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FRANCHISE DISCLOSURE DOCUMENT

FROST A GELATO SHOPPE

Frost Gelato Franchising, L.L.C.
an Arizona limited liability company
7131 N. Oracle Road
Tucson, Arizona 85704
Telephone: (520) 797-0188
E-mail: orders@frostgelato.com
www.FrostGelato.com

The franchisee will operate a Frost Gelato store that sells frozen Italian gelatos, sorbets, gelato cakes, gelato confections, various coffee, other beverage products and related products. The total initial investment necessary to begin operations ranges from $387,800 to $1,171,500 if you sign a Franchise Agreement for a single unit. This includes between $262,500 and $390,000 which must be paid to the franchisor or its affiliates. The total initial investment necessary to begin operations ranges from $477,800 to $1,351,500 if you sign an Area Developer Agreement, including between $352,700 and $570,000 which must be paid to the franchisor or its affiliates, depending on the number of Frost Gelato stores to be opened. The low estimate includes the development fee if you elect to open ~~two~~ three Frost Gelato stores; the high estimate includes the development fee if you elect to open five Frost Gelato 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 for you. To discuss the availability of disclosures in different formats, contact Stephen Ochoa or Jeff Kaiserman at 7131 N. Oracle Road, Tucson, Arizona 85704, jeff@frostgelato.com, stephen@frostgelato.com and (520) 797-0188.

The terms of your contract will govern your franchise relationship. Don't rely on this 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," 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, DC 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: October 18, 2018

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 REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION/LITIGATION ONLY IN ARIZONA. OUT-OF-STATE ARBITRATION/ LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN ARIZONA THAN IN YOUR OWN STATE.

2. THE FRANCHISE AGREEMENT AND AREA DEVELOPER AGREEMENT STATE THAT ARIZONA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. THE FRANCHISE AGREEMENT AND AREA DEVELOPER AGREEMENT REQUIRE THAT SPOUSES MUST SIGN A GUARANTY MAKING SUCH SPOUSE JOINTLY AND SEVERALLY LIABLE FOR THE OBLIGATIONS UNDER THE AGREEMENT, PLACING HIS OR HER PERSONAL ASSETS AT RISK.

4. THE FRANCHISOR'S AUDITED FINANCIAL STATEMENTS INDICATE THAT CURRENT LIABILITIES EXCEED CURRENT ASSETS. THIS MEANS THAT THE FRANCHISOR MAY NOT HAVE THE FINANCIAL RESOURCES TO PROVIDE SERVICES OR SUPPORT TO YOU.

5. ~~4.~~THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Dates: See next page for state effective dates.

STATE EFFECTIVE DATES

The following states require the franchise disclosure document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This franchise disclosure document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

STATE	EFFECTIVE DATE
CALIFORNIA	PENDING
ILLINOIS	~~PENDING~~ December 5, 2018
VIRGINIA	November 2, 2018
WASHINGTON	PENDING

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APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES REGARDING THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT OR STATE SPECIFIC AMENDMENTS TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES OR STATE SPECIFIC AMENDMENTS, IF ANY, APPEAR IN THE STATE ADDENDA AT EXHIBIT H.

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

To simplify the language in this Franchise Disclosure Document, "FGF," "we" or "us" means Frost Gelato Franchising, L.L.C., the franchisor. "You" means the person who buys the franchise. If the franchisee is a corporation, partnership, limited liability company or other entity, "you" may also refer to its owners.

The Franchisor, its Parent and Affiliates

FGF is an Arizona limited liability company formed on January 14, 2010. We operate under the name Frost Gelato Franchising, L.L.C. and Frost Gelato Shoppe. Our principal business address is 7131 N. Oracle Road, Tucson, Arizona 85704.

We do not have any predecessors or parents or affiliates that offer franchises or provide products or services to our franchisees.

Our agent for service of process in Arizona is Jeffery Kaiserman, 7131 N. Oracle Road, Tucson, Arizona 85704. Our agents for service of process for other states are disclosed in Exhibit F. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

We have one parent entity and four affiliates:

Name	Principal Business Address
Frost, a Gelato Shoppe, L.L.C. ("FGS")	3430 E. Sunrise Drive, STE 180 Tucson, AZ 85718
Frost at Casas Adobes, L.L.C. ("Casa Adobes")	7131 N. Oracle Road Tucson, Arizona 85704
Frost at La Encantada, L.L.C. ("La Encantada")	2905 E Skyline Dr. Tucson, AZ 85718
Frost at Udall, L.L.C. ("Udall")	7301 E. Tanque Verde Rd. Tucson, AZ 85715
Frost Catering, L.L.C. ("Frost Catering")	3430 E. Sunrise Drive, STE 180 Tucson, AZ 85718

We are in the business of franchising Frost Gelato stores and we do not operate Frost Gelato stores ourselves. Our affiliate, Casa Adobes, an Arizona limited liability company, has operated a Frost Gelato store in Tucson, Arizona since 2005. Our affiliate, La Encantada, an Arizona limited liability company, has operated a Frost Gelato store in Tucson since 2008. Our affiliate, Udall, an Arizona limited liability company, has operated a Frost Gelato store in Tucson since 2007. Frost Catering offers catering services featuring Frost Gelato products in the Tucson area.

The Franchise

We are in the business of franchising the right to operate dessert stores under the name "Frost, a Gelato Shoppe" that sell frozen Italian gelatos, sorbets, gelato cakes, gelato confections, various coffee,

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other beverage products and related products. Our gelato stores offer over 38 different and changing gelato and sorbet flavors each day. Frost gelato is made fresh daily in Frost Gelato stores with many ingredients, other than milk, sugar and fruit, imported from Italy.

If you qualify, we may allow you to sign an Area Developer Agreement for the development of either three or five Frost Gelato stores. In addition to the Area Developer Agreement, you must sign our then-current form of Franchise Agreement for each Frost Gelato store in your territory which may differ from the current Franchise Agreement included with this Franchise Disclosure Document. We will charge you the initial franchise fee described in Item 5 of this Disclosure Document for each Frost Gelato store location even if we change the initial franchise fee for other franchisees. We will also charge you the royalty rate described in Item 6 for each of your Frost Gelato stores that you open under the Area Developer Agreement even if we change that rate for other franchisees.

You may not conduct the following unless we permit you to do so: catering activities, online ordering, deliveries and offsite sales at special events including pop-up events. We reserve the right to negotiate regional or national accounts with individuals or companies. If we do so, you must accept the terms of any regional or national account agreements that we negotiate.

Market and Competition

The general market for the goods and services offered by your Frost Gelato store is the general public. Sales by Frost Gelato shops may be seasonal in nature and climate changes may have an effect on the business. The restaurant and food service industry is well developed and highly competitive. Frost Gelato stores compete with other businesses offering ice cream and other frozen dessert items.

Industry-Specific Regulations

In addition to laws and regulations that apply to businesses generally, you may be subject to regulations relating to the operation of an eating and drinking establishment in your state, city or county, including those governing construction, site location, the sale of food and menu-labeling, as well as public health and safety codes and ordinances. These include regulations concerning smoking, sanitation, discrimination, employment and sexual harassment laws as well as the Americans with Disabilities Act, which requires readily accessible accommodations for disabled individuals and may affect your operations. It is your responsibility to comply with these laws. You should consult with your own independent advisors and the government agencies in your state for information on how these laws apply to you. Among the laws and regulations that apply to businesses generally, you must comply with the Patient Protection and Affordable Care Act, 42 USC 18001 (See Exhibit I for more industry-specific laws).

We began offering franchises in March 2010. Neither we nor our affiliates offer franchises in other lines of business.

ITEM 2
BUSINESS EXPERIENCE

Co-President and Co-Chief Executive Officer - Jeff Kaiserman

Mr. Kaiserman has been our Co-President and Co-Chief Executive Officer in Tucson, Arizona since our inception in January 2010. Mr. Kaiserman has also been the Co-President and Co-Chief Executive Officer of all of our affiliates in Tucson, Arizona since their inception, and Co-President and Co-Chief Executive Officer of our parent in Tucson, Arizona since its inception in January 2005.

Co-President and Co-Chief Executive Officer - Stephen Ochoa

Mr. Ochoa has been our Co-President and Co-Chief Executive Officer in Tucson, Arizona since our inception in January 2010. Mr. Ochoa has also been Co-President and Co-Chief Executive Officer of all of our affiliates in Tucson, Arizona since their inception, and has been Co-President and Co-Chief Executive Officer of our parent in Tucson, Arizona since its inception in January 2005.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee

You must pay us an initial franchise fee of $55,000 in a lump sum when you sign the Franchise Agreement. The initial franchise fee is deemed fully earned by us once paid and is non-refundable. The initial franchise fee is uniformly charged to all franchisees.

Required Purchases

You must also purchase the following items from us for your Frost Gelato store. These purchases are non-refundable. The range of costs will vary depending on the size of your Frost Gelato store:

Item	Range of Costs
Opening inventory and supplies	$15,000 to $25,000
Equipment	$175,000 to $275,000
Architectural design*	$17,500 to $35,000

*If you are unable to obtain local architectural designs based on our master designs that we approve, we may charge a franchisee architectural design fee of up to $35,000 to engage a third-party vendor to perform local architectural design services for you.

Area Developer Fees

If you are signing an Area Developer Agreement, you pay a development fee. The area development fee to open three Frost Gelato stores is $145,000, and the development fee to open five Frost Gelato stores is $235,000. To open additional Frost Gelato stores, you must sign the then-current Frost Gelato store Franchise Agreement, but you will not be required to pay an initial franchise fee (all other fees will apply). The area development fee is uniform, payable when you sign your Area Developer Agreement, and is nonrefundable.

ITEM 6
OTHER FEES

Type of Fee(1)	Amount	Due Date	Remarks
Royalty Fee(2)	The greater of: (a) 5% of gross sales; or (b) a minimum royalty fee of $1,000 per month	Bi-weekly every other Monday	The royalty fee is based on gross sales during the previous two week period.
Catering Royalty Fee	The greater of: (a) 5% of gross sales; or (b) $1,000 per month	Bi-weekly every other Monday	After operating your Frost Gelato store for a minimum of six months, if you are a franchisee in good standing, you may apply to us for our consent for you to offer catering services. All sales from catering are subject to minimum royalty fee payments and advertising allocations. Payments are based on gross sales during the previous two week period.
Brand Fund Contribution(3)	Up to 4% of gross sales; currently 2% of gross sales	Bi-weekly every other Monday	The brand fund contribution will be collected with the royalty fee.
Local Advertising Payment	The difference between the amount you spent on local advertising each month and 2% of gross sales	Payable after receipt of invoice	If you fail to meet your required local advertising expenditure, you must pay us the difference between the amount you spent and 2% of gross sales, which will be contributed to the brand fund.
Unauthorized Advertising Fee	$500 per occurrence	Upon demand	This fee is payable to the brand fund if you use unauthorized advertising.
Insurance(4)	Payment of our losses and costs, plus a 20% administrative fee	Upon demand	If you fail to obtain insurance as required by the Franchise Agreement, we may obtain insurance on your behalf and you must reimburse us for the cost of obtaining such insurance plus 20% of the premium as an administrative cost of obtaining the insurance.
Additional Training(5)	Our then-current fee; currently $1,000 per person plus travel expenses	Upon demand	We provide initial training at no charge for up to six weeks and up to two people, one of whom must be a principal owner. We may charge you for training additional persons, newly-hired personnel, refresher training courses, advanced training courses, and

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Type of Fee(1)	Amount	Due Date	Remarks
			additional or special assistance or training you need or request.
Training Fee for a Replacement Designated Store Manager or Operating Principal(6)	Our then-current fee; currently $1,000	Upon demand	Payable when training a replacement designated store manager or operating principal that has not completed our initial training program.
Additional Assistance	Our then-current fee; currently $200 per trainer per day plus travel expenses	As incurred	If you request additional assistance from us and we agree to provide it, we will provide you with trained representatives to provide on- site additional training. We may charge you for additional or special assistance or training you need or request.
Technology Fee	Up to $1,000 per month	Bi-weekly every other Monday	This fee covers certain technologies used in the operation of your Frost Gelato store, including the use of software, website hosting, and other services. You must also pay for any increase in fees that result from an upgrade or modification to the software.
Convention Fee	Our then-current fee; currently $500-$2,500 per meeting, plus costs and expenses for all attendees	Upon demand	We may hold periodic meetings of all Frost Gelato franchisees that you must attend. If you fail to attend a mandatory seminar, convention, or program, we may charge you a $100 non-participation fee per day.
Supplier Review Fee	Costs of inspection (estimated to be approximately $100 to $500)	As incurred	Payable if we inspect a new product, service, or supplier you proposed.
Replacement Manual	$500	Upon demand	Payable if your copy of the operations manual is lost, destroyed, or significantly damaged.
Hours Violation Fee	$250 for first occurrence; $500 for second occurrence; and $1,000 for all future occurrences	Upon demand	Payable if you fail to keep your Frost Gelato store open during the required hours without prior approval.
Customer Issue Resolution	Costs we incur for responding to a customer complaint, which will typically be between $20 and $100	Upon demand	Payable if a customer of the Frost Gelato store contacts us with a complaint and we provide a gift card, refund, or other value to the customer.

Type of Fee(1)	Amount	Due Date	Remarks
Payment Service Fee	Up to 4% of total charge	Upon demand	If payment is made to us or our affiliates by a credit card for any fee required, we may charge a service charge of up to 4% of the total charge.
Late Fees and Interest	The greater of $100 or 5% of the unpaid amount plus the lesser of 18% per annum or the highest rate allowed by applicable law; $100 draft draw charge	Upon demand	Charged on any late payments of fees, amounts due for product purchases, or any other amounts due us or our affiliates, including royalty fees. Interest accrues on all overdue amounts beginning with the first day each payment was due and continues until we receive payment.
Insufficient Funds Fee	$100 per occurrence	Upon demand	Payable if any check or EFT payment is not successful due to insufficient funds, stop payment, or any similar event.
Failure to Submit Required Report Fee	$100 per occurrence and $100 per week	Your bank account will be debited for failure to submit any requested report within 5 days of request	Payable if you fail to submit any required report or financial statement when due. You will continue to incur this fee until you submit the required report.
Audit Expenses	Cost of audit and inspection, any understated amounts, and any related accounting and legal expenses, plus 18% per annum on underpayment (we estimate this cost to be between $500 - $12,000)	On demand	You must pay this if an audit reveals that you understated bi-weekly gross sales by more than 2% or if you fail to submit required reports.
Indemnification	Our costs and losses	As incurred	You must indemnify and reimburse us for any expenses or losses that we or our representatives incur as a result of your action or failure to act.
Professional Fees and Expenses	Will vary depending on circumstances	As incurred	You must reimburse us for any legal or accounting fees that we incur as a result of any breach or termination of any of the agreements. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under any of the agreements.

Type of Fee[1]	Amount	Due Date	Remarks
Successor Franchise Fee	25% of the then-current initial franchise fee	On signing successor Franchise Agreement	This fee is payable if you qualify to renew your Franchise Agreement and choose to enter into a successor Franchise Agreement.
Relocation Fee	$5,000	Upon demand	Payable to us if we approve the relocation of your Frost Gelato store.
Franchise Agreement Transfer Fee[7]	50% of the then-current initial franchise fee, not to exceed the initial franchise fee under your current Franchise Agreement, plus $3,500 for the transferee to attend the initial training program	$1,000 non-refundable deposit at time of transfer application submittal and the remaining balance of fee at time of approved transfer	Payable in connection with the transfer of your Frost Gelato store, a transfer of ownership of your legal entity, or the Franchise Agreement. You may only transfer subject to the satisfaction of certain conditions with our consent (See Item 17).
Liquidated Damages[8]	Will vary depending on circumstances	Within 15 days after termination of the Franchise Agreement	Due only if we terminate the Franchise Agreement before the end of the term because of your material breach, or you terminate the Franchise Agreement without cause.

Notes:

1. Fees. All fees paid to us or our affiliates are uniform and not refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We currently require you to pay fees and other amounts due to us and our affiliates via electronic funds transfer ("EFT") or other similar means. You must complete the EFT authorization (in the form attached to this Franchise Disclosure Document in Exhibit J). We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement. If you enter into an Area Developer Agreement to operate multiple Frost Gelato stores, the fees indicated in the chart above are the fees charged and/or incurred for each Frost Gelato store. All fees are current as of the issuance date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement.

2. Gross Sales. The term "Gross Sales" means the total revenues from all services and products sold at, from, or through your Frost Gelato store, whether or not sold or performed at or from the store (including income related to take-out, catering, and delivery), including the full redemption value of any gift certificate or coupon sold for use at the store (fees retained by or paid to third party sellers of such gift certificates or coupons are not excluded from this calculation) and all income and revenue of every other kind and nature related to the Frost Gelato store operation, whether for cash or credit, and regardless of collection in the case of credit. Gross Sales does not include sales taxes transmitted to a taxing authority, gratuities paid to employees, proceeds from isolated sales of fixtures and equipment, employee meals up to a maximum of $350 per sales period, and the amount of promotions and manager discounts in accordance with our policies.

3. Brand Fund Contribution. The brand fund contribution is used for national and regional advertising, the generation of marketing materials, and for administrative costs associated with our marketing efforts of the system.

4. Insurance. We reserve the right to purchase the required insurance for you if you fail to do so and to seek reimbursement from you.

5. Training for Additional Persons. Training for you or your designated store manager or your operating principal and one additional person is included in your initial franchise fee. Our current fee as of the date this Franchise Disclosure Document was issued is $1,000 per additional person we train at your request. Training fees can be increased or decreased by us at any time in our discretion. You will be responsible for all travel expenses for all additional attendees attending the initial training program, including airfare, lodging, meals, ground transportation, and personal expenses.

6. Training Fee For a Replacement Designated Store Manager or Operating Principal. If your designated store manager or operating principal is replaced, you must allow us to train your new designated store manager or operating principal, as the case may be, at a location designated by us in our discretion. We charge a training fee of $1,000 as of the date this Franchise Disclosure Document was issued. You also must pay for airfare, lodging, ground transportation, meals, salary and benefits, and other personal expenses of your new designated store manager or operating principal, as the case may be, while he or she is in training.

7. Franchise Agreement Transfer Fee. You must pay a transfer fee of 50% of the then-current initial franchise fee, not to exceed the initial franchise fee paid under your original Franchise Agreement, plus $3,500 for the transferee to attend the initial training program. The transferee will also be required to pay for its travel and other expenses to attend the initial training program. These expenses are estimated to be between $1,500 and $2,500. However, no transfer fee is required if you transfer your Franchise Agreement to a business entity in which you own the majority of the company's issued equity securities (but you will be required to reimburse us for any legal fees that we incur in completing the transfer).

8. Liquidated Damages. If you breach our confidential information or trade secrets, you must pay us the greater of: (i) $100,000; or (ii) the decrease in operating profits (e.g., operating revenues minus operating expenses) or increase in operating losses experienced by those Frost Gelato stores affected by the breach of such covenant. If you breach your noncompetition covenants, you must pay us the greater of: (i) $1,000 per day for each day the breach continues; or (ii) the decrease in operating profits or increase in operating losses experienced by the Frost Gelato stores affected by the breach of such covenant.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

[1] Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee[2]	$55,000	$55,000	Lump sum, certified or cashier's check	When you sign the Franchise Agreement	Us
Architectural Design Fee[3]	$17,500	$35,000	Lump sum, certified or cashier's check	When you sign the Franchise Agreement	Approved supplier
Real Estate Leasing[4]	$7,500	$50,000	As agreed	As agreed	Landlord
Leasehold Improvements/ Construction[5]	$75,000	$450,000	As agreed	Before opening	Landlord and contractors
Furniture and Fixtures[6]	$5,000	$25,000	Lump sum	As incurred	Approved supplier and us
Equipment, Computer Hardware, Software, POS[7]	$175,000	$375,000	Lump sum, certified or cashier's check, includes procurement fee	As incurred	Us and vendors
Signs[8]	$7,000	$35,000	Lump sum, certified or cashier's check, includes procurement fee	Before ordering	Vendors
Insurance	$800	$2,500	As agreed	Before opening	Insurance carrier
Opening Inventory and Supplies[9]	$15,000	$35,000	Lump sum	Before opening	Us

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(1) Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Security and Utilities Deposits/ Licenses(10)	$0	$25,000	As agreed	Before opening	Landlord, utilities, local government agencies
Pre-Opening and Grand Opening Promotional Expenses(11)	$3,500	$7,500	Lump sum	When you sign the lease	Vendors
Professional Fees (Legal, Accounting, and Consulting)	$500	$8,500	As incurred	As incurred	Attorneys, accountants, consultants
Business Permits and Licenses	$500	$3,000	As required	Before opening	Various permitting and licensing offices of the government
Travel-Related Expenses for Training	$500	$15,000	As incurred	As incurred	Third parties
Additional Funds (3 Months)(12)	$25,000	$50,000	As agreed	As incurred	Various payees
TOTAL ESTIMATED INITIAL INVESTMENT (13)	$387,800	$1,171,500			
Area Developer	If you purchase multiple Frost Gelato stores under an Area Developer Agreement, you will incur all costs listed above for each Frost Gelato store that you open, except that you will not be required to pay an initial franchise fee, but will be required to pay a development fee as explained in Item 5.				

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Frost Gelato store. We do not offer direct or indirect financing for these items. Our estimates are based on our experience, the experience of our affiliates, and our current requirements for Frost Gelato franchises. The factors underlying our estimates may vary depending on several variables, and the actual investment you make in developing and opening your Frost Gelato store may be greater or less than the estimates given depending upon the location of your store and current relevant market conditions. Your costs will also depend on factors such as how well you follow our methods and procedures; your management skills; your business experience and capabilities; local economic conditions; the local market for our products and services; the prevailing wage rates; competition; and sales levels reached during your initial phase of business operations. All expenditures paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. The refundability of other amounts depends upon your agreement with the applicable supplier or other party.

1. Expenditures. All estimates in this Item 7 are based on new Frost Gelato store locations with a building/premises size of approximately 1,300 to 1,900 square feet which is constructed within a 2 to 4 month period. Your costs will be higher if you choose to open a larger Frost Gelato store, or if it takes longer to construct your Frost Gelato store. The costs for fixtures, rent, and improvements will vary based on the square footage, location, and other factors.

2. Initial Franchise Fee. See Item 5 for additional information about your initial franchise fee. If you sign an Area Developer Agreement, the only additional initial cost that you will incur over the purchase of a single franchise will be the Development Fee (which will result in a $57,500 increase if you sign an Area Developer Agreement for three Frost Gelato stores and a $120,000 increase for if you sign an Area Developer Agreement for five Frost Gelato stores) until you sign the Franchise Agreement for the additional Frost Gelato stores. Once you sign the Franchise Agreement for additional Frost Gelato stores, you will begin to incur the costs listed in this Item 7 (except for the initial franchise fee). These costs may increase in the future depending on when you open the additional Frost Gelato stores.

3. Architectural Design Fee. If you are unable to obtain local architectural designs based on our master designs that we approve, we may charge a franchisee architectural design fee of up to $35,000 to engage a third-party vendor to perform local architectural design services for you. The franchisee architectural design fee is non-refundable once paid.

4. Real Estate Leasing. If you do not own adequate space, you must lease space for your Frost Gelato store. Generally, this will require that you pay the first and the last month's rent, plus a security deposit, at the time you sign the Frost Gelato store lease. Frost Gelato stores are generally located in upscale strip shopping centers, suburban power centers, downtown locations, classy or upscale business centers, office parks, and lifestyle centers outside shopping areas. The typical size of a Frost Gelato store is approximately 1,300 to 1,900 square feet. In most cases, the business terms and conditions of all agreements relating to the purchase, lease, and alteration of the property will be negotiated with our assistance or the assistance of our designee. We also require that you incorporate certain legal provisions into your lease.

5. Leasehold Improvements/Construction. In most cases you will need to alter the interior of your Frost Gelato sore location before you open your Frost Gelato store. The costs will vary widely and may be significantly higher than projected in this table, depending on factors such as property location, labor and material costs, economic climate, prevailing interest rates and other financing costs, the condition of the property, and the extent of the alterations required. The estimates do not include the costs of any necessary site development or site engineering work, nor do they include capitalized costs of rent or other occupancy costs over either the life of the lease or the life of your investment. In addition, these amounts do not reflect costs for the purchase of unimproved land and construction of a Frost Gelato store building, which also would result in a significantly greater initial investment. These estimates assume that the landlord will provide a shell space which, at a minimum, includes concrete floors, demised walls, HVAC, roof, exhaust vent chaseway, restrooms, flooring, software lighting, and utilities sufficient for a Frost Gelato store. You should investigate all of these costs in the area where you wish to establish your Frost Gelato store.

6. Furniture and Fixtures. These amounts include costs for chairs, tables, restaurant small-wares, TV/Stereo system, office furniture, safe, window treatments, artwork/artifacts, menu boards, ceiling fans, plants, computer hardware and software, miscellaneous decor items, and interior signs required for the Frost Gelato store.

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7. Equipment. This amount includes all equipment to make and display gelato, other frozen treats, and other products offered for sale from your Frost Gelato store. You will be required to purchase this equipment directly from us. These amounts also include computer- related costs for wireless network equipment, computer hardware, wireless camera system, complete point-of-sale (POS) system, back of the house computer hardware, and all necessary guest check printers, credit card "swipe/read" terminals, printers, and modems which you will be required to purchase from our approved supplier.

8. Signs. You must purchase our approved signs for the exterior of your Frost Gelato store. We will provide you with the specifications that must be followed.

9. Opening Inventory and Supplies. We estimate that the range given will provide sufficient inventory (food, beverages, and disposables) for opening your Frost Gelato store. These amounts may vary according to your sales volume and approved local suppliers' terms. We reserve the right to change the selection of opening inventory at any time. Your initial supply requirements will vary depending upon the anticipated sales volume as well as current market prices. The required supplies will include, non-branded paper products, stickers and silverware, some of which you must purchase directly from us or our affiliate.

10. Security and Utilities Deposits/Licenses. These amounts include an estimated security deposit (equal to one month's rent) and utility deposits. The actual amount of these deposits will vary depending on local landlord practices and other factors. These amounts also include the estimated cost of obtaining a license or permit from a state agency to sell food. Other permit and license fees will also vary depending on location and whether applicable laws require the payment of occupational or other taxes for the Frost Gelato store. Taxes are not included.

11. Pre-Opening and Grand Opening Promotional Expenses. You must spend a minimum of $3,500, but you should plan to spend between $3,500 and $7,500 on your pre-opening advertising (at least 30 days before the grand opening of your Frost Gelato store) and on your grand opening. The recommended grand opening celebration should last at least one week.

12. Additional Funds. These amounts represent our estimate of the amount needed to cover your expenses for the initial 3-month start-up phase of your Frost Gelato store. They include rent, common area maintenance, insurance, property taxes, and other typical lease expenses, uniforms, administrative, janitorial, maintenance, utilities, and raw ingredients for operation. These expenses include payroll costs during the first three months of operation, but not any draw or salary for you. These figures do not include standard pre-opening expenses, royalty fees, or brand fund contributions payable under the Franchise Agreement or debt service, and assume that none of your expenses are offset by any sales generated during the start- up phase. We estimate the start-up phase to be three months from the date your Frost Gelato store opens for business. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting your Frost Gelato store. You must bear any deviation or escalation in costs from the estimates that we have given. Your costs will depend on factors such as: how well you follow our methods and procedures; your management skills, experience, and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; competition; the sales level you reach during the start-up period; and the size of your Frost Gelato store. Additional funds for the operation of your Frost Gelato store will be required after the first three months of operation if sales produced by the Frost Gelato store are not sufficient to produce positive cash flow.

13. Figures May Vary. This is an estimate of your initial startup expenses for one Frost Gelato store. You should review these figures carefully with a business advisor before making any decision to purchase the Franchise.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Standards and Specifications

To ensure that you maintain the highest degree of quality and service, you must operate the Frost Gelato store in strict conformity with the methods, standards, and specifications we list in our proprietary and confidential Frost Gelato Operations Manual as mandatory. Our manual may exist in various parts, locations, and formats, and may include a combination of audio, video, written material, electronic media, website content, and/or software components. You must not: (i) deviate from these methods, standards, and specifications without our prior written consent; or (ii) otherwise operate in any manner which reflects adversely on our marks or the system. Our Frost Gelato Operations Manual states our standards, specifications, and guidelines for all products and services we require you to obtain in establishing and operating your Frost Gelato store.

We will notify you of new or modified standards, specifications, and guidelines through periodic amendments or supplements to the Frost Gelato Operations Manual or through written communication (including electronic communication). We will issue copies of our standards and specifications to you and approved and proposed suppliers, unless these standards and specifications contain our confidential information. You must purchase, install, maintain in sufficient supply, and use, only fixtures, furnishings, equipment, signs, and supplies that conform to the standards and specifications described in the Frost Gelato Operations Manual or otherwise in writing.

You must prepare, store, and present all menu items in accordance with the recipes and procedures specified in the Frost Gelato Operations Manual or other written materials. You must not deviate from these standards and specifications nor use or offer any non-conforming item or differing amounts of any item without obtaining our written consent first. You must sell and offer for sale only those menu items, products, and services that we have expressly approved for sale in writing. We have exclusive control over all menu items. You must sell and offer for sale all products and services required by us in the manner and style we require, including the sale of pre-packaged food products. You must discontinue selling and offering for sale any items, products, and services we may disapprove in writing at any time.

You must maintain and preserve for the time period specified in the Frost Gelato Operations Manual, full, complete, and accurate books, records, and accounts in accordance with the standard accounting system described in the Frost Gelato Operations Manual or otherwise in writing. You must retain for the entirety that you own the Frost Gelato store all books and records regarding the Frost Gelato store, including daily sales reports, invoices, payroll records, customer lists, check stubs, sales tax records, tax returns, cash receipts, disbursement journals, and general ledgers.

You must submit to us within 30 days of the end of each calendar quarter, in a format approved by us, a profit and loss statement and balance sheet for the preceding quarter. Additionally, you must, at your own expense, submit to us within 90 days of the end of each fiscal year, in a format approved by us, a profit and loss statement for that fiscal year and a balance sheet as of the last day of that fiscal year, including all adjustments necessary for fair presentation of the financial statements. You and an operating principal must certify the financial statements to be true and correct.

You must submit to us other periodic reports, forms, and records as specified, and in the manner and at the time as specified in the Frost Gelato Operations Manual or as we otherwise require periodically in writing.

You must use the computer hardware and software, including the POS system, that we periodically designate to operate your Frost Gelato store. You must obtain the computer hardware, software licenses, maintenance and support services, and other related services that meet our specifications from the suppliers we specify. You must obtain the insurance coverage required under the Franchise Agreement. The insurance company must be authorized to do business in the state where your Frost Gelato store is located and must be approved by us. It must also be rated "A" or better by A.M. Best & Company, Inc. We may periodically change the amounts of coverage required under these insurance policies and require different or additional insurance coverage at any time. All insurance policies must name us and any affiliates we designate as additional named insured parties.

Purchases from Approved Suppliers

You must purchase certain equipment, signage, initial inventory, materials, and supplies from us in establishing and operating your Frost Gelato store, and we are the only approved supplier of these certain items. We are currently the only approved supplier of the gelato base, initial inventory, and equipment purchases. We are an approved supplier of the architectural design services.

. During our last fiscal year, we derived $1,101,624.13 in revenue from the sale or lease of products or services to franchisees in the United States. This revenue represents approximately 69.5% of our total revenue of $1,585,265.23.

We or our affiliate may become an approved supplier of Frost Gelato branded serving products, including, among others, paper take-out products and Frost Gelato branded apparel, Frost Gelato gelato flavor syrups, and Frost Gelato bases. We or our affiliate currently charge a surcharge on products purchased by franchisees which covers the costs we incur in selecting, packaging, and distributing these products to you. We reserve the right to become an approved supplier (or appoint an affiliate as an approved supplier) of other goods and services in the future. Some of our officers own an interest in FGF, which is an approved supplier. We and our affiliates may receive rebates from suppliers based on your purchase of products and services, promotional allowances, volume discounts, and other payments.

You must purchase all products, equipment, supplies, and materials (including your POS system and computer system), and other products used or offered for sale at Frost Gelato stores only from approved suppliers (including manufacturers, wholesalers, and distributors). We estimate that approximately 75-80% of purchases required to open your store, and 75-80% of purchases required to operate your store, will be from us or from other approved suppliers and under our specifications.

You must use our designated or approved contractors and consultants to design the layout, draw the plans, submit permits on your behalf, and build out your store. Your account charts must be in the form that we require as set forth in the Frost Gelato Operations Manual.

We may develop certain products for use in the Frost Gelato stores which are prepared from confidential secret recipes and menu items and that are our trade secrets. Because of the importance of quality and uniformity of production and the significance of the use of the products in the Frost Gelato stores, we will require you to use only our proprietary recipe products and purchase these and other items solely from us or a designated supplier.

You must permit us and our agents, at any reasonable time, without prior notice to you, to remove a reasonable number of samples of food or non-food items from your inventory or from your Frost Gelato store, free of charge, for testing by us or by an independent laboratory, to determine whether the samples meet our then-current standards and specifications. In addition to any other remedies we may have, we may require you to pay for the testing if we have not previously approved the supplier of the item.

We do not have purchasing and distribution co-operatives as of the date this Franchise Disclosure Document was issued. However, we may negotiate purchase arrangements with suppliers and distributors of approved products for the benefit of our franchisees, and we reserve the right to receive rebates from suppliers based on volume discounts from our purchase of products that we may resell to you or your purchase of products and services, promotional allowances, volume discounts, and other payments. We do not provide material benefits, such as renewing or granting additional franchises to franchisees based on their use of designated or approved suppliers. There are no caps or limitations on the maximum rebates we may receive from our suppliers as the result of franchisee purchases. During our last fiscal year, we did not collect any rebates from our suppliers. One of our suppliers occasionally provides us free samples that we may use in Frost Gelato stores owned by our affiliates.

Approval of New Suppliers

We may update the list of approved suppliers in the Frost Gelato Operations Manual. If you desire to have a non-approved supplier of a product or service designated as an approved supplier, you must submit samples of the supplier's products or services to us, along with a written statement describing why such items, services, or suppliers should be approved for use in the system. We reserve the right to charge a fee to evaluate the proposed supplier. We do not make our supplier specifications and standards generally available to franchisees or suppliers. While we will be required to respond to a request within 60 days, we generally respond to a request for an additional approved supplier within seven (7) days. Our written approval must be received before you use products not purchased from an approved supplier. We may revoke our approval at any time if we determine, in our discretion, that the supplier no longer meets our standards. When you receive written notice of a revocation, you must stop selling any disapproved products, and stop purchasing from any disapproved supplier.

ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise agreement 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.

Obligation	Section In Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Section 2 and Attachment A to Franchise Agreement	Items 7 and 11
b. Pre-opening purchase/leases	Sections 6, 7 and 8 of Franchise Agreement	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	Sections 2 and 5 of Franchise Agreement	Items 7, 8 and 11
d. Initial and ongoing training	Sections 5 and 6 of Franchise Agreement	Items 6 and 11
e. Opening	Sections 2 and 6 of Franchise Agreement	Items 7 and 11
f. Fees	Sections 4 and 8 of Franchise Agreement and Section 3 of Area Developer Agreement	Items 5, 6 and 7

Obligation	Section In Agreement	Disclosure Document Item
g. Compliance with standards and policies/Frost Gelato Operations Manual	Sections 6, 7, 8, 9, 10, 11 and 12 of Franchise Agreement	Items 11 and 14
h. Trademarks and proprietary information	Sections 10 and 11 of Franchise Agreement; Section 10 of Area Developer Agreement	Items 11, 13 and 14
i. Restrictions on products/services offered	Section 7 of Franchise Agreement	Items 8 and 16
j. Warranty and customer service requirements	Section 7 of Franchise Agreement	Item 16
k. Territorial development and sales quotas	Section 2 and Attachment A to Franchise Agreement; and Section 4 and Attachments A and B to Area Developer Agreement	Item 12
l. Ongoing product/service purchases	Section 7 of Franchise Agreement	Items 6 and 8
m. Maintenance, appearance and remodeling requirements	Section 7 of Franchise Agreement	Item 16
n. Insurance	Section 12 of Franchise Agreement	Items 6, 7 and 8
o. Advertising	Sections 7 and 8 of Franchise Agreement	Items 6, 7 and 11
p. Indemnification	Section 15 of Franchise Agreement; and Section 14 of Area Developer Agreement	Item 6
q. Owner's participation/management/staffing	Section 6 of Franchise Agreement; and Section 1 of Area Developer Agreement	Items 11 and 15
r. Records and reports	Sections 4 and 11 of Franchise Agreement	Items 6 and 8
s. Inspections and audits	Sections 5, 7, and 11 of Franchise Agreement	Items 6, 8 and 11
t. Transfer	Section 14 of Franchise Agreement; and Section 8 of Area Developer Agreement	Items 6 and 17
u. Renewal	Section 3 of Franchise Agreement	Items 6 and 17
v. Post-termination obligations	Section 18 of Franchise Agreement; and Section 7 of Area Developer Agreement	Items 6 and 17
w. Non-competition covenants	Section 10 and Attachment E to Franchise Agreement; and Section 11 to Area Developer Agreement	Item 17
x. Dispute resolution	Section 19 of Franchise Agreement; and Section 21 of Area Developer Agreement	Items 6 and 17
y. Other: Owner's Agreement and Guaranty and Assumption of Area Developer's Obligations	Attachment C to Franchise Agreement; Attachment D to Area Developer Agreement	Item 9

Notes:

1. Each individual who owns an interest in a franchisee or an area developer that is a business entity may be required to sign an agreement to maintain confidentiality and not to compete and an agreement guaranteeing all obligations of the "Franchisee" under the Franchise Agreement (Attachment C to the Franchise Agreement) or of the "Area Developer" under the Area Developer Agreement (Attachment D to the Area Developer Agreement).

ITEM 10
FINANCING

We do not offer direct or indirect financing to you. We do not guarantee your note, lease, or other obligation.

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

Except as listed below, FGF is not required to provide you with any assistance.

Pre-Opening Obligations

Before you open your Frost Gelato store, we (or our designee) will provide the following assistance and services to you:

1. Designate your site selection area, authorized territory, and local area (See Franchise Agreement, Section 5.2(a)).

2. Provide, at our option, home-study materials (See Franchise Agreement, Section 5.2(i)).

3. Provide site selection guidelines and criteria, and provide site selection assistance to determine an acceptable location for your Frost Gelato store (See Franchise Agreement, Section 5.2(b)).

4. Review the lease for your Frost Gelato store (See Franchise Agreement, Section 5.2(d)).

5. Lend you one copy of the standards and specifications for the construction of a typical Frost Gelato store, including interior and exterior design, layout, floor plans, signs, color décor, equipment, and fixtures (See Franchise Agreement, Section 5.2(e)).

6. Provide you with a preliminary design meeting, guidance, and assistance on submitting permits, and provide copies of preliminary design plans for your Frost Gelato store site. This does not include payment of any government fees or architectural and engineering requirements or fees. If you are unable to find a local architect to which we consent, we may engage one on your behalf and charge you a fee for such service (See Item 7 and Franchise Agreement, Section 5.2(e)).

7. Lend you or make available to you on our website, one copy of our confidential and proprietary Frost Gelato Operations Manual. Our Frost Gelato Operations Manual contains approximately 168 pages. The table of contents for the Frost Gelato Operations Manual is attached to this Franchise Disclosure Document as Exhibit D (See Franchise Agreement, Section 5.2(h)).

8. Provide a list of our authorized or designated suppliers, vendors, and contractors for the buildout of your Frost Gelato store (as described in Section 7 of the Franchise Agreement), as revised by us periodically (See Franchise Agreement, Section 5.2(f)).

9. Provide an initial training program in Tucson, Arizona or another location designated by us for you, or if you are not an individual, your designated store manager or operating principal and one other person (for a total of two individuals) before opening your Frost Gelato store. You must pay for all travel-related expenses. There is no additional fee for this training if both attendees attend at the same time (See Item 7 and Franchise Agreement, Section 5.2(j)).

10. Conduct a pre-opening inspection and provide pre-opening assistance of the type we determine (See Franchise Agreement, Section 5.2(g)).

11. Provide a company representative to attend your grand opening (See Franchise Agreement, Section 5.2(k)).

12. Provide the initial marketing materials for use in advertising and promotional programs for your Frost Gelato store (See Franchise Agreement, Section 5.2(n)). You will pay no additional fee for this service (See Item 7).

13. Provide an initial set of branded supplies, which may include branded paper products, menus, uniforms, and gift cards (See Item 7 and Franchise Agreement, Section 5.2(o)).

14. Provide consultation regarding selection and installation of the computer system (See Franchise Agreement, Section 5.2(m)).

15. Provide assistance with establishing and using administrative, bookkeeping, accounting, and inventory control procedures (See Franchise Agreement, Section 5.3).

16. If you sign an Area Developer Agreement, we will designate your development territory and development schedule within which you may develop a specified number of Frost Gelato stores (See Area Developer Agreement, Section 4).

Except as listed above, we are not required to provide any other service or assistance to you before the opening of your Frost Gelato store.

Site Selection

You must select the site for your Frost Gelato store, subject to our approval. You may not relocate your Frost Gelato store without our prior written consent. Before leasing or purchasing the site for your Frost Gelato store, you must submit to us, in the form we specify, a description of the site, with other information and materials we may reasonably require, including a letter of intent or other evidence that confirms your favorable prospects for obtaining the site no later than 90 days after the mutual execution of the Franchise Agreement. If you fail to do so, we may terminate the Franchise Agreement. We will have ten days after we receive the information and materials to evaluate the proposed site. If we approve your site, you must purchase or lease, at your expense, the site for the Frost Gelato store within 30 days after our evaluation. If we disapprove of the proposed site, you must select another site, subject to our consent. If we do not provide you with approval for your alternate site, we may extend your opening deadline while you continue to look for another alternate site or we may terminate the Franchise Agreement. We may also extend the construction period of your Frost Gelato store to accommodate delays in selecting and obtaining our approval of a site or alternate site.

You must submit for review and approval any sale or lease contract before you sign it (See Item 8). We will have ten days after we receive the sale or lease contract to provide our approval or disapproval.

You must purchase or lease, at your expense, the site for your Frost Gelato store, obtain permit and zoning approval, and comply with all other state and local requirements for the site, and build out the site within 12 months after receipt of our approval. <u>We do not typically own the premises and lease them to you.</u>

We will consult with you on our current site selection guidelines and provide other site selection counseling, as we deem advisable. Our consent to the site may be based on market and real estate analysis of the site and reports containing demographic information for the site, or other criteria we deem appropriate. Although we will consult with you on your site and require your site be subject to our final authorization, you have the ultimate responsibility in choosing, obtaining, and developing the site for your Frost Gelato store. Our consultation and approval is not a promise or guarantee that the Frost Gelato store operated at your site will be successful.

If you and we cannot agree on a site, the Franchise Agreement will be terminated and no fees will be refunded.

If you sign an Area Developer Agreement, we will evaluate and approve sites for additional locations using our then-current site criteria when you sign the then-current form of Franchise Agreement.

Approval of Lease or Purchase Agreement

We must approve the lease or purchase agreement for your site in writing before you sign any lease agreement or purchase agreement for your Frost Gelato store. Any lease for your Frost Gelato store will, at our option: (a) provide for notice to us of, and our right to cure, your default under any lease or sublease; (b) provide for your right to assign your interest under any lease or sublease to us without the lessor's or sublessor's consent; (c) include a right to reassign to us or our designee without the lessor's consent; (d) provide that the premises shall be used exclusively for the operation of the Frost Gelato store; (e) provide that the lessor consents to the use of the marks and signs, decor, color scheme, and related components of the system as we may prescribe for the Frost Gelato store; (f) provide that you may not sublease or assign all or any part of your occupancy rights, or extend the term of or renew the lease without our prior written consent; (g) provide that you and lessor shall not amend or otherwise modify the lease in any manner that would materially affect any of these requirements without our prior written consent; (h) provide that the lessor acknowledges and agrees that any furniture, fixtures, equipment, or personal property maintained by you on the premises, whether leased or owned by you, are not the property of lessor, and shall be subject to our purchase option provided for in the Area Developer Agreement or in the Franchise Agreement for the Frost Gelato store in the event of your default under the lease, the Area Developer Agreement, or the Franchise Agreement, and may be removed at expiration or termination of the lease, so long as such removal is accomplished without damage to the premises; and (i) any other reasonable terms that we may require. Any lease submitted for our review must contain a rider to the lease, prepared by us, that is signed by you, by us, and by the lessor. This rider is attached to the Franchise Agreement as Attachment B. The rider as written satisfies all the above conditions.

You must deliver a copy of the signed lease or sublease or purchase agreement to us within 15 days of signing. You must also agree that you will not sign or agree to any modification of the lease or sublease without our prior written consent.

You must utilize our master architectural designs for your Frost Gelato store. You must utilize a local architect and general contractor to whom we have consented to conform our general designs to your Frost Gelato store. We may charge a franchisee architectural design fee of up to $35,000 to engage third-party vendors to perform local architectural design services for you if you are not able to find a local architect to whom we consent.

All leasehold improvements must comply with our plans and specifications. You must comply with all applicable ordinances, building codes, and permit requirements, and with lease requirements and restrictions. You must submit construction plans or build-out plans and specifications to us for our approval before construction of your Frost Gelato store begins, and you must submit all revised plans and specifications to us for our approval during construction.

Schedule for Opening

The typical length of time between signing the Franchise Agreement and the opening of the Frost Gelato store can vary from four to nine months. You must schedule the opening of your Frost Gelato store within 365 days after signing the Franchise Agreement, unless you obtain a written extension of this time period from us. You are required to follow our pre-opening construction requirements as contained in the Frost Gelato Operations Manual, which currently include a requirement that you send us weekly photographs of the progress of the buildout of your Frost Gelato store. If you fail to meet these requirements, you will delay the opening of your Frost Gelato store.

Failure to open your Frost Gelato store within this 365-day window is a material breach of the Franchise Agreement, which provides us with the right to terminate the Franchise Agreement. Some factors which may affect this timing are your ability to acquire a location through lease or purchase negotiations, your ability to secure any necessary financing, your ability to comply with local zoning and other ordinances, your ability to obtain customized architectural plans and any necessary permits and certifications, the timing of the delivery of equipment, tools, and inventory, and the time to convert, renovate, or build out your Frost Gelato store. You must comply with all ordinances, building codes, and permit requirements, and with any lease requirements and restrictions. You are required to have your contractor present during our onsite visit prior to the opening of your Frost Gelato store.

You must order your fixtures, non-perishable inventory, and computer system before your Frost Gelato store is scheduled to open, and have these items delivered at least three to four weeks before the date your Frost Gelato store is scheduled to open.

You may not open your Frost Gelato store until: (1) you have fulfilled all of your pre-opening obligations; (2) you have completed the initial training program to our satisfaction; (3) pre-opening training of personnel has been completed to our satisfaction; (4) all amounts due to us have been paid; (5) we have been furnished with copies of all insurance policies and certificates required by the Franchise Agreement, or other documentation of insurance coverage and payment of premiums we request; (6) you notify us that all approvals and conditions set forth in the Franchise Agreement have been met; (7) you have received all required permits and licenses; and (8) you have ordered, received, and installed your fixtures, equipment, furniture, computer system, supplies, inventory, and related materials. You must be prepared to open and operate your Frost Gelato store immediately after we state that your Frost Gelato store is ready for opening.

Continuing Obligations

During the operation of your Frost Gelato store, we (or our designee) will provide the following assistance and services to you:

1. Make a representative reasonably available to you on the telephone or via e-mail during our regular business hours, as we determine is necessary, to discuss your operational and marketing issues (See Franchise Agreement, Section 5.3(a)).

2. Provide guidance on advertising, marketing, hiring techniques, and pricing, and develop advertising and promotional materials for use in marketing and conducting local advertising for your Frost Gelato store (See Franchise Agreement, Section 5.3(c)).

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3. Provide you, in our sole discretion, with advertising materials. We may charge you for these advertising materials (See Franchise Agreement, Section 5.3(b)).

4. Inform you of mandatory standards, specifications, and procedures for the operation of your Frost Gelato store, as described in Item 8 (See Franchise Agreement, Section 5.3(f)).

5. Maintain the brand fund. We may dissolve the brand fund upon written notice (See Franchise Agreement, Section 5.3(e)).

6. Establish local advertising cooperatives and, at our discretion, placement of a yellow pages and other business listings at your cost, or the cost of any applicable cooperative (See Franchise Agreement, Section 5.3(d)).

We are not required to provide any other service or assistance to you for the continuing operation of your Frost Gelato store. We reserve the right, in our discretion, to delegate some or all of our pre-opening and continuing obligations under the Franchise Agreement to an affiliate or third party representative. These obligations may include initial and ongoing training, site selection assistance, inspections, and operations support.

Optional Assistance

During the term of the Franchise Agreement, we (or our designee) may, but are not required to, provide the following assistance and services to you:

1. Modify, update, or change the system, including the adoption and use of new or modified trade names, trademarks, service marks, or copyrighted materials, new products, new equipment, or new techniques.

2. Make periodic visits to your Frost Gelato store for the purpose of assisting in all aspects of the operation and management of your Frost Gelato store, prepare written reports concerning these visits outlining any suggested changes or improvements in the operation of your Frost Gelato store, and detailing any problems in the operations which become evident as a result of any visit. If provided at your request, you must reimburse our expenses and pay our then-current training charges.

3. A representative of ours may, at our sole discretion, provide additional assistance or remedial training. If we provide additional assistance at your request or remedial training in our discretion, we may charge you a fee. If we provide additional assistance, we must agree in advance on the charges you will pay and the length of the visit. Whether there are additional charges and the charge amount will depend on the nature of the services, the assistance required, and the experience level of the trainee. If we provide additional training to you for newly-hired personnel, refresher training courses, and additional training or assistance that, in our discretion, you need or request, you must pay us a fee in the amount set by us, which as of the date this Franchise Disclosure Document was issued is $1,000 per additional person for initial training, and $1,000 per attendee per day for additional training, plus costs and expenses (See Item 6 and Franchise Agreement, Section 5.3(g)).

4. Hold periodic national, regional, or local workshops and seminars to discuss business and operational issues affecting Frost Gelato franchisees (See Franchise Agreement, Section 5.3(h)).

Advertising

Brand Fund

We have a brand fund to advertise the Frost Gelato system on a national basis. You must pay a brand fund contribution of 1% of your gross sales at the same time you pay your minimum royalty fee, based on the gross sales you generated in the previous reporting period. We reserve the right to increase your contribution to 4% by decreasing your local advertising expense requirement upon written notice to you. The brand fund contribution will be posted to the brand fund. We do not maintain the brand fund in a separate bank account. The brand fund will be administered by us, or one of our affiliates or designees, and we may use a professional advertising agency or media buyer to assist us.

Your contribution to the brand fund will be in addition to all other advertising fees. Each franchisee will be required to contribute to the brand fund but certain franchisees may contribute on a different basis depending on when they signed the Franchise Agreement. Outlets owned by our affiliates may contribute to the brand fund on the same basis as franchisees, but they are not required to do so.

<u>We will use the brand fund to conduct advertising for the franchise system.</u> We have complete discretion on how the brand fund will be utilized. We may use the brand fund for local, regional or national marketing, advertising, sales promotion and promotional materials, public and consumer relations, website development and search engine optimization, the development of technology for the system and any other purpose to promote the Frost Gelato store brand. We may reimburse ourselves, our authorized representatives or our affiliates from the brand fund for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting, legal expenses, taxes, and all other reasonable direct or indirect expenses that may be incurred by us or our authorized representatives and associated with the programs funded by the brand fund. We do not guarantee that advertising expenditures from the brand fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We will not use the brand fund contributions for advertising that is principally a solicitation for the sale of franchises, but we reserve the right to include a notation in any advertisement indicating "Franchises Available" or similar phrasing or include information regarding acquiring a franchise on or as a part of materials and items produced by or for the brand fund.

We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the brand fund or to maintain, direct, or administer the brand fund. Any unused funds in any calendar year will be applied to the following year's funds, and we reserve the right to contribute or loan additional funds to the brand fund on any terms we deem reasonable.

The brand fund is not audited. We will provide an annual accounting for the brand fund that shows how the brand fund proceeds have been spent for the previous year upon written request. We began collecting brand fund contributions in 2017.

During the fiscal year ended December 31, 2017, the brand fund was spent as follows:

Category	2017 Expenses	Percent of Total 2017 Expenses
Production	$ 43,480.74	88%
Media Placement	$0	0%

Category	2017 Expenses	Percent of Total 2017 Expenses
Administrative Expenses	$3,500.00	7%
Other	$ 2,438.18	5%
Total	$49,418.92	100%

Local Advertising

In addition to the brand fund contributions, we require that you continue to spend 2% of gross sales each month on local advertising until a local advertising cooperative is formed, at which point your expenditure may decrease to a minimum local advertising expense of one percent of gross sales. If you fail to spend the minimum local advertising expense, you must pay the difference to us, or if established, to the brand fund. The minimum local advertising expense will be used for local advertising, to be selected and placed by you, within the appropriate boundaries of a local area that we determine. The minimum local advertising expense is reserved only for marketing, promotions, and advertising of your Frost Gelato store. You may not advertise outside your local area without our consent. You must provide us with monthly reports showing your minimum local advertising expense.

All advertising and promotions you use must be conducted in a dignified manner and must conform to the standards and requirements that we state in the Frost Gelato Operations Manual or otherwise. You must submit in writing at least 60 days prior, and obtain our consent by, all advertising and promotional plans and materials before your use of them if the plans and materials have not been prepared by us or previously approved by us during the last six months. We will review your request and we will respond in writing within ten days from the date we receive all requested information. Our failure to notify you in the specified time frame will be deemed a disapproval of your request. You may not use any unapproved plans or materials. You must promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, on notice from us. All use of logos, marks, and other name identification materials must follow our approved standards. You may not use our logos, marks, and other name identification materials on items to be sold or services to be provided without our prior written approval. If we approve of promotional items or services that will be sold in your Frost Gelato store, those items or services must be in your gross sales, and will be subject to royalty fees and the local advertising requirement. If you use unauthorized advertising materials, you must pay an unauthorized advertising fee of $500 per occurrence to us. We reserve the right to require all franchisees to use an advertising agency that we designate. We reserve the right to direct your local advertising, and must approve all local advertising agencies you use. You must submit in writing all local advertising agencies you intend to use. We will notify you of our approval or disapproval within ten business days.

You agree, at your sole cost and expense, to issue and offer such rebates, giveaways, and other promotions in accordance with advertising programs established by us, and further agree to honor the rebates, giveaways, and other promotions issued by other Frost Gelato franchisees under any such program, so long as such compliance does not contravene any applicable law, rule, or regulation. You will not create or issue any gift cards and certificates and will only sell gift cards and certificates that have been issued or sponsored by us and which are accepted at all Frost Gelato stores, and you will not issue coupons or discounts of any type except as approved by us.

Local Advertising Cooperative

We also may designate any geographic area in which two or more Frost Gelato stores are located as a region for establishing a local advertising cooperative. The members of the local advertising cooperative for any area will consist of all Frost Gelato stores, whether franchised or operated by us or our affiliates. We will determine in advance how each local advertising cooperative will be organized and governed and when it must start operation. Each local advertising cooperative will be organized for the sole purpose of administering advertising programs and developing, subject to our approval, promotional materials for use by the members in the local advertising cooperative. If a local advertising cooperative has been established for a geographic area where your Frost Gelato store is located when the Franchise Agreement is signed, or if any local advertising cooperative is established during the term of the Franchise Agreement, you must become a member of the local advertising cooperative and abide by the rules of the local advertising cooperative. We reserve the right to form, change, dissolve, or merge any local advertising cooperative.

If we establish a local advertising cooperative for your area, you must contribute to the local advertising cooperative the amounts required by its governing documents, which we will prepare. Your contribution to the local advertising cooperative will not be less than one percent of gross sales. Your contributions to the local advertising cooperative, if any, may be credited against your minimum local advertising expense obligation, up to two percent. Your total contributions to the local advertising cooperative and minimum local advertising expense will not exceed seven percent of your gross sales unless the members of the local advertising cooperative vote to increase the amount the members contribute to the local advertising cooperative. In no event will your local advertising cooperative contribution be more than six percent of your gross sales. You must pay these increased contributions even if you vote against the increase. All contributions to the local advertising cooperative will be maintained and administered per the documents governing the local advertising cooperative. The local advertising cooperative will be operated solely as a conduit for collecting and spending cooperative fees for the purposes outlined above. The local advertising cooperative may not use any advertising or promotional plans or materials or any local advertising agency without our prior approval. Additionally, we reserve the right to take control of local advertising cooperative funds.

The amount of contribution to the local advertising cooperative will be determined by the members of the local advertising cooperative, subject to our approval. Each member will have one vote for each Frost Gelato store operated by the member within the geographic area, subject to the local advertising cooperative. Each local advertising cooperative will have to prepare an annual financial statement reporting its expenditures for the previous year to its members. If a local advertising cooperative is established, the governing documents will be available for review by members of such cooperative upon request.

Grand Opening Advertising

You must spend a minimum of $3,500, and we recommend you spend up to $7,500, on pre-opening advertising at least 30 days before the grand opening of your Frost Gelato store.

Marketing Resources, Pre-Approvals for Marketing Materials, and Internet Marketing

All advertising and promotional materials, signs, decorations, paper goods (including menus and all forms and stationery used in your Frost Gelato store) and other items we designate must bear the marks (See Item 13) in the form, color, location and manner we prescribe. You may not use our logos, marks, and other name identification materials on items to be sold or products to be provided without our prior written approval. If we approve of promotional items or products that will be sold in your Frost Gelato store, those items must be included in your regular sales and will be subject to royalty fees, minimum local advertising expense, brand fund contribution, and local advertising cooperative contribution, if any.

Costs and expenditures you incur for any of the following will not be included in your expenditures towards the minimum local advertising expense, unless approved in advance by us in writing:

1. Salaries and expenses of any of your employees, including salaries or expenses for attendance at advertising meetings or activities.

2. In-store materials consisting of fixtures or equipment.

3. Seminar and educational costs and expenses of your employees.

Except as described above, we are not obligated to spend any amount on advertising in the area where your Frost Gelato store is located.

We retain the sole right to market on the Internet, including all use of websites, domain names, URL's, linking, advertising, and co-branding arrangements. You may not independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique, with words or symbols similar to the marks. We intend any franchisee website be accessed only through our home page. You will provide us content for our Internet marketing. We retain the right to approve any linking or other use of our website.

Advisory Council

We currently do not have, but may form, an advisory council to advise us on advertising policies. Members of the advisory council would consist of both franchisees and corporate representatives. Members of the advisory council would be selected by way of a voting method specified in the council's bylaws. The advisory council would be governed by bylaws. The purpose of the advisory council would be to provide input regarding the brand fund and to promote communications between us and all franchisees. The advisory council would serve in an advisory capacity only. We will have the power to form, change, or dissolve the advisory council, in our sole discretion.

Computer Equipment and Software

You are required to purchase or lease, and maintain and use, only such computers, hardware, software, including specially customized point-of-sale (POS) software, web technologies or applications, required dedicated Internet access, modems, printers, and other related accessories or peripheral equipment, including an electronic touch-screen cash register, credit card processor, and back office system, and methods of operation as we specify in the Frost Gelato Operations Manual or otherwise in writing. You must use any credit card vendors and accept all credit cards and debit cards that we determine. The term "credit card vendors" includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, "Apple Pay" and "Google Wallet"). The computer system will have the capacity to electronically exchange information, messages, and other data with other computers, by such means (including, but not limited to, the Internet), and using such protocols as we may reasonably prescribe in the Frost Gelato Operations Manual or otherwise in writing. You must keep your computer system in good maintenance and repair and, at your expense, promptly make any and all additions, changes, modifications, substitutions, and/or replacements to your computer system as we direct. You will pay any and all, annual or otherwise, software fees or other fees as required by our approved suppliers to maintain your computer system and software. You acknowledge and agree that our suppliers have the right to increase or decrease the software fees at any time, in their sole discretion, upon written notice to you. You further acknowledge and agree that we reserve the right to change our approved suppliers, including any software suppliers, at any time and in our sole discretion. You may not alter your computer system or use alternative software or suppliers of technology without our prior written approval. If you are in default of any obligations under the Franchise Agreement, we may, in addition to any other remedy we may have under the Franchise Agreement, temporarily inhibit your access to all or part of the computer system, including POS software, until you have cured such default completely.

We estimate the cost of purchasing the computer system, electronic cash register, POS software, and specially customized software will range from $5,000 to $14,000. This amount does not include the software license fee. The cost to upgrade the hardware and maintain or upgrade the software of the computer system depends on the needs of the system, and technological developments, none of which we can predict at this time and are therefore subject to change. You may be required to upgrade your computer hardware approximately every two to three years due to improvements in the software, advances in technology, and memory requirements. There is no limitation on the frequency or cost of this obligation. If we change the menu items, we will update your proprietary software program. Other than that, neither we nor any affiliate or third party vendor have any ongoing obligation to provide ongoing maintenance, repairs, upgrades, or updates to your electronic cash register or computer system. You must obtain your own technical support for the computer system. Computer systems in general are vulnerable in varying degrees to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders. We have taken reasonable steps to prevent these types of online problems from materially affecting you. We do not guarantee that information or communication systems we or others supply will not be vulnerable to online problems. It is your responsibility to protect yourself from online problems. You should also take reasonable steps to verify that your suppliers, lenders, landlords, customers, and governmental agencies on which you rely have reasonable protection from online problems. This may include securing your systems (including firewalls, password protection, and anti-virus systems), and to provide backup systems.

We (or our designee) have the right to independently access the electronic information and data relating to your Frost Gelato store, and to collect and use your electronic information and data in any manner, including to promote the system and the sale of Frost Gelato franchises. This may include posting financial information of each franchisee on an intranet website. There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system. We may access the electronic information and data from your computer system remotely, in your Frost Gelato store, or from other locations.

Training

Initial Training

At least 10 to 12 weeks before you open your Frost Gelato store, you or your designated store manager or operating principal must attend and successfully complete to our satisfaction our initial training program. We provide initial training at no charge for up to two people. There is no set schedule for the initial training program. Each initial training program will be scheduled based on the timing of the franchise sales. We will provide training materials for our initial training program for those persons listed above, which is included in the initial franchise fee. There is no tuition cost for the persons listed above, but you must pay for all travel-related costs for attendees, travel-related costs to send our trainer to your location, and all other expenses incurred by your attendees.

At your request, we will provide all or part of the initial training program to the additional personnel you designate, subject to space availability in our regularly scheduled training classes and/or availability of our training personnel. You will pay us, before the date the initial training program is scheduled to begin our then-current fee which is $1,000 per additional person as of the date this Franchise Disclosure Document was issued. You are also responsible for travel, lodging, meals, and other expenses incurred by the additional attendees.

If the designated store manager or operating principal is replaced, you must designate a new designated store manager or operating principal who must successfully complete to our satisfaction our initial training program within 45 days after the termination of the initial designated store manager or operating principal, unless we do not hold an initial training program during that 45-day period, in which case the replacement designated store manager or operating principal must attend and successfully complete to our satisfaction the first available initial training program held by us. You may be charged a training fee for a replacement designated store manager or operating principal for our then-current fee which is $1,000 as of the date this Franchise Disclosure Document was issued, plus the costs of airfare, ground transportation, lodging, meals, and the designated store manager's or the operating principal's salary and benefits.

We can charge a training fee and to be reimbursed for all travel expenses incurred for any additional or remedial training programs we provide. This fee will include the cost of travel, lodging, and meals of our representatives if on-site additional or remedial training is provided. You also will be responsible for all expenses you and your trainees incur for any training program, including the costs of travel, lodging, meals, and wages.

We plan to provide the training listed in the table below. The hours presented for each subject are estimates and may change.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Welcome	0	4	Tucson, Arizona or another location we designate
Responsibility and Accountability	0	10	Tucson, Arizona and your Frost Gelato store or another location we designate
Salesroom Specifics	0	16	Tucson, Arizona and your Frost Gelato store or another location we designate
Knowing the Product	0	40	Tucson, Arizona and your Frost Gelato store or another location we designate
Product Display	0	30	Tucson, Arizona and your Frost Gelato store or another location we designate
The Sales Floor	0	40	Tucson, Arizona and your Frost Gelato store or another location we designate
The Kitchen	0	20	Tucson, Arizona and your Frost Gelato store or another location we designate
Making Frost Gelato	0	40	Tucson, Arizona and your Frost Gelato store or another location we designate
Sanitation	0	10	Tucson, Arizona and your Frost Gelato store or another location we designate

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Maintenance	0	5	Tucson, Arizona and your Frost Gelato store or another location we designate
Frost Equipment	0	5	Tucson, Arizona and your Frost Gelato store or another location we designate
Management	0	60	Tucson, Arizona and your Frost Gelato store or another location we designate
Serving Frost Products	0	20	Tucson, Arizona and your Frost Gelato store or another location we designate
Total	0 Hours	300 Hours	

Notes:

1. The training subjects may vary, and the training may be less than the times indicated above, depending on the number and experience of the attendees. The instruction materials used in our initial training program consist of one or more manuals covering standard operating procedures, management, menu, and products, equipment, security and loss prevention, financial management, front and back of the house, marketing, safety and sanitation, and required forms. We also may use various classroom modules and videos to supplement these materials and the Frost Gelato Operations Manual.

2. The initial training program and other ongoing training will be conducted by training personnel under the direction of Stephen Ochoa and Jeff Kaiserman. Mr. Ochoa and Mr. Kaiserman have been in the food services business operating businesses similar to the type being offered under this franchise for over 11 years. Mr. Ochoa and Mr. Kaiserman have both been with FGF since our inception in January 2010. We may change or substitute training personnel as necessary, and we may delegate our duties and share our responsibilities with regard to training. The training may be less than the times indicated above depending on the number and experience of the attendees.

3. Other instructors will include experienced Frost Gelato store managers and assistant managers.

4. We may also utilize home-study as a method of supplemental training.

5. We reserve the right, in our sole discretion, to provide additional on-site training at your Frost Gelato store.

Ongoing Training

We may present seminars, conventions, or continuing development programs for the benefit of franchisees. Your attendance at most of these seminars is voluntary. However, you or your designated store manager or operating principal must attend any mandatory seminar, convention, or program we may offer. We estimate this mandatory seminar, convention, or program will be not more than one time per year at a location we determine. We will give you at least 30 days' prior written notice of any seminar, convention, or program which is considered mandatory. You are responsible for your travel and living expenses incurred in attending any mandatory or voluntary seminar or convention, and training fees at our then-current published rate.

From time to time, we may require that you, your designated store manager, operating principal, and other employees attend system-wide refresher or additional training courses. Some of these courses may be optional, while others may be required. If you appoint a new designated store manager, that person must attend and successfully complete our initial training program before assuming responsibility for the management of your Frost Gelato store. If we conduct an inspection of your Frost Gelato store and determine you are not operating in compliance with the Franchise Agreement, we may require that you attend remedial training that addresses your operational deficiencies. You may also request that we provide additional training (either at corporate headquarters or at your Frost Gelato store).

ITEM 12
TERRITORY

We will designate a geographic area in which a site will be located for your Frost Gelato store and your territory will be determined. The geographic area is a general geographic area designated solely to select a proposed suitable general location and territory for the Frost Gelato store, and does not give you any exclusive rights to the geographic area nor imply any other territorial rights either before or after execution of a Franchise Agreement.

The Franchise Agreement for your Frost Gelato store grants you a territory based on the demographics and other characteristics of the geographic area~~.~~, including population density, average income, and other characteristics of the surrounding area, natural boundaries, extent of competition, and the amount and size of urban, suburban, and rural areas within the geographic area. Your territory is not dependent upon sales volume or market penetration.

We will use commercially reasonable efforts to grant only one license to a franchisee for any area with a population of approximately 100,000 households in the designated geographical location. The population statistics used in determining your territory will be based on numbers derived from the current United States Census report and supplemented with other information available and other population statistical sources of our choosing to determine populations. In certain densely populated metropolitan areas, an authorized territory may be small if it has a high population density, while franchisees operating in less densely populated urban areas may have significantly larger areas. You are not prohibited from directly marketing to or soliciting customers whose principal residence is outside of your territory. You may provide services and sell products to customers located outside of your territory provided that you may not: (a) sell products or services outside your Frost Gelato store; (b) may not sell products or services in another franchisee's authorized territory, and (c) follow any off-site policies and procedures in our Frost Gelato Operations Manual. You may engage only in the retail sale of the products and services, and may not engage in the wholesale sale or distribution of any other product offered for sale through the Frost Gelato store, unless we provide you with written authorization.

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

The specific site or address of your Frost Gelato store is your approved franchise location, which will be located in your geographic area. You may operate the Frost Gelato store only at the approved franchise location within your territory. The approved franchise location for your store will be listed in the Franchise Agreement. If you have not identified an approved franchise location for the store when you sign the Franchise Agreement, as is typically the case, you and we will agree on the approved franchise location in writing and amend the Franchise Agreement after you select and we approve the approved franchise location. Although we may assist you in selecting a location for your store, you are solely responsible for selecting the approved franchise location and negotiating the lease or purchase term. You are not guaranteed any specific approved franchise location, and you may not be able to obtain your top choice as your approved franchise location. If the lease for your store expires or is terminated without your fault, or if the site for the store is destroyed, condemned, or otherwise rendered unusable, we will allow you to relocate the Frost Gelato store to a new site acceptable to us, provided you will be required to pay us a relocation fee of $5,000. Relocation for any other reason will be subject to our approval, which may be withheld in our sole discretion. Any relocation will be subject to the site selection and lease provisions stated above, and will be at your sole expense. Our approval will be based in part on the following factors: where your store will be located, whether or not such relocation will infringe upon the rights of other franchisees, and the time it will take to relocate your store.

If you sign an Area Developer Agreement, we will evaluate and approve sites for additional locations using our then-current site criteria when you sign the then-current form of Franchise Agreement.

After your selection of an approved franchise location for your Frost Gelato store, we will also assign your local area for advertising and your territory, which will be set forth in Attachment A to the Franchise Agreement. You will make all commercially reasonable efforts to advertise and promote the Frost Gelato store in your local area in accordance with Section 8 of the Franchise Agreement. Your local area will not be exclusive for any purpose.

Other than as stated above, the franchise is non-exclusive, and we retain the right, for ourselves and our affiliates, on any terms we deem advisable, and without granting you any rights:

1. to own, franchise, or operate Frost Gelato stores at any location outside of your territory regardless of the proximity to your store;

2. to own, acquire, establish and/or operate, and license others to establish and operate, businesses using any proprietary marks, methods or systems (including the marks and system) at any airport, train station, other transportation facility, arena, ballpark, stadium, racetrack, other sports facility, theater, auditorium, concert hall, theme park, amusement park, cruise ship, casino, other entertainment facility, grocery store, college campus, military base, within any outlet mall or other regional mall, or by way of a mobile food truck, within or outside the territory;

3. to own, acquire, establish, or operate, use, and license the use of other proprietary and non-proprietary marks, methods or systems which are not the same as or confusingly similar to the marks, whether in alternative channels of distribution or in the operation of a business offering frozen Italian gelatos, sorbets, gelato cakes, gelato confections, and/or various coffee, and/or other beverage products and related products, and at any location within or outside the territory, which may be similar to or different from the Frost Gelato store operated by you (even if these businesses are in competition with you);

4. to acquire and convert to the system operated by us, any businesses offering services and products related to frozen Italian gelatos, sorbets, gelato cakes, gelato confections, or various coffee, or other beverage products and related products, including such businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned, and whether located inside or outside of the territory, provided that in such situations, the newly acquired businesses may not operate under the marks in the territory;

5. to use any proprietary marks or systems (including the marks and the system) to sell any products, including products that are the same or similar to those which you will sell, through any alternative channels of distribution within or outside of the territory, regardless of their proximity to the Frost Gelato store or their impact on your existing or potential customers. This includes, but is not limited to, grocery stores, convenience stores, club stores, other retail outlets, direct marketing sales, and other channels of distribution such as television, direct mail, mail order, catalog sales, telemarketing, or over the Internet. We exclusively reserve the Internet, including computerized or remote entry ordering systems, as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce unless you have received our prior written permission or unless such activities are expressly authorized by the Frost Gelato Operations Manual;

6. to acquire, or be acquired by, any competing system, including a competing system that has one or more units within your territory; and to purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with your Frost Gelato store, wherever located;

7. to implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.

We are not required to pay you if we exercise any of the rights specified above within your territory. The continuation of the territory is not dependent upon your achievement of a certain sales volume, market penetration, or other contingency. We do not pay compensation for soliciting or accepting orders inside your territory.

You may not engage in any promotional activities or market our proprietary products or similar products or services, whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system; through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere. We are not required to pay any compensation for soliciting or accepting orders from inside the territory.

If you wish to purchase an additional Frost Gelato franchise, you must apply to us, and we may, at our discretion, offer an additional franchise to you. We consider a variety of factors when determining whether to grant additional franchises. Among the factors we consider, in addition to the then-current requirements for new Frost Gelato stores, are whether or not the franchisee is in compliance with the requirements under their current franchise agreement.

You do not receive the right to acquire additional Frost Gelato franchises within the territory. You are not given a right of first refusal on the sale of existing Frost Gelato franchises, but we have occasionally granted rights of first refusal in the past.

You are not permitted to have an individual website or other independent social media sites in which you reference the marks or the Frost Gelato store. We have the right to review all online content on social media sites, discount websites, blogs, in electronic communications, and on other online sites on which our trademarks are used to protect the reputation and high quality associated with our trademarks. We may require you to remove or cease using our trademarks and intellectual property if used in a questionable way.

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Catering

After operating your Frost Gelato store for a minimum of six months, if you are a franchisee in good standing, you may apply to us for approval to offer catering services from your Frost Gelato store. We reserve the right to make this determination and to revoke this option at any time in our sole discretion. We will consider a variety of factors and decide each request on a case-by-case basis. If we approve your request, to offer catering services, we will designate a non-exclusive geographic area in which you may offer such catering services. The catering service area will be based on the location of the approved franchise location, traffic patterns, demographics, and other characteristics of the catering service area, including population density and natural boundaries. All sales from catering are subject to minimum royalty fee payments and advertising allocations. You must operate the catering service according to the Frost Gelato Operations Manual and our other guidelines, and only in your catering service area. We reserve the right to revoke our catering approval upon notice to you. Under such circumstances, you will be allowed to complete any previously booked catering events, but you will be prohibited from booking new events or offering catering services until we grant approval in writing. In the event that we approve your request to provide catering, you must obtain an appropriate vehicle, catering equipment, insurance, and supplies such as catering menus in accordance with our criteria set out in the Frost Gelato Operations Manual. We may modify the catering service area periodically. You are prohibited from selling or providing any product or service outside of your Frost Gelato store unless you are approved to offer catering services.

Area Developer Agreement

If you sign an Area Developer Agreement, you are granted the right to build a mutually agreed upon number of Frost Gelato stores in the development territory pursuant to the development schedule. The size of the development territory will depend on the number of Frost Gelato stores to be developed, the demographics of the territory, the population and other factors. In certain densely-populated metropolitan areas, a development territory may be small if it has a high population density, while development territories in less densely populated urban areas may have significantly larger areas. You are granted the exclusive rights to open Frost Gelato stores in the development territory provided that you follow the terms of the Area Developer Agreement. The rights granted under the Area Developer Agreement relate only to the development of the Frost Gelato stores identified in the Area Developer Agreement. Except as provided in the Area Developer Agreement, we will not establish or authorize any other person or entity, other than you or your affiliates, to establish a Frost Gelato store in your development territory during the term of the Area Developer Agreement. We, our affiliates, and any other authorized person or entity (including any other Frost Gelato store) may, at any time, conduct any other type of activities within your development territory that we are permitted to conduct under the Franchise Agreement. The development territory will terminate upon the completion of the development schedule or the termination of the Area Developer Agreement, whichever occurs first, and the only territorial protections that you will receive upon termination will be those under each individual Franchise Agreement.

Upon your first failure to comply with the development schedule, you will lose the exclusivity granted for the development territory. Any second or additional failures will result in the termination of the Area Developer Agreement.

ITEM 13
TRADEMARKS

The Franchise Agreement and your payment of royalties grant you the non-exclusive right and license to use the system, which includes the use of the proprietary marks. You may also use other future trademarks, service marks, and logos we approve to identify your Frost Gelato store.

You must indicate, as required in the Franchise Agreement and specified in the Frost Gelato Operations Manual, that you are an independent operator of the Frost Gelato store, and you shall use only the appropriate and authorized marks as indicated by us. You must abide by our online policy, which includes approved online activities to promote the Frost Gelato system and approved use of our trademarks. Our online policy is subject to change periodically. Your failure to comply with our online policy is a material breach of the Franchise Agreement and may result in termination.

The marks and the system are owned by FGS, and are licensed to us. FGS has granted us an exclusive intellectual property license to use the marks to franchise the system around the world. The intellectual property license extends for a 20-year term commencing January 14, 2010, and will renew automatically for subsequent ten year terms provided we are not in default or do not materially breach the intellectual property license by engaging in any activity which damages the marks or the goodwill of the system. If the intellectual property license is terminated, FGS has agreed to license the use of the marks and the system directly to our franchisees provided they pay the applicable royalty fees until such time as each franchise agreement expires or is otherwise terminated. FGS has registered the following marks with the United States Patent and Trademark Office ("USPTO") on the Principal Register:

Mark	Application Filing or Registration Date	Serial or Registration No.	Status
FROST, A GELATO SHOPPE	December 5, 2006	3,180,425	Registered on the Principal Register
FROST A GELATO SHOPPE	December 5, 2006	3,180,427	Registered on the Principal Register
FROST	December 5, 2006	3,180,438	Registered on the Principal Register
FROST	January 16, 2007	3,198,492	Registered on the Principal Register

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Mark	Application Filing or Registration Date	Serial or Registration No.	Status
	January 23, 2007	3,201,280	Registered on the Principal Register
	August 14, 2007	3,279,029	Registered on the Principal Register
Frost Gelato	October 12, 2010	3,859,856	Registered on the Principal Register
Frost Bites	September 20, 2011	4,027,531	Registered on the Principal Register
Sorbettini	November 11, 2014	4,635,348	Registered on the Principal Register

FGS has filed all required affidavits for the registered marks. There are no effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, and no pending infringement, opposition, or cancellation proceedings, or any material litigation involving any of our marks which are relevant to the use of these marks. No currently effective litigation affects our use or FGS' ownership rights in any mark. Except for the intellectual property license Agreement, no agreement significantly limits our right to use or license the marks in a manner material to your franchise. We do not know of either superior prior rights or infringing uses that could materially affect your use of the marks in any state.

You must follow our guidelines and requirements when using the marks. You cannot use our name or mark as part of a corporate name or with modifying words, designs, or symbols or as part of a corporate or business name, or in any form on the Internet, including, but not limited to, URLs, domain names, e-mail addresses, locators, links, metatags, or search techniques, unless you receive our prior written consent. You must get our prior written approval of your company name before you file any registration documents. Guidelines regarding proper trademark use and notices are in the Frost Gelato Operations Manual, and will be updated periodically. You may not use our marks with an unauthorized product or service, or in a manner not authorized in writing by us. You may not use our marks with any collateral service provided by you, whether or not the collateral service has been approved by us. You must indicate to the public in any contract, advertisement, and with a conspicuous sign in your store that you are an independently-owned and operated licensed franchisee of FGF. You may not use the marks in the sale of unauthorized services or products or in any manner we do not authorize. You may not use the marks in any advertising for the transfer, sale, or other disposition of the Frost Gelato store or any interest in the franchise. All rights and goodwill from the use of the marks accrue to us. If it becomes advisable at any time, in our sole discretion, for us or you to modify or discontinue using any mark or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue, or other indirect expenses due to any modified or discontinued mark, or for your expenses of promoting a modified or substituted trademark or service mark.

Your right to use the marks is derived solely from your Franchise Agreement, and is limited to conducting business in compliance with the Franchise Agreement and all applicable standards, specifications, and operating procedures we prescribe. Any unauthorized use of the marks by you will constitute an infringement of our rights in the marks. Your use of the marks and any goodwill established by them will be for our exclusive benefit, and your Franchise Agreement does not confer any goodwill or other interests in the marks upon you. All provisions of your Franchise Agreement applicable to the marks will apply to any additional proprietary trade and service marks and commercial symbols authorized for use by, and licensed to you under, your Franchise Agreement. You may not at any time during or after the term of your Franchise Agreement contest or assist any other person in contesting the validity or ownership of any of the marks.

You must prominently display the marks on or with franchise posters and displays, service contracts, stationery, other forms we designate, and in the manner we prescribe; to give any notices of trade and service mark registrations and copyrights that we specify; and to obtain any fictitious or assumed name registrations that may be required under applicable law.

You must notify us immediately when you learn about an infringing or challenging use of our marks. If you are in compliance with the Franchise Agreement, we will defend you against any claim brought against you by a third party alleging your use of the marks in accordance with the Franchise Agreement infringes upon that party's intellectual property rights. We may require your assistance, but we will control any proceeding or litigation relating to our marks. We have no obligation to pursue any infringing users of our marks. If we learn of an infringing user, we will take the action appropriate, but we are not required to take any action if we do not feel it is warranted. You must not directly or indirectly contest our right to the marks. We may acquire, develop, and use additional marks not listed here, and may make those marks available for your use and for use by other franchisees.

You must modify or discontinue the use of a mark if we modify or discontinue its use and you must use all new marks we designate. You will be responsible for all such costs that you incur in such situations. You must not directly or indirectly contest our right to our marks, trade secrets, or business techniques that are part of our business or the system. We do not know of any infringing uses that could materially affect your use of our marks.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents or patents pending are material to us at this time.

The information in the Frost Gelato Operations Manual is proprietary and is protected by copyright and other laws. The designs contained in the marks, the layout of our advertising materials, the content and format of our recipes, and any other writings and recordings in print or electronic form are also protected by copyright and other laws. Although we have not applied for copyright registration for the Frost Gelato Operations Manual, our advertising materials, the content and format of our recipes, or any other writings and recordings, we claim common law and federal copyrights in these items. We grant you the right to use this proprietary and copyrighted information for the operation of your Frost Gelato store, but such copyrights remain our sole property.

There are no effective determinations of the United States Copyright Office or any court regarding any copyrighted works of ours, nor are there any proceedings pending or effective agreements between us and third parties pertaining to the copyrighted works that will or may significantly limit using our copyrighted works.

Our Frost Gelato Operations Manual, electronic information and communications, sales and promotional materials, the development and use of our system, standards, specifications, policies, procedures, information, concepts and systems on, knowledge of, and experience in the development, operation, and franchising of Frost Gelato stores, our training materials and techniques, information concerning product and service sales, operating results, financial performance, and other financial data of Frost Gelato stores, and other related materials are proprietary and confidential, and are our property to be used by you only as described in the Franchise Agreement or the Frost Gelato Operations Manual. Where appropriate, certain information has also been identified as trade secrets. You must maintain the confidentiality of our confidential information and trade secrets and adopt reasonable procedures to prevent unauthorized disclosure of our confidential information and trade secrets.

We will disclose parts of the confidential information and trade secrets to you as we deem necessary or advisable for you to develop your Frost Gelato store during training and in guidance and assistance furnished to you under the Franchise Agreement, and you may learn or obtain from us additional confidential information and trade secrets during the term of the Franchise Agreement. The confidential information and trade secrets are valuable assets of ours and are disclosed to you on the condition that you, and your owners if you are a business entity, and employees agree to maintain the information in confidence by entering into a confidentiality agreement we can enforce. Nothing in the Franchise Agreement will be construed to prohibit you from using the confidential information or trade secrets in the operation of other Frost Gelato stores during the term of the Franchise Agreement.

You must notify us within three days after you learn about another's use of language, a visual image, a recording of any kind, or recipes that you perceive to be identical or substantially similar to one of our copyrighted works or trade secrets, or if someone challenges your use of our copyrighted works, confidential information, or trade secrets. We will take whatever action we deem appropriate to protect our rights in and to the copyrighted works, confidential information, or trade secrets, which may include payment of reasonable costs associated with the action. However, the Franchise Agreement does not require us to take affirmative action in response to any apparent infringement of or challenge to your use of any copyrighted works, confidential information, or trade secrets, or claim by any person of any rights in any copyrighted works, confidential information, or trade secrets. You must add, modify, or discontinue the use of any copyrighted works, confidential information, or trade secrets if we instruct you to do so. You must not directly or indirectly contest our rights to our copyrighted works, confidential information, or trade secrets. You may not communicate with anyone except us, our counsel, or our designees regarding any infringement, challenge, or claim. We will take action as we deem appropriate regarding any infringement, challenge, or claim, and the sole right to control exclusively any litigation or other proceeding arising out of any infringement, challenge, or claim under any copyrighted works, confidential information, or trade secrets. You must sign any and all instruments and documents, give the assistance, and do acts and things that may, in the opinion of our counsel, be necessary to protect and maintain our interests in any litigation or proceeding or to protect and maintain our interests in the copyrighted works, confidential information, or trade secrets.

We own all records with respect to the customers, suppliers, and other service providers of, and related in any way to, your Frost Gelato store. This includes, without limitation, all databases (whether in print, electronic, or other form), including, among other things, all names, addresses, phone numbers, e-mail addresses, and customer purchase records. We may use or transfer the records in any way we wish, both before and after any termination, expiration, repurchase, transfer, or otherwise. We may contact any or all of your customers, suppliers, and other service providers for quality control, market research, and such other purposes as we deem appropriate.

If you, your designated store manager, operating principals, or your controlling principals develop any new concept, process, product, recipe, or improvement in operating or promoting your Frost Gelato store, you must promptly notify us and give us all necessary information, free of charge. You and your designated store manager or operating principal and controlling principals must acknowledge that any of these concepts, processes, products, recipes, or improvements will become our property, and we may give the information to other franchisees without providing compensation to you of any kind.

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

The Frost Gelato store shall be managed by you, or if you are an entity, by one of your owners who is a natural person with at least a 25% ownership interest and voting power in the entity. This individual must devote full time, best efforts to working in the Frost Gelato store (approximately 45 to 65 hours per week), interfacing with customers on the sales floor, immediately after the opening of the Frost Gelato store and for so long as we shall deem it necessary. You must also appoint a designated store manager to run the day-to-day operations of the Frost Gelato store, and an operating principal who will primarily be responsible for your Frost Gelato store and communicating with us. We may require that the designated store manager and operating principal have an ownership interest in the legal entity of the franchise owner. If you replace a designated store manager or operating principal, the new designated store manager or operating principal must satisfactorily complete our training program at your own expense. If this is your first Frost Gelato store, the operating principal and the designated store manager may be the same person. You, or your managing shareholder or partner, are not obligated to participate personally in the direct operation of your Frost Gelato store so long as a designated store manager or an operating principal who has completed our initial training program does so. If you are a legal or business entity, your designated store manager need not own an equity interest in the entity; however, your operating principal will own an equity interest in the entity. Your designated store manager or operating principal must devote full time (approximately 45 to 65 hours per week at your Frost Gelato store) and best efforts to the management and operation of the Frost Gelato store, including sales and customer interactions. You, or if applicable, your designated store manager or an operating principal, must successfully complete our mandatory initial training program by demonstrating to us appropriate levels of competence in the subject matters taught in the initial training program, in our discretion. If your designated store manager or operating principal is replaced, you must appoint a new designated store manager or operating principal who must successfully complete our initial training program within 45 days after the initial designated store manager or operating principal is replaced, unless we do not hold an initial training program during that 45-day period, in which case the replacement designated store manager or operating principal must attend and successfully complete the first available initial training program held by us.

Any designated store manager or operating principal and, if you are an entity, directors, partners, shareholders, or members (and, if you are an individual, immediate family members) must sign the System Protection Agreement, the form of which is attached to this Franchise Disclosure Document in Exhibit J. All of your employees, independent contractors, agents, or representatives that may have access to our confidential information must sign a Confidentiality Agreement (unless they already signed a System Protection Agreement), the current form of which is attached to this Franchise Disclosure Document in Exhibit J. If you are an entity, each owner (i.e., each person holding an ownership interest in you) must sign an Owners Agreement guarantying the obligations of the entity, the form of which is attached to the Franchise Agreement as Attachment F. We also require that the spouses of the franchise owners sign the Owners Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell or offer for sale only those services and products authorized by us and which meet our standards and specifications. You must follow our policies, procedures, methods, and techniques. You must sell or offer for sale all types of services and products specified by us. We may change or add to our required services and products at our discretion with prior notice to you. If we change or add to our required services and products, the changes or additions will remain in permanent effect unless we specify otherwise. The amount you must pay for the changes or additions will depend upon the nature and type of changes or additions. You must discontinue selling and offering for sale any services or products that we disapprove. You have discretion over the prices you charge to your customers for the sale of any menu items, products, merchandise, or services. However, we reserve the right to set maximum resale prices for any products sold from your Frost Gelato store in connection with any national, regional, or multi-area marketing program developed and implemented by us for the system.

You must maintain in sufficient supply, and use and sell, only the food and beverage items, ingredients, products, materials, supplies, and paper goods that conform to our standards and specifications, including products specified by name or brand. All advertising and promotional materials, signs, decorations, paper goods you use (including menus, all forms, and stationery used in the Frost Gelato store and on any catering vehicles (if any)), and other items that we may designate must bear the marks in the form, color, location, and manner we require. You must prepare all menu items with our recipes and procedures for preparation contained in the Frost Gelato Operations Manual or other written instructions, including the measurement of ingredients.

You may not sell products or services, or advertise products or services, within another franchisee's territory. You may not establish an account or participate in any social networking sites (including, without limitation, Facebook, Twitter, Instagram, Snapchat or any other social or professional networking site or blog) or mention or discuss the Frost Gelato store, us, or our affiliates, without our prior written consent and as subject to our online policy. Our online policy may completely prohibit you from any use of the marks in social networking sites or other online use. You may not sell products through other channels of distribution such as wholesale, Internet, or mail order sales. Otherwise, we place no restrictions upon your ability to serve customers provided you do so from the location of your Frost Gelato store in accordance with our policies.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 3.1	Five or ten years.
b. Renewal or extension of the term	Section 3.2	If you are in good standing and you meet other requirements, you may enter into one successor term of ten years.
c. Requirements for franchisee to renew or extend	Section 3.2(a)-(i)	Your successor franchise rights permit you to remain as a franchisee after the initial term of your Franchise Agreement expires. You must sign our then-current Franchise Agreement and any ancillary documents for the successor term, and this new Franchise Agreement may be materially different and may have different terms and conditions (including, for example, higher royalty fees and brand fund contributions) from the Franchise Agreement that covered your original term. Requirements include, among others: You must give at least seven months' notice; repair and update equipment and store; not be in breach of any agreement with us or our affiliates; have the right to remain in possession of the store; have satisfied all monetary obligations to us and our affiliates; pay successor franchise fee; sign successor Franchise Agreement and general release; and comply with current qualification and training requirements.
d. Termination by franchisee	Not Applicable	Not Applicable.
e. Termination by franchisor without "cause"	Not Applicable	Not Applicable.
f. Termination by franchisor with "cause"	Section 17.1	We can terminate upon certain violations of the Franchise Agreement by you. Termination of the Area Developer Agreement does not automatically terminate the Franchise Agreement.
g. "Cause" defined – curable defaults	Section 17.2	You have five days to cure nonpayment, seven days to cure failure to obtain and maintain required insuance coverage, 24 hours to cure misuse of our marks or failure to obtain, install and maintain computer hardware, software and

Provision	Section in Franchise Agreement	Summary
		communication lines, and 30 days to cure other curable defaults subject to applicable law.
h. "Cause" defined – non-curable defaults	Sections 17.1	Noncurable defaults (subject to applicable law): Insolvency; assignment for benefit of creditors; voluntary filing of bankruptcy petition; admission to inability to pay debts; adjudication of bankruptcy or insolvency; appointment of receiver; proceedings for composition with creditors instituted; final judgment of $10,000 or more outstanding for 30 days (unless bond filed); dissolution; execution levied against business or property; foreclosure not dismissed within 30 days; real estate or personal property of the Frost Gelato store sold after levy; sale of products or services at a different location from the Frost Gelato store; failure to acquire location for Frost Gelato store within 30 days after we have consented to the location; failure to construct or remodel the Frost Gelato store in accordance with our standards and specifications; failure to obtain all required licenses before construction begins; failure to open the Frost Gelato store within 12 months after signing the Franchise Agreement; abandonment; franchisee or its controlling principal's conviction of plea of no contest to a felony, a crime involving moral turpitude, or any other offense we believe likely to have an adverse effect on the system, the marks, the goodwill or our interest; threat or danger to public health or safety; failure to propose qualified successor operating principal or designated store manager within 30 days; unauthorized transfer; your failure or your controlling principal's failure to comply with in-term non-competition covenants; failure to obtain execution of non-competition agreements from your designated store manager or other personnel we train within 30 days of our request; unauthorized transfer on death or permanent disability; knowing maintenance of false books or submission false reports; your or your controlling principal's breach of representations and warranties; repeated defaults (three or more) whether the same or different nature and whether or not cured; refusal or failure to cure sublease or related agreement with us; sale of substantially all of the Frost Gelato store supplies and equipment without our consent; or any material misrepresentation or omission made by franchisee or its controlling principal.

Provision	Section in Franchise Agreement	Summary
i. Franchisee's obligations on termination/non-renewal	Section 18	Obligations include, among others: complete de-identification; payment of amounts due; return of Frost Gelato Operations Manual, all confidential information, trade secrets, and records; compliance with confidentiality requirements; and, at our option, sale or assignment of your rights in the Frost Gelato store and the equipment and fixtures used in your Frost Gelato store to us.
j. Assignment of contract by franchisor	Section 14.1	No restriction on our right to assign.
k. "Transfer" by franchisee – defined	Section 14.2	Includes any voluntary, involuntary, direct, or indirect assignment, sale, gift, exchange, grant of a security interest, or change of ownership in the Franchise Agreement, the franchise, or interest in the franchise.
l. Franchisor approval of transfer by franchisee	Section 14.2(b)	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	Section 14.2(b)	Conditions include, among others: You must pay all amounts due us or our affiliates; not otherwise be in default; sign a general release; and pay a transfer fee. Transferee must meet our criteria; assume all obligations; attend training; renovate or modernize the Frost Gelato store; and sign our then-current Franchise Agreement. If the proposed transferee is not approved by us, 75% of the transfer fee, less all out-of-pocket expenses incurred by us related to the property transfer, will be refunded to you.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 14.4	We have 30 days to match any offer for your Frost Gelato store.
o. Franchisor's option to purchase franchisee's business	Sections 14.4 and 18.2	We may purchase your Frost Gelato store, inventory, or equipment at fair market value if your franchise is terminated for any reason by giving you written notice of our intent to exercise this option within 30 days after the date of termination or expiration of the Franchise Agreement.
p. Death or disability of franchisee	Section 14.5	If you or a controlling principal is a natural person, on death or permanent disability, transferee must be approved by us, or interests must be transferred to someone approved by us within 12 months after death or six months after notice of permanent disability. If you or the controlling principal has substantial control, we

Provision	Section in Franchise Agreement	Summary
		may operate the Frost Gelato store during the 12 or six month interim period.
q. Non-competition covenants during the term of the franchise	Section 10.3	Neither you, your principal owners, nor any immediate family members of you or your principal owners may own, maintain, operate, engage in, or have any financial or beneficial interest in a competitive business anywhere.
r. Non-competition covenants after the franchise is terminated or expires	Section 10.3	Owners cannot have an interest in any competitive business within (i) a 50-mile radius from franchisee's Frost Gelato store (and including the premises of the store); and (ii) a 50-mile radius from all other Frost Gelato stores that are operating or under construction, for two years.
s. Modification of the Franchise Agreement	Sections 10.1(e), 10.3(b)(iv), and 19.2	No modifications of the Franchise Agreement during the term unless agreed to in writing, but the Frost Gelato Operations Manual is subject to change at any time in our discretion. Modifications are permitted on renewal.
t. Integration/merger clause	Section 19.2	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises made outside of the Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement is intended to disclaim anything contained in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	Sections 19.8 and 19.9	Except for certain claims, all disputes must be mediated and arbitrated in Tucson, Arizona (subject to state law).
v. Choice of forum	Section 19.7	All disputes must be mediated, arbitrated, and if applicable, litigated in Tucson, Arizona, subject to applicable state law.
w. Choice of law	Section 19.7	Arizona law applies, subject to applicable state law.

This table lists certain important provisions of the Area Developer Agreement and related agreements. You should read these provisions in the agreement attached to this disclosure document.

THE AREA DEVELOPER RELATIONSHIP

Provision	Section in Area Developer Agreement	Summary
a. Length of the term	Section 2	Term continues until the earlier of: (a) the years from the effective date listed in your Area

Provision	Section in Area Developer Agreement	Summary
		Developer Agreement, which varies depending on the number of Frost Gelato stores you agree to open; or (b) you have completed your development obligations in accordance with the development schedule.
b. Renewal or extension of the term	Sections 2 and 4.2	We may extend the term of the Area Developer Agreement to allow you to develop a replacement or additional Frost Gelato store.
c. Requirements for Area Developer to renew or extend	Sections 2 and 4.2	To obtain the rights to develop additional Frost Gelato stores, you must have complied with the terms of the Area Developer Agreement and agree in writing to a new development schedule. You may be required to sign a new Area Developer agreement and any ancillary documents, and this new agreement may be materially different and may have different terms and conditions from your original Area Developer Agreement. For a replacement Frost Gelato store, the extension will not be more than one year after the applicable development schedule date.
d. Termination by Area Developer	Not Applicable	Not Applicable.
e. Termination by franchisor without cause	Not Applicable	Not Applicable.
f. Termination by franchisor with "cause"	Section 7	We can terminate upon certain violations of the Area Developer Agreement by you.
g. "Cause" defined - curable defaults	Section 7	You have 30 days to cure defaults not listed in Item 17i below.
h. "Cause" defined – defaults which cannot be cured	Section 7	Noncurable defaults (subject to applicable law): failure to comply with development schedule on two or more occasions; unauthorized transfer; death or permanent disability of Area Developer or controlling principal; termination of any Franchise Agreement between us and you or your affiliate.
i. Developer's obligations on termination/ non-renewal	Section 7	You must cease developing Frost Gelato stores and comply with all applicable confidentiality and non-competition covenants.
j. Assignment of contract by franchisor	Section 8.1	No restriction on our right to assign.
k. "Transfer" by Area Developer – defined	Section 8.2	Includes sale, assignment, transfer, conveyance, gift, pledge, mortgage, or other disposal or encumbrance of any direct or indirect interest in the Area Developer Agreement or you (if you are not a natural person).

Provision	Section in Area Developer Agreement	Summary
l. Franchisor approval of transfer by Area Developer	Section 8.2	You may not assign the Area Developer Agreement.
m. Conditions for franchisor approval of transfer	Not Applicable	Not Applicable
n. Franchisor's right of first refusal to acquire Area Developer's business	Not Applicable	Not Applicable
o. Franchisor's option to purchase Area Developer's business	Not Applicable	Not Applicable
p. Death or disability of Area Developer	Section 7	Area Developer Agreement automatically terminates upon death or permanent disability of Area Developer or controlling principal.
q. Non-competition covenants during the term of the Area Developer Agreement	Section 16	Except for Frost Gelato stores you operate under Franchise Agreements with us or as a developer of FGF, you will not (a) divert or attempt to divert any business or customer of any Frost Gelato store to any competitor, by direct or indirect inducement or otherwise; or (b) directly or indirectly, for yourself or for any other person or entity, own, engage in, be employed by, advise, assist, lease or sublease to, invest in, franchise, lend money to, sell or lease the assets of the Frost Gelato stores to, or have any financial interest in, any business that is the same as or similar to a Frost Gelato store.
r. Non-competition covenants after the Area Developer Agreement is terminated or expires	Section 16	Except for Frost Gelato stores you operate under Franchise Agreements with us, you are prohibited for a period of 24 months after the earlier of the expiration, transfer or termination of the Area Developer Agreement, or the date on which you cease to operate the Frost Gelato stores, from having any interest in any business that is the same as or similar to a Frost Gelato store within the development territory, plus the area formed by extending the boundaries of the development territory 50 miles in all directions, plus the area formed by extending the boundaries of any other FGF developer's development territory, or any other franchisee's territory, by 50 miles, that are operating or under construction.
s. Modification of the Area Developer Agreement	Sections 12 and 22	No modifications of the Area Developer Agreement unless agreed to in writing, but the Frost Gelato Operations Manual is subject to change at any time.
t. Integration/merger clause	Section 12	Only the terms of the Area Developer Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises made outside the

Provision	Section in Area Developer Agreement	Summary
		Area Developer Agreement may not be enforceable. Nothing in the Area Developer Agreement is intended to disclaim anything contained in this Disclosure Document.
u. Dispute resolution by arbitration	Section 21	Except for certain claims, all disputes must be arbitrated in Tucson, Arizona (subject to state law).
v. Choice of forum	Section 18	All disputes must be mediated, arbitrated, and if applicable, litigated in Tucson, Arizona, subject to applicable state law.
w. Choice of law	Section 18	Arizona law applies, subject to applicable state law.

ITEM 18
PUBLIC FIGURES

We do not use any public figures to promote our Franchise.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to disclose information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, and/or affiliate-owned outlets if there is a reasonable basis for the information, and the information is included in the Franchise 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 performance at a particular location or under particular circumstances.

The information provided is an historical financial performance representation. There were three affiliate-owned Frost Gelato stores and eleven franchised Frost Gelato stores operating in 2017. The following charts contain information for 2017 for our three affiliate-owned Frost Gelato stores which are noted with an "*"and for seven franchised Frost Gelato stores, all of which have been operating for at least 12 months as of December 31, 2017. Four Frost Gelato stores opened in 2017 and are not included in the chart below. The source of this data is (a) our affiliates' books and records for affiliate-owned Frost Gelato stores; and (b) Gross Sales reported by our franchisees for franchised Frost Gelato stores.

2017 GROSS SALES OF THE REPORTING GROUP

2017	*Casa Adobes (AZ)	*Tanque Verde (AZ)	*La Encantada (AZ)	San Tan Village (AZ)	Highland Park (IL)	ABQ Up (NM)	Biltmore (AZ)	Naperville (IL)	Dallas (TX)	Austin Hill (TX)
Date Opened for Operation	May 2005	Nov 2007	Nov 2008	Jul 2011	Nov 2011	Nov 2013	Jul 2014	Nov 2014	Nov 2015	Aug 2016
Gross Sales	$ 740,233	$ 566,523	$ 796,154	$1,109,238	$ 472,642	$ 839,083	$566,736	$ 603,268	$ 486,298	$ 413,752

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39415376\1
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Notes:

~~1. Gross Sales has the meaning described in Item 6, Note 2.~~

1. Gross Sales means the total revenues from all services and products sold at, from or through a Frost Gelato store, whether or not sold or performed at or from the store (including income related to take-out, catering and delivery) and including the full redemption value of a gift certificate or coupon sold for use at the store (fees retained by or paid to third party sellers of such gift certificates or coupons are not excluded from this calculation) and all income and revenue of every other kind and nature related to the Frost Gelato store operation, whether for cash or credit, and regardless of collection in the case of credit. Gross Sales does not include sales taxes transmitted to a taxing authority, gratuities paid to employees, proceeds from isolated sales of fixtures and equipment, employee meals up to a maximum of $350 per sales period, and the amount of promotions and manager discounts in accordance with our policies.

1. The affiliate locations pay less for the proprietary Frost Gelato store products than a franchisee will pay, and the affiliate locations do not pay a royalty fee or make brand fund contributions.

2. The figures presented above do not reflect the operating expenses or other costs or expenses that must be deducted from the gross sales figures to obtain your net income or profit.

The figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Frost Gelato store. Franchisees or former franchisees, listed in Exhibit G, may be one source of this information.

Some outlets have ~~earned~~ sold this amount. Your individual results may differ. There is no assurance that you'll ~~earn~~ sell as much.

We strongly recommend that you research and develop your own pro forma cash flow statement and make your own projections concerning potential sales, operating costs, capital investment requirements, debt, and other financial aspects of operating a Frost Gelato store. You should consult with independent professional financial, tax and legal advisors.

Written substantiation for this financial performance representation is available upon reasonable request.

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. 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 outlet, however, we may provide you with the actual records of that outlet. 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 Jeffery Kaiserman or Stephen Ochoa at 7131 N. Oracle Road, Tucson, Arizona 85704 and (520) 797-0188, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

System-wide Outlet Summary
For Years 2015 to 2017

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2015	7	8	+1
	2016	8	9	+1
	2017	9	11	+2
Affiliate-Owned	2015	3	3	0
	2016	3	3	0
	2017	3	3	0
Total Outlets*	2015	10	11	+1
	2016	11	12	+1
	2017	12	14	+2

*We also opened one outlet in Kuwait in 2013 and a second branch in 2015 for a total of two international locations at the end of 2017.

Table No. 2

Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor)
For Years 2015 to 2017

State	Year	Number of Transfers
Totals	2015	0
	2016	0
	2017	0

Table No. 3

Status of Franchised Outlets
For Years 2015 to 2017

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Arizona	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
California	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
Illinois	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
	2017	2	0	0	0	0	0	2
New Mexico	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	1	0	0	0	0	2
Texas	2015	0	1	0	0	0	0	1
	2016	1	1	0	0	0	0	2
	2017	2	1	0	0	0	0	3
Totals	2015	7	1	0	0	0	0	8
	2016	8	1	0	0	0	0	9
	2017	9	2	0	0	0	0	11

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Table No. 4

Status of Affiliate-Owned Outlets
For Years 2015 to 2017

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Arizona	2015	3	0	0	0	0	3
	2016	3	0	0	0	0	3
	2017	3	0	0	0	0	3
Total Outlets	2015	3	0	0	0	0	3
	2016	3	0	0	0	0	3
	2017	3	0	0	0	0	3

Table No. 5

Projected Openings as of
December 31, 2016 for 2017

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
Massachusetts	0	1	0
Texas	0	1	0
Virginia	0	1	0
Totals	0	3	0

The names, addresses, and telephone numbers of our current franchisees are attached to this Franchise Disclosure Document as Exhibit G. The name and last known address and telephone number of every current franchisee and every franchisee or Area Developer who has had a Frost Gelato franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement or Area Developer Agreement during the one year period ending December 31, 2017, or who has not communicated with us within ten weeks of the date of this Franchise Disclosure Document is listed in Exhibit G.

In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experiences with the Frost Gelato system. You may wish to speak with current and former franchisees, but know that not all such franchisees can communicate with you.

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

As of the date of this Franchise Disclosure Document, there are no franchise organizations sponsored or endorsed by us and no independent franchisee organizations have asked to be included in this Franchise Disclosure Document. We do not have any trademark-specific franchise organizations.

ITEM 21
FINANCIAL STATEMENTS

Exhibit A contains the financial statements required to be included with this Franchise Disclosure Document: audited financial statements as of December 31, 2017, December 31, 2016, and December 31, 2015 and unaudited financial statements as of July 31, 2018. Our fiscal year end is December 31st.

ITEM 22
CONTRACTS

The following exhibits contain proposed agreements regarding the Franchise:

Exhibit B	Franchise Agreement
Exhibit C	Area Developer Agreement
Exhibit H	State Addenda and Agreement Riders
Exhibit J	Contracts for use with the Frost Gelato franchise

ITEM 23
RECEIPT

The last pages of this Franchise Disclosure Document, Exhibit K, are a detachable document, in duplicate. Please detach, sign, date, and return one copy of the receipt to us, acknowledging you received this Franchise Disclosure Document. Please keep the second copy for your records.

EXHIBIT H

FROST GELATO FRANCHISING, L.L.C.

STATE ADDENDA AND AGREEMENT RIDERS

FROST GELATO FRANCHISING, L.L.C.
ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF CALIFORNIA

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

1. Item 5. Payment of all initial fees is postponed until after all of the franchisor's initial obligations are complete and the franchisee is open for business.

2. Item 6. The highest interest rate allowed by law in California is 10%.

Section 31125 of the California Corporation Code requires us to give you a disclosure document, in the form and containing the information as the Commissioner may by rule or order require, before we ask you to consider a proposed material modification of your Franchise Agreement.

The Franchise Agreement requires binding arbitration. The arbitration will occur at Pima County, Arizona, with the costs being borne equally by the parties. 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, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires the application of the law of Arizona. This provision may not be enforceable under California law.

Neither we nor any person listed in Item 2 of the disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

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

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The franchise agreement contains a liquidated damages clause. Under California Civil Code section 1671, certain liquidated damages clauses are unenforceable

OUR WEBSITE 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.

~~Item 6 of the Disclosure Document is amended to state the highest interest rate allowed by law in California is 10% annually.~~

The provisions of this Addendum only apply if the jurisdictional requirements of the California Franchise Investment Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

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FROST GELATO FRANCHISING, L.L.C.
ADDENDUM TO THE FRANCHISE ~~DISCLOSURE DOCUMENT~~ AGREEMENT
REQUIRED BY THE STATE OF ~~ILLINOIS~~CALIFORNIA

1. The first two sentences of Section 4.1 are deleted and replaced with the following:

"Franchisee shall pay to Franchisor an Initial Franchise Fee as set forth on Attachment A for each Frost Gelato Shoppe, which shall be paid in full when Franchisor has completed all of its initial obligations and Franchisee opens for business. If the Franchise Agreement pertains to the second Frost Gelato Shoppe and additional Frost Gelato Shoppes pursuant to an Area Development Agreement, the Initial Franchisee Fee is due at the time Franchisor has completed all of its initial obligations and Franchisee opens for business, and shall be payable in accordance with the terms set forth in the Area Development Agreement."

The provisions of this Addendum only apply if the jurisdictional requirements of the California Franchise Investment Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

Date: __________

FRANCHISOR:	FRANCHISEE:
Frost Gelato Franchising, L.L.C.	
By: __________	By: __________
Name: __________	Name: __________
Title: __________	Title: __________

FROST GELATO FRANCHISING, L.L.C.
ADDENDUM TO THE AREA DEVELOPER AGREEMENT
REQUIRED BY THE STATE OF CALIFORNIA

1. The following sentence is added to Section 3:

"The Area Developer Fee is due to be paid in full when Franchisor has completed all of its initial obligations to Franchisee under the first unit Franchise Agreement and Franchisee opens that Frost Gelato Shoppe for business."

The provisions of this Addendum only apply if the jurisdictional requirements of the California Franchise Investment Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

Date: ____________

FRANCHISOR:	AREA DEVELOPER:
Frost Gelato Franchising, L.L.C.	
By: ____________	By: ____________
Name: ____________	Name: ____________
Title: ____________	Title: ____________

FROST GELATO FRANCHISING, L.L.C.
ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF ILLINOIS

Illinois law governs the franchise agreements.

WHILE YOU ARE REQUIRED TO SUCCESSFULLY COMPLETE TRAINING IN ARIZONA 10 – 12 WEEKS BEFORE YOU OPEN YOUR FRANCHISED BUSINESS, THERE IS NO SET SCHEDULE FOR THE INITIAL TRAINING PROGRAM. RATHER, THE TRAINING SCHEDULE IS BASED UPON THE TIMING OF FRANCHISE SALES.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees' rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

The provisions of this Addendum only apply if the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

Date: ________________

FRANCHISEE:

By: ____________________________
Name: __________________________
Title: ___________________________

FROST GELATO FRANCHISING, L.L.C.
ADDENDUM TO FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF ILLINOIS

Illinois law governs the franchise agreements.

WHILE YOU ARE REQUIRED TO SUCCESSFULLY COMPLETE TRAINING IN ARIZONA 10 – 12 WEEKS BEFORE YOU OPEN YOUR FRANCHISED BUSINESS, THERE IS NO SET SCHEDULE FOR THE INITIAL TRAINING PROGRAM. RATHER, THE TRAINING SCHEDULE IS BASED UPON THE TIMING OF FRANCHISE SALES.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees' rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

The provisions of this Addendum only apply if the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

Date: ___________________

FRANCHISOR:	FRANCHISEE:
Frost Gelato Franchising, L.L.C.	
By: ______________________	By: ______________________
Name: ____________________	Name: ____________________
Title: _____________________	Title: _____________________

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FROST GELATO FRANCHISING, L.L.C.
ADDENDUM TO AREA DEVELOPER AGREEMENT
REQUIRED BY THE STATE OF ILLINOIS

Illinois law governs the franchise agreements.

WHILE YOU ARE REQUIRED TO SUCCESSFULLY COMPLETE TRAINING IN ARIZONA 10 – 12 WEEKS BEFORE YOU OPEN YOUR FRANCHISED BUSINESS, THERE IS NO SET SCHEDULE FOR THE INITIAL TRAINING PROGRAM. RATHER, THE TRAINING SCHEDULE IS BASED UPON THE TIMING OF FRANCHISE SALES.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees' rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

The provisions of this Addendum only apply if the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

Date: ____________________

FRANCHISOR:	FRANCHISEE:
Frost Gelato Franchising, L.L.C.	
By: ____________________	By: ____________________
Name: ____________________	Name: ____________________
Title: ____________________	Title: ____________________

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FROST GELATO FRANCHISING, L.L.C.
ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF VIRGINIA

Item 17(h). The following is added to Item 17(h):

> Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise or to cancel a franchise without reasonable cause. If any provision of the Franchise Agreement involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise or if any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, those provisions may not be enforceable.

The provisions of this Addendum only apply if the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

FROST GELATO FRANCHISING, L.L.C.
ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF WASHINGTON

The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your Franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your Franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in Washington or in a place as mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by you shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer, to the extent required by the Washington Franchise Investment Protection Act.

The provisions of this Addendum only apply if the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently without reference to this Addendum ~~and to the extent they are then valid requirements of the statute~~.

The undersigned does hereby acknowledge receipt of this addendum.

Date: _______________ FRANCHISEE:

By: ____________________________
Name: __________________________
Title: ___________________________

FROST GELATO FRANCHISING, L.L.C.
ADDENDUM TO FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF WASHINGTON

The state of Washington has a statute, RCW 19.100.180 which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

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Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer, to the extent required by the Washington Franchise Investment Protection Act.

The provisions of this Addendum only apply if the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently without reference to this Addendum ~~and to the extent they are then valid requirements of the statute~~.

Date: ________________

FRANCHISOR:	FRANCHISEE:
Frost Gelato Franchising, L.L.C.	
By: ______________________	By: ______________________
Name: ____________________	Name: ____________________
Title: _____________________	Title: _____________________

FROST GELATO FRANCHISING, L.L.C.
ADDENDUM TO AREA DEVELOPER AGREEMENT
REQUIRED BY THE STATE OF WASHINGTON

The state of Washington has a statute, RCW 19.100.180 which may supersede the Area Developer Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Area Developer Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by you shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the Area Developer Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable and are amended to the extent required by law.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer, to the extent required by the Washington Franchise Investment Protection Act.

The provisions of this Addendum only apply if the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently without reference to this Addendum ~~and to the extent they are then valid requirements of the statute~~.

Date: ________________

FRANCHISOR:	FRANCHISEE:
Frost Gelato Franchising, L.L.C.	
By: ______________________	By: ______________________
Name: ______________________	Name: ______________________
Title: ______________________	Title: ______________________