and any changes before Franchisee commences operations and afterwards. Franchisor may require Franchisee to adopt certain changes in the appearance of the Unit from time to time, including (without limitation) updating the decor, appearance, or equipment for the operation of the Unit. Franchisee must comply with all such requests within four (4) weeks after receipt of notification from Franchisor.

10.13. Franchisee will operate the Unit for at least ten (10) consecutive months per calendar year.

10.14. Franchisee shall comply with all other requirements set forth in this Agreement.

10.15. Franchisee shall have its guarantors execute the Guarantee and Indemnity Agreement attached as Exhibit "G" to this Agreement.

10.16. Franchisee shall allow Franchisor access to information and data on sales recorded on cash registers or other point-of-sale equipment.

10.17. Franchisee shall implement the standard Abbott's layout specifications and interior and exterior designs that Franchisor's architect and designers will provide for Franchisee. These plans are for a basic Abbott's store. Additional costs for these services may be incurred by Franchisee if the facility or premises of the Franchised Unit is outside the scope of this standard plan.

XI. INSURANCE

11.01. Insurance Program. Franchisee shall be responsible for all loss or damage arising from or related to Franchisee's development and operation of the Franchised Unit, and for all demands or claims with respect to any loss, liability, personal injury, death, property damage, or expense whatsoever occurring upon the premises of, or in connection with the development or operation of, the Franchised Unit. Franchisee shall procure, prior to commencement of construction of the Franchised Unit, and shall maintain in full force and effect during the Term of this Agreement at Franchisee's expense, an insurance policy or policies protecting Franchisee and Franchisor, and their officers, directors, agents and employees, against any loss, liability, or expense whatsoever from personal injury, death or property damage or casualty, including, fire, lightning, theft, vandalism, malicious mischief, and other perils normally included in an extended coverage endorsement arising from, occurring upon or in connection with the construction, operation or occupancy of the Franchised Unit, as Franchisor may reasonably require for its own and Franchisee's protection.

11.02. Insurance Requirements. Such policy or policies shall be written by an insurance company satisfactory to Franchisor and Franchisee shall maintain in full force and effect throughout the Term of this Agreement that insurance which Franchisee determines is necessary or appropriate for liabilities caused by or occurring in connection with the development or operation of the Franchised Unit, which insurance shall include, at a minimum the following coverage:

A. Workers' Compensation Insurance, with statutory limits as required by the laws and regulations applicable to the employees of Franchisee who are engaged in the performance of their duties relating to the Franchised Unit, including any pre-opening training programs, as well as such other insurance as may be required by statute or regulation of the state in which the Franchised Unit is located.

B. Employer's Liability Insurance, for employee bodily injuries and deaths, with a limit of Five Hundred Thousand Dollars ($500,000.00) each accident.

C. Comprehensive or Commercial General Liability Insurance, covering claims for bodily injury, death and property damage, including Premises and Operations, Independent Contractors, Products and Completed Operations, Personal Injury, Contractual, and Broad form Property Damage liability coverages, with limits as follows:

Occurrence/Aggregate Limit of One Million Dollars ($1,000,000.00) for bodily injury, death, and property damage each occurrence and Two Million Dollars ($2,000,000.00) for general aggregate,

or

Split liability limits of:

$1,000,000	for bodily injury per person;
$1,000,000	for bodily injury per occurrence; and
$ 500,000	for property damage.

D. All Risk Property Insurance, on a replacement cost basis, with limits as appropriate, covering the real property of Franchisee and any real property which Franchisee may be obligated to insure by contract. Such real property may include building, machinery, equipment, furniture, fixtures, and inventory.

11.03. All such policies of insurance shall provide that the same shall not be canceled, modified, or changed without first giving thirty (30) days' prior written notice thereof to Franchisor. No such cancellation, modification, or change shall affect Franchisee's obligation to maintain the insurance coverages required by this Agreement. Except for Workers' Compensation Insurance, Franchisor shall be named as an Additional Insured on all such required policies. All liability insurance policies shall be written on an "occurrence" policy form. Franchisee shall be responsible for payment of any and all deductibles from insured claims under its policies of insurance. Franchisee shall not satisfy the requirements of this Section XI unless and until certificates of such insurance, including renewals thereof, have been delivered to and approved by Franchisor. Franchisee shall not self-insure any of the insurance coverages required by this Agreement, or non-subscribe to any State's applicable workmen's compensation laws without the prior written consent of Franchisor. Franchisor shall have the right, at any time during the term of this Agreement, to increase the minimum limits of insurance coverage or otherwise modify the insurance requirements of this Agreement upon written notice in the Manual or as otherwise prescribed by Franchisor in writing. If Franchisee shall fail to comply with any of the insurance requirements herein, upon written notice to Franchisee by Franchisor, Franchisor may, without any obligation to do so, procure such insurance and Franchisee shall pay Franchisor, upon demand, the cost thereof plus a reasonable administrative fee designated by Franchisor.

11.04. Insurance Obtained by Franchisee Shall Be Primary to Franchisor's Own Insurance. Franchisee agrees that all insurance policies obtained by Franchisee pursuant to Sections 11.01. and 11.02. shall be primary coverage, the applicable limits of which shall be exhausted before any benefits (defense or indemnity) may be obtained under any other insurance (including self-insurance) providing coverage to

Franchisor. In the event payments are required to be made under Franchisor's own insurance policies or self-insurance (whether for defense or indemnity) before the applicable coverage limits for the insurance policies obtained by Franchisee are exhausted, then Franchisee hereby agrees to reimburse, hold harmless, and indemnify Franchisor and its insurers for such payments. Franchisee shall notify its insurers of this Agreement and shall use best efforts to obtain an endorsement on each policy it obtains pursuant to Sections 11.01. and 11.02. stating as follows:

> The applicable limits of this policy shall be applied and exhausted before any benefits may be obtained (whether for defense or indemnity) under any other insurance (including self-insurance) that may provide coverage to Franchisor. All insurance coverage obtained by Franchisor shall be considered excess insurance with respect to this policy, the benefits of which excess insurance shall not be available until the applicable limits of this policy are exhausted.

11.05. No Limitation on Coverage. Franchisee's obligation to obtain and maintain the foregoing policy or policies of insurance in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section XVIII of this Agreement.

11.06. Issuance of Insurance. Franchisee must obtain the insurance required by this Agreement no later than fifteen (15) days before the date on which any construction is commenced. The Franchised Unit shall not be opened for business prior to Franchisor's receipt of satisfactory evidence that all insurance required by this Agreement is in effect. Upon obtaining such insurance, and on each policy renewal date thereafter, Franchisee shall promptly submit evidence of satisfactory insurance and proof of payment therefor to Franchisor, together with, upon request, copies of all policies and policy amendments. The evidence of insurance shall include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least thirty (30) days' prior written notice to Franchisor.

11.07. No Representations. Franchisee acknowledges that no requirement for insurance contained in this Agreement constitutes advice or a representation by Franchisor that only such policies, in such amounts, are necessary to protect Franchisee from losses in connection with its business under this Agreement. Maintenance of the insurance required by this Agreement, and the performance by Franchisee of its obligations under this Section of the Agreement shall not relieve Franchisee of liability under the indemnification provisions or any other provisions of this Agreement.

XII. CONFIDENTIAL INFORMATION

12.01. Franchisee shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, association, corporation, or other entity, any confidential information, knowledge, or know-how concerning the construction and methods of operation of the Franchised Unit which may be communicated to Franchisee, or of which Franchisee may be apprised, by virtue of Franchisee's operation under the terms of this Agreement. Franchisee shall divulge such confidential information only to such employees of Franchisee as must have access to it in order to exercise the franchise rights granted hereunder and to establish and operate the Franchised Unit pursuant hereto and as Franchisee may be required by law, provided Franchisee shall give Franchisor prior written notice of any such required disclosure immediately upon receipt of notice by Franchisee in order for Franchisor to have the opportunity to seek a protective order or take such other actions as it deems appropriate under the circumstances.

12.02. Any and all information, knowledge, and know-how, including, without limitation, drawings, materials, equipment, recipes, prepared mixtures or other food products, and other data, which Franchisor designates as confidential, and any information, knowledge, or know-how which may be derived by analysis thereof, shall be deemed confidential for purposes of this Agreement, except information which Franchisee can demonstrate came to Franchisee's attention prior to disclosure thereof by Franchisor; or which, at the time of disclosure thereof by Franchisor to Franchisee, had become a part of the public domain, through publication or communication by others; or which, after disclosure to Franchisee by Franchisor, becomes a part of the public domain, through publication or communication by others.

XIII. COVENANTS

13.01. Franchisee covenants that, during the term of the Agreement, except as otherwise approved in writing by Franchisor, Franchisee or, alternatively, one (1) designated management employee if that employee assumes primary responsibility for the operation of the Franchised Unit, shall devote full time, energy, and best efforts to the management and operation of the Franchised Unit. Franchisee shall take such steps as are necessary to ensure that its employees do not violate Franchisor's policies relating to the use of Networking Media Websites (as defined in Section 10.11), including, but not limited to, prohibiting employees from posting any information relating to Franchisor, the System, the Proprietary Marks, or the Franchised Unit on any Networking Media Website without Franchisor's prior written approval.

13.02. Franchisee acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and confidential information, including without limitation, information regarding the operational, sales, promotional, and marketing methods, procedures, and techniques of Franchisor and the System. Franchisee covenants that, during the term of this Agreement, Franchisee (who, unless otherwise specified, shall include, for purposes of this Section XIII, collectively and individually, all officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities with voting rights of Franchisee and of any corporation, directly or indirectly controlling Franchisee, if Franchisee is a corporation, and the general partner and any limited partners, including any corporation, and the officers, directors and holders of a beneficial interest of five percent (5%) or more of securities with voting rights of a corporation which controls, directly or indirectly, any general or limited partner, if Franchisee is a partnership) shall not, either directly or indirectly, for itself or on behalf of, or in conjunction with, any person, persons, partnership, association, corporation or other entity:

A. Divert or attempt to divert any business or customer of the business franchised hereunder to any competitor by direct or indirect inducements or otherwise, or to do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Franchisor's Proprietary Marks and the System;

B. Employ or seek to employ any person who is, at that time, employed by Franchisor or by any other Abbott's franchisee, or otherwise, directly or indirectly, induce such person to leave his or her employment therewith; or

C. Own, maintain, operate, engage in, or have any interest in any fast food (either takeout, on premises consumption, or a combination thereof) store that specializes in the sale of ice cream products ("Ice Cream Store"); provided, however, that the term "Ice Cream Store" shall not apply to any business operated by Franchisee under a franchise agreement with Franchisor or an affiliate of Franchisor.

13.03. Franchisee covenants that Franchisee shall not, regardless of the cause for termination, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, association, corporation, or other entity:

A. For a period of two (2) years following the termination or expiration of this Agreement, own, maintain, engage in, or have any interest in any Ice Cream Store which is located within a radius of twenty (20) miles of the location specified in Section I hereof, or the location of any other Abbott's Unit under the System, whether owned by Franchisor or any other Abbott's franchisee, which is in existence as of the date of expiration or termination of this Agreement; or

B. For a period of one (1) year following the termination or expiration of this Agreement, employ or seek to employ any person who is, at the time, employed by Franchisor or by any other Abbott's franchisee, or otherwise, directly or indirectly, induce such person to leave his or her employment therewith.

13.04. At Franchisor's request, Franchisee shall require and obtain execution of covenants similar to those set forth in this Section XIII (including covenants applicable upon the termination of a person's relationship with Franchisee) in a form satisfactory to Franchisor, including, without limitation, specific identification of Franchisor as a third party beneficiary of such covenants with the independent right to enforce them, from any or all of the following persons:

A. All managers and assistant managers of the Franchised Unit, and any other personnel employed by Franchisee who have received or will receive training from Franchisor;

B. All officers, directors, and holders of a direct or indirect beneficial ownership interest of five percent (5%) or more in Franchisee.

All covenants required by this Section 13.04 shall be in substantially the form attached hereto as Exhibit "H" and shall identify Franchisor as a third party beneficiary of such covenants with the independent right to enforce them. The failure of Franchisee to obtain execution of a covenant required by this Section 13.04. shall constitute a material breach of this Agreement. A duplicate original of each such covenant shall be provided by Franchisee to Franchisor immediately upon execution.

13.05. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section XIII, is held unreasonable or unenforceable by a court or agency having jurisdiction in a final decision, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant was separately stated in and made a part of this Section XIII.

A. Right to Reduce Covenants. Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 13.02. and 13.03. of this Agreement, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees that it shall comply with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section XXII hereof.

B. Injunctive Relief. The parties acknowledge that it will be difficult to ascertain with any degree of certainty the amount of damages resulting from a breach by Franchisee of any of the covenants contained in this Section XIII. It is further agreed and acknowledged that any violation by Franchisee of any of said covenants will cause irreparable harm to Franchisor. Accordingly, Franchisee agrees that upon proof of the existence of a violation of any of said covenants, Franchisor will be entitled to injunctive relief against Franchisee in any court of competent jurisdiction having authority to grant such relief, together with all costs and reasonable attorneys' fees incurred by Franchisor in bringing such action.

XIV. TRANSFERABILITY OF INTEREST

14.01. Transfer by Franchisor. This Agreement shall inure to the benefit of the successors and assigns of Franchisor. Franchisor shall have the right to transfer or assign its interest in this Agreement to any person, persons, partnership, association, corporation, or other entity. If Franchisor's assignee assumes all the obligations of Franchisor hereunder and sends Franchisee written notice of the assignment so attesting, Franchisee agrees promptly to execute a general release of Franchisor, and any affiliates of Franchisor, from claims or liabilities of Franchisor under this Agreement.

14.02. Transfer by Franchisee. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted this Agreement in reliance on Franchisee's business skill and financial capacity. Accordingly, neither (i) Franchisee, nor (ii) any immediate or remote successor to Franchisee, nor (iii) any individual, partnership, corporation or other legal entity which directly or indirectly owns any interest in Franchisee or in this Franchise Agreement, shall sell, assign, transfer, convey, donate, pledge, mortgage, or otherwise encumber any direct or indirect interest in this Agreement or in any legal entity which owns the Franchised Unit without the prior written consent of Franchisor. Acceptance by Franchisor of any royalty fee, advertising fee, or any other amount accruing hereunder from any third party, including, but not limited to any proposed transferee, shall not constitute Franchisor's approval of such party as a transferee or the transfer of this Franchise Agreement to such party. Any purported assignment or transfer, by operation of law or otherwise, not having the written consent of Franchisor, shall be null and void, and shall constitute a material breach of this Agreement, for which Franchisor may then terminate without opportunity to cure pursuant to Section 15.02.E. of this Agreement.

14.03. Conditions for Consent. Franchisor shall not unreasonably withhold its consent to any transfer referred to in Section 14.02., when requested; provided, however, that prior to the time of transfer;

A. All of Franchisee's accrued monetary obligations to Franchisor and its subsidiaries and affiliates shall have been satisfied;

B. Franchisee shall have agreed to remain obligated under the covenants contained in Section XIII hereof as if this Agreement had been terminated on the date of the transfer;

C. The transferee must be of good moral character and reputation, in the reasonable judgment of Franchisor;

D. Franchisor shall have determined, to its satisfaction, that the transferee's qualifications meet Franchisor's then-current criteria for new franchisees;

E. Franchisee and transferee shall execute a written assignment, in a form satisfactory to Franchisor, pursuant to which the transferee shall assume all of the obligations of Franchisee under this Agreement, and Franchisee shall unconditionally release any and all claims Franchisee might have against Franchisor as of the date of the assignment;

F. The transferee shall execute the then-current form of Franchise Agreement and such other then-current ancillary agreements as Franchisor may reasonably require. The then-current form of Franchise Agreement may have significantly different provisions including, without limitation, a higher royalty fee and advertising contribution than that contained in this Agreement. The then-current form of Franchise Agreement will expire on the expiration date of this Agreement and will contain the same renewal rights, if any, as are available to Franchisee herein;

G. The transferee shall agree at its sole cost and expense, to (i) complete a Franchised Unit Renovation, within the time frame required by Franchisor, unless a Franchised Unit Renovation was completed within five (5) years prior to the date of the transfer and (ii) perform such other scope of work as may be determined by Franchisor;

H. The transferee and such other individuals as may be designated by Franchisor in the Manual or otherwise in writing, must have successfully completed the training course then in effect for new franchisees. If the Franchised Unit is the transferee's first Abbott's Unit, the transferee shall pay to Franchisor the then-standard Training Fee if any;

I. If the transferee is a partnership, the partnership agreement shall provide that further assignments or transfers of any interest in the partnership are subject to all restrictions imposed upon assignments and transfers in this Agreement;

J. Franchisee shall, at Franchisor's option and request, execute a written guaranty of the transferee's obligations under the Agreement, which guaranty shall not exceed a period of three (3) years from the date of transfer; and

K. Franchisee shall pay to Franchisor a transfer fee of one-third (1/3) of the franchise fee prevailing at the time of such transfer, to cover Franchisor's administrative expenses in connection with the transfer; however, no additional franchise fee shall be charged by Franchisor for a transfer. If the transferee is (i) a corporation formed by Franchisee for the convenience of ownership and in which Franchisee is the sole shareholder or (ii) a member of Franchisee's immediate family, no transfer fee shall be required.

14.04. Grant of Security Interest. Franchisee is not required to obtain financing for the Unit; however, before Franchisee may grant a security interest in this Agreement, the Franchised Unit, or in any of its assets, the secured party must agree that, in the event of any default by Franchisee under any documents related to the security interest: (i) Franchisor shall be provided with notice of default and given a reasonable time within which to cure said default; (ii) Franchisor shall have the right and option to be substituted as obligor to the secured party and to cure any default of Franchisee or to purchase the rights of the secured party upon payment of all sums then due to such secured party, except such amounts which may have become due as a result of any acceleration of the payment dates based upon Franchisee's default; and (iii) the secured party shall agree to such other requirements as Franchisor, in its sole discretion, deems reasonable and necessary to protect the integrity of the Proprietary Marks and the Abbott's System.

14.05. Transfer on Death or Mental Incapacity. Upon the death or mental incapacity of any person with an interest in this Agreement, the Franchised Unit or Franchisee, the executor, administrator, or personal representative of such person shall transfer his or her interest to a third party approved by Franchisor within twelve (12) months after such death or mental incapacity. Such transfer, including, without limitation, transfer by devise or inheritance, shall be subject to the same conditions as any inter vivos transfer. However, in the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section XIV, the personal representative of the deceased Franchisee shall have a reasonable time, but in no event more than eighteen (18) months from Franchisee's death, to dispose of the deceased's interest in this Agreement and the business conducted pursuant hereto, which disposition shall be subject to all the terms and conditions for assignments and transfers contained in this Agreement. If the interest is not disposed of within twelve (12) or eighteen (18) months, whichever is applicable, Franchisor may terminate this Agreement.

14.06. Right of First Refusal. Any party holding an interest in this Agreement, the Franchised Unit or in Franchisee, and who desires to accept a bona fide offer from a third party to purchase such interest, shall notify Franchisor in writing of such offer within ten (10) days of receipt of such offer, and shall provide such information and documentation relating to the offer as Franchisor may require. Franchisor shall have the right and option, exercisable within sixty (60) days after receipt of such written notification, to send written notice

Franchisee Initials________
Abbott's Frozen Custard, Inc. Representative Initials________

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to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party. In the event that Franchisor elects to purchase the seller's interest, closing on such purchase must occur within sixty (60) days from the date of notice to the seller of the election to purchase by Franchisor. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of an initial offer. Failure of Franchisor to exercise the option afforded by this Section 14.06. shall not constitute a waiver of any other provisions of this Agreement, including all of the requirements of this Section XIV, with respect to a proposed transfer. In the event the consideration, terms, and/or conditions offered by a third party are such that Franchisor may not reasonably be required to furnish the same consideration, terms, and/or conditions, then Franchisor may purchase the interest in this Agreement, Franchisee, or the Franchised Unit proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time as to the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, an independent appraiser shall be designated by Franchisor, and his or her determination shall be binding upon the parties.

XV. TERMINATION

15.01. Franchisee shall be deemed to be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Franchisee or such a petition is filed against Franchisee and not opposed by Franchisee; or if Franchisee is adjudicated bankrupt or insolvent; or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under the applicable law of any jurisdiction should be instituted by Franchisee or against Franchisee and not opposed by Franchisee; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee's property or business; or if suit to foreclose any lien or mortgage against the premises or equipment of any Franchised Unit developed hereunder is instituted against Franchisee and not dismissed within thirty (30) days; or if the real or personal property of any Unit developed hereunder shall be sold after levy thereon by any sheriff, marshal, or constable.

15.02. Franchisee shall be deemed to be in default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder without affording Franchisee any opportunity to cure the default upon the occurrence of any of the following events:

A. If Franchisee fails to complete construction of the Franchised Unit and open for business within one hundred eighty (180) days of execution of this Agreement. Franchisor may, in its sole discretion, extend this period to address unforeseen construction delays, not within the control of Franchisee;

B. If Franchisee, at any time, ceases to operate the Franchised Unit for the required ten (10) months per year without Franchisor's prior written consent, or otherwise abandons the Franchised Unit, or loses the right to possess the premises of the Franchised Unit, or otherwise forfeits the right to do or transact business in the jurisdiction where the Franchised Unit is located; provided, however, that if, through no fault of Franchisee, the premises are damaged or destroyed by an event not within the control of Franchisee such that repairs or reconstruction cannot be completed within one hundred eighty (180) days thereafter, then Franchisee shall have thirty (30) days after such event in which to apply for Franchisor's approval to relocate and/or reconstruct the premises, which approval shall not be unreasonably withheld, but may be conditioned upon the payment of an agreed minimum royalty to Franchisor during the period in which the Franchised Unit is not in operation;

C. If Franchisee is convicted of or pleads guilty to a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or Franchisor's interest therein;

D. If a threat or danger to public health or safety results from the construction, maintenance, or operation of the Franchised Unit;

E. If Franchisee, or any partner or shareholder of Franchisee purports to transfer any rights, or obligations under this Agreement or any interest in Franchisee to any third party without Franchisor's prior written consent, contrary to the terms of Section XIV hereof;

F. If Franchisee fails to comply with the in-term covenants in Section 13.02. hereof or fails to obtain execution of the covenants required under Sections 10.07. or 13.04. hereof;

G. If, contrary to the terms of Section VII hereof, Franchisee discloses or divulges the contents of the Manual or any other confidential information provided to Franchisee by Franchisor;

H. If an approved transfer is not effected as required by Section 14.05. hereof, following Franchisee's death or mental incapacity;

I. If Franchisee knowingly maintains false books or records, or submits any false reports to Franchisor;

J. If Franchisee or any individual, group, association, limited or general partnership, corporation, or other business entity which directly or indirectly controls, is controlled by, or is under common control with Franchisee; or which directly or indirectly owns, controls, or holds power to vote ten percent (10%) or more of the outstanding voting securities of Franchisee; or which has in common with Franchisee one or more partners, officers, directors, trustees, branch managers, or other persons occupying similar status or performing similar functions ("Affiliate") commits any act of default under any other Franchise Agreement, (except for failure to meet the development schedule thereunder), asset purchase agreement, promissory note or any other agreement entered into by Franchisee or an Affiliate of Franchisee, and Franchisor, or any parent, subsidiary, affiliate, predecessor or successor to Franchisor;

K. If Franchisee, after or during a default pursuant to Section 15.03. hereof, commits the same default again, whether or not such default is cured after notice;

L. If Franchisee defaults more than once in any twelve (12) month period under Section 15.03. hereof for failure to substantially comply with any of the requirements imposed by this Agreement, whether or not cured after notice;

M. If Franchisee refuses to permit Franchisor or its agents to enter upon the premises of the Franchised Unit to conduct any periodic inspection as set forth in Sections 5.09. and 10.02.H. hereof; or

N. If Franchisee uses any of Franchisor's Proprietary Marks in any unauthorized manner or is otherwise in default of the provisions of Section V hereof.

15.03. Except as provided in Sections 15.01. and 15.02. of this Agreement, upon any default by Franchisee which is susceptible of being cured, Franchisor may terminate this Agreement only by giving written Notice of Termination stating the nature of such default to Franchisee at least ten (10) days prior to the effective date of termination if the default is for failure to pay royalties, failure to satisfy financial obligations owed to Franchisor by Franchisee and/or a threat to the public health or safety resulting from the construction, maintenance or operation of the Franchised Unit, (including violations of any applicable public health law, code or regulation as determined by the relevant government authority after an inspection of the premises), and thirty (30) days, prior to the effective date of termination for any other default; provided, however, that Franchisee may avoid termination by curing such default to Franchisor's satisfaction within the ten (10) day or thirty (30) day period, as applicable. If any such default is not cured within the specified time, this Agreement shall terminate without further notice to Franchisee effective immediately upon the expiration of the ten (10) day or thirty (30) day period, as applicable, or such longer period as applicable law may require. Notwithstanding anything to the contrary set forth in this Agreement, Franchisee hereby acknowledges that any agreement between Franchisee and Franchisor relating to past due amounts accruing hereunder, (an "Arrearage Agreement"), including, but not limited to any promissory note, payment plan or amendment to this agreement shall be deemed to be a material part of this agreement and shall be incorporated herein by reference. A default under any Arrearage Agreement shall be deemed a material default of this Franchise Agreement, regardless of the reason Franchisee fails to pay the amount which is the subject of such Arrearage Agreement.

15.04. Franchisee shall indemnify and hold Franchisor harmless for all costs, expenses, and any losses incurred by Franchisor in enforcing the provisions hereof, or in upholding the propriety of any action or determination by Franchisor pursuant to this Agreement, or in defending any claims made by Franchisee against Franchisor, or arising in any manner from Franchisee's breach of or failure to perform any covenant or obligation hereunder, including, without limitation, reasonable litigation expenses and attorneys' fees incurred by Franchisor in connection with any threatened or pending litigation relating to any part of this Agreement, unless Franchisee shall be found, after due legal proceedings, to have complied with all of the terms, provisions, conditions and covenants hereof.

15.05. If Franchisee breaches any of its obligations in this Agreement, the parties hereto agree that Franchisor will be damaged and that, at the time of executive of this Agreement, damages are difficult to estimate. Accordingly, Franchisee agrees that if Franchisee violates any covenant in this Agreement, or violates such agreement, after the fifth day Franchisor provides written notice to Franchisee of the violation, Franchisee will pay Franchisor Five Hundred Dollars ($500) per day as liquidated damages, and not as a penalty, for each day during which such violations continues, or such lesser amounts as shall be permitted under local law; provided however, that the total liquidated damages paid shall not exceed Ten Thousand Dollars ($10,000). Franchisee hereby waives its right to contest such determination. Nothing herein shall bar Franchisor from obtaining injunctive relief.

XVI. EFFECT OF TERMINATION OR EXPIRATION

16.01. Upon termination or expiration of this Agreement, all rights granted herein shall forthwith terminate, and:

A. Franchisee shall immediately cease to operate the Franchised Unit as an Abbott's Unit, and shall not thereafter, directly or indirectly, represent to the public that the store is an Abbott's Unit;

B. Franchisee shall immediately and permanently cease to use, by advertising or in any manner whatsoever, any menus, confidential formulas, equipment, methods, procedures, and the techniques associated with the System, Franchisor's Proprietary Marks, and Franchisor's other trade names, trademarks, and service marks associated with the Abbott's System. In particular, and without limitation, Franchisee shall cease to use all signs, equipment, advertising materials, stationery, forms, packaging, containers, and any other articles which display the Proprietary Marks;

C. Franchisee agrees, if Franchisee continues to operate or subsequently begins to operate stores or other businesses, not to use any reproduction, counterfeit, copy, or colorable imitation of the Proprietary Marks in conjunction with such other business which is likely to cause confusion or mistake or to deceive, and further agrees not to utilize any trade dress, designation of origin, description, or representation which falsely suggests or represents an association or connection with Franchisor;

D. Franchisee agrees, upon termination or expiration of this Agreement or upon cessation of the Franchised Unit at the location specified in Section I hereof for any reason, whether or not Franchisee continues to operate any business at such location, and whether or not Franchisee owns or leases the location, to make such modifications or alterations to the Franchised Unit premises immediately upon termination or expiration of this Agreement or cessation of operation of the Franchised Unit as may be necessary to prevent the operation of any businesses thereon by Franchisee or others in derogation of this Section XVI, and shall make such specified additional changes thereto as Franchisor may reasonably request for that purpose. The modifications and alterations required by this Section XVI shall include, but are not limited to, removal of all trade dress, proprietary marks, and other indicia of the Abbott's System;

E. Franchisee shall immediately pay all sums owing to Franchisor no later than thirty (30) days after the effective date of termination or expiration. In the event of termination for any default by Franchisee, such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default; and

F. Franchisee shall immediately turn over to Franchisor the Manual, all other manuals, records, files, instructions, correspondence, and any and all other materials relating to the operation of the Franchised Unit in Franchisee's possession and all copies thereof (all of which are acknowledged to be Franchisor's property) and shall retain no copy or record of any of the foregoing, with the exception of Franchisee's copy of this Agreement, any correspondence between the parties, and any other documents which Franchisee reasonably needs for compliance with any provision of law.

16.02. Franchisor shall have the right (but not the duty) to be exercised by notice of intent to do so within thirty (30) days after termination or expiration of this Agreement, to purchase any and all improvements, equipment, advertising and promotional materials, ingredients, products, materials, supplies, paper goods, and any items bearing Franchisor's Proprietary Marks at net book value. If the parties cannot agree on a net book market value within a reasonable time, an independent appraiser shall be designated by Franchisor, and his or her determination of net book market value shall be binding. If Franchisor elects to exercise any option to purchase herein provided, it shall have the right to set-off all amounts due from Franchisee under this Agreement and the cost of the appraisal, if any, against any payment therefor.

16.03. In the event the premises are leased to Franchisee, Franchisee shall, upon termination of this Agreement and upon request by Franchisor, immediately assign, set over and transfer to Franchisor, at Franchisor's sole option and discretion, said lease and the premises, including improvements. Any such lease entered into by Franchisee shall contain a clause specifying the landlord's consent to assign such lease to Franchisor or its assignee in the event this Agreement is terminated, as further specified in Section 1.01 herein.

16.04. Franchisee shall pay to Franchisor all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor in seeking recovery of damages caused by any action of Franchisee in violation of, or in obtaining injunctive relief for the enforcement of, any portion of this Section XVI. Further, Franchisee acknowledges and agrees that any failure to comply with the provisions of this Section XVI, shall result in irreparable injury to Franchisor.

16.05. All provisions of this Agreement which, by their terms or intent, are designed to survive the expiration or termination of this Agreement, shall so survive the expiration and/or termination of this Agreement.

Franchisee Initials ________
Abbott's Frozen Custard, Inc. Representative Initials ________

16.06. Franchisee shall comply with the covenants contained in Section XIII of this Agreement.

16.07. Franchisee shall execute such documents as Franchisor may reasonably require to effectuate termination of the Franchised Unit and Franchisee's rights to use the trademarks and systems of Franchisor.

XVII. TAXES, PERMITS, AND INDEBTEDNESS

17.01. Franchisee shall promptly pay when due all taxes, accounts, and other indebtedness of every kind incurred by Franchisee in the conduct of the Franchised Unit under this Agreement.

17.02. Franchisee, in the conduct of the Franchised Unit, shall comply with all applicable laws and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the businesses operated under this Agreement, including, without limitation, licenses to do business, trade name registrations, sales tax permits, and fire clearances.

XVIII. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

18.01. This Agreement does not constitute Franchisee an agent, legal representative, joint venturer, partner, employee, or servant of Franchisor for any purpose whatsoever. Franchisee acknowledges and agrees that Franchisor may offer products and services that differ from those offered by Franchisee, and that, unlike the franchised business, Franchisor's business includes the licensing of the Proprietary Marks and the providing of training, advice, and support to Franchisees as set forth in this Agreement, developing enhancements to the System and, accordingly, Franchisor's usual business is different from Franchisee's usual business of operating a unit. Franchisee further acknowledges and agrees that Franchisee's day-to-day performance of services to its customers is not subject to Franchisor's control and direction. It is understood and agreed that Franchisee shall be an independent contractor and is in no way authorized to make any contract, agreement, warranty, or representation on behalf of Franchisor. The parties further agree that this Agreement does not create any fiduciary relationship between them.

18.02. During the term of this Agreement and any extensions hereof, Franchisee agrees to take such action as Franchisor deems reasonably necessary for Franchisee to inform and hold itself out to the public as an independent contractor operating the Franchised Unit pursuant to a franchise from Franchisor, including, without limitation, exhibiting a notice of that fact at the Franchised Unit in form and substance satisfactory to Franchisor.

18.03. Franchisee agrees to defend, indemnify, and hold harmless Franchisor and its successors and assigns from all claims, demands, losses, damages, liabilities, cost, and expenses (including attorneys' fees and litigation expenses) resulting from, or alleged to have resulted from, or in connection with Franchisee's operation of the Franchised Unit, including, but not limited to, any claim or action based on or arising out of any injuries, including death to persons or damages to or destruction of property, sustained or alleged to have been sustained in connection with or to have arisen out of or incidental to the Franchised Unit and/or the performance of this contract by Franchisee, its agents, employees, and/or its subcontractors, their agents and employees, or anyone for whose acts they may be liable, regardless of whether or not such claim, demand, damage, loss, liability, cost, or expense is caused in whole or in part by the negligence of Franchisor, Franchisor's representative, or the employees, agents, invitees, or licensees thereof.

18.04. Franchisor shall advise Franchisee in the event Franchisor receives notice that a claim has been or may be filed with respect to a matter covered by this Agreement, and Franchisee shall immediately assume the defense thereof at Franchisee's sole cost and expense. In any event, Franchisor will have the right, through counsel of its choice, to control any matter to the extent it could directly or indirectly affect Franchisor and/or its successors or assigns. If Franchisee fails to assume such defense, Franchisor may defend, settle, and litigate such action in the manner it deems appropriate and Franchisee shall, immediately upon demand, pay to Franchisor all costs (including attorneys' fees and litigation expenses) incurred by Franchisor in affecting such defense, in addition to any sum which Franchisor may pay by reason of any settlement or judgment against Franchisor.

18.05. Franchisor's right to indemnity hereunder shall exist notwithstanding that joint or several liability may be imposed upon Franchisor by statute, ordinance, regulation, or judicial decision.

18.06. Franchisee agrees to pay Franchisor all expenses, including without limitation attorneys' fees and court costs, incurred by Franchisor and its successors and assigns to remedy any defaults of or enforce any rights under this Agreement, effect termination of this Agreement or collect any amounts due under this Agreement.

XIX. APPROVALS AND WAIVERS

19.01. Whenever this Agreement requires the prior approval of Franchisor, Franchisee shall make a timely written request to Franchisor therefor, and such approval or consent shall be in writing.

19.02. Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee or any third party to which Franchisor would not otherwise be subject, by providing any waiver, approval, advice, consent, or suggestions to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

19.03. No failure of Franchisor to exercise any power reserved to it in this Agreement, or to insist upon compliance by Franchisee with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default shall not affect or impair Franchisor's right in respect to any subsequent default of the same or of a different nature, nor shall any delay, forbearance, or omission of Franchisor to exercise any power or rights arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants of this Agreement, affect or impair Franchisor's rights, nor shall such constitute a waiver by Franchisor of any rights, hereunder or right to declare any subsequent breach or default. Subsequent acceptance by Franchisor of any payments due to it shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants, or conditions of this Agreement.

XX. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, or by other means which will provide evidence of the date received to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor:

Abbott's Frozen Custard, Inc.
4791 Lake Avenue
Rochester, New York 14612
Attention: Brenden Drew

Notices to Franchisee:

____
____
____
Attention: ________________

All written notices and reports permitted or required to be delivered by the provisions of this Agreement shall be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified and shall be deemed so delivered: (i) at the time delivered by hand; (ii) one (1) business day after sending by telegraph, facsimile or comparable electronic system; or (iii) if sent by registered or certified mail or by other means which affords the sender evidence of delivery, on the date and time of receipt or attempted delivery if delivery has been refused or rendered impossible by the party being notified.

XXI. SEVERABILITY AND CONSTRUCTION

21.01. Except as expressly provided to the contrary herein, each section, paragraph, part, term, and/or provision of this Agreement shall be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect to bind the parties hereto; and said invalid portions, sections, parts, terms, and/or provisions shall be deemed not to be part of this Agreement.

21.02. Except as has been expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, Franchisor's officer, directors, and employees, and Franchisee's permitted and Franchisor's respective successors and assigns, any rights or remedies under or by reason of this Agreement.

21.03. All captions in the Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

21.04. All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable, and all acknowledgements, promises, covenants, agreements and obligations herein made or undertaken by Franchisee shall be deemed jointly and severally undertaken by all the parties hereto on behalf of Franchisee.

21.05. This Agreement may be executed in counterparts, and each copy so executed shall be deemed an original.

XXII. ENTIRE AGREEMENT: SURVIVAL

22.01. This Agreement, the documents referred to herein, the Development Agreement, if any, and the exhibits hereto, constitute the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter hereof and supersede any and all prior agreements. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, modification, or variance of this Agreement shall be binding on either party unless in writing and executed by Franchisor and Franchisee. Representations by either party, whether oral, in writing, electronic or otherwise, that are not set forth in this Agreement shall not be binding upon the party alleged to have made such representations and shall be of no force or effect. Nothing in this Agreement or in any related agreement between Franchisor and Franchisee is intended to disclaim the representations made by Franchisor in Franchisor's franchise disclosure document or any exhibits or attachments thereto.

I have read this Section 22.01. and agree that I have not been induced by and am not relying upon any representation not contained in this Agreement.

____, Franchisee

22.02. Notwithstanding anything herein to the contrary, upon the termination of this Agreement for any reason whatsoever (including the execution of a subsequent Franchise Agreement pursuant to the provisions of Sections 2.02.B. and 14.03.F.), or upon the expiration of the Term hereof, any provisions of this Agreement which, by their nature, extend beyond the expiration or termination of this Agreement, shall survive termination or expiration and be fully binding and enforceable as though such termination or expiration had not occurred.

XXIII. ACKNOWLEDGMENTS

23.01. Franchisee acknowledges that Franchisee has conducted an independent investigation of the Abbott's franchise and recognized that the business venture contemplated by this Agreement involves business risks and Franchisee's success will be largely dependent upon the ability of Franchisee as an independent business entity.

_______ Franchisee Must Initial

FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE HAS NOT RECEIVED, ANY WARRANTY OR GUARANTY, EXPRESSED OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT.

_______ Franchisee Must Initial

FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE HAS RECEIVED A COMPLETED COPY OF THIS AGREEMENT, THE EXHIBITS HERETO, IF ANY, AND THE AGREEMENTS RELATING THERETO, IF ANY, AT LEAST FIVE (5) BUSINESS DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED.

_______ Franchisee Must Initial

FRANCHISEE FURTHER ACKNOWLEDGES THAT FRANCHISEE HAS RECEIVED THE DISCLOSURE DOCUMENT REQUIRED BY THE TRADE REGULATION RULE OF THE FEDERAL TRADE COMMISSION ENTITLED "DISCLOSURE REQUIREMENTS AND PROHIBITIONS CONCERNING FRANCHISING AND BUSINESS OPPORTUNITY VENTURES" AT LEAST TEN (10) BUSINESS DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED.

_______ Franchisee Must Initial

FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE HAS READ AND UNDERSTOOD THIS AGREEMENT, THE EXHIBITS HERETO, IF ANY, AND AGREEMENTS RELATING THERETO, IF ANY, AND THAT FRANCHISOR HAS ACCORDED FRANCHISEE AMPLE TIME AND OPPORTUNITY AND HAS ENCOURAGED FRANCHISEE TO CONSULT WITH ADVISORS OF FRANCHISEE'S OWN CHOOSING ABOUT THE POTENTIAL BENEFITS AND RISKS OF ENTERING INTO THIS AGREEMENT.

_______ Franchisee Must Initial

FRANCHISEE RECOGNIZES AND UNDERSTANDS THAT IT MAY INCUR OTHER EXPENSES AND/OR OBLIGATIONS AS PART OF THE INITIAL INVESTMENT IN THE FRANCHISED UNIT WHICH THE TERMS OF TERMS OF THIS AGREEMENT MAY NOT ADDRESS, AND WHICH INCLUDE WITHOUT LIMITATION: OPENING ADVERTISING, EQUIPMENT, FIXTURES, OTHER FIXED ASSETS, CONSTRUCTION, LEASEHOLD IMPROVEMENTS, AND DECORATING COSTS AS WELL AS WORKING CAPITAL NECESSARY TO COMMENCE OPERATIONS.

FRANCHISEE ACKNOWLEDGES THAT UNDER APPLICABLE U.S. LAW, INCLUDING, WITHOUT LIMITATION, EXECUTIVE ORDER 13224, SIGNED ON SEPTEMBER 23, 2001 (THE "ORDER"), AS AMENDED, FRANCHISOR IS PROHIBITED FROM ENGAGING IN ANY TRANSACTION WITH ANY SPECIALLY DESIGNATED NATIONAL OR BLOCKED PERSON. "SPECIALLY DESIGNATED NATIONAL" OR "BLOCKED PERSON" SHALL MEAN (1) THOSE PERSONS DESIGNATED BY THE U.S. DEPARTMENT OF TREASURY'S OFFICE OF FOREIGN ASSETS CONTROL FROM TIME TO TIME AS A "SPECIALLY DESIGNATED NATIONAL" OR "BLOCKED PERSON" OR SIMILAR STATUS, (2) A PERSON ENGAGED IN, OR AIDING ANY PERSON ENGAGED IN, ACTS OF TERRORISM, AS DEFINED IN THE ORDER, OR (3) A PERSON OTHERWISE IDENTIFIED BY GOVERNMENT OR LEGAL AUTHORITY AS A PERSON WITH WHOM FRANCHISOR IS PROHIBITED FROM TRANSACTING BUSINESS. CURRENTLY, A LISTING OF SUCH DESIGNATIONS AND THE TEXT OF THE ORDER ARE PUBLISHED AT THE INTERNET WEBSITE ADDRESS, WWW.USTREAS.GOV/OFFICES/ENFORCEMENT/OFAC. SUCH LISTING MAY ALSO BE OBTAINED OR VERIFIED BY CALLING THE OFFICE OF FOREIGN ASSETS CONTROL LICENSING DEPARTMENT AT TELEPHONE NUMBER (202) 622-2480. ACCORDINGLY, FRANCHISEE REPRESENTS AND WARRANTS TO FRANCHISOR THAT AS OF THE DATE OF THIS AGREEMENT, NEITHER FRANCHISEE NOR ANY PERSON HOLDING ANY OWNERSHIP INTEREST IN FRANCHISEE, CONTROLLED BY FRANCHISEE, OR UNDER COMMON CONTROL WITH FRANCHISEE IS A SPECIALLY DESIGNATED NATIONAL OR BLOCKED PERSON, AND THAT FRANCHISEE (1) DOES NOT, AND HEREAFTER SHALL NOT, ENGAGE IN ANY TERRORIST ACTIVITY; (2) IS NOT AFFILIATED WITH AND DOES NOT SUPPORT ANY INDIVIDUAL OR ENTITY ENGAGED IN, CONTEMPLATING, OR SUPPORTING TERRORIST ACTIVITY; (3) IS NOT ACQUIRING THE RIGHTS GRANTED UNDER THIS AGREEMENT WITH THE INTENT TO GENERATE FUNDS TO CHANNEL TO ANY INDIVIDUAL OR ENTITY ENGAGED IN, CONTEMPLATING, OR SUPPORTING TERRORIST ACTIVITY, OR TO OTHERWISE SUPPORT OR FURTHER ANY TERRORIST ACTIVITY, AND (4) IS NOT MAKING DONATIONS OF THE TYPES OF ARTICLES SPECIFIED IN SECTION 203(B)(2) OF THE INTERNATIONAL EMERGENCY ECONOMIC POWERS ACT (50 U.S.C. 1702(B)(2) FOR THE BENEFIT OF ANY PERSONS DETERMINED TO BE SUBJECT TO THE ORDER AND WOULD ENDANGER ARMED FORCES OF THE UNITED STATES. FRANCHISEE AGREES THAT FRANCHISEE SHALL IMMEDIATELY PROVIDE WRITTEN NOTICE TO FRANCHISOR OF THE OCCURRENCE OF ANY EVENT WHICH RENDERS THE REPRESENTATIONS AND WARRANTIES IN THIS SECTION 23.01 INCORRECT.

XXIV. APPLICABLE LAW; VENUE

24.01. Applicable Law. This Agreement takes effect upon its acceptance and execution by Franchisor and shall be interpreted and construed under the laws of the State of New York which laws shall prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of New York choice of law or conflict of law rules) except to the extent governed by the U. S. Trademark Act of 1946, 15 U.S.C. § 1051, et seq. (the "Lanham Act") as amended; provided, however, that if the covenants in Section XIII of this Agreement would not be enforceable under the laws of New York, and the Franchised Unit is located outside of New York, then such covenants shall be interpreted and construed under the laws of the state in which the Franchised Unit is located. Nothing in this Section XXIV is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of the State of New York to which this Agreement would not otherwise be subject.

24.02. The parties agree that any action brought by Franchisee against Franchisor in any court, whether federal or state, shall be brought within such state and in the judicial district in which Franchisor has its principal place of business. Any action brought by Franchisor against Franchisee in any court, whether federal or state, may be brought within the state and in the judicial district in which Franchisor has its principal place of business. Franchisee hereby consents to personal jurisdiction and venue in the state and judicial district in which Franchisor has its principal place of business.

24.03. No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy herein, or by law or equity provided or permitted; but each shall be cumulative of any other right or remedy provided in this Agreement.

24.04. Nothing herein contained shall bar Franchisor's right to obtain injunctive relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

24.05. Franchisor and Franchisee hereby waive to the fullest extent permitted by law any right to or claim of any consequential, punitive, or exemplary damages against the other, and agree that in the event of a dispute between them each shall be limited to the recovery of any actual damages sustained by it.

XXV. CORPORATE FRANCHISEE

In the event Franchisee named herein is a corporation at the time of execution of this Agreement, it is warranted, covenanted and represented to Franchisor that:

25.01. All of the issued and outstanding stock of Franchisee is owned, legally and beneficially, by the person or persons listed on Exhibit "E" attached hereto.

25.02. The above-named person or persons has (have) individually, and jointly and severally, executed this Agreement, and such person, or one of such persons, is and shall be the chief executive officer of Franchisee corporation, holding such corporate office or offices as may be necessary to maintain and exercise the actual power and authority actively to direct the affairs of Franchisee.

25.03. Franchisee is validly incorporated and duly existing under the laws of the State of _______________, is duly qualified to conduct business therein, and has its principal place of business at ______________________________________. Franchisee shall promptly notify Franchisor in writing of any change thereto during the term of this Agreement.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed, and delivered this Agreement in triplicate on the day and year first above-written.

WITNESS:	**FRANCHISOR:**
	ABBOTT'S FROZEN CUSTARD, INC.
______________________	By: ______________________
	Title: ______________________
WITNESS:	**FRANCHISEE:**
______________________	By: ______________________
	Title: ______________________

[SIGNATURE PAGE TO FRANCHISE AGREEMENT]

Franchisee Initials ________

Abbott's Frozen Custard, Inc. Representative Initials ______

EXHIBIT A

ABBOTT'S FROZEN CUSTARD, INC.
FRANCHISE AGREEMENT

APPROVED LOCATION

Franchisee Initials ________
Abbott's Frozen Custard, Inc. Representative Initials________

EXHIBIT B

ABBOTT'S FROZEN CUSTARD, INC.
FRANCHISE AGREEMENT

ADA CERTIFICATION

Abbott's Frozen Custard, Inc. ("Franchisor") and ____________________ ("Franchisee") are parties to a franchise agreement dated ________________, 20____ (the "Franchise Agreement") for the operation of Abbott's frozen custard retail franchised business at ______________ (the "Franchised Business"). In accordance with Paragraph 1.07. of the Franchise Agreement, Franchisee certifies to Franchisor that, to the best of Franchisee's knowledge, the Franchised Business and its adjacent areas comply with all applicable federal, state and local accessibility laws, statutes, codes, rules, regulations, and standards, including but not limited to the Americans with Disabilities Act. Franchisee acknowledges that it is an independent contractor and the requirement of this certification by Franchisor does not constitute ownership, control, leasing, or operation of the Franchised Business. Franchisee acknowledges that Franchisor has relied on the information contained in this certification. Furthermore, Franchisee agrees to indemnify Franchisor and the officers, directors, and employees of Franchisor in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party(ies) as a result of any matters associated with Franchisee's compliance with the Americans with Disabilities Act, as well as the costs, including attorneys' fees, related to the same.

IN WITNESS WHEREOF, the undersigned has executed this ADA Certification on the date

____

FRANCHISEE:

By:________________________

Witness/Attest

Name:__________________

Title:________________________

4830-9979-9945.4

EXHIBIT C

ABBOTT'S FROZEN CUSTARD, INC.
FRANCHISE AGREEMENT

NOTICE OF COMMENCEMENT DATE

Name of Franchisee: ____

Franchise Agreement Dated: ____

Franchise Premises Address: ____

____

____

NOTICE is hereby given to the abovementioned Franchisee pursuant to Section 2.01. of the Franchise Agreement that the Term of the abovementioned Franchise Agreement commenced on _______________, 20___, and that the Term shall expire on _______________, _____, unless the Franchise Agreement is terminated earlier, pursuant to its terms and conditions.

ABBOTT'S FROZEN CUSTARD, INC.

By: ______________________________

Title: ______________________________

Date of Notice: ______________________________

EXHIBIT D

ABBOTT'S FROZEN CUSTARD, INC.
FRANCHISE AGREEMENT

ADDENDUM

ADDENDUM

This Addendum ("Addendum") is to a certain Franchise Agreement between Abbott's Frozen Custard, Inc. ("Franchisor") and ______________ ("Franchisee") dated __________ __, 20__ (the "Franchise Agreement"). For the purposes of this Addendum, _____________ will be referred to as "Guarantor(s)."

1. Franchisor acknowledges receipt this date of a Thirty Seven Thousand Dollars ($37,000.00) deposit ("Deposit") from Franchisee pursuant to Section 3.01 of the Franchise Agreement and Franchisee acknowledges receipt of a copy of Franchisor's applicable Franchise Disclosure Document containing a copy of the Franchise Agreement more than ten (10) business days prior to the date of this Addendum.

2. Franchisor and Franchisee agree that the Franchise Agreement will not be effective until the parties agree upon a location for the Franchised Unit and Franchisee has either executed a lease for or has entered into an agreement to purchase such location for the purpose of establishing a Franchised Unit, pursuant to the Franchise Agreement.

3. Upon Franchisee's execution of a lease for such location or a binding purchase commitment therefor, Franchisee will, within five (5) days, at minimum depending on specific location details and final equipment package, provide to Franchisor a copy of such lease and pay to Franchisor the outstanding invoice for all equipment ordered for the location.

These payments constitute the first required down payment for the Operational Equipment and Support Equipment (as specified in the operations manual or otherwise in writing by Franchisor) to be purchased from Franchisor.

The custard-mixing equipment will not be ordered until all permits for construction are approved and after the Store layout is complete in Franchisor's sole discretion. The POS System must be purchased from the suppliers indicated.

4. If Franchisor has not agreed upon the Approved Location and Franchisee has not entered into such lease or binding purchase commitment for a franchise location within one hundred eighty (180) days from the date of this Addendum, then either Franchisor or Franchisee may cancel the Agreement effective upon receipt of written notice by the other party.

IN WITNESS WHEREOF, the parties to this Addendum have executed this Addendum this ____ day of ________, 20__, which may be in counterparts, each of which will be deemed an original and one of which is delivered to each party to this Addendum.

FRANCHISEE:	ABBOTT'S FROZEN CUSTARD, INC.
By:____________________	By:______________________________

Franchisee Initials________

Abbott's Frozen Custard, Inc. Representative Initials________

4830-9979-9945.4

EXHIBIT E

ABBOTT'S FROZEN CUSTARD, INC.
FRANCHISE AGREEMENT

SHAREHOLDERS OF FRANCHISEE

(For Corporate Franchisees)

Name of Shareholders	Number of Shares	Percent Ownership of Franchisee	Title

EXHIBIT F

ABBOTT'S FROZEN CUSTARD, INC.
FRANCHISE AGREEMENT

STATEMENT OF LEGAL COMPOSITION

FRANCHISEE represents, warrants, and covenants that the following information is true, correct, and complete as of the date given below.

1. As of the date of this Agreement, Franchisee is:

____________ an individual (complete Section 2, below);

____________ a corporation (complete Sections 2 and 3, below);

____________ a partnership (complete Sections 2 and 4, below); or

____________ a limited liability company (complete Sections 2 and 5, below).

2. ____

(Name of Franchisee, Corporation, Partnership, or Limited Liability Company)

____

(Street Address) **(City, State, Zip Code)**

____

(Country) **(Phone)**

3. If Franchisee is a corporation, Franchisee shall complete this Section.

a. Franchisee is a corporation duly organized and existing under the laws of ______ ______________________.

b. The corporation was organized on the __ day of ______________________.

c. The names, addresses, and percentages of shares issued to each shareholder having a direct or indirect ownership interest in Franchisee is as follows:

Name	**Address**	**Percentage of Issued Shares**

d. The names and addresses of officers and directors of the company is as follows:

Name	Address	Title
______________	______________	President
______________	______________	Vice-President
______________	______________	Sec/Treasurer
______________	______________	Treasurer
______________	______________	Other Officer
______________	______________	Director
______________	______________	Director

e. The name(s) and address(es) of the Managing Director(s) is/are as follows:

Name	Address
______________	______________
______________	______________

4. If Franchisee is a partnership, Franchisee shall complete this Section.

a. Franchisee is a partnership duly organized and existing under the laws of _______ ________________.

b. The partnership was organized on the __ day of ____________________, ________________.

c. The names, addresses and percentages of shares issued to each shareholder having a direct or indirect ownership interest in Franchisee is as follows:

	Name	Address	Percentage of Issued Shares
1.	______________	______________	______________
2.	______________	______________	______________
3.	______________	______________	______________
4.	______________	______________	______________

d. The name(s) and address(es) of the General Managing Partner(s) is/are as follows:

Name	Address

5. If Franchisee is a limited liability company, Franchisee shall complete this Section.

a. Franchisee is a limited liability company duly organized and existing under the laws of ____________________________.

b. The limited liability company was organized on the __________ day of, _____________.

c. The names, addresses, and percentages of shares issued to each shareholder having a direct or indirect ownership interest in Franchisee is as follows:

	Name	Address	Percentage of Issued Shares
1.			
2.			
3.			
4.			

d. The name(s) and address(es) of the Principal Manager(s) is/are as follows:

Name	Address

IN WITNESS WHEREOF, Franchisee has hereunto set its hand this ___ day of _____________ _______, 20____.

____

Name of Corporation, Partnership, or Limited Liability Company
BY: ____
ITS: ____
ATTEST: ____

EXHIBIT G

ABBOTT'S FROZEN CUSTARD, INC.
FRANCHISE AGREEMENT

GUARANTEE AND INDEMNITY

GUARANTEE AND INDEMNITY

TO: Abbott's Frozen Custard, Inc.

In order to induce Abbott's Frozen Custard, Inc. ("AFC") to enter into a Franchise Agreement (the "Franchise Agreement") dated __________ __, 20__ between AFC and ________________ ("Franchisee") the undersigned, ____________________________ ("Guarantor(s)"), for good and valuable consideration, the receipt and sufficiency are acknowledged covenants and agrees with AFC as follows:

1. Terms not otherwise defined will have the same meaning as in the Franchise Agreement.

2. Guarantor(s) guarantees the due and punctual payment of all amounts stated to be payable on the part of Franchisee under the Franchise Agreement and the prompt and complete performance of all of the terms, covenants, conditions, and agreements contained on the part of Franchisee pursuant to the Franchise Agreement. The guarantee and indemnity is one of performance and payment and not of collection.

3. Guarantor(s) further agrees to indemnify and save harmless AFC from all losses, costs, or damages arising out of any failure on the part of Franchisee to pay the amounts referred to in Section 2 of this guarantee and indemnity or to perform any of the terms, covenants, conditions, or agreements referred to in Section 2 but only to the same extent Franchisee is obligated to indemnify the Indemnitees under the Franchise Agreement.

4. This guarantee is absolute and unconditional and the obligations of Guarantor(s) will not be released, discharged, mitigated, impaired, or affected by:

(a) any settlements, extensions of time, indulgences, or modifications which AFC may extend to or make with Franchisee or any co-surety in respect of any one or more of the provisions of the Franchise Agreement or any other agreement;

(b) any waiver by AFC of, or any failure or delay on the part of AFC, to enforce any of the terms, covenants, conditions, or provisions of the Franchise Agreement;

(c) any amendment or alteration to the Franchise Agreement or any of the covenants or terms; or

(d) any assignment or other Transfer of the Franchise Agreement by Franchisee.

5. Guarantor(s) expressly waives notice of the acceptance of this indemnity and all notices of non-performance, non-payment, or non-observance on the part of Franchisee of the terms, covenants, conditions, and provisions of the Franchise Agreement.

6. If the Franchisee defaults under the Franchise Agreement, AFC will not be required, before enforcing this guarantee and indemnity, to:

(a) proceed against Franchisee or any other Guarantor(s) or pursue any rights or remedies with respect to the Franchise Agreement;

(b) proceed against or exhaust any security of Franchisee or any other person held by AFC; or

(c) pursue any other remedy in the power of AFC.

7. AFC shall have the right to enforce this guarantee and indemnity regardless of the acceptance of additional security and regardless of the release or discharge of Franchisee or of any other surety (including any signatory hereto) or of any other security held by AFC or by others whether by agreement or by operation of law.

8. Without limiting the generality of the foregoing, Guarantor(s) will be bound by this guarantee and indemnity in the same manner as though Guarantor(s) was Franchisee named in the Franchise Agreement, except that the liability of Guarantor(s) under this guarantee and indemnity will not be waived, released, discharged, impaired, or affected by reason of the release or discharge of Franchisee or any surety in any receivership, bankruptcy, winding-up, or other creditor's proceeding. No action or proceeding brought or instituted under and no recovery or judgment in pursuance of this guarantee and indemnity will be a bar or defense to any further action or proceeding which may be brought under this guarantee and indemnity by reason of any further default or defaults under this guarantee and indemnity or in the performance and observance of the terms, conditions and provisions of the Franchise Agreement. No modification of this guarantee and indemnity will be effective unless it is in writing and signed by both Guarantor(s) and AFC.

9. If two or more individuals or entities execute this guarantee and indemnity as Guarantor(s), the liability of each shall be joint and several.

10. This guarantee and indemnity shall remain in full force and effect for such period of time as the Franchise Agreement, and any novation or renewal of this guarantee and indemnity shall remain in force and effect and so long as any obligation under this guarantee and indemnity remains outstanding and undischarged.

11. There are no representations, collateral agreements, or conditions with respect to this guarantee and indemnity or affecting the liability of Guarantor(s), other than as contained in this guarantee and indemnity.

12. Guarantor(s) shall be bound by any account settled between AFC and Franchisee.

13. This guarantee and indemnity will be operative and binding upon every signatory regardless of the non-execution by any other proposed signatory or signatories,

and possession of this instrument by AFC will be conclusive evidence against the undersigned Guarantor(s) that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been complied with unless at the time of receipt of this instrument by AFC, each signatory obtains from AFC a letter setting out the terms and conditions under which this instrument was delivered and the conditions, if any, to be observed before it becomes effective.

14. Any notice which AFC wishes to serve on Guarantor(s) will be sufficiently given if served personally on Guarantor(s), or mailed by prepaid registered or certified mail addressed to Guarantor(s) at the address indicated below, and every such notice will be deemed given on the day it was personally served, or if mailed, on the third business day after it was mailed. Guarantor(s) may designate, by notice in writing to AFC, a substitute address for notice. If two or more persons are named as Guarantor(s), any notice will be deemed given to all such persons when the same is served personally or mailed in the foregoing manner to any one of such persons.

15. All of the terms, agreements, and conditions of this guarantee and indemnity will extend to and be binding upon Guarantor(s) and Guarantor's heirs, executors, administrators, successors, and assigns and shall inure to the benefit of and may be enforced by AFC, its successors and assigns.

SIGNATURE: ____________________ DATED this ___ day of _____________, 20___.

NAME OF GUARANTOR(S) (printed):

____

ADDRESS: ____________________

____

EXHIBIT H

ABBOTT'S FROZEN CUSTARD, INC.
FRANCHISE AGREEMENT

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

<u>CONFIDENTIALITY AND NON-COMPETITION AGREEMENT</u>
(for trained employees, shareholders, officers, directors, general partners, and members and managers of Franchisee)

In consideration of my being a ______________ of ________________ (the "<u>Franchisee</u>"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. Franchisee has acquired rights from Abbott's Frozen Custard, Inc. (the "<u>Company</u>") and undertaken the obligation to establish and operate an Abbott's Store (the "<u>Abbott's Store</u>" or "<u>Franchised Business</u>") under the Company's trade names, service marks, trademarks, logos, emblems, and indicia of origin (the "<u>Proprietary Marks</u>") and the Company's unique and distinctive format and system relating to the establishment and operation of Abbott's Stores (the "<u>System</u>"), as they may be changed, improved, and further developed from time to time in the Company's sole discretion.

2. The Company, as the result of the expenditure of time, skill, effort, and resources, has developed and owns a distinctive format and system (the "<u>System</u>") for opening and operating retail frozen custard (and related products) stands using a unique method for the preparation, marketing, distribution and serving of ice cream products, including frozen custard and related products. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchised Business (the "<u>Confidential Information</u>").

3. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

4. As ____________ of the Franchisee, the Company and Franchisee will disclose some or all of the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, Abbott's Operating Manuals and other general assistance during the term of this Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of Franchisee and the Franchised Business during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

6. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as ______________

Franchisee Initials ________
Abbott's Frozen Custard, Inc. Representative Initials ________

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________________________ of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

7. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business or e-commerce business which: (a) is the same as, or substantially similar to, an Abbott's Store; or (b) offers to sell or sells any product or products which are the same as, or substantially similar to, any of the products offered by an Abbott's Store where the sale of such products constitutes or is intended to constitute twenty percent (20%) or more of the gross sales of the business operated or intended to be operated; and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, and continuing for two (2) years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business which: (a)(i) is the same as, or substantially similar to, an Abbott's Store; or (ii) offers to sell or sells any product or products which are the same as, or substantially similar to, any of the products offered by an Abbott's Store where the sale of such products constitutes or is intended to constitute twenty percent (20%) or more of the gross sales of the business operated or intended to be operated; and (b) is, or is intended to be, located at or within:

7.1 Twenty (20) miles of any Abbott's Store operating under the System and the Proprietary Marks.

The prohibitions in this Section 7 do not apply to my interests in or activities performed in connection with an Abbott's Store. This restriction does not apply to my ownership of less than five percent beneficial interest in the outstanding securities of any publicly-held corporation.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

9. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

10. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

11. This Agreement shall be construed under the laws of the State of New York. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

Signature:________________________

Name:________________________

Address:________________________

Title:________________________

ACKNOWLEDGED BY FRANCHISEE

By:________________________

Name:________________________

Franchisee Initials ________

Abbott's Frozen Custard, Inc. Representative Initials________

Exhibit C

EQUIPMENT AND SUPPLY AGREEMENT

ABBOTT'S FROZEN CUSTARD, INC.

EQUIPMENT AND SUPPLY AGREEMENT

THIS AGREEMENT dated this ___ day of __________, 20 __, is between and among Abbott's Frozen Custard, Inc., a New York corporation, and____________, with its principal address at ______________. For simplicity, we will sometimes refer to Abbott's Frozen Custard, Inc. as "us," "we," the "Company" or "Franchisor," we will refer to you as "you" or "Franchisee," and we will refer to ____________________ as "Guarantor."

1. Construction and Legal Effect.

Unless otherwise provided, this Agreement will be subject to the terms and conditions of the Franchise Agreement between you and the Company, dated ________, 20__, and except as expressly provided in the Franchise Agreement, the terms and conditions in this Agreement supersede any additional or conflicting terms and conditions of yours, or any statement to the contrary.

We will supply to you on an on-going basis the equipment and other goods as specified in our operations manual or otherwise in writing by us (collectively, such equipment and goods shall be referred to as the "Products"). We assume no responsibility for furnishing other equipment or material shown in any plans and/or specifications for the Franchise. Our published or quoted terms and conditions are subject to change without notice.

Our shipment of Products to you is an offer to sell the Products. Any proposal for additional or different terms to this offer to vary in any degree any of its terms is rejected, unless accepted by us in writing.

2. a. Quotations.

A quotation does not constitute an offer to sell and no contract exists unless and until there has been an acceptance by you of the terms and condition of sale. Unless previously withdrawn or otherwise stated, a quotation will remain valid for 30 days from the date of issue.

b. Prices.

Prices in this Agreement are net FOB shipping point our factory unless otherwise stated on our invoice, and are subject to change without notice. All costs subsequent to delivery will be borne by you unless otherwise specifically agreed to in writing by us. The amount of any applicable present or future tax or other government charge upon the production, sale, shipment, or use of Products ordered or sold will be added to billing unless you provide us with an appropriate exemption certificate.

3. Cancellation and Deferred Deliveries.

Orders cannot be canceled without our written consent which will only be given if you compensate us against losses incurred because of the canceled order. Products returned without our consent will not be accepted for credit. Authorized returns will be inspected and credited at the invoice net value, less fifteen percent (15%) restocking charge, plus any out-going and in-coming transportation costs which we pay. Additional charges will be assessed if the merchandise is not in a resalable condition. You may defer deliveries or cancel orders for custom products only upon our written consent and if you pay all reasonable cancellation charges imposed by us.

4. Credit and Payment.

Unless otherwise noted on the invoice, payment terms are net fifteen (15) days. We may decline to complete and deliver Products except for cash or stop Products in transit whenever for any reason we doubt your financial responsibility. Pro rata payments will become due on partial shipment of Products. Where you are responsible for any delay in shipment of Products, the date of completion of Products may be treated by us as the date of shipment for purposes of payment; completed Products will be held at your cost and risk, and we will have the right to bill you for reasonable storage and insurance expenses.

On any account not paid in accordance with our terms, you will pay our expense of collection, including without limitations reasonable attorneys' fees and expenses incurred in instructing a collection and/or legal agent to act on our behalf in the recovery of the account.

5. Delivery.

Delivery schedules are approximate only. In estimating dates for the furnishing of Products and delivery, no allowance has been made, nor will we be liable directly or indirectly for, delays of carriers or delays from labor difficulties, shortages, strikes, or stoppages of any sort, fires, accidents, failure or delay in obtaining materials or manufacturing facilities, acts of government affecting us directly or indirectly, bad weather, or any causes beyond our control or causes designated Acts of God or force majeure by any court of law and in the event such delays arise, the estimated delivery date will be extended accordingly. We will not be liable for any damages or penalties, whether direct, indirect, special or consequential, resulting from our failure to perform or delay in performing.

Delay will not give you a right to cancel the order.

Your acceptance of delivery will constitute a waiver of any claim for delay. We will have the right to deliver and invoice any part of this order immediately upon completion our manufacture or receipt from a third-party. Methods and routes of shipment, unless specified in this Agreement, will be accepted as chosen by us. Delivery to a common carrier, unless otherwise stated on the invoice, will constitute delivery and passage of title to you and risk of loss will pass to you concurrently with the transfer of title. If you or the carrier refuses delivery or delay shipment or acceptance, the Products may be stored according to our direction as your agent, at your risk and expense. During any such period of storage you will have title to the Products and bear the risk of loss. In case of any shortage of Products, we reserve the right to allocate Products among the customers for the Products as we in our sole discretion deem appropriate.

6. Limitation of Liability.

We will in no event be liable for any indirect, special punitive or consequential damages, whether grounded in contract tort (including negligence), strict liability or contract, and our liability under no circumstances will exceed the selling price for the Products for which liability is claimed. Any action for breach of contract much be commenced within one (1) year after the cause of action has accrued.

7. Shipping.

Products will be boxed or crated as we may deem proper for protection against normal handling. An extra charge will be made for preservation, waterproofing, and similar added protection of Products. Routing and manner of shipment will be at our discretion, and Products shall be insured at your expense. Delivery of Products to the initial carrier will constitute delivery to you and all Products will be shipped at your risk. A claim for loss or damage in transit must be entered with the carrier and prosecuted by you.

8. Rejection.

If you reject any Products supplied pursuant to this document, you must notify us of such rejection within thirty (30) days of the delivery. Failure to notify constitutes acceptance.

9. Non-waiver.

Our failure at any time to require performance by you of any provision(s) in this Agreement or our failure to enforce any right(s) under this Agreement shall not be deemed a waiver of this Agreement and will not be construed as a usage of trade or a course of dealing between the parties. Waiver of any default will not waive any other subsequent default.

IN WITNESS WHEREOF this Agreement has been executed on the date first above written by duly authorized individuals.

ABBOTT'S FROZEN CUSTARD, INC.

____
Franchisee

By: ______________________

By: ______________________

Its: ______________________

Its: ______________________

GUARANTOR

____
[Name of Guarantor]

Exhibit D

DEVELOPMENT AGREEMENT

ABBOTT'S FROZEN CUSTARD, INC.

DEVELOPMENT AGREEMENT

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ABBOTT'S FROZEN CUSTARD, INC.
DEVELOPMENT AGREEMENT

This Development Agreement ("Agreement") dated, made, and entered into this ____ day of _________, 20___, by and between Abbott's Frozen Custard, Inc., a New York corporation with its principal place of business at 4791 Lake Avenue, Rochester, New York ("Company" or "Abbott's") and ______________________________ with its principal place of business at ____ ("Developer").

WITNESSETH

WHEREAS, the Company, as the result of the expenditure of time, skill, effort, and resources has developed and owns a distinctive format and system for opening and operating retail frozen custard (and related products) stands using a unique method for the preparation, marketing, distribution and serving of ice cream products, including frozen custard and related products (the "System");

WHEREAS, the distinguishing characteristics of the Abbott's System include the proprietary marks described herein, distinctive interior and exterior designs, distinctive logos and printed material designs and content, confidential operating procedures, standards, and specifications for equipment, parts, products, and management and marketing programs, all of which may be changed, improved, and further developed by the Company from time to time at its sole discretion;

WHEREAS, the Company identifies the System by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including but not limited to the "Abbott's" mark and distinctive logo, and such other trade names, service marks, and trademarks as are now designated and may hereinafter be designated by the Company in writing for use in connection with the System ("Proprietary Marks");

WHEREAS, the Company continues to develop, use, and control the use of such Proprietary Marks to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System's high standards of quality, cleanliness, appearance, and service;

WHEREAS, Developer wishes to obtain certain development rights to open and operate Abbott's stores under the System, to be identified with the Proprietary Marks in the territory described in this Agreement, and to be trained by the Company to establish and operate Abbott's Stores, as defined herein;

WHEREAS, Developer has read this Agreement and the Company's Franchise Disclosure Document and has had adequate opportunity to be thoroughly advised of the terms and conditions of this Agreement by counsel of Developer's choosing; and Developer understands and accepts the terms, conditions, and covenants herein contained.

NOW, THEREFORE, the parties, in consideration of the mutual covenants and commitments herein contained, hereby agree as follows:

1. **GRANT**

1.1 The Company hereby grants to Developer, pursuant to the terms and conditions of this Agreement, the development rights, and Developer hereby undertakes the obligation, to establish and operate ______ (__) Abbott's stores under the Proprietary Marks and the System (the "Abbott's Stores" or "Franchised Businesses"), and to use the System solely in connection therewith, at specific locations to be designated in separate Abbott's Franchise Agreements (the "Franchise Agreements") executed by Developer or its affiliate as provided in Section 3.1 hereof, and pursuant to the development schedule set forth in Exhibit "B" attached hereto (the "Development Schedule"). Each Abbott's Store developed hereunder shall be located in the area described in Exhibit "B" attached hereto (the "Development Area").

1.2 Each Abbott's Store developed hereunder shall be established and operated pursuant to a separate Franchise Agreement entered into between Developer or its affiliate and the Company in accordance with Section 3.1 hereof.

1.3 Except as otherwise provided in this Agreement, during the term of this Agreement, the Company shall not establish or operate, nor license any party other than Developer or its affiliate to establish or operate, any Abbott's store under the System and the Proprietary Marks in the Development Area; provided, however, that Developer acknowledges and agrees that the Company retains the right, among others, to use, and to license others to use, the System and the Proprietary Marks for the operation and licensing of other Abbott's stores at any location outside of the Development Area.

1.4 Developer acknowledges and agrees that certain of the Company's or its affiliates' products, whether now existing or developed in the future, may be distributed in the Development Area by the Company, the Company's affiliates, or the Company's licensees or designees, in such manner and through such channels of distribution other than through Abbott's Stores as the Company, in its sole discretion, shall determine, including, but not limited to: electronic distributions via computer networks (including, without limitation, the World Wide Web, other areas of the Internet and/or other on-line networks); catalogs; direct mail; mail order; and other communications methods now or hereafter devised of any nature whatsoever. The Company reserves the right, among others, to implement any distribution arrangements relating thereto. Developer understands that this Agreement grants Developer no rights (1) to distribute such products through such channels of distribution as described in this Section 1.4, or (2) to share in any of the proceeds received by any such party therefrom.

1.5 This Agreement is not a franchise agreement and does not grant to Developer any right to use in any manner the Company's Proprietary Marks or System. Developer shall have no right under this Agreement to license others to use in any manner the Proprietary Marks or System.

1.6 As used in this Agreement, an "affiliate" shall mean any legal entity controlling, controlled by, or under common control with another legal entity.

2. DEVELOPMENT FEE

In consideration of the development rights granted herein, Developer shall pay to the Company, upon execution of this Agreement, a development fee of ______________ Thousand Dollars ($_______) ("Development Fee"), which is the mathematical product of Seven Thousand Dollars ($7,000.00) and the number of Abbott's Stores granted, is hereby acknowledged by the Company. The Development Fee shall be deemed fully earned and non-refundable upon execution of this Agreement in consideration of the administrative and other expenses incurred by the Company and for the development opportunities lost or deferred as a result of the rights granted to Developer herein.

The Company shall credit ____________ Thousand Dollars ($______) of the Development Fee, in equal amounts of Seven Thousand Dollars ($7,000.00), toward each of the initial franchise fees payable to Franchisor under each Franchise Agreement upon execution of such document to be developed under this Agreement.

3. DEVELOPMENT OBLIGATIONS

3.1 In exercising its development rights and fulfilling its development obligations under this Agreement, Developer or its affiliate shall execute a Franchise Agreement for each Abbott's Store at a site approved by the Company in the Development Area as hereinafter provided. The Franchise Agreement for the first Abbott's Store developed hereunder shall be in the form of the Franchise Agreement attached hereto as Exhibit "C" and shall be executed concurrently with this Agreement. The Franchise Agreement for each additional Abbott's Store developed hereunder shall be the form of Franchise Agreement being offered for new Abbott's stores generally by the Company at the time each such Franchise Agreement is executed, the terms of which agreement may be different from the Franchise Agreement attached hereto as Exhibit "C." The Franchise Agreement for each additional Abbott's Store shall be executed by Developer or its affiliate and submitted to the Company within sixty (60) days after the opening of the previous Abbott's Store, but in no event sooner than ten (10) business days after Developer's receipt from the Company of the Company's then-current Franchise Disclosure Document and Franchise Agreement. At the time Developer submits to the Company the Company's fully executed then-current form of Franchise Agreement for each additional Abbott's Store developed under this Agreement, Developer shall pay to the Company the Company's then-current initial franchise fee due under the Franchise Agreement (less any credit applicable pursuant to Section 2.2 hereof).

3.2 Prior to Developer's acquisition by lease or purchase of any site for an Abbott's Store, Developer shall submit to the Company, in the form specified by the Company, a description of the proposed site and such information or materials as the Company may reasonably require and a letter of intent or other evidence satisfactory to the Company which confirms Developer's favorable prospects for obtaining the proposed site. This information shall include, but not be limited to, the address, the name of the landlord, if any, photographs of the site from all angles, a description of the zoning for the site, a description of the road(s) on which the site is located, the latitude and longitude of the proposed location, a description of neighboring businesses, and traffic counts and plans for the proposed location. The Company shall have thirty (30) days after receipt of such information and materials from Developer to approve or disapprove, in its sole discretion, the site as a location for the Abbott's Store. In the event the Company does not reject a proposed site by written notice to Developer within such thirty (30) day period, such site shall be deemed not approved by the Company.

3.3 Recognizing that time is of the essence, Developer agrees to develop, open and operate in the Development Area the number of Abbott's Stores by the dates described in the Development Schedule and Section 1.1 of this Agreement. Developer's failure to do so shall constitute a material default of this Agreement.

3.4 Developer shall open each Abbott's Store developed hereunder and shall commence business in accordance with the time periods set forth in the Development Schedule; *provided*, however, Developer may, subject to Franchisor's approval, purchase from Franchisor an extension of a development period (each, a "**Time Extension**") as may be necessary to complete construction and commence operation of an Abbott's Store. Each Time Extension shall be purchased at a cost of Ten Thousand U.S. Dollars ($10,000.00 USD) (the "**Time Extension Fee**"), and shall run for an additional ninety (90) day period commencing upon the expiration of the applicable development period, including any previous extensions thereof. No more than five (5) Time Extensions of any development period shall be permitted. If a Time Extension of a development period is granted by Franchisor, the date by which Developer shall have an Abbott's Store open pursuant to the Development Schedule shall be extended accordingly. No Time Extension of any development period shall affect the duration of any other development period or any of Developer's other development obligations hereunder. If a Time Extension is requested for the final development period, the term of this Agreement shall be extended accordingly, and Developer shall have no further rights under this Agreement except as expressly provided herein.

3.5 In the event that Developer deems it necessary to request a Time Extension for an Abbott's Store, Developer must notify Franchisor of its request in writing at least sixty (60) days prior to the projected opening date for such Abbott's Store (an "**Extension Request**"). In an Extension Request, Developer shall include a description of the reasons for such failure to develop in a timely manner and the expected date of completion of construction and opening. Simultaneously with its delivery of an Extension Request, Developer shall pay the Time Extension Fee; *provided, however*, no Time Extension Fee shall be charged in cases where Developer can reasonably prove that such delay is directly related to Force Majeure (as defined below).

3.6 Failure by Developer to adhere to the Development Schedule (including any Time Extensions thereof approved by Franchisor in writing) shall constitute a material event of default under this Agreement, except when such failure is the direct result of an act of God, strikes, lockouts, or other industrial disturbances, war, acts of terrorism, riot, epidemic, fire or other catastrophe, or other forces reasonably beyond Developer's control (collectively, "**Force Majeure**").

3.7 Following Developer's successful completion of the Development Schedule (including any Time Extensions thereof), Developer may make a request to Franchisor to develop and establish one or more additional Abbott's Stores in the Development Area (the "**New Abbott's Store(s)**"). The development and establishment of the New Abbott's Stores shall be pursuant to agreements containing terms and conditions substantially similar to the terms and conditions then-currently offered by Franchisor for franchised Abbott's Stores.

3.8 For a period of [five (5) years] following Developer's successful completion of the Development Schedule (and provided Developer and its affiliates are, and have been, in compliance with this Agreement, each Franchise Agreement executed pursuant to this Agreement, and all other agreements with Franchisor), if Franchisor seeks to develop, itself or through third party franchisees, any New Abbott's Stores in the Development Area, Franchisor shall first present Developer with written notice (the "**ROFR Notice**") of the bona fide terms and conditions of the proposed development. Developer shall have a right of first refusal to develop the New Abbott's Stores, in lieu of Franchisor or third party franchisees, pursuant to the terms contained in the ROFR Notice. Developer shall have thirty (30) days to notify Franchisor in writing of its intent to exercise the right to develop and/or establish the New Abbott's Stores, to execute a development agreement and franchise agreement(s) for such New Abbott's Store(s) on the terms contained in the ROFR Notice, and to pay the initial fees due under the new development agreement and franchise agreement(s). If Developer fails to respond to the notice within thirty (30) days, fails to pay the required fees, or otherwise fails to adhere to any requirements set forth in the ROFR Notice, Developer shall have no further right to develop, establish or operate the New Abbott's Stores(s) pursuant to such terms, and Franchisor shall have the right to establish, or to license other third parties to establish, such New Abbott's Store(s) under the terms and conditions set forth in the ROFR Notice. If Developer elects to exercise its right under this section, Developer shall execute the development agreement, franchise agreement(s), and all other documents required by Franchisor within thirty (30) days of Developer's response to the ROFR Notice.

3.9 Developer understands and agrees that this Agreement does not confer upon Developer a right or franchise to operate any Abbott's Store, but is rather intended by the parties to set forth the terms and conditions which, if fully satisfied by Developer, shall entitle Developer to obtain the right to operate Abbott's Stores within the Development Area.

3.10 Each of the following conditions and approvals must have occurred or be obtained before the grant of the right by Franchisor to develop each Abbott's Store shall become effective. Developer must meet each of the operational, financial, and legal conditions set forth below (collectively, the "**Conditions**") before such rights shall become effective:

3.10.1 Operational: Developer shall be in compliance with the Development Schedule and each other provision of this Agreement. Developer and each entity that is controlled by, controlling or under common control with Developer (collectively, "**Developer's Affiliate**") must be in material compliance with any and all other agreements to which Franchisor and/or its affiliates are a party (including, without limitation, the Franchise Agreements and any other development agreements). Developer and Developer's Affiliates must be properly conducting the operation of their existing Abbott's Stores, if any, and are capable of conducting the operation of the proposed Abbott's Store (a) in accordance with the terms and conditions of this Agreement, (b) in accordance with the provisions of the respective Franchise Agreements, and (c) in accordance with the standards, specifications, and procedures set forth and described in the "Manuals" (as such term is defined in the Franchise Agreement), as such Manuals may be amended from time to time, or otherwise in writing.

3.10.2 Financial: Developer and each of its affiliates shall not then be in default, and for the twelve (12) month period preceding Developer's request for financial approval shall not have been in default, of any monetary obligations owed to Franchisor or its affiliates under any other agreement. Developer acknowledges and agrees that it is vital to Franchisor's interest that each of its franchisees is financially sound to avoid failure of an Abbott's Store and that such failure would adversely affect the reputation and good name of Franchisor, the System, and all other franchisees.

3.10.3 Legal: Developer must have submitted to Franchisor, in a timely manner and in accordance with all applicable laws, all information and documents requested by Franchisor prior to and as a basis for the issuance of individual franchises or pursuant to any right granted to Developer by this Agreement or by any Franchise Agreement, and has taken such additional actions in connection therewith as may be reasonably requested in writing by Franchisor from time to time.

If Franchisor determines, in its reasonable discretion, that Developer, the controlling principals, and their respective affiliates have met all of the Conditions described above, then Franchisor shall grant to Developer the right to develop such additional Abbott's Store pursuant to the Development Schedule.

4. TERM

4.1 Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all rights granted hereunder shall expire on the earlier of: (1) the last date specified in the Development Schedule; or (2) the date when Developer has open and in operation all of the Abbott's Stores required by the Development Schedule.

4.2 Upon expiration of this Agreement as set forth in Section 4.1 of this Agreement:

4.2.3 Developer shall not have any right to establish any Abbott's Stores for which a Franchise Agreement has not been executed by the Company at the time of expiration; and

4.2.4 The Company shall be entitled to establish and operate, and license others to establish and operate Abbott's Stores under the System and Proprietary Marks in the Development Area, except as may otherwise be provided under any Franchise Agreement which has been executed between the Company and Developer.

5. DUTIES OF THE PARTIES

5.1 For each Abbott's Store developed hereunder, the Company shall furnish to Developer the following:

5.1.1 Such site selection guidelines and consultation as the Company may deem advisable;

5.1.2 Such on-site evaluation as the Company may deem advisable as part of its evaluation of Developer's request for site approval; provided, however, that the Company shall not provide on-site evaluation for any proposed site prior to the Company's receipt of such information and materials required under Section 3.2 hereof. If on-site evaluation is deemed necessary and appropriate by the Company, the Company shall conduct up to one (1) on-site evaluation for each Abbott's Store at the Company's cost. For each additional on-site evaluation (if any) the Company may require, in its sole discretion, that Developer reimburse the Company for the Company's reasonable expenses, including, without limitation, the costs of travel, lodging, and food;

5.2 Upon Developer's written request, the Company may, at its option, provide assistance to Developer for the purpose of finding an approved location for an Abbott's Store. There are no specific methods used by the Company to select a location. The Company's assistance may include, among other things, ascertaining population density, traffic patterns, and proximity of proposed locations to other businesses. The Company does not hold itself out as a real estate expert, does not undertake to perform any analysis of the proposed locations for Developer, and does not undertake to advise Developer as to the suitability of any location. Developer shall pay all expenses of the Company in providing its assistance. Developer shall remain solely responsible for finding a location for its Abbott's Store that is approved by the Company.

5.3 Developer accepts the following obligations:

5.3.1 If a Developer is a corporation, it shall comply, except as otherwise approved in writing by the Company, with the following requirements throughout the term of this Agreement:

5.3.1.1 Developer shall furnish the Company with its Articles of Incorporation, Bylaws, other governing documents, and any amendments thereto including the Resolution of the Board of Directors authorizing entry into this Agreement. The Company shall maintain the right to review other of Developer's corporate documents from time to time as it, in its sole discretion, deems advisable, including, but not limited to, minutes of the meetings of Developer's Board of Directors, any other documents the Company may reasonably request, and any amendments thereto.

5.3.1.2 Developer shall be a newly organized corporation, and shall at all times confine its activities, and its governing documents, shall at all times provide that its activities are confined, exclusively to the management and operation of the business contemplated hereunder, including the establishment and operation of the Abbott's Stores to be developed hereunder.

5.3.1.3 Developer shall maintain stop transfer instructions against the transfer on its records of any equity securities; and shall issue no certificates for voting securities upon the face of which the following printed legend does not legibly and conspicuously appear:

> The transfer of this stock is subject to the terms and conditions of a Development Agreement with Abbott's Frozen Custard, Inc., dated ______________, 200_. Reference is made to the provisions of the said Development Agreement and to the Articles and Bylaws of this Corporation.

Notwithstanding the above, the requirements of this Section 5.3.1.3 shall not apply to a "publicly-held corporation." A "publicly-held corporation" for purposes of this Agreement shall mean a corporation registered pursuant to the Securities and Exchange Act of 1934.

5.3.1.4 Developer shall maintain a current list of all owners of record and to its knowledge, all beneficial owners of any class of voting securities of Developer and shall furnish the list to the Company upon request.

5.3.2 If a Developer is a partnership, it shall comply, except as otherwise approved in writing by the Company, with the following requirements throughout the term of this Agreement:

5.3.2.1 Developer shall furnish the Company with its partnership agreement as well as such other documents as the Company may reasonably request, and any amendments thereto, which shall contain a restriction on transfer of any partnership interest without the prior written consent of the Company.

5.3.2.2 Developer shall prepare and furnish to the Company, upon request, a list of all general and limited partners in Developer.

5.3.3 If a Developer is a limited liability company, it shall comply, except as otherwise approved in writing by the Company, with the following requirements throughout the term of this Agreement:

5.3.3.1 Developer shall furnish the Company with a copy of its operating agreement and other governing documents and any amendments thereto. The Company shall maintain the right to review other of Developer's limited liability company documents from time to time as it, in its sole discretion, deems advisable including all documents the Company may reasonably request, and any amendments thereto.

5.3.3.2 Developer shall be a newly organized limited liability company, and shall at all times confine its activities, and its governing documents shall at all times provide that its activities are confined, exclusively to the management and operation of the business contemplated hereunder.

5.3.3.3 Developer shall maintain a current list of all members and managers of record and shall furnish the list to the Company upon request.

5.3.4 Developer shall comply with all requirements of federal, state, and local laws, rules, and regulations.

5.3.5 Developer shall comply with all of the other terms, conditions, and obligations of Developer under this Agreement.

6. DEFAULT AND TERMINATION

6.1 Developer shall be deemed in default under this Agreement, and all rights granted herein shall automatically terminate, without notice to Developer, if Developer falsifies any information or material provided by the Developer to the Company; if Developer terminates or repudiates this Agreement orally or in writing; if Developer shall become insolvent or makes a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Developer or such a petition is filed against and consented to by Developer; if Developer is adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of Developer or other custodian for Developer's business or assets is filed and consented to by Developer; if a receiver or other custodian (permanent or temporary) of Developer's business or assets or any part thereof is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against Developer; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); if execution is levied against Developer's business or assets; if suit to foreclose any lien or mortgage against the premises or equipment is instituted against Developer and not dismissed within thirty (30) days; or if the real or personal property of any of Developer's Abbott's Stores shall be sold after levy thereupon by any sheriff, marshal or constable.

6.2 If Developer fails to comply with or to perform any of the terms, conditions, or obligations of (1) this Agreement, including the development obligations described in Section 3.3 hereof, (2) any Franchise Agreement or any other agreement between Developer or any of its affiliates and the Company, its affiliates or subsidiaries, or (3) makes or attempts to make a transfer or assignment in violation of Section 7.2 hereof, such failure or action shall constitute a default under this Agreement. Upon such default, the Company shall have the right:

6.2.1 To terminate this Agreement and all rights granted hereunder without affording Developer any opportunity to cure the default, effective immediately upon receipt by Developer of written notice;

6.2.2 To terminate the territorial protection granted under Section 1.3 hereof, and the Company shall have the right to establish and operate, and license others to establish and operate, Abbott's Stores within the Development Area;

6.2.3 To terminate the credit granted in Section 2.2;

6.2.4 To reduce the number of Abbott's Stores which Developer has the right to develop pursuant to Section 1.1; and

6.2.5 To reduce the size of the Development Area for which you are granted territorial protection under Section 1.3.

6.3 Upon termination or expiration of this Agreement, Developer shall have no right to establish or operate any Abbott's Stores for which a Franchise Agreement has not been executed by the Company at the time of termination. The Company shall have the right to establish and operate, and to license others to establish and operate, Abbott's stores under the System and the Proprietary Marks in the Development Area, except as may be otherwise provided under any Franchise Agreement which has been executed between the Company and Developer or its affiliate.

6.4 No default under this Development Agreement shall constitute a default under any Franchise Agreement between the parties hereto. Default under this Development Agreement shall constitute default under any other Development Agreement between the parties hereto.

6.5 No right or remedy herein conferred upon or reserved to the Company is exclusive of any other right or remedy provided or permitted by law or equity.

7. **TRANSFERS**

7.1 Transfer by the Company:

The Company shall have the right to transfer or assign this Agreement and assign and delegate all or any part of its rights or obligations herein to any person or legal entity, and any designated assignee of the Company shall become solely responsible for all obligations of the Company under this Agreement from the date of assignment. Developer agrees hereby to consent to any such transfer, assignment, or delegation and to execute such documents of attornment or otherwise as the Company shall request.

7.2 Transfer by Developer:

7.2.1 Developer understands and acknowledges that the rights and duties set forth in this Agreement are personal to Developer, and are granted in reliance on Developer's or Developer's owners' business skill, financial capacity, and personal character. Accordingly, neither Developer nor any immediate or remote successor to any part of Developer's interest in this Agreement, nor any individual, partnership, corporation, limited liability company, or other legal entity which directly or indirectly owns any interest in Developer, shall sell, assign, transfer, convey, pledge, encumber, merge, or give away this Agreement, any direct or indirect controlling interest in Developer (including any direct or indirect interest in a corporate, partnership, or limited liability company Developer), or in all or substantially all of the assets of Developer, either voluntarily or by operation of law, unless Developer shall have first tendered to the Company the right of first refusal to acquire such interest in accordance with the provisions and other conditions set forth below, and then if the Company fails to exercise said right, only with the prior written consent of the Company, which consent will not be unreasonably withheld. Any purported assignment or transfer, by operation of law or otherwise, not having the prior written consent of the Company, shall be null and void and shall constitute a material breach of this Agreement, for which the Company may immediately terminate without opportunity to cure pursuant to Section 6.2 of this Agreement.

7.2.2 Developer shall notify the Company in writing of any proposed transfer of this Agreement, any direct or indirect interest in Developer, or in all or substantially all of the assets of Developer at least thirty (30) days before such transfer is proposed to take place. Such notice shall, at a minimum, identify the proposed transferee, all owners of any ownership or beneficial interest in such transferee, and certify that the requested transfer is not intended to avoid or reduce any of Developer's obligations to any person or entity or to accomplish any other unlawful purpose. The Company shall not unreasonably withhold its consent to such a transfer; provided, however, that if a transfer, alone or together with other previous, simultaneous, or proposed transfers would have the effect of transferring this Agreement, a controlling interest in Developer (as determined by the Company), or substantially all of the assets of Developer, the Company may, in its sole discretion, require any or all of the following as conditions of its approval:

7.2.2.1 All of Developer's accrued monetary obligations and all other outstanding obligations to the Company and its affiliates have been satisfied;

7.2.2.2 Developer is not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Developer and the Company, or its affiliates;

7.2.2.3 The transferor (including all partners, shareholders, members and managers of a corporate, partnership, or limited liability company transferor) shall have executed a general release, in a form satisfactory to the Company, of any and all claims against the Company, its affiliates and their respective officers, directors, shareholders, and employees;

7.2.2.4 The transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as the Company may request) shall enter into a written assignment, in a form satisfactory to the Company, assuming and agreeing to discharge all of Developer's obligations under this Agreement; and, if the obligations of Developer were guaranteed by the transferor, that the transferee guarantee the performance of all such obligations in writing in a form satisfactory to the Company;

7.2.2.5 The transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as the Company may request) shall demonstrate to the Company's satisfaction that it meets the Company's educational, managerial, experience, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the business contemplated herein (as may be evidenced by prior related business experience or otherwise); and has adequate financial resources and capital to comply with the Development Schedule;

7.2.2.6 The transferee shall, at the Company's option, execute, for a term ending on the expiration date of this Agreement, the then-current form of development agreement and other ancillary agreements as the Company may require, which agreements shall supersede this Agreement in all respects, except that the Development Schedule thereunder shall be the same as in this Agreement;

7.2.2.7 That Developer shall remain liable for all of the obligations of Developer prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by the Company to evidence such liability;

7.2.2.8 Each Abbott's Store, which has opened and been approved for operation by the Company, is in full compliance with all the conditions and terms of the Franchise Agreement for such Abbott's Store;

7.2.2.9 Developer shall pay a transfer fee in the amount of Seven Thousand Five Hundred Dollars ($7,500.00); provided, however, in the case of a transfer to a corporation or limited liability company formed by Developer for the convenience of ownership, (a) no such transfer fee shall be required for transfers occurring prior to twelve (12) months of the date of execution of this Agreement, and (b) a transfer fee of One Thousand Dollars ($1,000.00) shall be required for transfers occurring at or any time after twelve (12) months of the date of execution of this Agreement; and

7.2.2.10 The transferor shall have first offered to sell such interest to the Company pursuant to Section 7.3 hereof.

7.2.3 Developer shall use its best efforts in the event it grants a security interest in any of the assets of Developer to cause the secured party to agree that in the event of any default by Developer under any documents related to the security interest, the Company shall have the right and option to be substituted as obligor to the secured party and to cure any default of Developer, it being understood that such right of the Company may be subordinate to the rights of Developer's lenders or landlord.

7.2.4 Developer acknowledges and agrees that each condition which must be met by the transferee developer is necessary to assure such transferee's full performance of the obligations hereunder.

7.3 If any party holding any direct or indirect controlling interest in this Agreement, in Developer, or in all or substantially all of the Developer's assets, desires to accept any bona fide offer from a third party to purchase such interest, such party shall first offer to sell such interest to the Company on such terms and conditions as described in this Section 7.3. Developer shall notify the Company as provided in this Section 7.3 and shall provide such information and documentation relating to the offer as the Company may require. The Company or its designated affiliate shall have the right and option, exercisable within thirty (30) days after receipt of such written notification, to send written notice to the seller that the Company or its affiliate intends to purchase the seller's interest on the same terms and conditions offered by the third party. In the event the Company or its affiliate elects to purchase the seller's interest, no material change in any offer and no other offers by a third party for such interest shall be considered with respect to the Company's right of first refusal. In the event the Company or its affiliate elects to purchase the seller's interest, closing on such purchase shall occur within ninety (90) days from the date of notice to the seller of the election to purchase by the Company. In the event the Company or its affiliate elects not to purchase the seller's interest, any material change thereafter in the terms of the offer from a third party shall constitute a new offer subject to the same rights of first refusal by the Company or its affiliate as in the case of the third party's initial offer. Failure of the Company or its affiliate to exercise the option afforded by this Section 7.3 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 7, with respect to a proposed transfer. In the event the consideration, terms, and/or conditions offered by a third party are such that the Company or its designated affiliate may not reasonably be required to furnish the same consideration, terms, and/or conditions, then the Company or its affiliate may purchase the interest proposed to be sold for the reasonable equivalent in cash.

7.4 Upon the death or mental incompetency of any person with a controlling interest in this Agreement or in Developer, the executor, administrator, personal representative, guardian, or conservator of such person shall transfer such interest within nine (9) months after such death or mental incompetency to a third party approved by the Company. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any *inter vivos* transfer. However, in the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Section 7, the executor, administrator, or personal representative of the deceased person shall transfer the decedent's interest to another party approved by the Company within a reasonable time, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. If the interest is not disposed of within a reasonable time, the Company may terminate this Agreement.

7.5 The Company's consent to any transfer under this Section 7 shall not constitute a waiver of any claims the Company may have against the transferring party, nor shall it be deemed a waiver of the Company's right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

8. <u>COVENANTS</u>

8.1 Developer covenants that during the term of this Agreement, except as otherwise approved in writing by the Company, Developer or, if Developer is a corporation, partnership, or limited liability company, a principal of Developer approved by the Company, or Developer's manager, shall devote full time, energy, and best efforts to the management and operation of the business contemplated hereunder, including the establishment and operation of the Abbott's Stores to be developed hereunder.

8.2 Developer specifically acknowledges that, pursuant to this Agreement, Developer will receive valuable confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of the Company and the System. Developer covenants that during the term of this Agreement, except as otherwise approved in writing by the Company, Developer shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

8.2.1 Divert or attempt to divert any business or customer of Developer's Abbott's Stores or any Abbott's Store to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Company's Proprietary Marks and the System;

8.2.2 Unless released in writing by the employer, employ or seek to employ any person who is at that time employed by the Company or any franchisee or developer of the Company, or otherwise directly or indirectly to induce such person to leave his or her employment; or

8.2.3 Own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business which: (a) is the same as, or substantially similar to, an Abbott's Store; or (b) offers to sell or sells any product or products which are the same as, or substantially similar to, any of the products offered by an Abbott's Store where the sale of such products constitutes or is intended to constitute twenty percent (20%) or more of the gross sales of the business operated or intended to be operated. The prohibitions in this Section 8.2.3 shall not apply to interests in or activities performed in connection with an Abbott's Store developed hereunder.

8.3 Developer covenants that, except as otherwise approved in writing by the Company, Developer shall not, for a continuous uninterrupted period commencing upon the expiration or termination of this Agreement, regardless of the cause for termination, and continuing for two (2) years thereafter, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or limited liability company, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business which: (a)(i) is the same as, or substantially similar to, an Abbott's Store, or (ii) offers to sell or sells any product or products which are the same as, or substantially similar to, any of the products offered by an Abbott's Store where the sale of such products constitutes or is intended to constitute twenty percent (20%) or more of the gross sales of the business operated or intended to be operated; and (b) is, or is intended to be, located at or within:

8.3.1 the Development Area;

8.3.2 twenty (20) miles of the Development Area; or

8.3.3 twenty (20) miles of any Abbott's Store operating under the System and the Proprietary Marks.

The prohibitions in this Section 8.3 shall not apply to interests in or activities performed in connection with an Abbott's Store.

8.4 Section 8.3 shall not apply to ownership by Developer of less than a one percent (1%) beneficial interest in the outstanding equity securities of any corporation which is registered under the Securities and Exchange Act of 1934.

8.5 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 8 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 8.

8.6 Developer understands and acknowledges that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 8.2 and 8.3 in this Agreement or any portion thereof, without Developer's consent, effective immediately upon receipt by Developer of written notice thereof, and Developer agrees to comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 13 hereof.

8.7 Developer expressly acknowledges that the existence of any claims which Developer may have against the Company, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by the Company of the covenants in this Section 8. Developer agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by the Company in connection with the enforcement of this Section 8.

8.8 Developer acknowledges that Developer's violation of the terms of this Section 8 would result in irreparable injury to the Company for which no adequate remedy at law may be available; and Developer accordingly consents to the issuance of, and agrees to pay all court costs and reasonable attorneys' fees incurred by the Company in obtaining, an injunction prohibiting any conduct by Developer in violation of the terms of this Section 8.

8.9 At the request of the Company, Developer shall provide the Company with executed covenants similar in substance to those set forth in this Section 8 (including covenants applicable upon the termination of a person's relationship with Developer) from the following persons: (1) any other person employed by Developer who has received training from the Company; (2) if Developer is a corporation, all officers, directors, and unless Developer is a publicly-held corporation, holders of a direct or indirect beneficial ownership interest of five percent (5%) or more in Developer; (3) if Developer is a partnership, the general partners (including any corporation, and the officers, directors, and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner); and (4) if Developer is a limited liability company, all members and managers of the limited liability company. With respect to each person who becomes associated with Developer in one of the capacities enumerated above subsequent to execution of this Agreement, Developer shall require and obtain such covenants from them and promptly provide the Company with executed copies of such covenant. In no event shall any person enumerated be granted access to any confidential aspect of the System or any Franchised Business prior to execution of such a covenant. All covenants required by this Section 8.9 shall be in the form attached as Exhibit "D" and shall identify the Company as a third party beneficiary of such covenants with the independent right to enforce them. Failure by Developer to obtain execution of a covenant required by this Section 8.9, and provide the same to the Company, shall constitute a material breach of this Agreement.

9. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered or certified mail return receipt requested, overnight carrier, facsimile or by other means which affords the sender evidence of delivery, which shall not include electronic communication, such as e-mail, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party. Any notice by a means which affords the sender evidence of delivery shall be deemed to have been given at the date and time of receipt, or if delivery is refused, at the time and date of attempted delivery.

Notices to the Company: Abbott's Frozen Custard, Inc.
4791 Lake Avenue
Rochester, New York
Attn: Brenden Drew
Email: bdrew@abbottscustard.com

Notices to Developer: ______________________________
____
____
____
____
Fax No.______________________________

10. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them; that Developer shall be an independent contractor; and, that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever.

During the term of this Agreement, Developer shall hold itself out to the public to be an independent contractor operating pursuant to this Agreement. Developer agrees to take such affirmative action as shall be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place in the franchised premises, the content of which the Company reserves the right to specify.

Developer understands and agrees that nothing in this Agreement authorizes Developer to make any contract, agreement, warranty, or representation on the Company's behalf, or to incur any debt or other obligation in the Company's name; and, that the Company shall in no event assume liability for, or be deemed liable as a result of, any such action, or by reason of any act or omission of Developer in Developer's operations hereunder, or any claim or judgment arising therefrom against the Company. Developer shall indemnify and hold the Company harmless against any and all such claims directly or indirectly from, as a result of, or in connection with, Developer's operations hereunder, as well as the costs, including attorneys' fees, of defending against them.

11. APPROVALS AND WAIVERS

11.1 Whenever this Development Agreement requires the prior approval or consent of the Company, Developer shall make timely written requests to the Company therefor; and, except as otherwise provided herein, any approval or consent granted shall be in writing.

11.2 The Company makes no warranties or guarantees upon which Developer may rely, and assumes no liability or obligation to Developer, by providing any waiver, approval, advice, consent, or suggestion to Developer in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

11.3 No failure of the Company to exercise any power reserved to it by this Agreement, or to insist upon strict compliance by Developer with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of the Company's right to demand exact compliance with any of the terms herein. Waiver by the Company of any particular default by Developer shall not affect or impair the Company's rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission of the Company to exercise any power or right arising out of any breach or default by Developer of any of the terms, provisions or covenants hereof, affect or impair the Company's right to exercise the same, nor shall such constitute a waiver by the Company of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by the Company of any payments due to it hereunder shall not be deemed to be a waiver by the Company of any preceding breach by Developer of any terms, covenants or conditions of this Agreement.

12. SEVERABILITY AND CONSTRUCTION

12.1 Except as expressly provided to the contrary herein, each section, part, term, and/or provision of this Agreement shall be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement.

12.2 Anything to the contrary herein notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than the Company or Developer and such of their respective successors and assigns as may be contemplated by Section 7 hereof, any rights or remedies under or by reason of this Agreement.

12.3 Developer expressly agrees to be bound by any promise or covenants imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which the Company is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

12.4 All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

12.5 All provisions of this Agreement which, by their terms or intent, are designed to survive the expiration or termination of this Agreement, shall so survive the expiration and/or termination of this Agreement.

13. ENTIRE AGREEMENT

This Agreement, the documents referred to herein, and the exhibits hereto, if any, constitute the entire, full, and complete agreement between the Company and Developer concerning the subject matter hereof and supersede any and all prior agreements. Except for the covenants set forth in Section 8 hereof, no amendment, change, or variance from this Agreement shall be binding on either party unless executed in writing. Nothing in this Agreement or in any related agreement between the Company and Developer is intended to disclaim the representations made by the Company in Company's franchise disclosure document or any exhibits or attachments thereto.

14. APPLICABLE LAW AND ARBITRATION

14.1 This Agreement takes effect upon its acceptance and execution by the Company, and shall be interpreted and construed exclusively under the laws of the State of New York. In the event of any conflict of law, the laws of the State of New York shall prevail without regard to the application of New York conflict-of-law rules. If, however, any provision of this Agreement would be unenforceable under the laws of New York, and if Developer is located outside of New York and such provision would be enforceable under the laws of the state in which Developer is located, then such provision shall be interpreted and construed under the laws of that state.

14.2 Except as otherwise provided herein, the parties hereto first agree to endeavor to settle in an amicable manner by mediation all disputes and claims relating to this Agreement, the rights and obligations of the parties hereto, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement, at the office of JAMS located in the principal city closest to the Company's principal place of business, as reasonably determined by the Company in accordance with the Mediation Rules of JAMS. The following shall supplement and, in the event of a conflict, shall govern such mediation. The parties shall select one (1) mediator from a list provided by the JAMS. JAMS shall only list available attorneys with at least ten (10) years of experience in the practice of franchise law. In selecting the mediator from the list provided by JAMS, the parties shall make the selection by the striking method. The parties shall each bear all of their own costs of mediation; provided, however, the fees of the mediator shall be divided equally between the Company and Developer.

14.3 Except as otherwise provided herein in Section 14.2 any dispute, claim, or controversy arising out of or relating to this Agreement or breach, termination, enforcement, interpretation, or validity thereof, including the determination of the scope or applicability of this Agreement to arbitrate, shall be determined by arbitration in Rochester, New York, before a sole arbitrator, in accordance with the laws of the State of New York for agreements made in and to be performed in that State. The arbitration shall be administered by JAMS pursuant to its Arbitration Rules and Procedures. Judgment on the Award may be entered in any court having jurisdiction. The arbitrator shall, in the Award, allocate all of the costs of the arbitration, including the fees of the arbitrator and the reasonable attorneys' fees of the prevailing party, against the party who did not prevail. The Company and Developer further agree that, unless such a limitation is prohibited by applicable law, neither the Company nor Developer shall be liable for punitive or exemplary damages, and the arbitrator shall have no authority to award the same. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between the Company and Developer. This agreement to arbitrate shall survive any termination or expiration of this Agreement. No arbitration, action, or proceeding under this Agreement shall add as a party, by consolidation, joinder, or in any other manner, any person or party other than Developer and the Company and any person in privity with, or claiming through, in the right of, or on behalf of, Developer or the Company, unless both parties consent in writing. The Company has the absolute right to refuse such consent.

14.4 Any and all claims that Developer may have relating to this Agreement, the rights and obligations of the parties hereto, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement, against the Company, its affiliates, officers, directors, and employees shall be made by filing a claim hereunder before the earlier of: (a) the expiration of one year after the act, transaction, or occurrence upon which such claim is based; or (b) the expiration of one year after Developer has become aware of facts or circumstances reasonably indicating that Developer may have a claim against the Company hereunder; or (c) one year after this Agreement expires or is terminated, transferred, or assigned for any reason. Developer agrees that any claim or action not brought within the periods required under this Section 14.4 shall forever be barred as a claim, counterclaim, defense, or set off.

14.5 Nothing contained in this Agreement shall prevent the Company from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction, and/or other emergency relief available to safeguard and protect the Company's interests.

14.6 The parties expressly agree to the jurisdiction and venue of any court of general jurisdiction in Monroe County, New York, and the jurisdiction and venue of the United States District Court for the Western District of New York. All appeals from or relating to arbitration shall be heard before a federal court in that district. Except with respect to appeals from or relating to arbitration or an arbitrator's award being submitted for confirmation, this provision shall only apply where an arbitrator would not have jurisdiction or a claim cannot be arbitrated as a matter of law. THE PARTIES KNOWINGLY, VOLUNTARILY, AND INTELLIGENTLY waive THEIR RIGHT TO a trial by jury in any judicial proceeding, whether at law or in equity, about all issues that arise out of, concern, or relate to, this Agreement, any and all transactions contemplated in this Agreement, the parties' performance under this Agreement, or otherwise, during the term of this Agreement and afterwards.

14.7 Neither Developer nor the Company shall initiate or participate in any class action litigation claim against or involving the other party.

14.8 No right or remedy conferred upon or reserved to the Company or Developer by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

14.9 Developer shall pay all expenses, including attorneys' fees and costs, incurred by the Company, its affiliates, and its successors and assigns (a) to remedy any defaults of, or enforce any rights under, this Agreement; (2) to effect termination of this Agreement; and (3) to collect any amounts due under this Agreement.

15. ACKNOWLEDGMENTS, REPRESENTATIONS AND WARRANTIES

15.1 Developer acknowledges that it has conducted an independent investigation of the business contemplated hereunder, and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of Developer as an independent businessman, or if Developer is a corporation, partnership, or limited liability company, its owners as independent businessmen. The Company expressly disclaims the making of, and Developer expressly disclaims receiving any warranty, representation or guarantee, express or implied, not contained expressly in this Agreement including, without limitation, as to the potential sales volume, profits, or success of the business venture contemplated by this Agreement. Developer also expressly disclaims relying upon any such warranty, representation, or guarantee in connection with Developer's independent investigation of the business contemplated hereunder.

15.2 Developer acknowledges that Developer has received a copy of the complete Abbott's Development Agreement, the attachments hereto, and agreements relating thereto, if any, at least five (5) business days prior to the date on which this Agreement was executed. Developer further acknowledges that it has received a disclosure document which is required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures," and which contains a copy of this Development Agreement, at least ten (10) business days prior to the date on which this Agreement was executed.

15.3 Developer represents and warrants that it is not a party to or subject to any agreement that might conflict with the terms of this Agreement or prevent Developer from fully performing its obligations under this Agreement, and Developer agrees not to enter into any such agreement.

15.4 Developer acknowledges that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 (the "Executive Order"), the Company is prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Executive Order. Accordingly, Developer represents and warrants to the Company that as of the date of this Agreement, neither Developer nor any person holding any ownership interest in Developer, controlled by Developer, or under common control with Developer, is designated under the Order as a person with whom business may not be transacted by the Company, and that Developer (a) does not, and hereafter shall not, engage in any terrorist activity, (b) is not affiliated with and does not support any individual or entity engaged in, contemplating, or supporting terrorist activity, and (c) is not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

15.5 Developer acknowledges that it has read and understood this Agreement, the attachments hereto, and agreements relating thereto; and, that the Company has accorded Developer ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement.

15.6 This Agreement, including all corrections, changes, attachments, exhibits, and addenda, shall only be binding upon the Company when executed or initialed by the Company's President or Vice President.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have fully executed, sealed, and delivered this Agreement on the day and year first above written.

WITNESS:

____

DEVELOPER

Name:______________________________
Title:______________________________

WITNESS:

____

Name:______________________________
Title:______________________________

ATTEST:

____

ABBOTT'S FROZEN CUSTARD, INC.

Name:______________________________
Title:______________________________

EXHIBIT A TO
ABBOTT'S FROZEN CUSTARD, INC.
DEVELOPMENT AGREEMENT

GUARANTEE, INDEMNIFICATION AND ACKNOWLEDGMENT

As an inducement to Abbott's Frozen Custard, Inc. (the "Company") to execute the Development Agreement between the Company and ____________________. ("Developer") dated ________________, 20__ (the "Agreement"), the undersigned ____________________________ ("Guarantor(s)"), jointly and severally, hereby unconditionally guarantee to the Company and its successors and assigns that all of Developer's obligations under the Agreement will be punctually paid and performed.

Upon demand by the Company, the undersigned will immediately make each payment required of Developer under the Agreement. The undersigned hereby waive any right to require the Company to: (a) proceed against Developer for any payment required under the Agreement; (b) proceed against or exhaust any security from Developer; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Developer. Without affecting the obligations of the undersigned under this Guarantee, the Company may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Developer, or settle, adjust, or compromise any claims against Developer. The undersigned waive notice of amendment of the Agreement and notice of demand for payment by Developer, and agree to be bound by any and all such amendments and changes to the Agreement.

The undersigned hereby agree to defend, indemnify, and hold the Company harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys' fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Developer to perform any obligation of Developer under the Agreement, any amendment thereto, or any other agreement executed by Developer referred to therein.

The undersigned hereby acknowledge and agree to be individually bound by all of the covenants contained in Section 8 of the Agreement.

This Guarantee shall terminate upon the termination or expiration of the Agreement or upon the transfer or assignment of the Agreement by Developer, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination, expiration, transfer, or assignment shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration, termination, transfer or assignment of the Agreement shall remain in force according to their terms. This Guarantee shall not terminate upon the transfer or assignment of the Agreement or this Guarantee by the Company. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 14 of the Agreement. This Guarantee shall be interpreted and construed under the laws of the State of New York, which laws shall prevail in the event of any conflict of law. The other dispute resolution provisions of Section 14 of the Agreement shall apply to this Guarantee.

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered or certified mail return receipt requested, overnight carrier, facsimile, or by other means which affords the sender evidence of delivery, which shall not include electronic communication, such as e-mail, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party. Any notice by a means which affords the sender evidence of delivery shall be deemed to have been given at the date and time of receipt, or if delivery is refused, at the time and date of attempted delivery.

Notices to the Company:	Abbott's Frozen Custard, Inc. 4791 Lake Avenue Rochester, New York Attn: Brenden Drew Fax No. (585) 865-7400
Notices to Guarantors:	____________________ ____________________ ____________________ ____________________ Fax No.________________

Notices shall be deemed to have been given at the date and time of delivery or of attempted delivery.

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date of the Agreement.

WITNESS: **GUARANTORS:**

________________________________ ________________________________

Name:

WITNESS:

________________________________ ________________________________

Name:

WITNESS:

________________________________ ________________________________

Name:

EXHIBIT B TO
ABBOTT'S FROZEN CUSTARD, INC.
DEVELOPMENT AGREEMENT

DEVELOPMENT AREA AND DEVELOPMENT SCHEDULE

1. Each Abbott's Store developed under this Development Agreement shall be located in the following area (the "Development Area"):

See attached map.

2. Recognizing that time is of the essence, Developer agrees to satisfy the development schedule set forth below (the "Development Schedule"):

Number of Abbott's Stores that Developer Shall Have Open and in Operation	By (Date)	Cumulative Total Number of Abbott's Stores that Developer Shall Have Open and in Operation

4830-9979-9945.4

**EXHIBIT C TO
ABBOTT'S FROZEN CUSTARD, INC.
DEVELOPMENT AGREEMENT**

ABBOTT'S STORE FRANCHISE AGREEMENT

The form of Abbott's Store Franchise Agreement currently offered by the Company is attached.

EXHIBIT D TO
ABBOTT'S FROZEN CUSTARD, INC.
DEVELOPMENT AGREEMENT

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT
(for trained employees, shareholders, officers, directors, general partners, and members and managers of Developer)

In consideration of my being a _______________ of ___________________ (the "Developer"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

12. _________________________ (the "Developer"), has acquired the development rights from Abbott's Frozen Custard, Inc. (the "Company") and undertaken the obligation to establish and operate ___________ (__) Abbott's Stores (the "Abbott's Stores" or "Franchised Businesses") under the Company's trade names, service marks, trademarks, logos, emblems, and indicia of origin (the "Proprietary Marks") and the Company's unique and distinctive format and system relating to the establishment and operation of Abbott's Stores (the "System"), as they may be changed, improved and further developed from time to time in the Company's sole discretion.

13. The Company, as the result of the expenditure of time, skill, effort, and resources, has developed and owns a distinctive format and system (the "System") for opening and operating retail frozen custard (and related products) stands using a unique method for the preparation, marketing, distribution and serving of ice cream products, including frozen custard and related products. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchised Business (the "Confidential Information").

14. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

15. As ____________ of the Developer, the Company and Developer will disclose some or all of the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, Abbott's Operating Manuals and other general assistance during the term of this Agreement.

16. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of Developer and the Franchised Businesses during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

17. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold

in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as ______________ ______________________ of the Developer, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Developer under the Development Agreement.

18. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Developer either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business or e-commerce business which: (a) is the same as, or substantially similar to, an Abbott's Store; or (b) offers to sell or sells any product or products which are the same as, or substantially similar to, any of the products offered by an Abbott's Store where the sale of such products constitutes or is intended to constitute twenty percent (20%) or more of the gross sales of the business operated or intended to be operated; and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Developer, regardless of the cause for termination, and continuing for two (2) years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business which: (a)(i) is the same as, or substantially similar to, an Abbott's Store; or (ii) offers to sell or sells any product or products which are the same as, or substantially similar to, any of the products offered by an Abbott's Store where the sale of such products constitutes or is intended to constitute twenty percent (20%) or more of the gross sales of the business operated or intended to be operated; and (b) is, or is intended to be, located at or within:

7.1 The Development Area;

7.2 Twenty (20) miles of the Development Area; or

7.3 Twenty (20) miles of any Abbott's Store operating under the System and the Proprietary Marks.

I have been advised as to the Development Area before signing this Agreement. The prohibitions in this Section 7 do not apply to my interests in or activities performed in connection with an Abbott's Store. This restriction does not apply to my ownership of less than five percent beneficial interest in the outstanding securities of any publicly-held corporation.

19. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

20. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

21. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Developer. I am aware that my violation of this Agreement will cause the Company and the Developer irreparable harm; therefore, I acknowledge and agree that the Developer and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Developer and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Developer and the Company, any claim I have against the Developer or the Company is a separate matter and does not entitle me to violate or justify any violation of this Agreement.

22. This Agreement shall be construed under the laws of the State of New York. The only way this Agreement can be changed is in writing signed by both the Developer and me.

Signature:____________________________

Name:____________________________

Address:____________________________

Title:____________________________

ACKNOWLEDGED BY DEVELOPER

By:____________________________

Name:____________________________

Exhibit E

LIST OF AGENTS FOR SERVICE OF PROCESS

State	Agent for Service of Process
California	Commissioner of Business Oversight Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (866) 275-2677
Maryland	Maryland Securities Commissioner Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
New York	Secretary of State of New York 41 State Street Albany, New York 11231
Virginia	Clerk of the State Corporation Commission 1300 East Main Street 1st Floor Richmond, Virginia 23219
ALL OTHER STATES	Kendal H. Tyre, Esq. Nixon Peabody LLP 799 9th Street, N.W. Suite 500 Washington, D.C. 20001

Exhibit F

LIST OF STATE ADMINISTRATORS

California

Department of Business Oversight
320 West 4th Street
Suite 750
Los Angeles, California 90013
1-866-275-2677

Florida

Florida Department of Agriculture & Consumer Services
Division of Consumer Affairs
Mayo Building, Second Floor
Tallahassee, Florida 32399-0800

Hawaii

Department of Commerce and Consumer Affairs
Business Registration Division
1010 Richards Street
Honolulu, Hawaii 96813

Illinois

Office of Attorney General
Franchise Division
500 South Second Street
Springfield, Illinois 62706

Indiana

Secretary of State
Franchise Section
Indiana Securities Division
302 West Washington, Room E-111
Indianapolis, Indiana 46204

Kentucky

Commonwealth of Kentucky
Office of the Attorney General
Consumer Protection Division
1024 Capital Center Drive
P.O. Box 2000
Frankfort, Kentucky 40602

Maryland

Office of the Attorney General
Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020

Michigan

Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
670 Law Building
Lansing, Michigan 48913

Minnesota

Department of Commerce
85 7th Place East
Suite 500
St. Paul, Minnesota 55101-2198

Nebraska

Department of Banking and Finance
1200 N Street
Suite 311
P.O. Box 95006
Lincoln, Nebraska 68509

New York

Bureau of Investor Protection and Securities
New York State Department of Law
23rd Floor
120 Broadway
New York, New York 10271

North Dakota

Office of Securities Commissioner
Fifth Floor
600 East Boulevard
Bismarck, North Dakota 58505

Rhode Island

Division of Securities
Building 69-1
John O. Pastore Center
1511 Pontiac Avenue
Cranston, RI 02910

South Dakota

Department of Labor and Regulation
Division of Securities
124 S. Euclid, Suite 104
Pierre, South Dakota 57501

Texas

Statutory Document Section
Secretary of State
P.O. Box 12887
Austin, Texas 78711

Virginia

State Corporation Commission
Division of Securities and Retail Franchising
Ninth Floor
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9051

Washington

Department of Financial Institutions
Securities Division
150 Israel Rd SW
Tumwater WA 98501

Wisconsin

Franchise Registration Division
Office of the Wisconsin Commissioner of Securities
101 East Wilson Street
Madison, Wisconsin 53702

Exhibit G

LIST OF FRANCHISEES

Listed below are the names, addresses and telephone number of all franchisees as of October 31, 2018.

State	Address	Telephone Number	Franchisee or Corporate Owned
Massachusetts			
	Lexington 1853 Massachusetts Ave Lexington, MA 02420		
	Brighton Mass 360 Washington Street Brighton, MA 02135	617-562-8600	Mary Pat and Alex Dauria
	Needham 934 Great Plain Ave. Needham, MA 02494	781-444-9908	Mary Pat and Alex Dauria
New York			
	Brockport 4599 Lake Road South Brockport, NY 14420	585-637-4333	Debra Webster
	Canandaigua 150 Eastern Blvd. Canandaigua, NY 14424	585-394-0117	Jasco Enterprise Scott Bagley and Jim Fyles
	Canandaigua, NY 50 Lakeshore Drive Canandaigua, NY 14424	585-394-0117	QAKSS, LLC Scott and Kaitlyn Bagley
	Canandaigua, New York 2510 Rochester Road Canandaigua, NY 14424	585-393-9170	Tom Wahl's - Canandaigua
	Fairport 1220 Fairport Rd. Fairport, NY 14450	585-586-4469	Al Gaesser
	Hilton 11 Canning Street Hilton, NY 14468	585-392-3977	Eric LePore
	Greece 3208 Latta Rd Greece, NY 14612	585-392-3977	Eric LePore
	Bushnell's Basin 624 Pittsford-Victor Rd. Pittsford, NY 14534	585-385-1366	Scott Bagley
	Brighton, NY 1855 Monroe Avenue Rochester, NY 14618	585-271-1980	Randy Miller

State	Address	Telephone Number	Franchisee or Corporate Owned
	Syracuse 4282 Fay Rd. Syracuse, NY 13219	315-487-9047	Doug Dixon
	Webster 2195 Empire Blvd Webster, NY 14580	585-671-6365	Cathe Petrus
North Carolina			
	BENAVA Corp. 10070 Edison Square Dr. NW e100, Concord, NC 28027	704-949-0117	Shannon Leckinger
South Carolina			
	Breathe to Life 119 East Poinsett St. Greer, South Carolina 29651	864-655-4422	Mark Khoury
	Breathe to Life, II, LLC 100 E Main St, Spartanburg, SC 29306	864-655-4422	Mark Khoury
Virginia			
	SBZ, LLC 1129 Dargon Quarry Ln, Brunswick, MD 21716	585-576-4654	Billy Belknap

LISTING OF DEVELOPERS

Jason Denoncourt
Katie Kolthoff

4830-9979-9945.4

Exhibit H

LIST OF FORMER FRANCHISEES

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

List of franchisees who left the System in the fiscal year ending October 31, 2018:

State	Address	Telephone Number	Owner
New York			
	Spencerport, New York 138 South Union Street Spencerport, NY 14559	585-247-9750	Tom Miner

Exhibit I

MULTI-STATE ADDENDA

California

ADDENDUM TO ABBOTT'S FROZEN CUSTARD, INC.
DISCLOSURE DOCUMENT FOR PROSPECTIVE FRANCHISEES

Section 31125 of the Franchise Investment Law requires us to give you a disclosure document approved by the Commissioner of Corporations before we ask you to consider a material modification of your Franchise Agreement.

California Franchise Investment Law Section 31156 and Rule 310.156.3 require the following statement concerning our website:

> OUR WEBSITE (http://abbottscustard.com/) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

The State of California has codified regulations specific to the food service industry. You may refer to California Plan Check Guide for Retail Food Facilities at http://www.ccdeh.com/resources/documents/food-safety-guidelines-1/152-california-plan-check-guide-for-retail-food-facilities-2/file. For further requirements, please see the California Retail Food Code at http://www.cdph.ca.gov/services/Documents/fdbRFC.pdf.

You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

The following language is added to the end of Item 1 of the disclosure document under the subheading "***Development Agreement***:"

> We may terminate the Development Agreement if you do not meet or exceed the Development Schedule or any of the terms conditions or obligations thereunder.

The following language is added to the end of Item 3:

> With regard to us, our predecessor, the persons identified in Item 2 or an affiliate or franchise broker offering franchises under our principal trademark:
>
>> No such party is subject to any current effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, 15 U.S.C.A. 78a, et seq., suspending or expelling such person from membership in such association or exchange.

The following language is added to the end of Item 12:

> You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

The following language is added to the end of Item 17:

> California Law Regarding Termination and Non-Renewal. California Business and Professions Code Sections 20000 through 20043 provide rights to Franchisees concerning termination, transfer, or non-renewal of the franchise. If the Franchise Agreement contains any provision that is inconsistent with the law, the law will control.
>
> Termination Upon Bankruptcy. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101, *et seq.*).
>
> Post-Termination Non-competition Covenants. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the agreement. This provision may not be enforceable under California law.
>
> Litigation of Disputes. The Franchise Agreement requires all litigation to be brought in the state and judicial district in which we have our principal place of business. Prospective Franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281) to any provisions of a franchise agreement restricting venue to a forum outside California.
>
> Applicable Law. The Franchise Agreement requires application of the laws of the State of New York with certain exceptions. This provision may not be enforceable under California law.

Maryland

ADDENDUM TO ABBOTT'S FROZEN CUSTARD, INC.
DISCLOSURE DOCUMENT FOR PROSPECTIVE FRANCHISEES

The following language is added to the Summary section of Item 17(c) entitled **Requirements for franchisee to renew or extend:**

1. The general release required as a condition of renewal or sale shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. The following language is added to the Summary section of Item 17(h) entitled **"Cause" defined – non-curable defaults:**

   The Franchise Agreement provides for termination upon bankruptcy of the Franchisee. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101, *et seq.*).

3. The Summary section of Item 17(m) entitled **Conditions for franchisor approval of transfer** is amended to add the following:

   The general release required as a condition of assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. The following is added to the Summary section of Item 17(v):

   A franchisee may bring a claim in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. The following is added at the end of Item 17:

   Any claims arising under the Maryland Franchise Registration and Disclosure Law shall be commenced within 3 years after the grant of the franchise.

AMENDMENT TO ABBOTT'S FROZEN CUSTARD, INC.
<u>FRANCHISE AGREEMENT REQUIRED BY THE STATE OF MARYLAND</u>

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Abbott's Frozen Custard, Inc. Franchise Agreement (the "Agreement") agree as follows:

1. **Renewal.** The following statement is hereby added at the end of Section 2.02C.:

   , provided, however, the release above shall not apply to any liability Franchisor may have under the Maryland Franchise Registration and Disclosure Law.

2. **Conditions for Approval of Assignment.** The following statement is hereby added at the end of Section 14.03E.:

   , provided, however, the release shall not apply to any liability Franchisor may have under the Maryland Franchise Registration and Disclosure Law.

3. **Limitations of Actions.** The Franchise Agreement is amended by adding the following new Section 24.06:

   Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

4. **Jurisdiction; Venue.** Section 24.02 of the Franchise Agreement is amended by adding the following:

   A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. **Waiver.** At the end of Section 19 of the Franchise Agreement, a new Section 19.04 shall be added stating the following:

All representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

[Signatures Follow Next Page]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Maryland Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

ATTEST

ABBOTT'S FROZEN CUSTARD, INC.

By:____________________________________

Name:__________________________________

Title:___________________________________

FRANCHISEE

By:____________________________________

Name:__________________________________

Title:___________________________________

AMENDMENT TO ABBOTT'S FROZEN CUSTARD, INC.
DEVELOPMENT AGREEMENT REQUIRED BY THE STATE OF MARYLAND

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Abbott's Frozen Custard, Inc. Development Agreement (the "Agreement") agree as follows:

1. **Transfers.** The following statement is hereby added at the end of Section 7.2.2.3.:

> , provided, however, the release shall not apply to any liability Developer may have under the Maryland Franchise Registration and Disclosure Law.

2. **Applicable Law and Arbitration; Limitations of Actions.** The Development Agreement is amended by adding the following at the end of Section 14.4:

> Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Development Area.

3. **Applicable Law and Arbitration; Jurisdiction; Venue.** Section 14.6 of the Development Agreement is amended by adding the following:

> Developer may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. **Waiver.** At the end of Section 11 of the Development Agreement, a new Section 11.4 shall be added stating the following:

All representations requiring prospective developers to assent to a release, estoppel, or waiver of liability are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

[Signatures Follow Next Page]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Maryland Amendment to the Development Agreement on the same date as that on which the Development Agreement was executed.

ATTEST

ABBOTT'S FROZEN CUSTARD, INC.

By:____________________________________

Name:__________________________________

Title:___________________________________

DEVELOPER

By:____________________________________

Name:__________________________________

Title:___________________________________

New York

ADDENDUM TO ABBOTT'S FROZEN CUSTARD, INC.
DISCLOSURE DOCUMENT FOR PROSPECTIVE FRANCHISEES

In recognition of the requirements of the New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 201.16 the Franchise Disclosure Document for Abbott's Frozen Custard, Inc. ("AFC") for use in the State of New York shall be amended as follows:

1. Item 3, "Litigation," shall be amended by deleting the Item in its entirety, and substituting the following in lieu thereof:

> Neither AFC, nor any predecessor or principal of AFC, nor any person identified in Item 2, above, has any administrative, criminal, or a material civil or arbitration action (or a significant number of civil or arbitration actions irrespective of materiality) pending against him alleging a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegations.
>
> Neither AFC, nor any predecessor or principal of AFC nor any person identified in Item 2 above, has been convicted of a felony or pleaded <u>nolo contendere</u> to any other felony charge or, during the ten-year period immediately preceding the date of this Disclosure Document, been convicted of a misdemeanor or pleaded <u>nolo contendere</u> to any misdemeanor charge or been found liable in an arbitration proceeding or a civil action by final judgment, or been the subject of any other material complaint or legal or arbitration proceeding if such misdemeanor conviction or charge, civil action, complaint, or other such proceeding involved a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegation.
>
> Neither AFC, nor any predecessor or principal of AFC, nor any person identified in Item 2, above, is subject to any currently effective injunctive or restrictive order or decree relating to franchises, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency.

2. Item 4, "Bankruptcy," shall be amended by deleting the Item in its entirety, and substituting the following in lieu thereof:

> Neither AFC, nor any affiliate, predecessor, officer, or general partner during the 10-year period immediately before the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge for its debts under

the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

3. Item 17d, under the subheading entitled "Termination by You," shall be supplemented by the addition of the following language at the end of the summary:

You may terminate the Franchise Agreement upon any grounds available by law.

4. Item 17j, under the subheading entitled "Assignment of contract by us," shall be supplemented by the addition of the following language at the end of the summary:

However, no assignment shall be made except to an assignee who, in the good faith judgment of AFC, is willing and able to assume AFC's obligations under the Franchise Agreement.

5. Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 201.16 are met independently without reference to this Addendum to the Disclosure Document.

AMENDMENT TO ABBOTT'S FROZEN CUSTARD, INC.
<u>FRANCHISE AGREEMENT REQUIRED BY THE STATE OF NEW YORK</u>

In recognition of the requirements of the New York General Business Law, Article 33, the parties to the attached Abbott's Frozen Custard, Inc. Franchise Agreement (the "Agreement") agree as follows:

1. Section 14.01 of the Agreement, under the heading "Transfer by Franchisor," shall be supplemented by the following language, which shall be considered an integral part of the Agreement:

> Franchisor shall make no assignment except to an assignee who, in Franchisor's good faith judgment, is willing and able to assume Franchisor's obligations under this Agreement.

2. Section XV of the Agreement, under the heading "Termination," shall be supplemented by the following section, which shall be considered an integral part of the Agreement:

> 15.06 Franchisee may terminate this Agreement upon any grounds available by law.

3. Each provision of this Amendment to the Franchise Agreement shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 201.16 are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this New York Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

ATTEST

ABBOTT'S FROZEN CUSTARD, INC.

By:_______________________________

Name:_____________________________

Title:______________________________

FRANCHISEE

By:_______________________________

Name:_____________________________

Title:______________________________

Virginia

**ADDENDUM TO THE ABBOTT'S FROZEN CUSTARD, INC.
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE COMMONWEALTH OF VIRGINIA**

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions will supersede and apply:

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17.h. of the Franchise Disclosure Document shall be amended as follows:

> Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the development agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

2. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Addendum to the Disclosure Document.

Exhibit J

RECEIPT

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Abbott's Frozen Custard, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you the Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any considerations that relates to the franchise relationship.

If Abbott's Frozen Custard, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your state agency listed in Exhibit A.

We have authorized the agents listed in Exhibit B to receive service of process for us. The franchise seller(s) offering this franchise is/are checked off below:

☐ Robert J. Amico, Abbott's Frozen Custard, Inc., 4791 Lake Avenue, Rochester, New York 14612, (585) 865-7400

☐ Brenden Drew, Abbott's Frozen Custard, Inc., 4791 Lake Avenue, Rochester, New York 14612, (585) 314-2921

☐ Name, principle business address and telephone number of any other franchise seller offering this franchise: ______________________________
____

Issuance Date: March 15, 2019. (See the State Cover Page at the front of this disclosure document for state effective dates.)

I have received a franchise disclosure document dated March 15, 2019 that included the following exhibits:

A. Financial Statements
B. Franchise Agreement
C. Equipment and Supply Agreement
D. Development Agreement
E List of Agents for Service of Process
F. List of State Administrators
G. List of Franchisees
H. List of Former Franchisees
I. Multi-State Addenda
J. Receipt (in duplicate)

______________, 20___ ______________________________
Date FRANCHISEE

By: ______________________
Its: ______________________

Please sign and date this page and retain this page in your possession as part of your records.

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J. Receipt (in duplicate)

_______________, 20___ ____
Date FRANCHISEE

By:________________________
Its:________________________

Please remove this page, sign and date this page and return this page to Abbott's Frozen Custard, Inc.