FRANCHISE DISCLOSURE DOCUMENT

SUB ZERO FRANCHISING, INC.
a Utah corporation
62 W. Center St.
Provo, UT 84601

Phone: (801) 494-0960
Email: info@subzeroicecream.com
www.subzeroicecream.com

SUBZERO™
DELICIOUS + SCIENCE

We offer franchises to qualified individuals and entities to operate Sub Zero franchises under the "Sub Zero Ice Cream" service marks, trade names, programs, and systems. Our franchises specialize in the preparation and sale of food and beverage items, currently including ice cream using a unique "instant freezing" method, and related products and services using our distinctive business formats, systems, methods, procedures, designs, layouts, standards and specifications, and proprietary recipes (the "Method of Operation"). Franchisees may elect to operate a mobile unit from a towed trailer that is separate from their standard Sub Zero franchised store. We also offer a multiple purchase addendum under which qualified individuals and entities may operate multiple Sub Zero franchises within a specific territory.

The total investment necessary to begin operation of a Sub Zero franchised business is $239,450 to $484,500. This includes $36,000 to $43,000 that must be paid to us or our affiliate. For franchises purchased with the multiple purchase addendum, multiply the estimated initial investment range times the number of franchises purchased. This includes $15,000 to $23,000 that must be paid to us or our affiliate for each additional franchise purchased.

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 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 our CEO, 62 W. Center St., Provo, UT 84601, (801) 494-0960. The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission (FTC). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

ISSUANCE DATE: November 23, 2016, as amended February 8, 2017

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 THIS FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit D 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 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 TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES THAT MOST DISPUTES BE SUBMITTED TO ARBITRATION IN UTAH. OUT OF STATE ARBITRATION OR 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 UTAH THAN IN YOUR HOME STATE.

2. THE FRANCHISE AGREEMENT STATES THAT UTAH LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS THE LAWS IN YOUR HOME STATE. YOU MAY WANT TO COMPARE THESE LAWS.

3. YOUR SPOUSE MUST SIGN A DOCUMENT THAT MAKES YOUR SPOUSE LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT, EVEN THOUGH YOUR SPOUSE HAS NO OWNERSHIP INTEREST IN THE BUSINESS. THIS GUARANTEE WILL PLACE BOTH YOU AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, INCLUDING YOUR HOUSE, AT RISK IF YOUR FRANCHISE FAILS.

4. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM $239,450 TO $484,500. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDER'S EQUITY AS OF JUNE 30, 2016, WHICH IS $(310,179).

5. THE FRANCHISOR'S FINANCIAL STATEMENTS SHOW THAT ITS LIABILITIES EXCEED ITS ASSETS. THIS MEANS THAT THE FRANCHISOR MAY NOT HAVE THE FINANCIAL RESOURCES TO PROVIDE SERVICES OR SUPPORT TO YOU.

6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Effective date: [see following page]

STATE EFFECTIVE DATES

This Franchise Disclosure Document is effective as of:

General FTC (for states not requiring registration) – November 23, 2016, as amended February 8, 2017

States Requiring Registration (registration not approved if blank):

California:	
Florida:	December 28, 2016
Hawaii:	
Illinois:	
Indiana:	December 29, 2016
Kentucky:	December 10, 2010
Maryland:	
Michigan:	
Minnesota:	
Nebraska:	November 5, 2013
New York:	
North Dakota:	
Rhode Island:	
South Dakota:	
Texas:	November 5, 2013
Utah:	December 19, 2015
Virginia:	
Washington:	
Wisconsin:	

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

We are **SUB ZERO FRANCHISING, INC.** ("we," "us," or "our"). SUB ZERO FRANCHISING, INC. is called "we" or "us" in this Disclosure Document. "You" means the prospective purchaser of a Sub Zero franchise, whether a person, corporation, partnership, or other entity and includes owners or partners of a corporation, partnership, or other legal entity that purchases a Sub Zero individual unit franchise from us. If you are a corporation, partnership or other entity, your owners must sign our "Owner's Guaranty," which means that all of the provisions of our Franchise Agreement also will apply to your owners.

Who We Are

We were organized in Utah as a corporation on October 19, 2010. Our principal business address is 62 W. Center St., Provo, UT 84601. Our telephone number is (801) 494-0960. We operate under our corporate name, the name "Sub Zero", and the Marks, as defined below. We are the franchisor of the Sub Zero franchise system. We license our franchisees to own and operate franchises under the "Sub Zero" names and the Marks. We authorize our franchisees to promote, advertise, sell, and provide quality food and beverage products, currently including ice cream using a unique "instant freezing" method, and related products and services to the public and to use our Method of Operations and our Marks in the operations of the franchisee's business.

We have offered franchises since November 2010. We currently own and operate two Sub Zero stores at: (1) Provo Towne Centre at 1200 Towne Centre Blvd, Provo, Utah 84601 since July 2012; and (2) 62 W. Center St., Provo, Utah 84601 since July 2016. The first store was formerly owned and operated by a franchisee. These operations are the same as the type being franchised. We reserve the right to operate additional stores. We do not have any other business activities. We have not and do not offer franchises in any other line of business. We produce and sell innovative advertising and sales promotion materials. We may attempt to negotiate group discount rates for the benefit of our franchisees for advertising products and services and marketing and sales materials.

Our registered agents for service of process are outlined in Exhibit D to this Disclosure Document.

Our affiliate Sub Zero Laguna, LLC, a California limited liability company formed on March 16, 2016, owns and operates a Sub Zero store at 27281 La Paz Road, Suite Q, Laguna Niguel, CA 92677 since March 2016. This store was formerly owned and operated by a franchisee and is the same as the type being franchised. This affiliate has and does not offer franchises in this or any other line of business.

Our predecessor and parent company, Sub Zero Franchise Company, LLC, a Utah limited liability company (our "predecessor") offered Sub Zero franchises from March 2010 to October 2010. Our former affiliate, Sub Zero Ice Cream LLC, a Utah company offered Sub Zero franchises from 2006 to March 2010. Our predecessor and former affiliate assigned all rights to certain Sub Zero intellectual property and franchise agreements for their franchisees to us in November 2010. Our predecessor and former affiliate no longer offer franchises in this or any other line of business. Our owner and officer Jerry Hancok owns a Sub Zero shop at 1774 N. University Parkway, Unit 56B, Provo, UT 84604. Our predecessor's and affiliate's principal business addresses are301 S 400 E, American Fork, Utah 84003. Our predecessor and affiliates are not currently but may be approved or designated suppliers of products and services for our franchisees.

Our affiliate Sub-Nitro, LLC, is a Utah limited liability company formed on October 16, 2015. It has a principal address of 301 South 4400 East, American Fork, Utah 84003. In 2016, our Founder Jerry Hancock transferred to Sub-Nitro, LLC the patent for the method of making frozen confections that we license to our franchisees to use in the operation of their franchised stores. This affiliate has never owned or operated a store the same as the type being franchised and has and does not offer franchises in this or any other line of business.

We, our predecessor and our affiliates have never been involved in any line of business other than as disclosed in this Disclosure Document.

The Sub Zero Franchise

Sub Zero stores currently sell ice cream (including using our unique instant freezing technique) and related products and services, including ice cream toppings and beverages, as part of a standardized menu ("Sub Zero Stores"). Sub Zero Stores provide quick service in an inviting atmosphere.

You will operate your Franchised Store at a designated location that we approve (the "Site") using our Method of Operation and approved products (the "Products") and our proprietary trademarks, service marks, logos, trade dress and slogans, including Sub Zero™ and the Sub Zero Logo™ (the "Marks"). By paying the Initial Franchise Fee you also receive the right, but not the obligation, to operate a "Mobile Unit" franchise to offer Sub Zero products and services using our Method of Operation from a mobile trailer unit. Some or all of our initial and ongoing obligations to you may be performed by a Sub Zero Area Developer Franchisee or other service representative in your area that is not a party to your Franchise Agreement.

We may also offer the right to open multiple Franchised Stores within a specified territory. There is no minimum or maximum number of units to be developed. However, if you desire to open multiple Franchised Stores, you must show the financial and management capability to build out, open, and operate the number of Franchised Stores desired and the desired territory must be legally and contractually available in accordance with federal and state law and with our contractual commitments with other Sub Zero™ franchises, and in compliance with our franchise placement, market, development, and demographic criteria, standards and guidelines. You must sign our standard franchise agreement for each store in your specified territory and a "Multiple Purchase Addendum". Under the Multiple Purchase Addendum, there is a reduced Initial Franchise Fee for each additional franchise, after your first, but the entire Initial Franchise Fee for each franchise must be paid together upon signing. You must also comply with a franchise development schedule outlined in the Multiple Purchase Addendum.

We are consistently seeking ways to evolve and improve. As we continue to grow, you should expect to see changes in our business operations, philosophies and programs.

The Sub Zero Area Developer Franchise

Until 2014, we offered qualified Area Developers the right to develop Sub Zero franchises in a specified Development Area. If we decide to offer the Area Developer franchise again, the offering will be made through a separate franchise disclosure document. These franchises may only be offered in a franchise registration state once the Area Developer offering is registered in that state. The standard Area Developer offering required the purchase of at least one Standard Franchise in addition to the Area Developer franchise. Area Developers train and support other franchisees in their Development Area. Area Developer franchisees must comply with the franchise development schedule outlined in their Area Developer Agreement.

International Master Franchise Rights

We have offered international master franchise rights to qualified candidates outside of the United States since 2011. The master franchisee operates as a subfranchisor to open and develop Sub Zero franchises in a specified international master territory. Currently, we have master franchisees in the United Arab

Emirates and the People's Republic of China. The master franchise opportunity is not offered in the United States.

Market and Competition

The market for restaurants and ice cream and related products is well-established and very competitive. You will compete with national and local ice cream, dessert and frozen dessert stores, as well as supermarkets, grocery and convenience stores. You may face competition from other Sub Zero franchisees, from outlets that we or our affiliates own, or from other channels of distribution or competitive brands that we control. Sub Zero products and services appeal to people of all ages. Cold weather climates may experience some seasonal fluctuations in sales.

Laws and Regulations

Most jurisdictions have specific laws and regulations pertaining to the Sub Zero food-service business, including laws and regulations relating to health and sanitation, access by persons with disabilities, wages and labor, equal employment opportunity, occupational health and safety, building and construction, hazardous materials, hazardous waste, environmental, and zoning. It is your responsibility to identify and comply with any and all laws applicable to your Sub Zero Store and we urge you to investigate these laws and regulations before becoming a Sub Zero franchisee.

This Disclosure Document contains a summary of some material provisions of the franchise agreement (the "Franchise Agreement", see Exhibit B). However, the Franchise Agreement expresses and governs the actual legal relationship between us and you.

The Franchise Agreement does not make you our agent, legal representative, joint venturer, partner, employee, or servant for any purpose. You will be an independent contractor and will not be authorized to make any contract, agreement, warranty or representation or to create any obligation, express or implied, for us.

ITEM 2
BUSINESS EXPERIENCE

Jerry Hancock – Founder; CEO and Chairman of the Board

Jerry Hancock has served as the Chairman of our Board of Directors in Provo, Utah since July 2012 and as our Chief Executive Office in Provo, Utah since October 2012. He served as our President from our inception in October 2010 until July 2012. He has served as owner of our predecessor since its inception March 2010. He has served as founder and President with our affiliate, Sub Zero Ice Cream Inc., since June 2004. Since December 2004, Mr. Hancock has owned and operated a Sub Zero operation at 1774 N. University Pkwy., Unit 56B, Provo, UT 84604. From February 2003 to April 2016, Mr. Hancock served as an information assurance specialist for the Air National Guard in Salt Lake City, Utah.

Vern Hancock – Board Member; Site Design Coordinator

Mr. Vern Hancock has served as member of our Board of Directors since October 2012. He has managed our franchise site design and construction process in Utah since January 2008.

Naomi Hancock – Founder; Board Member; Franchisee Trainer

Naomi Hancock has served as member of our Board of Directors since October 2012. She has served as one of our trainers in Utah since July 2012. Since August 2012, Mrs. Hancock has managed our financial, reporting, and accounting programs and systems. She has served as founder and Secretary with our affiliate, Sub Zero Ice Cream Inc., since June 2004. Since December 2004, Mrs. Hancock has owned and operated a Sub Zero operation in Utah.

Peter Black – Director of Sales and Marketing

Peter Black has served as our director of sales and marketing since January 2013. Previous to his involvement with Sub Zero, Mr. Black was a teacher and training supervisor at Brigham Young University in Provo, Utah from August 2009 to January 2013. He also completed an internship with Walmart from May 2012 through January 2013.

Mike Penn – Vice-President of Operations

Mike Penn has served as our Vice-President of Operations in Provo, Utah since August 2016. From March 2016 to September 2016, Mr. Penn worked as a consultant for Domo in American Fork, Utah. From June 2015 to December 2015, Mr. Penn was a manager for Tags in Pleasant Grove, Utah. From June 2015 to May 2015, Mr. Penn was Vice President of Estrella in Alpine, Utah. From June 2009 to June 2014, Mr. Penn served as a manager for Ebay in Draper, Utah.

Mary Marez– Operations Manager

Mary Marez has served as our Operations Manager since February 2013. She has served as one of our franchisee trainers since January 2013. Ms. Marez served as store manager for our affiliate's Provo, Utah store location from April 2008 to February 2013.

Brittany Snapp – Director of Support and Compliance

Ms. Snapp has served as our Director of Support and Compliance since October 2014. From October 2010 to September 2014, Ms. Snapp worked as Director of Operations for Franchise Foundry in Provo, Utah.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item. We were not a party to any material civil actions involving the franchise relationship filed in the last fiscal year.

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

A. Initial Franchise Fees.

You pay us a **$35,000** Initial Franchise Fee upon signing the Franchise Agreement. The Initial Franchise Fee for additional franchises is $20,000 if you purchase the additional franchise within 18 months after your first franchise.

If you purchase more than one franchise concurrently, the Initial Franchise Fee is $35,000 for the first franchise and $15,000 for each additional franchise. To be eligible to pay the reduced initial franchise fees for multiple franchises, you must pay to us the entire Initial Franchise Fee upfront for each franchise when you sign the relevant franchise agreement.

Until May 1, 2017, we intend to offer to existing Sub Zero™ franchisees the opportunity to purchase additional franchises for the reduce fee of $15,000 for each additional franchise.

To be eligible to pay any of the reduced initial franchise fees outlined above, you must be fully compliant under all agreements with us and in good standing, you must qualify financially to open an additional franchised store, and you must pay to us the entire Initial Franchise Fee upfront for each franchise when you sign the relevant franchise agreement.

We support the International Franchise Association's VetFran program. If you meet the International Franchise Association's requirements for this program and meet our standard franchisee criteria, you may qualify for a **25%** discount on the Initial Franchise Fee. Visit www.franchise.org and contact the International Franchise Association for details about this program.

By paying the Initial Franchise Fee you also receive the right, but not the obligation, to operate a Mobile Unit franchise to offer Sub Zero products and services using our Method of Operation from a mobile trailer unit.

If you have not opened your Franchised Store within the earlier of: (1) 6 months from signing lease; or (2) 9 months of signing the Franchise Agreement (unless excused or extended per the Franchise Agreement), then we may terminate the Franchise Agreement and retain the entire Initial Franchise Fee that you paid to us. If we determine that your managing owner or Manager has attended but has not successfully completed the initial training program, then we may terminate the Franchise Agreement upon refunding half of the Initial Franchise Fee.

Except as described above, the initial franchise fee is uniform for all franchisees. We intend to raise the Initial Franchise Fee at some point in the future after certain growth levels have been attained. The increased fee and timing have not been determined as of the issuance date of this Disclosure Document.

We may offer franchises at a reduced rate to prospective franchisees who in our opinion possess the knowledge and experience to conduct business with minimal assistance from us or who are purchasing multiple franchises. Occasionally, we may grant new franchises to our owners, affiliates, and employees and their family members with reduced or no initial fees.

You are exclusively responsible to pay for or otherwise reimburse us for all travel, lodging, and meal expenses that we or our representatives reasonably incur to conduct the required initial on-site training at your franchise location. We estimate these travel expenses to range from **$1,000** to **$3,000**, depending on the distance of your franchise location from our headquarters and the prevailing travel and lodging rates at the time of such training. This reimbursement is non-refundable. This reimbursement amount is in addition to your travel, lodging, and meal expenses that you incur to attend the portion of initial training at our headquarters or another location we designate.

B. Site Selection.

Although not required to do so, we may offer to you site selection services or we may make available to you real estate advisors to assist you in your site selection process. The range of fees associated with such services is generally **$1,000** to **$5,000.**

No initial fees are refundable or transferable in whole or in part except under the specific circumstances listed above.

ITEM 6
OTHER FEES

TYPE OF FEE[1]	AMOUNT	DUE DATE[2]	REMARKS
Weekly Royalty	6% of Gross Sales[3]	By Tuesday of each week	Paid to us. See note below.
Marketing Fee	2% of Gross Sales[3]	By Tuesday of each week	Paid to us.

TYPE OF FEE[1]	AMOUNT	DUE DATE[2]	REMARKS
Local Advertising Expenditure	At least 3% of Gross Sales	Expenditure report due within 10 days of each quarter	Amounts spent to fulfill this Local Advertising Requirement shall be used by Franchisee to conduct continuing local advertising in form, content and media as outlined in the Confidential Operations Manual and as approved by us. Any amounts spent in a Sub Zero advertising cooperative will count toward your Local Advertising Requirement.
Grand Opening Advertising	$3,000	During the period beginning two weeks prior to and ending two weeks following the opening of the Franchised Store.	You must use a marketing company that we endorse and approve. This amount is spent on promotion and advertising of the Franchised Store. Franchisee shall submit to Sub Zero evidence of such Grand Opening Advertising no later than twenty (20) days following the opening of the Franchised Store. If Franchisee fails to expend the Grand Opening Advertising in whole or in part, then Sub Zero may, immediately upon notice provided to Franchisee, assess Franchisee for any such deficiency, which shall be expended by Sub Zero on advertising of Sub Zero Stores.
Advertising Cooperative Contribution	Up to 3% of Gross Sales.	As voted and approved by your local advertising cooperative (only if we create an advertising cooperative in your area).	Any advertising cooperative contributions will be credited toward your Local Advertising Requirement. If at any meeting of the stores in an advertising region, 75 percent of the stores vote to contribute to a regional advertising program, all stores within that region will be obligated to make a contribution to a regional advertising fund in the amount established by the vote. Each company-owned store will have one vote, the same as each franchisee-owned store.
Additional Training or Assistance	$1,000 per person plus travel expenses	Payment is due when services are provided	Paid to us. This fee is subject to change at any time and is applied to train people beyond the three individuals included in our initial training.
Additional On-Site Training or Assistance	$500 per day per trainer plus our travel, lodging, and meal expenses	Before	Paid to us. This fee is subject to change at any time. This training is in addition to initial training program and initial onsite training
POS Software	$60 per month	Monthly	This is a service provided by the vendor for our required point-of-sale (POS). This fee is paid directly to the point-of-sale vendor.

TYPE OF FEE[1]	AMOUNT	DUE DATE[2]	REMARKS
Optional payroll accounting service fee	$245 per month	Monthly	This is an optional service provided by the vendor for our required POS. This fee is paid directly to the POS vendor.
POS Help Desk Support	$45 per month	Monthly	The remote help desk support and software maintenance services is provided by the vendor for our required POS. This fee is paid directly to the POS vendor.
Transfer Fee[4]	Then-current transfer fee, currently $2,500	At time of permitted transfer	Paid to us.
Extension/ Renewal Fee	Then-current renewal fee, currently $2,500	Upon renewal	Paid to us upon renewal. This fee will reimburse us for our reasonable administrative, legal, and other expenses that result from the renewal.
Relocation Fee	$5,000	Upon relocation	Paid to us in consideration for our administrative costs and activities in connection with the new franchise location, including review and approval of the proposed franchise locations and the associated lease.
Audit	Cost of the audit plus any shortfall amount found to be due	On demand	Paid to us. Franchisee will be responsible for the full costs of the audit if it reveals a discrepancy of 3% or greater.
Late Charges	At the lesser of 1.5% per month and the highest rate allowed by law plus a $50 service fee	On demand	Paid to us. Late charges are accrued until paid on all amounts owed to us that are past due 5 days.

TYPE OF FEE[1]	AMOUNT	DUE DATE[2]	REMARKS
Cure Fee	$500 for the first breach, $1,000 for the second breach, and $2,500 for the third breach and any other breach.	On demand	Paid to us. We may charge this fee if_you breach any of the terms, conditions, or policies outlined in the Franchise Agreement or the Operations Manual, otherwise fail to comply with our standards and specifications, or use unauthorized products, suppliers, or vendors. We may collect this fee using our standard ACH/EFT processes.
Liquidated Damages	The amount of royalty fees that would have been owed from the date of termination through the end of the term of the franchise agreement.	Within 15 days after termination	This amount will be calculated based on the average monthly royalty fees (whether or not actually paid by you) for the 12 months immediately before the date of termination. Or, if you operated your franchise for less than 12 months immediately before the date of termination, then these liquidated damages will be calculated based on the average monthly royalty fees (whether or not actually paid) during the period you operated the franchise.
Accounting and Legal Fees	Will vary under circumstances	As incurred	Payable to us if you fail to comply with the Franchise Agreement; these protect our system by not diverting money from support services.
Missed Conference or Convention Fee	$2,000	As incurred	Payable to us if you fail to attend any annual franchise system convention or conference. We may collect this fee using our standard ACH/EFT processes.

Explanatory Notes:

1. All fees are non-refundable, non-transferable and are uniformly imposed.
2. You must participate in the electronic funds transfer program under which we automatically deduct the amounts you owe us from your account. We will deduct these amounts on Tuesday of each calendar week for the preceding calendar week. Our "Authorization for Electronic Funds Transfer" is Exhibit I.
3. "Gross Sales" means all sales you derive from operating your Franchised Store, including the sale of goods and services sold by you at or from the Site, or elsewhere, or from business conducted under the Franchise Agreement, including the sale of products or services, whether in cash or credit transactions, but excluding all federal, state or municipal excise, sales or service taxes collected from customers and paid to the appropriate taxing authority, and all customer refunds and credits.
4. If you obtain a franchise by purchasing the business of one of our existing franchisees, you must pay us a transfer fee. In the event that you sell your Franchised Store, a separate transfer fee may apply. The transfer fee covers new owner training and Franchised Store opening support, and relieves you of your obligation to pay the initial fees. We note that you may also incur certain remodeling and equipment costs associated with bringing your Franchised Store into compliance with our requirements.

ITEM 7
ESTIMATED INITIAL INVESTMENT

TABLE I: YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	ESTIMATED AMOUNT OR LOW-HIGH RANGE[1]	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAID
Initial Franchise Fee[2]	$35,000	Lump Sum	When you sign the Franchise Agreement[2]	Us
Site Selection	$0 – 5,000	As Agreed	As Incurred	Us or Advisors
Real Estate/ Rent[3]	$1,500 – 10,000	As Arranged	As Incurred	Landlord, Contractor or Vendors
Real Estate Security Deposits[4]	$1,500 – 6,000	As Arranged	As Incurred	Landlord
Construction, Remodeling and Leasehold Improvements[5]	$120,000 – 175,000	As Arranged	As Incurred	Vendors or Contractors
Furniture, Fixtures, POS System, Signage & Equipment[6]	$56,000 – 118,000	As Arranged	As Incurred	Approved Vendors
Mobile Unit Trailer[7]	$0 - $20,000	As Arranged	As Incurred before commencing Mobile Unit operations	Us, Our Parent, or Our Affiliate
Vehicle to Tow Mobile[7] Unit Trailer	$0 - $45,000	As Arranged	As Incurred before commencing Mobile Unit operations	Vendors
System Architect and Local Architect	$3,500 – 12,000	As Arranged	As Incurred	Required System Vendor and Local Architects
Office Equipment & Supplies[8]	$1,000 – 2,500	As Arranged	As Incurred	Approved Vendors
Utility Deposits	$200 – 2,000	As Arranged	As Incurred	Utility Companies
Inventory to Begin Operating[9]	$3,000 – 7,500	Lump Sum per order	Paid upon placing order	Approved Suppliers
Initial Advertising[10]	$3,000 – 7,500	As Arranged	First 3 Months of Operation	Vendors
Training Expenses (our reimbursement and your out-of-pocket expenses)[11]	$1,750 – 6,000	As Arranged	As Incurred	Vendors, Travel Agents, etc.
Insurance[12]	$1,000 – 3,000	As Arranged	As Incurred	Insurance Companies
Miscellaneous Expenses[13]	$2,000 – 5,000	As Arranged	As Incurred	Advisors and Others
Additional Funds -- 3 months[14]	$10,000 – 25,000	As Arranged	As Incurred	Vendors, Employees, Us, Our Affiliates
TOTAL[15]	**$239,450– 484,500**	N/A	N/A	N/A

Explanatory Notes:

The termination of your Franchise Agreement will not relieve you of any of your obligations under any leases or contracts you enter into with third parties and we will not be responsible for any damages you incur as a result of your failure to comply with any of those obligations.

1. Your actual costs will vary depending on factors such as the location and condition of the Site, the size of your Franchised Store, the availability of financing, your creditworthiness, and other factors. We do not know whether or not the costs and expenses you incur with third parties are refundable. You should inquire about the refund policies of suppliers before the time of purchasing or leasing. We do not provide financing for any of these fees or other amounts (See Item 10).

2. We describe the initial franchise fee in Item 5. The fee may be reduced for additional franchise purchases, depending on when such franchises are purchased.

3. The disclosed low-high range includes estimated costs to lease a Sub Zero Store, but not the purchase of land and building (because we do not require you to purchase your premises). You must lease appropriate space if you do not own adequate space. Typically, the franchised store will range in size from 650 to 1,700 square feet. Some franchised store locations will be located in a kiosk format. The typical size for such a kiosk is 200 to 400 square feet. It is difficult to estimate lease acquisition costs because of the wide variation in these costs between various locations. Lease costs will vary based upon square footage, cost per square foot and required maintenance costs. These estimates are based upon a Site in a small to medium sized city or suburban area.

4. The amount you pay for real estate security deposits may vary greatly and may exceed the estimate in this table. The low estimate is based on an assumption that you will have to pay a security deposit equal to one month's rent and is based on leasing a facility of 1,200 square feet. The high estimate is based on an assumption that you will have to pay a security deposit equal to 2 months' rent to lease the facility and is based on leasing a facility of 1,700 square feet at a higher cost per square foot. Some landlords may refund the security deposit if you cancel the lease before you occupy the premises. The estimated range of cost in this category only includes your costs to enter into a lease agreement for the facility. These estimates are based upon a Site in a small to medium sized city or suburban area.

5. The amounts listed are estimates based upon our affiliate's experiences. Construction and remodel costs vary widely depending on the condition of your Site and its size and, in the case of new construction, the amount of tenant improvements allowed by the landlord, and other factors.

6. You must purchase and/or lease and install furniture, fixtures and equipment and décor necessary to operate your franchised restaurant. The cost of the furniture, fixtures and equipment will vary according to local market conditions, the size of the facility, suppliers and other related factors. We do not know if the amounts you pay for furniture, fixtures or equipment are refundable. Factors determining whether furniture, fixtures and equipment are refundable typically include the condition of the items, level of use, length of time of possession and other variables.

In most instances, we highly recommend that you purchase the nitrogen tank from suppliers. In this instance, we estimate the cost to purchase the tank at approximately $25,000 to $42,000 plus approximately $10,000 for piping, vents, and other tank accessories; this cost range to purchase a nitrogen tank is included in the Furniture, Fixtures, POS System, Signage & Equipment estimate in the table above. In some instances, you may be required to lease your nitrogen tank from suppliers. We estimate the cost of such lease at $350 to $600 per month. The low end of the initial investment range assumes that you are leasing the tank, piping, vents, and accessories from suppliers.

You must purchase the computer equipment, hardware and software necessary for operating the franchised restaurant. Our specifications for computer equipment, hardware and software are described in Item 11 of this disclosure document. We do not know if the amounts you pay for the computer equipment may be refundable. The amounts you pay for computer equipment are typically non-refundable, or if refundable, may be subject to a "restocking" fee.

This range includes the cost of all signage used in the franchised restaurant. The high range estimate assumes two outside signs. The signage requirements and costs will vary based upon the size and location of the franchised restaurant, local zoning requirements, landlord requirements and local wage rates for installation.

7. You may, but are not required, to purchase a mobile unit trailer for a Mobile Unit operation. We (or our predecessor or affiliate) are the only designated supplier of the mobile unit trailer. For a Mobile Unit operation, you must have a vehicle that meets our minimum guidelines (as described in our Operations Manual) to tow the mobile unit trailer. The estimated additional initial investment fees and costs related to the mobile unit trailer and towing vehicle range from $20,000 to $65,000, depending on whether you have a towing vehicle that meets our minimum guidelines. The low estimate in this table assumes that you are not operating a Mobile Unit operation or that you already have a vehicle that meets our guidelines.

8. You must purchase general office supplies including stationery, business cards and typical office equipment. Factors that may affect your cost of office equipment and supplies include market conditions, competition among suppliers and other factors. We do not know if the amounts you pay for office equipment and supplies are refundable. Factors determining whether office equipment and supplies are refundable typically include the condition of the items at time of return, level of use and length of time of possession.

9. Inventory to begin operating includes items such as ice cream mix, toppings, and food products and spoons and cups and other paper products.

10. You must spend the $3,000 minimum amount we specify on grand opening advertising and the local marketing requirement, as described in Item 6, above. You may choose to spend more. (See Item 11 of this disclosure document). Factors that may affect the actual amount you spend include the type of media used, the size of the area you advertise to, local media cost, location of the franchised restaurant, time of year and customer demographics in the surrounding area. In addition, the high range of this estimate includes the cost of brand decals for your vehicle if you choose to operate a Mobile Unit.

Although our experience indicates that an initial grand opening campaign followed by local advertising at the levels described in this Agreement is adequate in many cases, market conditions vary widely, both in terms of competition, familiarity with our franchise system and in terms of media availability and costs.

11. The initial training program is included in your initial franchise fee; however, you must pay all travel, lodging, and living expenses for you and your managers and for us or our representative for on-site training. These estimates cover out-of-pocket expenses that you incur associated with attending our initial training program and for our reasonable travel, lodging, and living expenses for the initial on-site training at your franchise location. These estimates are based on two people attending the initial training program and one corporate representative traveling to your franchise location. The low end accounts for expenses incurred if both trainees live within Utah and the franchise location is in Utah. We charge an additional $1,000 to train each person in excess of the three individuals included in your initial training.

12. You must purchase at least the types and minimum amounts of insurance required in the Franchise Agreement. Factors that may affect your costs of insurance include the size and location of the franchised restaurant, value of the leasehold improvements, equipment, inventory, number of employees and other factors.

13. Miscellaneous expenses may vary greatly and may exceed the estimate in this table. These may include without limitation business licenses and other prepaid expenses. You should hire an attorney, an accountant and other consultants to assist you in establishing your franchised store. These fees may vary from location to location depending on the prevailing rates of local attorneys, accountants and consultants.

You could incur financing costs if you finance your initial investment. Finance costs and expenses may be refundable depending on the arrangement you have with your lender or vendor.

14. Additional funds include working capital and other initial start-up expenses and are provided only as estimates and apply only to your initial three-months of operations. This is only an estimate and we cannot guarantee that the amounts specified will be adequate. This estimate includes utilities and payroll costs, but does not include any draw or salary for you or your living expenses. Your actual costs will depend on how much 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; and the sales level reached during the initial phase. We have made certain assumptions based on revenue, operating costs and payments and costs for building rents in reaching this estimate.

We cannot estimate how long it may take for your revenues to exceed your expenses, if ever. You should not infer that your revenues will exceed your expenses at the end of the three-month initial phase or by the time your additional funds have been completely expended. We make no projections or estimate of the amount of additional funds you may need for the operation of your Franchised Store beyond the initial phase.

15. To compile these estimates, we relied on our and our affiliate's knowledge and experience. This total does not include costs to purchase real estate, as we do not require you to own your Franchised Store. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing will depend on many factors, including the availability of financing generally, your creditworthiness and collateral and lending policies of financial institutions from which you request a loan.

If you purchase multiple franchises under the multiple purchase addendum, multiply the estimated initial investment range times the number of franchises purchased. There is no minimum number of units required to be purchased or developed.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Products, Equipment and Services

You must develop and operate your Franchised Store under the types, models and brands of required or authorized equipment, fixtures, furnishings, signs, Products and supplies that we specify for you to use in your Franchised Store (the "Standards"). You may only serve the Products that we authorize, and you may only purchase these items from suppliers that we designate or approve, all of which are subject to change by us. You must purchase and maintain in inventory Products as needed to meet reasonably anticipated consumer demand. Required purchases or leases are estimated to make up approximately 50 to 60% of a franchisee's total initial investment in establishing the business and 30 to 35% of a franchisee's annual operating expenses to operate the business. We are not obligated to reveal our trade secrets or the recipes, specifications and/or formulas of Products to you or any third party.

We may approve a single supplier (including us and/or our affiliates) for any equipment, Product or service and may approve a supplier only as to certain equipment, products or services. We must pre-approve the plans and designs for your mobile unit trailer before you actually purchase it. Certain designs for Sub Zero™ branded items that you must use in your Franchise Store including marketing brochures, signage, hats, shirts, uniforms, and aprons must be obtained from us, our affiliate and/or approved suppliers and the branded items must be purchased from us, our affiliate or approved suppliers. Likewise, certain inventory and food Products, such as cups, certain equipment and parts such as nitrogen tanks and valves and foot pedals, and sugar free ice cream mix and nitrogen must be obtained from us or other approved suppliers. We are the sole approved supplier for gift cards and timers. We (and our affiliate) may derive revenue from the sales of these items and Products. Our officers Jerry Hancock, Naomi Hancock, and Vern Hancock have ownership interests in us and our affiliate. Other than as provided in this Disclosure Document, our officers do not own an interest in any supplier.

We may concentrate purchases with one or more suppliers to obtain favorable prices and/or advertising support and/or services for any group of Sub Zero Stores. You must use the software, applications and communications systems we periodically specify. You must use computer and point of sale systems that comply with our computer and software standards in operating your Franchised Store. Currently, we only require that you use the approved point of sale system. Any future computer, software and point of sale standards, including the main hardware, software and applications you must buy or license, their principal functions, brand names and descriptions will be listed in our Confidential Operating Manuals. You must purchase a license to the most current software version of each required software package. In addition, you must use bookkeeping and professional services that we approve to satisfy the bookkeeping and reporting requirements described in the Franchise Agreement. All documents submitted to us must be submitted in the English language.

Real Estate

The Franchised Store must be at a location we have approved in writing. If you lease the Site, the lease must: (1) give us notice of and a right to cure your default; (2) allow you to assign your interest under the lease to us without the lessor's consent; (3) authorize and require the lessor to disclose to us, at our request, any information about the Franchised Store or the Site that you give to the lessor; (4) allow us to assume the lease upon termination of the Franchise Agreement (we will exercise this right only if we acquire the Franchised Store); and (5) state that the lessor has agreed to your use of our signage. You may not sign or modify the lease without our prior written approval. You and the landlord for the location at which the Franchised Store will be placed must also sign the approved lease rider outlined in the Franchise Agreement. We provide you with plans and specifications for your Franchised Store, including requirements for dimensions, design, image, interior and exterior layout, building materials, decor, equipment, signs, fixtures, furnishings and color scheme. You must prepare all required construction plans and specifications and ensure that they comply with applicable ordinances, building codes and permit requirements. In order for us to thoroughly review and approve your construction, build-out and design plans, you must use our approved system architect for the programming, preliminary design, and design development phases of architecture and design. Currently, our approved system architects are Vern Hancock in Provo, Utah (one of the members of our board of directors) and Rene

Balderas in San Antonio, Texas. We may also require you to use a local architect that is approved by us to implement the design developed by our system architect. At a minimum, you must authorize us to communicate with the local architect you plan to hire for any construction, build-out or design. By signing the Architect Communication Authorization Form attached to the Franchise Agreement, you expressly authorize us to communicate with your architect.

Approval of Suppliers

If you wish to purchase brands and types of equipment, fixtures, furnishings, products, materials, signs and supplies from suppliers other than those designated by us, then you must submit a written request to us describing the name of the supplier, your reasons for wanting to use that particular supplier and any additional information we request. If we determine that the supplier meets our standards and specifications for products, materials and supplies used in operating a Sub Zero Store, written approval will be granted for you to use that supplier. If the supplier does not meet our standards and specifications for products, materials and supplies used in operating a Sub Zero Store, approval will be denied. Our standards and specifications for products, materials and supplies used in operating a Sub Zero Store are issued to approved suppliers. However, we do not provide you with our standards and specifications for products, materials and supplies or the specific criteria used to evaluate potential suppliers. We plan to notify you of our approval or disapproval of your request no later than one month from the date we receive all information regarding your request. You must reimburse us for our expenses incurred in evaluating all suppliers that you request. Due to the proprietary nature of certain uniform and clothing and marketing and promotional materials and related Products, we and our affiliates are the sole and exclusive suppliers of these Products and we will not approve the use of alternative suppliers for these Products. We reserve the right to revoke a supplier that you requested at any time upon notice to you.

We and/or our affiliate may derive revenue from providing products to you and in the form of rebates from approved suppliers. In fiscal year 2015-16, we received revenues in the approximate amount of $136,026 from the sale of products or services to our franchisees and rebates from approved suppliers, which was 8.0% of our total revenues of $1,703,503.

We and/or our affiliate may receive rebates from your purchases of cups and inventory items from Winder, Pacific Valley, and Hood Dairy. These rebates are based on a percentage of certain inventory purchases. We may also receive a rebate from World Pay based on a percentage of each credit card transaction made using the World Pay merchant services. Other than the right to receive the rebates listed above, we currently do not receive credits, fees or any payments from approved suppliers, but we reserve the right to do so in the future. We reserve the right to negotiate volume purchasing and discount arrangements in the future and to require you to participate in these programs. We do not provide material benefits to a franchisee for using designated or approved sources.

We negotiate purchase arrangements with suppliers, including price terms, for the benefit of our franchisees. At the moment, there are no purchasing or distribution cooperatives for Sub Zero Stores. We reserve the right to institute these cooperatives in the future.

Insurance

You must maintain at your own expense the insurance coverage that we periodically require from acceptable underwriters and brokers we have approved. Insurance policies are subject to our approval. Our requirements for insurance coverage are in the franchise agreements and our Operations Manual.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Standard Franchise Agreement

OBLIGATION	SECTION IN FRANCHISE AGREEMENT("FA") AND MULTIPLE PURCHASE ADDENDUM ("MPA")	DISCLOSURE DOCUMENT ITEM
(a) Site selection and acquisition/lease	Sections 4(a), 4(c) and 4(i)	Items 7, 8, 11 and 12
(b) Pre-opening purchases/leases	FA Sections 4(c), 4(h), 9(f) and 9(h)	Items 5, 7, 8 and 11
(c) Site development and other pre-opening requirements	FA Sections 4(c), 4(f) and 4(h)	Items 5, 7, 8, 11 and 12
(d) Initial and ongoing training	FA Sections 4(e), 5(a), 5(e) and 9(b); MPA Section 5	Items 6 and 11
(e) Opening	FA Sections 4(f) and 4(g); MPA Section 3	Item 11
(f) Fees	FA Sections 4(c), 4(f), 5(e), 6 and 7(c); MPA Section 1	Items 5, 6 and 7
(g) Compliance with standards and policies/operating manual	FA Sections 4(h), 5(d), 9 and 10	Items 8, 11 and 16
(h) Trademarks and proprietary information	FA Sections 8, 12 and 13(c)	Items 11, 13 and 14
(i) Restrictions on products/services offered	FA Sections 2(b), 4(h), 9(c), 9(f) and 9(h)	Items 8, 11, 12 and 16
(j) Warranty and customer service requirements	FA Section 9(j)	Item 9
(k) Territorial development and sales quotas	MPA Section 3	Item 12
(l) On-going product/service purchases	FA Sections 4(h) and 9(h)	Items 8, 11, and 12
(m) Maintenance, appearance and remodeling requirements	FA Sections 2(b), 9(d) and 9(e)	Items 11
(n) Insurance	FA Section 17	Items 7 and 8
(o) Advertising	FA Sections 5(c), 8(b) and 11	Items 6 and 11
(p) Indemnification	FA Section 19(a)	Item 9
(q) Owner's participation/management/staffing	FA Section 9(b)	Item 11 and 15
(r) Records/reports	FA Sections 4(c) and 7	Items 6, 11 and 12
(s) Inspections/audits	FA Sections 7(e), 9(g) and 20(a)	Item 6
(t) Transfer	FA Section 14	Items 5, 6 and 17
(u) Renewal	FA Section 3(b)	Item 17

OBLIGATION	SECTION IN FRANCHISE AGREEMENT("FA") AND MULTIPLE PURCHASE ADDENDUM ("MPA")	DISCLOSURE DOCUMENT ITEM
(v) Post-termination obligations	FA Sections 13(b) and 16; MPA Section 4	Item 17
(w) Non-competition covenants	FA Sections 13(a), 13(b) and 13(c)	Item 17
(x) Dispute resolution	FA Sections 16(c)(viii) and 20	Item 17

ITEM 10
FINANCING

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

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

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

Before you open your Sub Zero franchise, we will:

1. Consent to locations that meet our requirements. Within 60 days of your signing the Franchise Agreement, you must submit to us a written plan, including a site location approval package, detailing the proposed location of your Franchised Store, including proposed financial projections, total investment and any other information that we reasonably request. The factors that we consider in approving or rejecting a proposed location may include, without limitation, the general location, neighborhood, area demographics, traffic patterns, size of the Franchised Store, physical characteristics of the Franchised Store and surrounding buildings, neighboring tenants, signage visibility, accessibility, parking and lease terms. In order for us to thoroughly review and approve your construction, build-out and design plans, you must use our approved system architect for the programming, preliminary design, and design development phases of architecture and design. We may also require you to use a local architect approved by us to implement the design developed by our system architect. At a minimum, you must authorize us to communicate with the local architect you plan to hire for any construction, build-out or design. By signing the Architect Communication Authorization Form attached to the Franchise Agreement, you expressly authorize us to communicate with your local architect. If your proposed Site meets our minimum site criteria, the likelihood of approval is fairly high. However, the Site will only be approved after you sign the Franchise Agreement and after we have followed our formal approval process. We will approve or reject in writing a proposed location within 30 days after we have completed our review of the proposed location. (Franchise Agreement - Section 4) If you do not open your Franchised Store within

six months from the date you sign the Franchise Agreement (unless excused or extended per the Franchise Agreement), then we can terminate the Franchise Agreement and retain fees paid. (Franchise Agreement - Section 4(f)) If we do, we can also terminate any other agreement between you and us, including other franchise agreements or any area developer agreements. You may not sign or modify any lease in connection with the Site without our prior written approval.

2. Provide you with layout and design standards for your Franchised Store. You will be responsible for procuring a local architect and all of the costs and fees associated with the general contractor and the build out. (Franchise Agreement – Section 4)

3. Provide you with a list of Products, signs, fixtures, furnishings and equipment, including standards and specifications needed in the operation of the Franchised Store and a list of approved suppliers for these items, which lists we may update periodically in our sole discretion. (Franchise Agreement – Sections 4(h) and 5(a))

4. Provide you with our Confidential Operating Manual, or access to it, as amended periodically. (Franchise Agreement – Section 5(a))

5. Provide you with forms for reporting transactions to us. Subsequent supplies will be available at our cost plus handling charges (Franchise Agreement – Section 5(a)); and

6. Provide initial training for your managing owner and/or Manager, for a total of up to three persons. We describe this training later in this Item (Franchise Agreement – Section 5(a)).

During your operation of your franchise, we will provide you with:

1. Periodic assistance in local advertising and marketing.

2. Advice and guidance with respect to new and improved methods of operation or business procedures as may be developed by Sub Zero, use of the Confidential Operating Manual, management materials, promotional materials, advertising formats and the Marks. Much of the assistance will be provided through our annual convention, franchise system newsletter, and monthly system-wide conference calls.

3. The opportunity to participate in group purchasing programs for inventory, supplies, insurance and equipment that we may periodically use, develop, sponsor or provide and upon the terms and conditions as may be determined solely by us; and

4. Issue and modify the System for Sub Zero franchises.

5. Inspect and observe the Franchised Store's operations to assist you in complying with the Franchise Agreement and the System.

Franchised Store Opening

The time required to open the Franchised Store after you sign the Franchise Agreement will depend on the Site's location and condition, the length of lease negotiation, the Franchised Store's construction schedule, the delivery schedule for equipment and supplies, securing financing, completing training and your compliance with local laws and regulations. You cannot open the Franchised Store until: (1) we approve the Franchised Store and your lease; (2) pre-opening training is complete to our satisfaction; (3) you have paid all amounts due to us; (4) we have received copies of all required insurance policies or other evidence of insurance coverage and payment of premiums; and (5) we have received verification that you comply with all applicable laws, regulations, code and ordinances and that you have received all necessary permits. Subject to these requirements, you must begin operating the Franchised Store within the earlier of: (1) 6 months from signing lease; or (2) 9 months after you sign the Franchise Agreement (unless excused or extended per the Franchise Agreement). If you do not meet these requirements to open and begin operation of your Franchised Store, we can terminate your Franchise Agreement and retain the initial fees. (Franchise Agreement – Section 4(f)).

You must submit your proposed location for your Franchised Store to us for approval within 20 days of signing the Franchise Agreement. We will approve or reject a proposed location within 30 days after we have completed our review of the proposed location.

If you are simultaneously purchasing more than one franchise, we may extend the opening requirements for the additional franchises per the following development schedule: (Multiple Purchase Addendum – Section 3)

1st Franchised Store	9 months(or 6 months from signing lease, if earlier)
2nd Franchised Store	15 months
3rd Franchised Store	24 months
4th Franchised Store	33 months
5th Franchised Store	42 months

Marketing Fees

You must pay to us 2% of your weekly Gross Sales as weekly Marketing Fees. Currently we promote our brand and our franchise locations through print, internet, public relations, and direct mail media. This may be done locally and regionally through advertising cooperatives. We may use in-house advertising departments and may use regional or national advertising agencies. We may provide to you advertising materials and point of sales aids for you to use in your local advertising and promotional efforts. We may use your Marketing Fees paid to create marketing collateral. In addition, we may use your Marketing Fees paid to place advertising in geographic areas, in media, at times and using products and services we deem to be in the best interest of our franchisees and our franchise system. We need not spend any amount on advertising in your area or territory. We do not spend any portion of the Marketing Fees directly to solicit new franchise sales or area developers. The Marketing Fees are administered by us and are not audited. You may obtain an accounting of the Marketing Fees and expenditures upon written request to us. Excess Marketing Fee contributions are carried forward and used in the next fiscal year(s).

Summary of Marketing Fee Contributions and Expenses for Fiscal Year 2015-16

Expenses:	Advertising, Promotion, and Social Media	$16,707	15.4%
	Graphic Design and Administrative	$37,741	34.8%
	Website, Listings, Loyalty Program,	$12,849	11.9%
	Printing, Reproduction, & Misc.	$24,631	22.7%
	Public Relations	$16,480	15.2%
Total expenses:		**$108,408**	
Marketing Fee contributions:		**$137,026**	100.0%
Excess contributions:		$28,618	26.4%

At the moment, there are no advertising cooperatives for Sub Zero Stores. We reserve the right to both institute one or more of these cooperatives in the future and to change, dissolve or merge one or more of these cooperatives. We cannot require you to spend more than 3% of your quarterly Gross Sales in any advertising cooperative. Any advertising cooperative contributions will be credited toward your Local Advertising Requirement. If at any meeting of the stores in an advertising region, 75 percent of the stores vote to contribute to a regional advertising program, all stores within that region will be obligated to make a contribution to a regional advertising fund in the amount established by the vote. Each company-owned store will have one vote, the same as each franchisee-owned store.

We do not currently have any advertising council composed of franchisees that advises us on advertising policies. We may elect to form a franchisee advisory council to provide input on the system. If created, the council will consist of Sub Zero Store franchisees, each of which is in full compliance with the terms of its franchise agreement, and company or affiliate-owned operators or representatives. The number of council members and advice and feedback processes will be decided by Sub Zero upon creation of the council, if any. (Franchise Agreement, Section 9(I))

Local Advertising Obligations

You must spend the $3,000 minimum amount we specify on grand opening advertising. You may choose to spend more. Factors that may affect the actual amount you spend include the type of media used, the size of the area you advertise to, local media cost, location of the franchised restaurant, time of year and customer demographics in the surrounding area. In Although our experience indicates that an initial grand opening campaign followed by local advertising at the levels described below is adequate in many cases, market conditions vary widely, both in terms of competition, familiarity with our franchise system and in terms of media availability and costs.

You must spend at least 3% of Gross Sales (beginning on the first day of the second month after the Franchised Store opens) for advertising and marketing the Franchised Store. You must list the Franchised Store in the white and yellow pages of all local telephone directories in the Franchised Store's area of the kind and size that we specify or approve. You must also obtain and maintain special promotional materials that we may require periodically.

You must provide us with quarterly itemized reports detailing your local advertising initiatives and expenditures.

If you fail to meet your local advertising obligations, we may assess and collect from you for any deficiency, which we can then spend on national or regional advertising of Sub Zero Stores.

You may only use advertising or promotional materials that we have approved. You must send us for approval samples of all advertising and promotional materials that we have not prepared or previously approved. All advertising and promotional materials must include the copyright and trademark registration notices we require.

You may not advertise on the Internet or a worldwide web page without our approval, which we can condition or withhold in our business judgment. This restriction on advertising on the Internet or a worldwide web page includes a restriction on establishment of any independent website, domain name, e-mail address or similar presence for use in connection with the Franchised Store. We may require you to follow our online, approved advertising initiatives.

Internet and E-commerce

We retain the sole right to market on the Internet, including all use of web sites, domain names, URL's, linking, meta-tags, advertising, auction sites, e-commerce, and co-branding arrangements. You will provide us content for our Internet marketing, and follow our Intranet and Internet usage requirements. We also retain the sole right to use the Marks on the Internet, including on web sites, as domain names, directory addresses, meta-tags, and in connection with linking, advertising, co-branding, and other arrangements. We retain the right to approve any linking or other use of our web site. You may not establish a presence on or market using the Internet except as we may specify, and only with our prior written consent.

We maintain a website located at www.subzeroicecream.com to provide the public with information regarding our products and services and to sell franchises. We will provide basic information regarding your Franchised Store on our website including location, contact information and hours of operation. You will need to provide us with certain information for your Franchised Store before opening and you will have an ongoing obligation to update us regarding any changes to your Franchised Store's information. We intend that any franchisee web site, if any, be accessed only through our home page. Subject to the terms of use on our web site, we may gather, develop and use in any lawful manner information about any visitor to the web site, including but not limited to your customers, franchisees or prospective franchisees regardless of whether they were referred to you via the web site or were otherwise in contact with you.

We may offer services and products to customers anywhere through our website, the Internet or other similar means under the Marks or other branding. You may not sell Products through the Internet or through other channels of distribution without our written consent.

Only we or our affiliates may place national or regional advertising.

Computer and Software Standards

You must use computer, software and point of sale systems that comply with our computer and software standards in operating your Franchised Store. Currently, we only require that you use the approved point of sale system ("POS"). This POS includes optional payroll and accounting programs. Any future computer, software and point of sale standards, including the main hardware, software and applications you must buy or license, their principal functions, brand names and descriptions will be listed in our Confidential Operating Manuals. You must purchase a license to the most current software version of each required software package. The estimated cost of purchasing the computer, software and POS we require is approximately $2,400 to $12,000. There is an ongoing fee for the POS software of about $60 per month.

We may, but are not obligated to, update the computer, software and point of sale standards periodically to adjust for availability, model, brand, technology, or price changes. You must upgrade or update to the latest computer and software standards as we direct. There are no contractual limitations on the frequency and cost of this obligation. We estimate that any required updates or upgrades will cost you approximately $0 to $1,500 per year.

Purchase of the approved POS system includes a one (1) year hardware warranty (replacement of hardware for hardware failures). Upon commencement of operations, you will incur a monthly cost of approximately $45 per month (approximately $540 per year) for remote help desk support and software maintenance (including access to current software versions, bug fixes and updates).

We have independent access to information that you generate or store on your point of sale and computer systems, which we can use to track sales and for other purposes. There is no contractual limitation on our ability to access and use this information.

Confidential Operating Manual

Our Confidential Operating Manual is confidential and remains our property. It may consist of one or more manuals. It contains mandatory and suggested specifications, standards, and procedures. We may modify the Confidential Operating Manual, but the modifications will not alter your basic status and rights under the franchise agreement. The revisions may include advancements and developments in supplies, Products, equipment, sales, marketing and operational techniques, and other items and procedures used for the operation of the franchise.

The current version of the Confidential Operating Manual consists of approximately **100** pages in three separate manuals: the standard operating procedures manual; the buildout and design manual; and the franchise administration manual. The table of contents for the Confidential Operating Manual, as of the date of this disclosure document, is provided as Exhibit E.

Training
Before you open your Franchised Store, we require your managing owner and/or Manager, who may be the same person, to attend a training program sponsored by us. The initial franchise fee includes initial training for your first franchise, excluding your travel and related expenses. You must pay for the travel and related expenses of each individual you have attend the training. Up to three individuals, including your managing owner and/or Manager, may attend this initial training. We also require your Franchised Store to have on the premises your managing owner and/or Manager, who has completed our initial training program. Training will begin after you sign the Franchise Agreement and while you are developing the franchise. Training must start before you begin construction of the Franchised Store at the franchise location. The training program will last for approximately 5 days at our headquarters (currently in Provo, Utah) or at a location to be designated by Sub Zero and approximately 4-5 days training to take place on-site at your Franchised Store. The on-site portion of the initial training program is mandatory and is included in the initial franchise fee. However, you are exclusively responsible to pay for or otherwise reimburse us for all travel, lodging, and living expenses that we or our representative reasonably incur to conduct such on-site training at your Franchised Store. Your managing owner, Manager and any other employees attending initial training must complete all phases of the training program to our satisfaction (or else be replaced). At least two weeks before the Franchised Store's opening, but no more than six months after signing the Franchise Agreement, your managing owner and/or Manager must complete all initial training.

We can terminate the Franchise Agreement and retain the initial fees if your managing owner and/or Manager (or replacement) does not successfully complete initial training to our satisfaction. (Franchise Agreement Sections 5(a)(iii), 5(a)(iv) and 9(b)) You must pay all expenses that your attendees incur, including, without limitation, meals, entertainment, and salary. We charge a fee of one thousand dollars ($1,000) to train each replacement and other employee that you want trained in addition to the initial three included in our initial training. (Franchise Agreement Sections 4(e), 5(e) and 9(b)) Currently, we do not offer or require that you attend training in addition to our initial training, but we reserve the right to do so in the future. If we do offer additional training in the future, we reserve the right to charge a reasonable fee for the additional training and you must pay all expenses that your attendees incur, including, without limitation, meals, entertainment, and salary.

As of the date of this disclosure document, our initial training program consists of the following training:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Site Selection, Construction & Equipment	6	2	Provo, Utah or another location we designate and your Franchised Store
Accounting & Insurance	1-2	1-2	Provo, Utah or another location we designate and your Franchised Store
Mobile Unit	0-3	0-3	Provo, Utah or another location we designate and your Franchised Store
Products	4-5	6-8	Provo, Utah or another location we designate and your Franchised Store
Operational Procedures	6	40	Provo, Utah or another location we designate and your Franchised Store
Safety & Security; Liquid Nitrogen	3	3	Provo, Utah or another location we designate and your Franchised Store
Promoting & Marketing	5	2-3	Provo, Utah or another location we designate and your Franchised Store

Explanatory Notes:

1. The hours provided above are approximate and are subject to change.

2. Our training supervisors are Mary Marez and Mike Penn. Our other trainers include Jerry Hancock, Naomi Hancock, Peter Black, and Brittany Snapp.

Ms. Marez has served as our Operations Manager since February 2013 and has managed Sub Zero™ store locations in Provo, Utah since April 2008.

Mr. Penn has served as our Vice-President of Operations since August 2016. He has over 25 years of business administration and management experience in several businesses in various industries. He has operated restaurants, including franchises, since 2001. From 1985 to 1990, he completed and worked in the McDonald's management training program.

Mr. Hancock is our founder and has supervised our training program since our inception in October 2010. He also served as our president from October 2010 to July 2012. He has operated a Sub Zero store in Utah since June 2004.

Ms. Hancock has served as one of our trainers in Utah since July 2012. Since 2004, Mrs. Hancock has operated a Sub Zero store in Utah and served as its primary bookkeeper.

Mr. Black has served as our director of marketing since January 2013. Previous to his involvement with Sub Zero, Mr. Black was a teacher and training supervisor at Brigham Young University in Provo, Utah from August 2009 to January 2013. He also completed an internship with Walmart from May 2012 through

January 2013.

Ms. Snapp has served as one of our trainers in Utah since September 2014. From October 2010 to August 2014, Ms. Snapp worked as account manager, director of public relations, and director of operations for Franchise Foundry and several franchising brands in various industries.

We may use other training personnel under Ms. Marez's and Mr. Penn's supervision for aspects of the training program. Such personnel will have at least successfully completed our initial training program or have similar experience in a Sub Zero store or related business.

Instructional materials will include the Confidential Operating Manual and reporting forms. Instruction will also include hands-on training at a Sub Zero Store.

If you request or need additional training or assistance in operating your Franchised Store, then you must pay us for this training.

ITEM 12
TERRITORY

Your Location and Territory

Once we have approved a specific location, you will operate your Franchised Store there. You cannot operate the Franchised Store anywhere else without our prior written consent. Except in respect to the optional Mobile Unit operation (described below), your Sub Zero franchise will extend solely to that specific location. Except for Non-Traditional Locations (defined below), we will not place or authorize anyone else to place a Sub Zero store within two driving miles from the Franchised Store (1/4-mile for high population density, high business density, urban and downtown locations). The exact boundaries of such protected area may depend upon any major topographical features which clearly define a contiguous area, such as rivers, major freeways, etc.

If you are simultaneously purchasing more than one franchise, we reserve the right to provide you a larger territory, depending on the locations that you want to specifically reserve and their proximity to each other. We only extend the territory to contiguous trade areas and define such territory by a driving-mile distance from the first franchise location into contiguous trade areas or by a particular city, postal code, or other political subdivision, or by particular boundaries such as roads or rivers or other designations. (See Section 2 of the Multiple Purchase Addendum).

You have the right, but are not required, to purchase a trailer for a Mobile Unit operation or to offer catering services and school presentations as part of your Sub Zero franchise. You have the right to locate your Mobile Unit operation and to offer catering services and school presentations anywhere within the two driving-mile radius of the Franchise Store (the "Territory"). If a portion of this two driving-mile radius has previously been assigned, the actual area will be specified in Exhibit 1, and may be less than a two driving-mile radius. You must obtain our prior written approval in order to locate your Mobile Unit operation or to offer catering services and school presentations anywhere outside of your Territory. We may delegate this approval function to a area developer or service representative if you Franchised Store is located within a territory in which we have one. Our decision to grant or withhold such approval will be in our sole discretion. We base our decision on factors outlined in our Operations Manual.

For franchises located at Non-Traditional Locations, such as within a college, airport, hospital, convenience store, grocery store, cinema, casino, museum, amusement park, stadium, arena or other similar limited-access venues, you will receive absolutely no protected territory. Further, unless you actually own and operate the entire venue (i.e., stadium, arena, mall, retail store, etc.) you must own and operate a traditional Franchised Store before you have the right to open a Non-Traditional Location franchise (unless we approve otherwise). A Non-Traditional Location franchise is subject to special standards and specifications as are outlined in our Operations Manual.

You must receive our written consent before you relocate your Franchised Store. Any relocation will be at your sole expense. You must satisfy our then current franchise placement and demographics criteria, as expressed in the Operations Manual.

We retain all rights not specifically granted to you in the Franchise Agreement. We reserve all rights to operate and to authorize others to operate Sub Zero franchises or other types of businesses anywhere, using any channel of distribution, including sales to grocery and convenience stores and other retail outlets, under any brand or trademark, including the Marks. We are not required to pay to you any compensation for soliciting or accepting orders near or inside your territory. We further reserve the right to merge with, acquire, license, enter into co-branding agreements with or engage in other business arrangements with other parties, which may or may not be competitive with your Franchised Store.

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

Right of First Refusal

You do not receive the right and you have no options, rights of first refusal or similar rights to acquire additional franchises or grant sub franchises in any territory. There are no minimum sales quotas.

Internet and E-commerce

Neither we nor our affiliates are restricted from participating in other distribution methods, including Internet, other forms of media now or in the future developed, wholesale and mail order channels under marks and product configurations different than those offered through your franchise.

We reserve the right to offer services and products to customers anywhere through our website, the Internet or other similar means under the Marks or other branding. You may not sell Products through the Internet or through other channels of distribution without our written consent.

ITEM 13
TRADEMARKS

The "Sub Zero" and "Sub Zero Ice Cream" marks are registered on the Principal Register of the U.S. Patent and Trademark Office ("USPTO") as follows:

Mark	Registration Number	Registration Date
Sub Zero	4995895	July 12, 2016

Mark	Registration Number	Registration Date
Sub Zero Ice Cream (word plus design mark)	3711471	November 17, 2009

The "Sub Zero Ice Cream" mark and registration were originally filed and owned by our founder and Chairman of the Board, Jerry Hancock. In November 2010, Mr. Hancock assigned his entire right and interest in this mark and registration to us. This assignment replaced a previous licensing relationship between us and our affiliate. We have recorded this assignment with the USPTO. We have filed all required affidavits. There are no agreements currently in effect that significantly limit our rights to use or license the use the marks.

In addition to the above, we use certain names, marks, logos, slogans, designs, and trade dress that are protected under common law. Federal registration is not required to establish rights in a mark. Common law rights are acquired automatically from actual use of a mark in commerce and are enforceable in state courts. Common law may also allow the common law user to successfully challenge a subsequent federal or state registration or application. These include, without limitation, the following logos:

SUBZERO™
DELICIOUS + SCIENCE

SUB ZERO
ICE CREAM
WWW.SUBZEROICECREAM.COM

SUBZERO
ICE CREAM & YOGURT

We will grant you a license to use one or more of the Marks in operating the Franchised Store. You must follow our rules when you use the Marks. You cannot use any Mark (i) as part of your entity or legal business name, (ii) with any prefix, suffix or other modifying words, terms, designs or symbols (other than the logos licensed to you), (iii) in performing or selling any unauthorized services or products, (iv) as part of any domain name, electronic address, or search engine listing that you maintain or control on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery systems, unless and then only if we authorize you to do so, or (v) in any other manner we have not expressly authorized in writing.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, or any pending infringement, opposition or cancellation proceedings or material litigation, involving the Marks.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and you may not communicate with any person other than us and our attorneys in any infringement, challenge or claim. We have sole discretion to take whatever action we choose (or no action) and the right to control exclusively any litigation, USPTO proceeding or any other administrative proceeding resulting from the infringement, challenge or claim or otherwise involving any Mark. You must sign any documents, provide any assistance and take any action that, in the opinion of our attorneys, are reasonably necessary or advisable to protect and maintain our interests in any litigation or USPTO or other proceeding or otherwise to protect and maintain our interests in the Marks.

If it becomes advisable in our sole discretion for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks, you must comply with our directions within a reasonable time. Any expenses or costs associated with the use, modification or discontinuance of any Mark will be your responsibility.

We do not know of any superior prior rights or infringing uses that could materially affect your use of our Marks in any state. We are not required to protect your rights to use the Marks and do not have any obligation to indemnify you against a claim of intellectual property infringement or unfair competition arising out of your use of the Marks. The Franchise Agreement does not require us to take affirmative action when notified of such uses or claims or to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the Marks, or if the proceeding is resolved unfavorably to you.

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Our founder and Chairman of the Board, Jerry Hancock, registered the patent that is material to the franchise. This patent was transferred to our affiliate Sub-Nitro, LLC in 2016. The patent relates to the process used in our franchise system for "instant freezing" ice cream. Following is relevant information:

Patent Number	Registration Date	Title
8,679,566	March 25, 2014	Method of Making Frozen Confections

We claim copyrights in the Confidential Operating Manuals, printed advertising and promotional materials, training materials and similar items used in operating the franchise. We have not registered these copyrights with the United States Copyright Office.

Certain of the Products, including our recipes, methods of operation and Confidential Operating Manuals, as well as certain other information disclosed to you as a franchisee, are confidential and proprietary information. You cannot use this confidential information in an unauthorized manner and you must protect it from use by or disclosure to others. You agree, as part of the Franchise Agreement, that we own this confidential and proprietary information and the intellectual property rights associated with this confidential and proprietary information. We have no obligation to, and will not disclose our trade secrets or the recipes, specifications and/or formulas of Products to you or any third party.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. There are no agreements currently in effect which significantly limit our right to use or authorize franchisees to use the copyrighted materials. Furthermore, we do not actually know of any infringing uses which could materially affect a franchisee's use of the copyrighted materials in any state. We need not protect or defend copyrights or confidential information, although we intend to do so when this action is in the best interests of the Sub Zero franchise system. We do not have any obligation to indemnify you against a claim of intellectual property infringement.

We may delegate to independent area developers or service representatives performance of any of our duties, including ongoing support, supervision and inspections. Area developers and service representatives are given specific assignments by us and if an area developer or service representative has been assigned to a territory containing an Individual Unit Franchise, any and all data ever received by us from franchisees, including but not limited to franchise purchase applications, payment histories, sales reports, audit reports, performance evaluations, etc. will be shared with and made available on an ongoing basis to the area developer or service representatives. Each area developer and service representative is required to keep all franchise and franchisee information and data confidential and to use it only for purposes related to the evaluation, service and support of franchisees.

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

You are not required to be actively engaged in your Franchised Store on a full-time basis, but we strongly encourage you to do so. If you are an entity, you must designate one of your owners or a full-time employee as the "Manager." The managing owner or Manager must manage the Franchised Store and personally supervise the Franchised Store's day-to-day operations and must have successfully completed our training program. The Manager must be an individual who has the necessary authority to run the Franchised Store. If at any time you fail to have a managing owner or Manager who has successfully completed training, then Sub Zero can terminate your Franchise Agreement.

Our standards may regulate the criteria to select the Manager and assistant managers, other management issues, staffing levels and functions and dress and appearance of employees. Any employees who have access to our confidential information must sign non-disclosure agreements.

If you are an entity, each of your owners must agree to be bound jointly and severally by all of the provisions of the Franchise Agreement and any other agreements between you and us (or our affiliates). Our "Owner's Guaranty" is part of the Franchise Agreement. If your spouse or one of your owners' spouses has any property interest in the Franchise Agreement, your ownership or the Franchised Store due to a state's community property laws, we can require that spouse to consent to all of the terms and conditions of the Franchise Agreement .

If you own multiple Sub Zero Stores, the managing owner or Manager of each Store must successfully pass our training.

You are required to accept and access periodic franchise system newsletters and attend or participate in any monthly system-wide conference calls. You must also attend our annual franchise system convention or conference.

You may not engage in any other business or activity that conflicts with your obligations to the Franchised Store franchise.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all services and products that we periodically require. You cannot offer or sell any services or products that we have not authorized. Our standards, including the Operations Manuals, regulate the goods and/or services required or authorized for the Franchised Store franchise. We can change the standards and the Operations Manuals at any time, which may require you to expend reasonable sums to comply. There are no limitations on our right to make changes in the types of authorized goods and services. You are prohibited from engaging directly or indirectly in any business that is competitive with Sub Zero.

ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
(a) Length of the franchise term	FA Section 3	5 years
(b) Renewal or extension of the term	FA Section 3(b)	If you are in good standing, you can renew for additional 5-year terms.
(c) Requirements for franchisee to renew or extend	FA Section 3(b)	You (1) are not in default under the Franchise Agreement, (2) have the right to maintain possession of the Franchise Location, and (3) you provide Sub Zero with at least 6 months' notice that you are renewing, (4) pay the renewal fee, (5) sign the then-current franchise agreement, (6) sign a release of claims against us and (7) renovate and refurbish the Franchised Store to be consistent with then-current standards. If you renew, you may be asked to sign a franchise agreement with materially different terms and conditions than in your original franchise agreement.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
(d) Termination by franchisee	FA Section 15(a); MPA Section 4	If we materially breach the agreement and do not cure the default within 60 days after notice from you.
(e) Termination by franchisor without cause	Not Applicable	Our Franchise Agreement does not contain this provision.
(f) Termination by franchisor with cause	FA Sections 15(b) and 15(c); MPA Section 4	We can terminate only if you or your owners commit one of several violations. We can also terminate if you or your owners commit one of these several violations with respect to any other agreement between you and Sub Zero.
(g) "Cause" defined – curable defaults	FA Sections 15(c)	You have 72 hours to cure violations of health, safety, cleanliness or sanitation standards or laws; 10 days to cure Gross Sales reporting or monetary defaults, 15 days to cure violations of laws and regulations relating to operation of the Franchised Store, and 30 days to cure non-compliance with the Franchise Agreement or Standards.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
(h) "Cause" defined – non-curable defaults	FA Section 15(b)	Non-curable defaults include failure to open the Franchised Store within the earlier of 6 months after you sign your lease for the franchise location or 9 months after the Franchise Agreement is signed (unless excused or extended per the Franchise Agreement); failure to complete training to our satisfaction; abandonment or failure to operate the Franchised Store for 3 business days; unapproved transfers; materially false statements to us; conviction of a felony; dishonest or unethical conduct; loss of occupancy and failure to relocate and reopen the Franchised Store at an approved site within 90 days of closing the Franchised Store at the Franchised Location; unauthorized use or disclosure of confidential information, the Confidential Operating Manuals or proprietary Product; failure to transfer upon death or permanent disability; intentionally understating Gross Sales; failure to pay taxes; repeated defaults (even if cured); an assignment for the benefit of creditors and an appointment of a trustee or receiver. Sub Zero also has the right to terminate the Franchise Agreement if one of these non-curable defaults occurs in connection with another agreement between you (or any owner) and Sub Zero.
(i) Franchisee's obligations on termination/nonrenewal	FA Section 16; MPA Section 4	Obligations include not operating the Franchised Store and no longer representing that you are associated with us; paying outstanding amounts due within 15 days; returning all Confidential Operating Manuals and confidential information; transfer to us, disconnect or discontinue all telephone numbers, directory listings and advertisements; canceling or transferring to us all rights in any Internet or website pages; ceasing use of the System, the Licensed Marks and other similar marks, software, programs, content, passwords and electronic devices or information; and de-identifying and de-characterizing the store within 30 days.
(j) Assignment of contract by franchisor	FA Section 14(a)	No restriction on our right to assign.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
(k) "Transfer" by franchisee – defined	FA Section 14(b)	Includes transfer of Franchise Agreement, the Franchised Store, the Site, an equity or voting interest or management change.
(l) Franchisor's approval of transfer by franchisee	FA Sections 14(b) and 14(c)	All transfers must be submitted for our prior written approval.
(m) Conditions for franchisor approval of transfer	FA Section 14(c)	We will not unreasonably withhold consent to transfer if you are not in default, you provide us with notice and request that we provide the new franchisee with the disclosure document; the new franchisee qualifies and agrees to sign the then-current franchise agreement and other documents; you pay us all amounts due and submit all required documents; the new franchisee completes training to our satisfaction; transferee pays us the transfer fee; we approve the transfer terms; you sign a general release of claims against us; you subordinate amounts due to you; you sign a non-competition agreement; you agree not to identify yourself as a current or former Sub Zero Store; and you submit to us additional information that we require.
(n) Franchisor's right of first refusal to acquire franchisee's business	FA Section 14(h)	We can match any offer for your Franchised Store or an ownership interest in your owner.
(o) Franchisor's option to purchase franchisee's business	FA Sections 16(c) and (e)	At any time upon 60 days advance written notice to you, we have an option to buy your Franchised Store for an amount equal to 7 times your EBITDA for the previous 12 months. EBITDA is defined as your revenue minus expenses (excluding interest, taxes, depreciation and amortization). We also have an option to buy your Franchised Store (including real estate) at fair market value after the Franchise Agreement terminates.
(p) Death or disability of franchisee	FA Section 14(d)	Any interest in the Franchisee must be transferred to a party approved by us within 6 months of the death or disability.
(q) Non-competition covenants during the term of the franchise	FA Section 13(a)(v)	You will not engage, directly or indirectly, as an owner, operator or manager in any other business, including any liquid nitrogen products or services or a food preparation business, without our consent.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
(r) Non-competition covenants after the franchise is terminated or expires	FA Sections 13(b) and 13(c).	For 730 days, no direct or indirect interest in a business that offers any liquid nitrogen products or services or desserts or ice cream as a primary menu item and is located within 50 miles of the Site or any other Sub Zero store.
(s) Modification of the agreement	FA Section 21(d)	No modifications except by written agreement signed by you and us.
(t) Integration/merger clause	FA Section 21(j)	Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside the disclosure document and franchise agreement may not be enforceable. Nothing in the franchise agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document.
(u) Dispute resolution by arbitration or mediation	FA Section 20(f)	Except for certain claims, the parties must arbitrate all disputes in Salt Lake City, Utah.
(v) Choice of forum	FA Section 20(d)	Subject to applicable state law, disputes will be mediated, tried, heard, and decided in Salt Lake City, Utah.[1]
(w) Choice of law	FA Section 20(c)	Subject to applicable state law, Utah law applies[1].

Explanatory Notes:

1. Some states do not allow franchisees to give up their right to bring or defend lawsuits in the courts of their state, or to have the franchise agreement governed by the laws of a different state. See Exhibit I to this Disclosure Document for a state-specific Addendum to this Item.

See the State Law Addendum for state-specific disclosures. We recommend that you carefully review the entire Franchise Agreement with a lawyer so that you understand your rights.

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote our franchise but we reserve the right to do so in the future.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

Financial Performance Representation

The following information outlines system-wide sales and the average and median annual gross sales and average and median monthly gross sales for certain subsets of our franchised Sub Zero store locations in the United States that reported revenue during the entire 12-month periods from: (1) October 1, 2014 to September 30, 2015, and (2) October 1, 2015 to September 30, 2016. As of November 1, 2016, there were 54 Sub Zero store locations, 4 of which were owned and operated by us or our affiliate. The tables and information only contain information for units that were open for the entire reporting period and that reported sales for the entire reporting period and that reported sales for all months. Not all locations were open during the entire period covered by the financial performance representation.

There were 35 Sub Zero franchised store locations in the United States (not including the two stores owned and operated by us or our affiliate) that were open for the entire 12-month period from October 1, 2014 to September 30, 2015. There were 12 stores that were open for part of the reporting period between October 1, 2014 to September 30, 2015, but that were not open for the entire 12-month reporting period; thus, their data is not included in the following tables and financial performance representation.

There were 35 Sub Zero store locations in the United States (not including the three stores owned and operated by us or our affiliate) that were open for the entire 12-month period from October 1, 2015 to September 30, 2016. There were 17 stores that were open for part of the reporting period between October 1, 2015 to September 30, 2016, but that were not open for the entire 12-month reporting period; thus, their data is not included in the following tables and financial performance representation.

We also excluded the affiliate-owned stores from the tables, so as to disclose only franchise-owned stores and their data. See the notes following each table for additional details.

System-wide Annual Sales:
October 2014 through September 2015 ("2015") and
October 1 2015 through September 2016 ("2016")

System-Wide	Year	System-Wide Sales
All Stores With a Full Year of Revenue	2015	$8,048,909 (1)
	2016	$8,570,947 (2)

1. This number comes from the 35 franchised stores in the United States that were open for the entire reporting period and that reported sales for all months during the entire reporting period from October 1, 2014 through September 30, 2015. As this is a total sum of sales for all locations, none (0%) of the 35 stores in this subset actually attained or surpassed the stated number.

2. This number comes from the 35 franchised stores in the United States that were open for the entire reporting period and that reported sales for all months during the entire reporting period from October 1, 2015 through September 30, 2016. As this is a total sum of sales for all locations, none (0%) of the 35 stores in this subset actually attained or surpassed the stated number.

Average and Median Annual Sales:
October 1, 2014 through September 30, 2015 ("2015") and
October 1, 2015 through September 30, 2016 ("2016")

SUBSETS and SYSTEM-WIDE AVERAGES

Subset	Year	# of Franchises	Average Annual Sales	# (and %) of Franchises at or above	Median Annual Sales	# (and %) of Franchises at or above
TOP 3 STORES(1)	2015	3	$555,129	2 (67%)	$596,155	2 (67%)
	2016	3	$665,326	2 (67%)	$724,943	2 (67%)
TOP 5 STORES(2)	2015	5	$476,126	2 (40%)	$413,502	3 (60%)
	2016	5	$569,670	2 (40%)	$463,205	3 (60%)
TOP 10 STORES(3)	2015	10	$390,899	3 (30%)	$354,792	5 (50%)
	2016	10	$464,071	2 (20%)	$423,976	5 (50%)
TOP 50% STORES(4)	2015	17	$329,027	7 (41%)	$274,580	9 (53%)
	2016	17	$370,723	7 (41%)	$329,551	9 (53%)
BOTTOM 50% STORES(4)	2015	17	131,917	8 (47%)	122,724	9 (53%)
	2016	17	126,027	8 (44%)	118,020	9 (50%)
BOTTOM 10 STORES(3)	2015	10	107,309	5 (50%)	109,833	5 (50%)
	2016	10	87,952	4 (40%)	85,914	5 (50%)
BOTTOM 5 STORES(2)	2015	5	85,928	3 (60%)	88,628	3 (60%)
	2016	5	76,232	3 (60%)	81,162	3 (60%)
BOTTOM 3 STORES(1)	2015	3	73,499	1 (33%)	67,946	2 (67%)
	2016	3	66,692	2 (67%)	70,514	2 (67%)
All Stores With a Full Year of Revenue(5)	2015	35	$229,969	15 (43%)	$212,863	18 (51%)
	2016	35	$244,884	13 (37%)	$191,524	18 (51%)

1. These "Top 3 Stores" and "Bottom 3 Stores" averages come from the subset of stores defined as the 3 stores with the highest revenue and the 3 stores with the lowest revenue during the entire reporting period from October 1, 2014 through September 30, 2015 and from October 1, 2015

through September 30, 2016, from among the 35 franchised units that were open for the entire reporting period and that reported sales for all months.

2. These "Top 5 Stores" and "Bottom 5 Stores" averages come from the subset of stores defined as the 5 stores with the highest revenue and the 5 stores with the lowest revenue during the entire reporting period from October 1, 2014 through September 30, 2015 and from October 1, 2015 through September 30, 2016, from among the 35 franchised units that were open for the entire reporting period and that reported sales for all months.

3. These "Top 10 Stores" and "Bottom 10 Stores" averages come from the subset of stores defined as the 10 stores with the highest revenue and the 10 stores with the lowest revenue during the entire reporting period from October 1, 2014 through September 30, 2015 and from October 1, 2015 through September 30, 2016, from among the 35 franchised units that were open for the entire reporting period and that reported sales for all months.

4. These "Top 50% Stores" and "Bottom 50% Stores" averages come from the subset of stores defined as the 17 stores (roughly top 50%) with the highest revenue and the 17 stores (roughly 50%) with the lowest revenue during the entire reporting period from October 1, 2014 through September 30, 2015 and from October 1, 2015 through September 30, 2016, from among the 35 franchised units that were open for the entire reporting period and that reported sales for all months.

5. These averages come from the 35 franchised stores in the United States that were open for the entire reporting period and that reported sales for all months during the entire reporting period from October 1, 2014 through September 30, 2015 and from October 1, 2015 through September 30, 2016.

6. No data for any of the affiliate-owned outlets at Brigham's Landing, Provo Towne Center, Provo City Center, or Laguna Niguel, California is included in any of the subsets in the table above

Bases

These sales figures are derived from the actual historical performance of Sub Zero stores in operation during the period from October 1, 2014 through September 30, 2015 and from October 1, 2015 through September 30, 2016.

Some outlets have earned this amount. Your individual results may vary. There is no assurance that you will earn as much.

Your individual financial results may differ substantially from the results disclosed in this item 19.

Characteristics of the included franchises may differ from your franchise depending on your previous business and management experience, competition in your area, length of time that the included franchises have operated as compared to your franchise, and the services or goods sold in your franchise as compared to the included franchises. The sales, profits and earnings of an individual franchisee depend on these and a wide variety of other factors, including the location of the franchise territory, population demographics, economic and market conditions, labor and product costs, etc.

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

We recommend that you make your own independent investigation to determine whether or not the franchise may be profitable, and consult with an attorney and other advisors prior to executing the Franchise Agreement.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
SYSTEMWIDE OUTLET SUMMARY
Status of Franchised Outlets in the United States
For the fiscal years ending June 30, 2014, 2015, and 2016 and as of October 31, 2016

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2014	26	35	+9
	2015	35	40	+5
	2016	40	47	+7
	Oct. 2016	47	48	+1
Company-Owned*	2014	2	2	0
	2015	2	2	0
	2016	2	3	+1
	Oct. 2016	3	4	+1
Total Outlets**	**2014**	**28**	**37**	**+9**
	2015	**37**	**42**	**+5**
	2016	**42**	**50**	**+8**
	Oct. 2016	**50**	**52**	**+2**

* We currently own and operate a franchise at Provo Towne Centre and 62 W. Center Street, both in Provo, Utah. The "company-owned" outlet at 1774 N. University Pkwy., Unit 56B, Provo, UT 84604, is owned and operated by Jerry Hancock, our founder, Chief Executive Officer, and Chairman of the Board, and Naomi Hancock, one of our directors and our affiliate's Vice President. The "company-owned" outlet at 27281 La Paz Road, Suite Q, Laguna Niguel, CA 92677 is owned and operated by our affiliate Sub Zero Laguna, LLC.

** Our fiscal year end is June 30. The charts in this Item show information for the full 2014, 2015, and 2016 fiscal years and from July 1, 2016 to October 31, 2016.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For the fiscal years ending June 30, 2014, 2015, and 2016 and as of October 31, 2016

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Arizona	2014	0
	2015	0
	2016	1
	Oct. 2016	0
California	2014	0
	2015	3
	2016	0
	Oct. 2016	0
Indiana	2014	0
	2015	0
	2016	1
	Oct. 2016	0
Utah	2014	5
	2015	1
	2016	1
	Oct. 2016	0
Total	**2014**	**5**
	2015	**4**
	2016	**3**
	Oct. 2016	**0**

Table No. 3
Status of Franchised Outlets in the United States
For the fiscal years ending June 30, 2014, 2015 and 2016 and as of October 31, 2016

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina-tions	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of the Year
Alabama	2014	0	1	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	1	0
	Oct. 2016	0	0	0	0	0	0	0

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina-tions	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of the Year
Arizona	2014	2	0	0	0	0	0	2
	2015	2	0	0	0	0	1	1
	2016	1	0	0	0	0	0	1
	Oct. 2016	1	0	0	0	0	0	1
California	2014	7	1	0	0	0	0	8
	2015	8	1	0	0	0	3	6
	2016	6	0	0	0	1	0	5
	Oct. 2016	5	0	0	0	0	0	5
Florida	2014	2	2	0	0	0	0	4
	2015	4	1	0	0	0	0	5
	2016	5	5	0	0	0	0	10
	Oct. 2016	10	0	0	0	0	0	10
Idaho	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	Oct. 2016	1	0	0	0	0	0	1
Indiana	2014	1	1	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	1	1
	Oct. 2016	1	0	0	0	0	0	1
Louisiana	2014	0	1	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	Oct. 2016	1	0	0	0	0	0	1
Maryland	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
	Oct. 2016	1	0	0	0	0	0	1
Michigan	2014	0	0	0	0	0	0	0

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina-tions	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of the Year
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
	Oct. 2016	1	0	0	0	0	0	1
Minnesota	2014	1	1	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	2	0
	Oct. 2016	0	0	1	0	0	0	0
New Hampshire	2014	0	0	0	0	0	0	0
	2015	0	2	0	0	0	0	2
	2016	2	0	0	0	0	0	2
	2016	2	0	0	0	0	1	1
New York	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	Oct. 2016	0	1	0	0	0	0	1
North Carolina	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	Oct. 2016	1	0	0	0	0	0	1
Ohio	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	Oct. 2016	1	0	0	0	0	0	1
Oregon	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
	2016	1	2	0	0	0	0	3
	Oct. 2016	3	0	0	0	0	0	3
Pennsylvania	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina-tions	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of the Year
	2016	1	0	1	0	0	0	1
	Oct. 2016	1	0	0	0	0	0	1
South Carolina	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
	Oct. 2016	1	0	0	0	0	0	1
Texas	2014	0	1	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	7	0	0	0	0	8
	Oct. 2016	8	1	0	0	0	0	9
Utah	2014	10	0	0	0	0	0	10
	2015	10	1	0	0	0	1	10
	2016	10	0	2	0	0	0	8
	Oct. 2016	8	0	0	0	0	0	8
Washington	2014	2	1	0	0	0	0	3
	2015	3	1	0	0	0	0	4
	2016	4	0	2	0	0	0	2
	Oct. 2016	2	0	0	0	0	0	2
Total	**2014**	**26**	**9**	**0**	**0**	**0**	**0**	**35**
	2015	**35**	**9**	**0**	**0**	**0**	**5**	**40**
	2016	**40**	**16**	**3**	**0**	**1**	**5**	**47**
	Oct. 2016	**47**	**2**	**1**	**0**	**0**	**1**	**48**

Status of International Franchised Outlets
For the fiscal years ending June 30, 2014, 2015 and 2016 and as of October 31, 2016

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina-tions	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of the Year
China	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
United Arab Emirates	2014	0	1	0	0	0	0	1
	2015	1	1	0	0	0	0	2
	2016	2	0	0	0	0	0	2
	Oct. 2016	2	0	0	0	0	0	2

Table No. 4
Status of Company-Owned Outlets
For the fiscal years ending June 30, 2014, 2015 and 2016 and as of October 31, 2016

Col. State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired from Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
California	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	1	0	0	1
	Oct. 2016	1	0	0	0	0	1
Utah	2014	2	0	0	0	0	2
	2015	2	0	0	0	0	2
	2016	2	0	0	0	0	2
	Oct. 2016	2	1	0	0	0	3
Total	**2014**	**2**	**0**	**0**	**0**	**0**	**2**
	2015	**2**	**0**	**0**	**0**	**0**	**2**
	2016	**2**	**0**	**1**	**0**	**0**	**3**
	Oct. 2016	**3**	**1**	**0**	**0**	**0**	**4**

Table No. 5
Projected Openings of Franchised Outlets
As Of October 31, 2016 through June 30, 2017

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
California	2	1	0
Florida	0	1	0
Indiana	1	1	0
Louisiana	4	1	0
Maryland	1	1	0
Michigan	1	1	0
Nevada	0	1	0
New York	0	1	0
Texas	6	3	0
Virginia	1	1	0
Totals*	**16**	**12**	**0**

The following is a complete listing of all current individual unit franchisees (and the addresses and telephone numbers of all of their operations) as of our fiscal year end, June 30, 2016, and as of October 31, 2016:

Franchisees - Units Opened as of Our June 30, 2016 Fiscal Year End

Location	**Name**	**Business Address**	**Phone**
Gilbert, AZ	Felicia Vandermollen	1065 East Baseline Road, Suite 104, Gilbert, AZ 85233	480-545-3194
Carlsbad, CA	Steve Grady	201 Oak Ave., Suite D Carlsbad, CA 92008	760-453-7246
Rancho Cucamonga, CA	Steve and Heather Emerson	10590 Town Center Drive, Suite 170, Rancho Cucamonga, CA 91730	909-938-4697
Simi Valley, CA	Rob West	2091 Madera Road, Suite E, Simi Valley, CA 93065	805-522-4270
Sebastopol, CA	Jacki Negri	6760 McKinley St., #110, Sebastopol, CA 95472	707-823-9376
Fort Myers, FL	Karen Kopp and Przemyslaw Firlej	16230 Summerlin Rd., #202, Fort Myers, FL	631-307-9747
Hollywood, FL	Arthur McDevitt	1815 N. Young Circle, Hollywood, FL 33020	954-544-4149
Islamorada, FL	Zach Bennett	82685 Overseas Hwy, Islamorada, FL 33036	305-664-2740
Key Largo, FL	Zach Bennett	99625 Overseas Hwy, Islamorada, FL 33036	305-664-2740

Location	**Name**	**Business Address**	**Phone**
Miami, FL	Will Stuart	9065 SW 107^{th} Ave. Miami, FL 33176	786-525-6789
Miami, FL	Wai B. "Raymond" Cheng	10141 W Flagler St.# 120, Miami FL 33172	786-797-1716
Naples, FL	Hassan and Kelly Zaban	782 Neapolitan Way, Naples, FL 34103	239-530-8117
Parkland, FL	Michael Goldfarb	7869 N. University Dr., Parkland, FL 33067	954-227-1202
Siesta Keys, FL	Doug Shenk	219 Avenida Madera, Sarasota, FL 34242	941-720-3529
Sarasota, FL	Doug Shenk	4065 Clark Rd., Sarasota, FL 34233	941-922-3690
Boise, ID	Mark and Karen Dubois*	1575 North Milwaukee, Boise, ID 83704	208-906-8813
Indianapolis, IN	JBE Food Group, LLC and John Einsfeld Sr.	427 Massachusetts Ave Indianapolis, IN 46204	317-690-7183
Lafayette, LA	Ken and Stacey Bobbs	2916 Johnston St., Lafayette, LA 70503	337-278-0670
Columbia, MD	Steve Maisel and N7 Ice Cream, LLC	[Catering only]	410-802-4780
Grand Blanc, Michigan	Aundrey Markee	11419 S. Saginaw St.Grand Blanc Michigan 48439	810-656-7234
Nashua, NH	Mark and Rita McCabe	495 Amherst St Nashua, NH 03063	603-943-8491
Holly Springs, NC	Rodney Graff	652 Holly Springs Rd Holly Springs North Carolina 27540	919-271-0516
Wadsworth, OH	Gloria Enterprises, LLC (Mary Ann Canters Cook)	300 Weatherstone Dr,, Wadsworth, OH 44281	855-615-5432
Portland, OR	Fabiano and Eliana Landi	Clackamas Town Center Mall Portland, OR	503-915-6660
Tigard, OR	Fabiano and Eliana Landi	9473 SW Washington Square Rd, Tigard, OR 97223	503-915-6660
West Linn, OR	Rick Walker	22000 Willamette Dr, Suite 103, West Linn OR 97068	913-269-3472
Altoona, PA	Tom and Cherie Brandt	1002 Logan Blvd., Suite 116, Altoona, PA 16601	814-329-9221
Myrtle Beach, SC	Richard and Nancy Nicola	106 Sayebrook Parkway, Suite 5 Myrtle Beach, SC 29588	860-833-4473
Beaumont, TX	Scott and Amber Hawk	3939 Dowlen Rd, Suite 8 Beaumont, TX 77706	409 -289-1473

Location	Name	Business Address	Phone
Converse, TX	Ally Lakhpaty	9075 Farm to Market Road 78 Converse, TX 78109	361-815-4777
Dallas, TX	Alnawaz Suhani, Kirk Jones and AK 2014, LLC	3651 Justin Rd 150-A Dallas, TX 75280	214-228-6131; 817-306-5434
Houston, TX	Kevin Edwards and Ecseck, LLC	4521 Kingwood Drive, Suite 230 Houston, TX 77339	832-576-2459
Houston, TX	Daniel Ives, Sy Johnson, Larry Moody, and 346 Below, LLC	10133 Louetta Rd, BLDG B Houston Texas 76054	815-540-8044; 815-540-1350; 713-594-1433
Hurst, TX	Alnawaz Suhani, Kirk Jones and AK 2014, LLC	9986 Grapevine Highway, Suite C Hurst Texas 76054	214-228-6131; 817-306-5434
San Antonio, TX	Ally Lakhpaty	13433 San Pedro Ave., San Antonio, TX	361-815-4777
Sugarland, TX	Salim and Naureen Gheewalla, Freeze It In Texas, LLC	15810 Southwest Fwy Sugar Land, TX 77479	281-748-6787
Cedar City, UT	Chad Ostler	1390 Providence Center Dr. #2, Cedar City, UT 84720	702-460-0402
Draper, UT	Judy Nicolls	129 E. 13800 S., Draper, UT 84020	385-275-7281
Layton, UT	Jamie Smith Dicks**	1978 North 1200 West, Layton, UT 84041	801-776-9182
Murray, UT	Justin and Mignon Farman	900 E. 5600 S., Murray, UT 84121	801-263-0406
Ogden, UT	Monte Chournos	2350 Kiesel Ave., Ogden, UT, 84401	801-334-4280
Sandy, UT	Fabio and Elise Pontes	1846 East 9400 South, Sandy, UT 84092	801-935-9262
Spanish Fork, UT	Ron Spann	788 N. 800 E., Spanish Fork, UT 84660	801-420-0429
St. George, UT	Chad Ostler	2376 Red Cliffs Blvd, Suite 309A, St. George, UT 84790	888-FOR-SUB0
Federal Way, WA	Jack Walsh	31653 Pacific Hwy South #A, Federal Way, WA 98003	253-941-3248
Longview, WA	Jeff and Conni Kockritz	1208 Washington Way, Longview, WA 98632	360-423-5023

International Franchisees - Units Opened as of Our June 30, 2016 Fiscal Year End

Al Wahda Mall, Abu Dhabi, UAE	The Gourmet Restaurant Management,	PO Box 139, Abu Dhabi, UAE 40404	320-288-8883

	LLC (Mo Hendi)		
Wuhan, China	APEX Resources Management, Inc. (James Jia)	Building A, Rm 917, 14 Science Museum Blvd., Kowloon, HK	678-641-1691

Franchisees - Units Opened After June 30, 2016 Fiscal Year End - as of October 31, 2016

Location	**Name**	**Business Address**	**Phone**
Patchogue, NY	Charles Zollo	73 North Ocean Ave Patchogue NY	631-307-9747
League City, TX	Aerum Mahmood and Neo Concepts, LLC	2555 E. League City Parkway League City, TX 77573	832-729-9981

Franchisees that Have Not Yet Opened – as of October 31, 2016

Huntsville, AL	Gary Ferguson	[Not yet open]	256-382-7447
Ventura, CA	Russ Charvonia and Rob West	[Not yet open]	805-587-4262
Fishers, IN	JBE Foods Group, LLC (John Einsfeld)	[Not yet open]	317-690-7183
Lafayette, LA #2	Ken and Stacey Bobbs	[Not yet open]	337-278-0670
Hunt Valley, MD	Santomo, LLC (Suzanne Hagan)	[Not yet open]	443-564-8296
Wadsworth, OH	Gloria Enterprises, LLC (Mary Ann Canters Cook)	[Not yet open]	855-615-5432
Cypress, TX	VR Towne Lake, LLC (Michael Vandiver and Jeff Read)	[Not yet open]	832-785-7027
Dallas-Ft. Worth, TX	Suhani Jones and AK 2014, LLC	[Not yet open]	214-228-6131; 817-306-5434
Katy, TX	Aerum Mahmood and Neo Concepts, LLC	[Not yet open]	832-729-9981
Pearland, TX	Aerum Mahmood and Neo Concepts, LLC	[Not yet open]	832-729-9981
The Woodlands, TX	Afiyna Enterprises, LLC (Aftab Prasla and Nizar Sunesara)	[Not yet open]	409-454-5336

TX - TBD	Ally Lakhpaty	[Not yet open]	361-815-4777
Virginia Beach, VA	Jeff and Maria Jaglowicz	[Not yet open]	757-650-6604

The following is a complete listing of all current "company-owned" stores and the addresses and telephone numbers of all of their operations as of the date of this Disclosure Document:

Name	**Business Address**	**Phone**
Sub Zero Laguna, LLC*	27281 La Paz Road, Suite Q, Laguna Niguel, CA 92677	949-521-7878
Sub Zero Franchising, Inc.	1200 Towne Centre Dr., Provo, UT 84601	(801)494-0988
Sub Zero Franchising, Inc.	62 W. Center St., Provo, UT 84601	(801) 494-0960

* Sub Zero Laguna, LLC is our affiliate (see Item 1).

The following is a list of the name, city and state, and the current telephone number (or if unknown, the last known home telephone number) of every individual franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within **10** weeks of June 30, 2016.

Location	Name	Phone
Madison, AL	Gary Ferguson	256-382-7447
New Albany, IN	Michael Reis	502-931-7822
Chanhassen, MN	Gwen Michaels	952-949-2665
Eden Prairie, MN	Emily Faulkman and Troy Risch	952-944-1833
Nashua, NH	Mark and Rita McCabe	603-204-5862
Pittsburgh, PA	Matthew and Corissa Cook	412-720-5242
Alpine, UT	Superior Food SVSC 1, LLC (Brandon Hansen)	801-756-0224
Pleasant Grove, UT	Superior Food SVSC 1, LLC (Brandon Hansen)	801- 701-0606
Falls Church, VA	Adam Jeantet	703-850-6481
Bonney Lake, WA	Manny Napoleon	253-219-1128
Puyallup, WA	Manny Napoleon	253-219-1128

Franchisee Associations

The following is a list, to the extent known to us, of the names, addresses, telephone numbers, email addresses, and Web address of each trademark-specific franchisee organization associated with the franchise system being offered which we have created, sponsored, or endorsed: **NONE**.

The following is a list of any independent franchisee organizations that have asked to be included in this disclosure document: **NONE.**

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. Our standard franchise and area developer agreements, all renewal and transfer agreements, and all agreements to settle disputes with franchisees, contain confidentiality clauses. All our franchisees have signed a confidentiality clause with us in the last three years. In some instances, current or former franchisees sign provisions restricting their ability to speak openly about their experience with Sub Zero. You may wish to speak with current and former franchisees, but be aware that not all of these franchisees will be able to communicate with you.

ITEM 21
FINANCIAL STATEMENTS

Exhibit A provides our audited financial statements as of June 30, 2014, 2015, and 2016. Our fiscal year end is June 30.

Also attached are our internally-prepared and unaudited financial statements as of November 30, 2016. THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHIES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OR HER OPINION WITH REGARD TO THE CONTENT OR FORM.

ITEM 22
CONTRACTS

The following agreements are exhibits:

(a) Franchise Agreement—Exhibit B
(b) Conditional Assignment of Telephone and Directory Listings - Exhibit F
(c) Abandonment, Relinquishment, & Termination of Assumed Business Name - Exhibit G
(d) Authorization for Electronic Funds Transfer - Exhibit H
(e) SBA Addendum – Exhibit I
(f) Multi-State Law Addendum—Exhibit J
(g) Franchisee Closing Questionnaire—Exhibit K

The standard form release agreement that you will be required to sign in certain instances, such as for a transfer or renewal, is found in Section 21(k) of the Franchise Agreement.

ITEM 23
RECEIPTS

Our and your copies of the Franchise Disclosure Document Receipts are located at the last two pages of this Disclosure Document. The Receipt pages are duplicates that evidence your receipt of this Disclosure Document – the first is to be retained by you, the other by us.

EXHIBIT A

FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHIES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OR HER OPINION WITH REGARD TO THE CONTENT OR FORM.

SUBZERO FRANCHISING, INC.
BALANCE SHEETS
NOVEMBER 30, 2016

ASSETS

		November 30, 2016
Current Assets		
Cash	$	11,135
Accounts Receivable (Net)		390,850
Prepaids		0
Inventory		43,749
Total Current Assets		445,734
Fixed Assets		
Vehicle		20,054
Equipment		18,460
Leasehold Improvements		300,106
Accumulated Depreciation		(16,274)
		322,346
Other Assets		
Investment in Franchises		32,047
Refundable Deposits		5,878
Loan Fees		2,536
Deferred Tax Asset		22,700
		63,161
Total Assets	$	831,241

LIABILITIES AND STOCKHOLDER'S EQUITY

		November 30, 2016
Current Liabilities		
Accounts Payable	$	227,564

Deferred Revenues	410,938
Accrued Expenses	11,413
Income Tax Payable	10,900
Accrued Settlement Cost	75,000
Current Portion of Long Term Debt	199,140
Total Current Liabilites	934,955
Long Term debt	177,429
Stockholder's Equity	
Common Stock	250
Additional Paid in Capital	24,750
Retained Earnings	43,857
	68,857
Less Treasury Stock	(350,000)
Total Stockholder's Equity	(281,143)
Total Liabilities and Stockholder's Equity	$ 831,241

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHIES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OR HER OPINION WITH REGARD TO THE CONTENT OR FORM.

SUB ZERO FRANCHISING, INC.
STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
November 30, 2016

	11/30/2016	
Revenues		
Franchise Fees	$ 178,500	
Royalty Fees		234,975
Advertising Fees		73,851
Product Sales		46,530
Store Sales		97,994
Other Income		6,519
		638,369
Cost of Goods Sold		69,012
Gross Profit		569,357
Operating Expenses		528,395
Income from Operations		40,962
Other Income/(Expense)		
Interst Income		79
Bad Debt Expense		(512)
Settlement		0
Interest Expense		(11,393)
		(11,826)
Income (loss) before Income Taxes		29,136
Income Tax Expense (benefit)		100
Net Income	$ 29,036	
Retained Earnings, beginning of Year		14,821
Retained Earnings, End of Period	$ 43,857	

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHIES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OR HER OPINION WITH REGARD TO THE CONTENT OR FORM.

SUB ZERO FRANCHISING, INC.
STATEMENTS OF CASH FLOWS
November 30, 2016

	5 Months Ended 11/30/2016
CASH FLOWS FROM OPERATING ACTIVITIES	
Net Income	$ 29,036
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation & Amortization	0
(Increase) decrease in:	
Trade Receivables	22,900
Prepaids	14,286
Inventory	(10,872)
Deferred Taxes	0
Increase (Decrease) in:	
Accounts Payable	(35,272)
Deferred Revenue	0
Accrued Expenses	2,478
Income Tax Payable	(22,000)
NET CASH PROVIDED BY OPERATING ACTIVITIES	556
CASH FLOWS FROM INVESTING ACTIVITIES	
Collection of note receivable	3,333
Increase refundable deposits	0
Increase in franchise investments	0
Leasehold Improvements	(23,712)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(20,379)

CASH FLOWS FROM FINANCING ACTIVITIES		
Legal costs for common stock		0
Loan fees capitalized		0
Loan Proceeds		20,002
Repayment of debt		(37,744)
NET CASH PROVIDED BY (USED) BY FINANCING ACTIVITIES		(17,742)
NET INCREASE (DECREASE) IN CASH	$ (37,565)	
Cash, beginning of year		48,700
CASH, END OF PERIOD	$ 11,135	

SUB ZERO FRANCHISING, INC.

FINANCIAL STATEMENTS

For The Years Ended June 30, 2016 and 2015

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BUNCE
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Certified
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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors
Sub Zero Franchising, Inc.

We have audited the accompanying financial statements of Sub Zero Franchising, Inc. (a Utah corporation) which comprise the balance sheets as of June 30, 2016 and 2015, and the related statements of operations and retained earnings, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation of fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sub Zero Franchising, Inc. as of June 30, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Bunce Palmer

November 15, 2016

SUB ZERO FRANCHISING, INC.
BALANCE SHEETS
JUNE 30, 2016 and 2015

ASSETS

	2016	2015
Current Assets		
Cash	$ 48,700	$ 82,110
Accounts receivable (net) (Note 2)	413,750	813,599
Inventory	32,877	14,028
Prepaid expenses	14,286	0
Current portion - Note receivable (Note 4)	0	20,000
Total Current Assets	509,613	929,737
Fixed Assets		
Vehicle	20,054	20,054
Equipment	18,460	12,825
Leasehold improvements	276,395	0
Accumulated depreciation	(16,274)	(7,368)
	298,635	25,511
Other Assets		
Note receivable (Note 4)	0	0
Investment in franchises	32,047	19,547
Refundable deposit	5,878	0
Loan fees (net of amortization of $507)	2,536	
Deferred tax asset (Note 3)	22,700	5,500
	63,161	25,047
TOTAL ASSETS	$ 871,409	$ 980,295

The accompanying notes are an integral part of this statement.

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SUB ZERO FRANCHISING, INC.
BALANCE SHEETS
JUNE 30, 2016 and 2015

LIABILITIES AND STOCKHOLDERS' EQUITY

	2016	2015
Current Liabilities		
Accounts payable	$ 262,836	$ 97,577
Deferred revenue	410,938	711,113
Accrued expenses	8,936	12,169
Income tax payable	32,900	83,290
Accrued settlement cost (Note 4)	100,000	
Current portion of long term debt (Note 4)	185,262	32,192
Total Current Liabilities	1,000,872	936,341
Long term debt (Note 4)	180,716	169,273
Stockholders' Equity		
Common Stock No par value, 41,176 authorized, 33,334 issued and outstanding at June 30, 2016 and 2015	250	648
Additional paid-in capital	24,750	24,750
Retained earnings	14,821	199,283
	39,821	224,681
Less Treasury Stock, at cost (13,334 shares at $26)	(350,000)	(350,000)
Total Stockholders' Equity	(310,179)	(125,319)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 871,409	$ 980,295

The accompanying notes are an integral part of this statement.

SUB ZERO FRANCHISING, INC.
STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
For The Years Ending June 30, 2016 and 2015

	2016	2015
Revenues		
Franchise fees	$ 708,500	$ 746,530
Royalty fees	545,981	418,083
Advertising fees	171,192	112,704
Product sales	136,026	46,850
Store sales	121,607	112,885
Other income	20,197	11,613
	1,703,503	1,448,665
Cost of Goods Sold	128,561	85,174
Gross Profit	1,574,942	1,363,491
Operating expenses	1,664,146	964,051
Income (loss) from operations	(89,204)	399,440
Other Income (Expense)		
Interest income	4,141	0
Settlement (Note 4)	(100,000)	(104,806)
Interest expense	(30,603)	(32,839)
	(126,462)	(137,645)
Income (loss) before income taxes	(215,666)	261,795
Income tax expense (benefit)	(31,204)	109,237
NET INCOME (LOSS) FROM OPERATIONS	$ (184,462)	$ 152,558
Retained earnings, beginning of year	199,283	46,725
RETAINED EARNINGS END OF YEAR	$ 14,821	$ 199,283

The accompanying notes are an integral part of this statement.

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SUB ZERO FRANCHISING, INC.
STATEMENTS OF CASH FLOWS
For The Years Ending June 30, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ (184,462)	$ 152,558
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	9,413	3,799
(Increase) decrease in:		
Trade receivables	399,849	24,214
Inventory	(18,849)	(8,015)
Prepaid expenses	(14,286)	0
Deferred taxes	(17,200)	20,800
Increase (decrease) in:		
Accounts payable	165,259	50,350
Deferred revenue	(300,175)	(103,028)
Accrued expenses	96,767	2,294
Income tax payable	(50,390)	83,290
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	85,926	226,262
CASH FLOWS FROM INVESTING ACTIVITIES		
Collection of note receivable	20,000	0
Increase in refundable deposits	(5,878)	0
Increase in franchise investments	(12,500)	0
Purchase of fixed assets	(282,030)	(20,054)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(280,408)	(20,054)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advance from area developer	0	(304,995)
Legal costs for common stock	(398)	0
Loan fees capitalized	(3,043)	0
Loan proceeds	188,296	20,018
Repayment of debt	(23,783)	(74,722)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	161,072	(359,699)
NET INCREASE (DECREASE) IN CASH	$ (33,410)	$ (153,491)

The accompanying notes are an integral part of this statement.

SUB ZERO FRANCHISING, INC.
STATEMENTS OF CASH FLOWS
For The Years Ending June 30, 2016 and 2015

	2016	2015
Net increase (decrease) in cash	$ (33,410)	$ (153,491)
Cash, beginning of the year	82,110	235,601
CASH, END OF THE YEAR	$ 48,700	$ 82,110
SUPPLEMENTAL DISCLOSURES		
Income taxes paid	$ 40,500	$ 5,147
Interest paid	$ 30,603	$ 32,839

The accompanying notes are an integral part of this statement.

SUB ZERO FRANCHISING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity

Sub Zero Franchising, Inc. is a franchisor located in American Fork, Utah and was organized in October 2010. The company was formed to sell Sub Zero Ice Cream franchises. Sub Zero Ice Cream franchises operate stores which provide quality food and beverage products currently including ice cream using a unique "instant freezing" method. The Company also operates two company owned franchises, one of which was acquired during the current fiscal year and one of which was acquired during a prior fiscal year.

Basis of Accounting

The Company's policy is to prepare its external financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Franchise fee revenue from individual franchise sales is recognized when all material services and conditions relating to the sale have been substantially performed or satisfied by the Company. Direct costs relating to franchise sales are deferred until the revenue is recognized. Continuing franchise fees are recognized as revenue as they are earned and become receivable from the franchisee. Costs relating to continuing franchise fees are expensed as incurred.

Cash

Cash consists of amounts on deposit at federally insured financial institutions. From time to time the Company may have funds on deposit in excess of the federally insured amount of $250,000.

Inventory

Inventory is recorded at the lower of cost or market using the first in first out (FIFO) method.

SUB ZERO FRANCHISING, INC.
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed Assets

Acquisitions of fixed assets in excess of $250 are capitalized. Property and equipment are recorded at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates based on management's knowledge and experience. Due to their prospective nature, actual results could differ from those estimates.

Advertising

The Company's policy is to expense advertising as it is incurred. At June 30, 2016 and 2015 the Company has expensed advertising costs of $41,301 and $21,412 respectively.

Income Taxes

The Company accounts for its income taxes under the provisions of FASB ASC 740-10. The company policy is to recognize income tax benefits for income tax positions taken or expected to be taken in a tax return only when it is determined that the income tax position will more-likely-than-not be sustained upon examinations. For tax purposes, the Company's open audit periods are for the years ended June 30 2013 through 2015.

Subsequent Events

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued or available to be issued. There are two types of subsequent events. The first type consists of events or transactions that provide additional information about conditions that existed at the date of the balance sheet. The second type consists of events that provide evidence about

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

conditions that did not exist at the date of the balance sheet but arose subsequent to that date. Subsequent events have been evaluated through November 15, 2016 which is the date the financial statements were available to be issued.

NOTE 2 - Accounts Receivable

The Company utilizes the allowance for doubtful accounts method to estimate the amount of receivables that will not be collected. Accounts receivable at June 30, 2016 and 2015 consists of the following:

	2016	2015
Accounts Receivable	$ 508,750	$ 908,599
Allowance for doubtful accounts	(95,000)	(95,000)
	$ 413,750	$ 813,599

NOTE 3 - INCOME TAXES

The deferred tax accounts result from reporting on the cash basis for the preparation of the tax return and the accrual method for the preparation of the financial statements and from the use of accelerated methods of depreciation of fixed assets for tax purposes.

Income tax expense consists of the following:

	2016	2015
Currently payable (refundable)	$ (14,004)	$ 88,437
Deferred	(17,200)	20,800
	$ (31,204)	$ 109,237

SUB ZERO FRANCHISING, INC.
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2016 AND 2015

NOTE 3 - INCOME TAXES (Continued)

Penalties were paid in the amount of $4,718 and $449 for the years ended June 30, 2016 and 2015 respectively.

Note 4 - Related Party Transactions

The Company rents space from a member of one of its shareholders. The monthly rent is $600 per month. The lease is on a month to month basis. Rent expense for each year was $7,200.

The Company had been in a dispute with a former shareholder since 2012. A settlement was reached during the prior year and the Company paid the former shareholder $104,806 in settlement of all claims.

In the fiscal year ended June 30, 2014 $304,995 was advanced to the Company by an entity that was in negotiations to become the area developer for China. The area developer agreement was completed in July 2015 and the funds advanced were reported as franchise fees for the fiscal year ended June 30, 2015.

During the fiscal years ended June 30, 2013 and June 30, 2016 the Company borrowed money from related parties. During the fiscal year ended June 30, 2015 the Company borrowed funds for the acquisition of a Company vehicle. The outstanding balances as of June 30th are as follows:

	2016	2015
Note payable to related party with interest at 3.49% payable in monthly installments of interest only of $1,055 through May 2017	$150,000	$ 0
Note payable to related party with interest at 15% payable in monthly installments of $783 through November of 2019.	14,955	22,001

Note 4 - Related Party Transactions (Continued)

Note payable to shareholder with interest at 15% payable in monthly installments of $3,879 through June 2016. Terms were modified beginning July 2016 with interest at 5% payable in monthly installments of $2,102 through June 2023	148,730	160,373
Note payable to related party with interest at 5% payable in monthly installments of $526 beginning November 2016 through November 2021	28,296	0
Note payable to related party with Interest at 0% payable in monthly Installments of $556 through September 2017.	7,778	0
Total long term debt to related party	349,759	182,374
Note payable to Nissan Acceptance Corporation with interest at 4.69% Payable in monthly installments of $309 through May of 2021. Collaterized By vehicle	$ 16,219	$ 19,091
Total long term debt	365,978	201,465
Less current portion	185,262	32,192
	$180,716	$169,273

Note 4 - Related Party Transactions (Continued)

The following is a schedule of payments required on principal under long term debt obligations:

Year ending June 30,

2017	$ 185,262
2018	36,162
2019	32,167
2020	30,331
2021	31,535
Later years	50,521
	$ 365,978

During the prior fiscal year the Company lent $20,000 to a potential franchisee for the purchase and transfer of an existing franchised store. The note was paid in full during the current fiscal year.

During the current fiscal year the Company entered into mediation with a franchise owner. A settlement was reached after the fiscal year end with the agreement that the Company would pay the franchise owner $100,000 and the franchise owner would relinquish ownership of the franchise. Additionally the Company will purchase the equipment and inventory for $25,000. The Company may still be liable for a personal injury award but the amount will be limited to the amount to be paid by the Company's insurance.

During the current fiscal year the Company terminated several Area Developers and franchises that were out of compliance with the franchise agreements they signed. The terminations resulted in bad debts for the uncollected area developer receivables that were due as franchises were sold.

SUB ZERO FRANCHISING, INC.
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2016 and 2015

Note 5 - Franchises

The Company sold nine franchise stores in the current year, additionally one area developer unit and one franchise store were transferred to new owners in the current year. The Company sold eleven franchise stores and one area developer unit in the prior year. During the current year six franchise locations closed. As of June 30, 2016 there are fifty two locations open of which two are company owned.

Note 6 - Company owned outlet

The following is the activity for the Company owned outlets for the period ended June 30th

	2016	2015
Sales	$121,607	$112,885
Cost of Goods Sold	46,068	33,697
Operating Expense	93,546	76,190

SUB ZERO FRANCHISING, INC.

FINANCIAL STATEMENTS

For The Years Ended June 30, 2015 and 2014

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BUNCE
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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors
Sub Zero Franchising, Inc.

We have audited the accompanying financial statements of Sub Zero Franchising, Inc. (a Utah corporation) which comprise the balance sheets as of June 30, 2015 and 2014, and the related statements of operations and retained earnings, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation of fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sub Zero Franchising, Inc. as of June 30, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Bunce Palmer

November 18, 2015

SUB ZERO FRANCHISING, INC.
BALANCE SHEETS
JUNE 30, 2015 and 2014

ASSETS

	2015	2014
Current Assets		
Cash	$ 82,110	$ 235,601
Accounts receivable (net) (Note 2)	813,599	837,813
Inventory	14,028	6,013
Current portion - Note receivable (Note 4)	20,000	20,000
Total Current Assets	929,737	1,099,427
Fixed Assets		
Vehicle	20,054	0
Equipment	12,825	12,825
Accumulated depreciation	(7,368)	(3,569)
	25,511	9,256
Other Assets		
Note receivable (Note 4)	0	0
Investment in franchise	19,547	19,547
Deferred tax asset (Note 3)	5,500	26,300
	25,047	45,847
TOTAL ASSETS	$ 980,295	$1,154,530

The accompanying notes are an integral part of this statement.

SUB ZERO FRANCHISING, INC.
BALANCE SHEETS
JUNE 30, 2015 and 2014

LIABILITIES AND STOCKHOLDERS' EQUITY

	2015	2014
Current Liabilities		
Accounts payable	$ 97,577	$ 47,227
Advance from area developer (Note 4)	0	304,995
Deferred revenue	711,113	814,141
Accrued expenses	12,169	9,875
Income tax payable	83,290	0
Current portion of long term debt (Note 4)	32,192	22,339
Total Current Liabilities	936,341	1,198,577
Long term debt (Note 4)	169,273	233,830
Stockholders' Equity		
Common Stock No par value, 41,176 authorized, 33,334 issued and outstanding at June 30, 2015 and 2014	648	648
Additional paid-in capital	24,750	24,750
Retained earnings	199,283	46,725
	224,681	72,123
Less Treasury Stock, at cost (13,334 shares at $26)	(350,000)	(350,000)
Total Stockholders' Equity	(125,319)	(277,877)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 980,295	$1,154,530

The accompanying notes are an integral part of this statement.

SUB ZERO FRANCHISING, INC.
STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
For The Years Ending June 30, 2015 and 2014

	2015	2014
Revenues		
Franchise fees	$ 746,530	$ 697,243
Royalty fees	418,083	206,608
Advertising fees	112,704	45,013
Product sales	46,850	34,103
Store sales	112,885	113,604
Other income	11,613	14,092
	1,448,665	1,110,663
Cost of Goods Sold	85,174	61,774
Gross Profit	1,363,491	1,048,889
Operating expenses	964,051	916,221
Income (loss) from operations	399,440	132,668
Other Income (Expense)		
Interest income	0	0
Settlement (Note 4)	(104,806)	0
Interest expense	(32,839)	(40,017)
	(137,645)	(40,017)
Income (loss) before income taxes	261,795	92,651
Income tax expense (benefit)	109,237	41,429
NET INCOME (LOSS) FROM OPERATIONS	$ 152,558	$ 51,222
Retained earnings, beginning of year	46,725	(4,497)
RETAINED EARNINGS END OF YEAR	$ 199,283	$ 46,725

The accompanying notes are an integral part of this statement.

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SUB ZERO FRANCHISING, INC.
STATEMENTS OF CASH FLOWS
For The Years Ending June 30, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 152,558	$ 51,232
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	3,799	2,008
(Increase) decrease in:		
Trade receivables	24,214	(368,167)
Inventory	(8,015)	(1,270)
Deferred taxes	20,800	37,500
Increase (decrease) in:		
Accounts payable	50,350	(17,812)
Deferred revenue	(103,028)	207,136
Accrued expenses	2,294	4,052
Income tax payable	83,290	(16,800)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	226,262	(102,131)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in note receivable	0	(20,000)
Purchase of fixed assets	(20,054)	(3,843)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(20,054)	(23,843)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advance from area developer	(304,995)	304,995
Loan proceeds	20,018	0
Repayment of debt	(74,722)	(20,366)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(359,699)	284,629
NET INCREASE (DECREASE) IN CASH	$ (153,491)	$ 158,655

The accompanying notes are an integral part of this statement.

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SUB ZERO FRANCHISING, INC.
STATEMENTS OF CASH FLOWS
For The Years Ending June 30, 2015 and 2014

	2015	2014
Net increase (decrease) in cash	$ (153,491)	$ 158,655
Cash, beginning of the year	235,601	76,946
CASH, END OF THE YEAR	$ 82,110	$ 235,601
SUPPLEMENTAL DISCLOSURES		
Income taxes paid	$ 5,147	$ 3,929
Interest paid	$ 32,839	$ 40,017

The accompanying notes are an integral part of this statement.

SUB ZERO FRANCHISING, INC.
NOTES TO FINANCIAL STATEMENTs
JUNE 30, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity

Sub Zero Franchising, Inc. is a franchisor located in American Fork, Utah and was organized in October 2010. The company was formed to sell Sub Zero Ice Cream franchises. Sub Zero Ice Cream franchises operate stores which provide quality food and beverage products currently including ice cream using a unique "instant freezing" method. The Company also operates a company owned franchise which was acquired during a prior fiscal year.

Basis of Accounting

The Company's policy is to prepare its external financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Franchise fee revenue from individual franchise sales is recognized when all material services and conditions relating to the sale have been substantially performed or satisfied by the Company. Direct costs relating to franchise sales are deferred until the revenue is recognized. Continuing franchise fees are recognized as revenue as they are earned and become receivable from the franchisee. Costs relating to continuing franchise fees are expensed as incurred.

Cash

Cash consists of amounts on deposit at federally insured financial institutions. From time to time the Company may have funds on deposit in excess of the federally insured amount of $250,000.

Inventory

Inventory is recorded at the lower of cost or market using the first in first out (FIFO) method.

SUB ZERO FRANCHISING, INC.
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed Assets

Acquisitions of fixed assets in excess of $250 are capitalized. Property and equipment are recorded at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates based on management's knowledge and experience. Due to their prospective nature, actual results could differ from those estimates.

Advertising

The Company's policy is to expense advertising as it is incurred. At June 30, 2015 and 2014 the Company has expensed advertising costs of $21,412 and $21,233 respectively.

Income Taxes

The Company accounts for its income taxes under the provisions of FASB ASC 740-10. The company policy is to recognize income tax benefits for income tax positions taken or expected to be taken in a tax return only when it is determined that the income tax position will more-likely-than-not be sustained upon examinations. For tax purposes, the Company's open audit periods are for the years ended June 30 2012 through 2014.

Subsequent Events

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued or available to be issued. There are two types of subsequent events. The first type consists of events or transactions that provide additional information about conditions that existed at the date of the balance sheet. The second type consists of events that provide evidence about

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

conditions that did not exist at the date of the balance sheet but arose subsequent to that date. Subsequent events have been evaluated through November 18, 2015 which is the date the financial statements were available to be issued.

NOTE 2 - Accounts Receivable

The Company utilizes the allowance for doubtful accounts method to estimate the amount of receivables that will not be collected. Accounts receivable at June 30, 2015 and 2014 consists of the following:

	2015	2014
Accounts Receivable	$ 908,488	$ 911,813
Allowance for doubtful accounts	(95,000)	(74,000)
	$ 813,488	$ 837,813

NOTE 3 - INCOME TAXES

The deferred tax accounts result from reporting on the cash basis for the preparation of the tax return and the accrual method for the preparation of the financial statements and from the use of accelerated methods of depreciation of fixed assets for tax purposes.

Income tax expense consists of the following:

	2015	2014
Currently payable	$ 88,437	$ 3,929
Deferred	20,800	37,500
	$ 109,237	$ 41,429

NOTE 3 - INCOME TAXES (Continued)

Penalties were paid in the amount of $449 for the year ended June 30, 2015.

Note 4 - Related Party Transactions

The Company rents space from a member of one of its shareholders. The monthly rent is $600 per month. The lease is on a month to month basis. Rent expense for each year was $7,200.

During the fiscal year ended June 30, 2012 a former shareholder exercised an option to purchase 7,872 shares of common stock for $576,864. The shareholder signed a note which calls for monthly payments of $5,566 including interest at 3% maturing in ten years. The transaction has since been voided by agreement of the existing shareholders at that time as discussed below.

In July 2014 the Company and its existing shareholders entered into a separation and redemption agreement. The agreement calls for the note receivable for the sale of stock to be cancelled. It also requires the Company to redeem all the shares that the shareholder owns. The Company also entered into a new service agreement with that shareholder for transitional services to be performed.

Additional disputes have arisen between the two parties. Two claims have been filed against the Company for breach of contract in the aggregate amount of $105,420. The Company has countersued seeking to recover damages for claims of securities fraud, claims of breaches of contracts and fraudulent misrepresentation in the amount of not less than $1,135,594. The court has dismissed the Company's claims leaving only the two claims against the Company. A settlement was reached during the current year and the Company paid the former shareholder $104,806 in settlement of all claims.

In the fiscal year ended June 30, 2014 $304,995 was advanced to the Company by an entity that was in negotiations to become the area developer for China. The area developer agreement was completed in July 2015 and the funds advanced were reported as franchise fees for the fiscal year ended June 30, 2015.

Note 4 - Related Party Transactions (Continued)

During the fiscal year ended June 30, 2013 the Company borrowed money from related parties. During the fiscal year ended June 30, 2015 the Company borrowed funds for the acquisition of a Company vehicle. The outstanding balances as of June 30th are as follows:

	2015	2014
Note payable to related party with interest at 15% payable in monthly installments of $285 through November 2022.	$ 0	$ 16,393
Note payable to related party with interest at 15% payable in monthly installments of $783 through November of 2019.	22,001	33,453
Note payable to shareholder with Interest at 15% payable in monthly installments of $3,879 through October 2021.	160,373	206,323
Total long term debt to related party	182,374	256,169
Note payable to Nissan Acceptance Corporation with interest at 4.69% Payable in monthly installments of $309 through May of 2021. Collaterized By vehicle	19,091	0
Total long term debt	201,465	256,169
Less current portion	32,192	22,339
	$169,273	$233,830

Note 4 - Related Party Transactions (Continued)

The following is a schedule of payments required on principal under long term debt obligations:

Year ending June 30,

2016	$ 32,192
2017	37,043
2018	42,659
2019	44,707
2020	41,573
Later years	3,291
	$ 201,465

During the prior fiscal year the Company lent $20,000 to a potential franchisee for the purchase and transfer of an existing franchised store. The note was due and payable on December 1, 2015 with interest at 12%.

Note 5 - Franchises

The Company sold eleven franchises and one area developer unit in the current year and eleven franchise stores and eight area developer units during the prior year. During the current year six franchise locations closed. As of June 30, 2015 there are forty-one locations open of which one is company owned.

Note 6 - Company owned outlet

The following is the activity for the Company owned outlet for the period ended June 30th

	2015	2014
Sales	$112,885	$113,604
Cost of Goods Sold	33,697	25,569
Operating Expense	76,190	78,940

EXHIBIT B

TO

SUB ZERO

FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

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FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Agreement") is entered into effective as of___________, 20__ (the "Effective Date") by and between **SUB ZERO FRANCHISING, INC.**, a Utah corporation("Sub Zero" and "We/Us"), and ______________ a __________ [corporation][partnership][an individual][etc.] (jointly and severally "Franchisee").

For purposes of this Agreement "Franchisee" may include an individual, corporation, partnership, limited liability company or other legal entity. "Franchisee" includes any corporation, partnership, limited liability company, individual, combination of individuals, or other legal entity that owns a majority interest of Franchisee, or in which Franchisee owns a majority interest. The term "Franchisee" will include all persons who succeed to Franchisee's interest by transfer or by operation of law.

In consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the parties, intending to be legally bound, hereby agree as follows:

1. PREAMBLES

(a) Sub Zero has developed and has the right to license methods of operating ice cream stores under the Licensed Marks and in accordance with the System, which stores offer ice cream using a unique "instant freezing" method and related products and services (the "Sub Zero Stores").

(b) Sub Zero owns or has the right to license certain trade names, trademarks, service marks and other source indicators, including Sub Zero Ice Cream® and the Sub Zero Ice Cream logo and other marks that Sub Zero may introduce from time to time (the "Licensed Marks"), which are used in connection with Sub Zero Stores and Sub Zero Products. Franchisee hereby acknowledges the distinctiveness and value of the Licensed Marks. "Products" means the Proprietary Products, toppings, mixes, dry goods, including dishes, cups, lids, napkins and utensils, and other goods, products and services designated or approved by Sub Zero from time to time for use, sale or otherwise to be provided at the Franchised Store. "Proprietary Products" means Sub Zero's proprietary ice cream product, unique "instant freezing" method, and other products or items that are developed, made or produced according to formulas, recipes and/or trade secrets owned by or licensed to Sub Zero, and all products and goods that bear the Licensed Marks.

(c) This Agreement provides a license to Franchisee to operate a single Sub Zero Store (and optional Mobile Unit operation) using the Licensed Marks and offering for sale the Products under the terms and conditions of this Agreement, which include standards relating to the Franchise location, products, advertising, sales and promotional techniques, personnel training, recipes and other matters relating to the operation and promotion of Sub Zero Stores (the "System"), all of which are designed to enhance the reputation and goodwill of Sub Zero Stores.

(d) Sub Zero may from time to time, add to, amend, modify, delete or enhance any portion of the System (including any of the Licensed Marks) as may be necessary in Sub Zero's sole discretion. Franchisee acknowledges and agrees that such flexibility to change is critical for all Sub Zero Stores and agrees to abide by the System and any changes thereto.

(e) Franchisee (i) has investigated and become familiar with the System; (ii) recognizes the potential benefits to be derived from being able to utilize the System and the Licensed Marks; and (iii) has had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this Agreement by counsel of its own choosing. Based upon such investigation and review of the System and this Agreement, Franchisee desires to be granted a franchise to construct, own and operate a Sub Zero Store pursuant to the provisions hereof and at the location specified herein.

(f) Franchisee acknowledges and agrees that the System is intended and designed to protect Sub Zero's standards, systems and the Licensed Marks, and not to control the day-to-day operation of the Franchised Store and that the Franchised Store will at all times be under Franchisee's control and Franchisee will be responsible for the day-to-day operation of the Franchised Store.

2. GRANT OF RIGHTS AND RESTRICTIONS

(a) Grant of Rights and Protected Territory. Subject to all of the terms and conditions of this Agreement, Sub Zero hereby grants to Franchisee the non-exclusive, non-transferable right to own and operate a single Sub Zero Store solely at a single location (except in respect to the optional Mobile Unit operation described below) to be approved by Sub Zero as provided in this Agreement and set forth on Exhibit 1 (the "Franchise Location") and to use the Licensed Marks and System to operate such store (the "Franchised Store") in accordance with the terms of the Confidential Operating Manuals.

Sub Zero will not place or authorize anyone else to place a **Sub Zero** store within **two** driving miles from the Franchised Store (**1/4**-mile for high population density, high business density, urban and downtown locations) (the "Protected Territory"). There is no territory for a Non-Traditional Location franchise.

You may, but are not required, to purchase a trailer for a Mobile Unit operation as part of your Sub Zero franchise. You may locate your Mobile Unit operation anywhere within your Protected Territory. You must obtain our prior written approval in order to locate your Mobile Unit operation anywhere outside of your Protected Territory. Our decision to grant or withhold such approval will be in our sole discretion. We may base our decision on factors outlined in our Operations Manual.

(b) Restrictions on Grant of Rights. Except in respect to the optional Mobile Unit operation, Franchisee acknowledges and agrees that the franchise granted herein relates solely to the Franchise Location and the Franchised Store thereon, and that Franchisee shall not, without the express written authorization of Sub Zero, (i) construct or operate any additional, expanded or modified facilities on the Franchise Location; (ii) construct or operate the Franchised Store at any location other than the Franchise Location; (iii) conduct any activities from the Franchise Location or through the Franchised Store other than as expressly permitted hereunder; (iv) sell or distribute Products through any means other than from the Franchised Store, including through toll-free telephone numbers, catalogs, websites, direct mail, domain names, the Internet, mobile or remote units; and (v) engage in direct or indirect sales or distribution of Products to a third party for resale, retail or further distribution through any channel of trade.

(c) Reserved Rights. FRANCHISEE ACKNOWLEDGES AND AGREES THAT BEYOND THE **TWO**-DRIVING MILES PROTECTION (**1/4**-MILE IN URBAN/DOWNTOWN LOCATIONS), IT HAS NO EXPECTATION OF ANY RESERVED TERRITORY OR PROTECTED AREA IN WHICH TO OPERATE ITS FRANCHISED STORE. In addition, Franchisee expressly acknowledges and agrees that Sub Zero and its affiliates may, in their sole discretion, (i) develop, construct, own and/or operate, and grant to others the right to develop, construct, own and/or operate any business, including

Sub Zero Stores, at any location using any channel of trade or distribution under any brand, trademark or service mark, including the Licensed Marks; (ii) sell and/or distribute, and grant to others the right to sell and/or distribute, Products to any business, person or entity in any location and through any channel of trade or distribution under any brand, trademark or service mark, including the Licensed Marks; and (iii) merge, affiliate, co-brand with or engage in any transaction with other businesses located anywhere. Franchisee further acknowledges and agrees that it has no right to challenge or preclude such activities, even if such activities compete with the Franchised Store.

3. TERM AND RENEWAL

(a) Initial Term. This Agreement, unless previously terminated pursuant to its provisions, shall begin on the Effective Date and continue for an initial period of five (5) years (the "Initial Term").

(b) Renewal. If Franchisee is not in default under this Agreement and if Franchisee has the right to continue to occupy the Franchise Location, Franchisee may renew the franchise granted hereunder for the Franchised Store for additional terms of five (5) years (each, a "Renewal Term") upon written notice given by Franchisee to Sub Zero not less than six (6) months in advance of the end of the Initial Term, provided that each of the following are satisfied:

(i) payment to Franchisor, upon the commencement of the Renewal Term, of the then-current renewal fee, currently $2,500 ;

(ii) execution of Sub Zero's then-current franchise agreement (as modified to reflect the reduced term and the renewal fee), which may contain different performance standards, fee structures and/or increased fees;

(iii) execution of a general release, in a form satisfactory to Sub Zero, of any and all claims against Sub Zero, its parent, subsidiaries or affiliates (if applicable) and their officers, members, directors, attorneys, shareholders and employees; and

(iv) renovation and/or refurbishment of the Franchised Store to conform to Sub Zero's then-current standards.

4. LOCATION SELECTION AND OPENING

(a) Location Selection. Franchisee shall submit to Sub Zero a written plan within twenty (20) days of the Effective Date, detailing the proposed franchise location, which shall comply with such site criteria as Sub Zero may prescribe from time to time, financial projections, total investment and any other information reasonably requested.

(b) Approval. Sub Zero shall approve or reject the proposed franchise location within thirty (30) days of Sub Zero's completion of its review of the proposed location. Franchisee must use Sub Zero's approved system architect for the programming, preliminary design, and design development phases of architecture and design. Sub Zero may also require Franchisee to use a local architect approved by Sub Zero to implement the design developed by Sub Zero's system architect. At a minimum, Franchisee authorizes Sub Zero to communicate with any architect that Franchisee hires for any construction, build-out or design of the proposed franchise location. In conjunction with this Agreement, Franchisee must execute an Architect Communication Authorization Form, by which Franchisee expressly authorizes Sub Zero to communicate with Franchisee's architect. Sub Zero makes no representations or warranties as to the potential or success of any location regardless of its approval or rejection thereof. A location selection shall not be effective until each party has signed an Agreement on Franchise Location, in the form set out in Exhibit 1.

(c) Opening Requirements. After obtaining approval for the Franchise Location, but prior to commencing any construction of the Franchised Store, Franchisee shall, at its expense, furnish to Sub Zero the following:

(i) All preliminary and final plans and specifications (the required form and content of which may be specified in our Operations Manual) and all changes and modifications thereto, which must be approved in writing by Sub Zero. After approval, material modifications may not be made to such plans without Sub Zero's prior written approval.

(ii) A copy of any proposed lease agreement, which must be approved by Sub Zero. The lease agreement or approved lease rider between you and the landlord shall contain the following terms:

(A) provide for notice to Sub Zero of, and Sub Zero's right to cure, Franchisee's default under said lease;

(B) provide for Franchisee's right to assign its interest under said lease to Sub Zero without the lessor's consent, as well as the further right for Sub Zero to sublease or assign its interest under said lease to another franchisee or affiliate;

(C) authorize and require the lessor to disclose to Sub Zero, upon Sub Zero's request, any information pertaining to the Franchised Store or the Franchised Location furnished to the lessor by Franchisee;

(D) provide that, upon termination of this Agreement, Sub Zero will have the right to assume said lease (provided that Sub Zero agrees to exercise such right to assume said lease only if Sub Zero has the right to acquire the Franchised Store in accordance with Section 16.2(c)); and

(E) provide that the lessor has consented to Franchisee's use of Sub Zero's required signage for the Franchised Store.

Prior to commencing operations of the Franchised Store, Franchisee shall:

(i) Obtain all permits and certifications as may be required for the lawful operation of the Franchised Store, together with copies of any building inspection reports and certifications from all governmental authorities having jurisdiction over the Franchised Store showing that all necessary permits have been obtained and that all requirements for construction and operation have been met.

(ii) Purchase price of sufficient initial inventory of Products to begin operations as approved by Sub Zero.

(e) Initial Training. Prior to opening the Franchised Store to the public, Owner and, if applicable, the Manager, shall have completed all training that we require and been certified by Sub Zero as meeting Sub Zero's qualifications for management. "Owner" means any person or entity holding a direct or indirect, legal or beneficial ownership interest or voting rights in Franchisee, including, without limitation, any person or entity who has a direct or indirect interest in this Agreement, or the Franchised Store, and any person or entity who has any other legal or equitable interest, or the power to vest in himself any legal or equitable interest, in the revenues, profits, rights or assets thereof, including the spouse of Franchisee or an Owner of Franchisee if Franchisee or such Owner resides in a community property law state, and if Franchisee is a trust, including all holders of a beneficial interest in a trust, the grantor of, or other person or entity with the right to revoke or amend, a trust which is revocable or amendable, and the trustee of any trust. "Manager" means the person who is a full-time employee of Franchisee and has completed Sub Zero training and has been approved by Sub Zero and is responsible for the day-to-day operations of the Franchised Store. Initial Training must start before Franchisee begins any construction activities at the Franchise Premises.

(f) Franchised Store Opening. Franchisee must open the Franchised Store on the Franchise Location within the earlier of: (i) 6 months from signing lease; or (2) nine (9) months from the date that that this Agreement is executed; or (ii) three (3) months after you receive approval of your building and design plans from the required governmental authorities. Franchisee is responsible for hiring a local architect and a general contractor. Franchisee shall be solely responsible for all costs and fees associated with the general contractor, build out and process. Franchisee shall secure to and allow Sub Zero and its agents the right to inspect the construction of the Franchised Store at any reasonable time. Franchisee shall correct, upon request and at Franchisee's expense, any deviation from the approved building and design plans, and shall furnish to Sub Zero a copy of the certificate of completion that the Franchised Store was built in accordance with the approved building and design plans, and in compliance with all applicable laws, including the Americans With Disabilities Act, and obtain Sub Zero's approval of the completed construction prior to opening all or any part of the Franchised Store for operation. If the Franchised Store is not open within the opening requirements outlined in this paragraph(unless excused or extended per this Agreement), then Sub Zero may terminate this Agreement and retain all fees paid hereunder.

(g) Extension of Store Opening
Any failure to commence operation caused by a war or civil disturbance, a natural disaster, a labor dispute, shortages, or other events beyond Franchisee's reasonable control will be excused for a period of time that is reasonable under the circumstances. The preceding sentence notwithstanding, Franchisee shall use its best efforts to open the Franchised Store as soon as possible.

(h) Soft Opening. Franchisee shall conduct a "soft" opening for friends and family of the Franchised Store at least four (4) days prior to the grand opening of the Franchised Store (the "Soft Opening").

(i) Equipment, Products Supplies and Signs. All fixtures, signs, equipment, Products and supplies for the Franchised Store must meet the then-current quality standards set forth in Sub Zero's Confidential Operating Manuals or otherwise in writing, and must be procured through an approved supplier.

(j) Relocation. Franchisee acknowledges and agrees that it must obtain Sub Zero's prior written consent before any change can be made to the Franchise Location, and that all requirements of this Section 4 must be met prior to any relocation of the Franchised Store. Franchisee shall pay to Sub Zero a relocation fee of $5,000 for Sub Zero's administrative costs and activities in connection with the new franchise location, including review and approval of the proposed franchise locations and the associated lease. The proposed alternate location shall not be effective until each party has signed an Agreement on Franchise Location, in the form as set out in Exhibit 1.

5. OPERATING ASSISTANCE

(a) Pre-Opening Assistance. Prior to Franchisee's commencement of business, Sub Zero shall provide Franchisee with the following assistance:

(i) A list of Products, signs, fixtures, furnishings, equipment, including standards and specifications needed in the operation of the Franchised Store and a list of approved suppliers for such items, which lists Sub Zero may update from time to time in its sole discretion;

(ii) Approximately 3 days of training (and such additional time as Sub Zero may deem necessary prior to the grand opening of the Franchised Store for up to three (3) individuals, including an Owner and Manager (who may be the same person) in the operation of the Franchised Store. Such training shall be conducted exclusively by Sub Zero or its designee at the Sub Zero headquarters in Utah or a site to be designated by Sub Zero; provided, however, Franchisee shall pay all of its and its employees' costs incurred in such training, such as travel, meals, room, board, wages and living expenses;

(iii) Approximately 20 hours over 2 consecutive days of training at the Franchised Store by a Sub Zero representative to take place around the time of the grand opening of the Franchised Store; This on-site training at the Franchised Store is a required part of Sub Zero's mandatory initial training program. Franchisee shall be exclusively responsible to pay for or otherwise reimburse Sub Zero for all travel, lodging, and meal expenses that Sub Zero or its representatives reasonably incur to conduct this required initial on-site training at the Franchised Store. This payment amount will depend on the distance of the Franchised Store from Sub Zero's headquarters and the prevailing travel and lodging rates at the time of such training. If Franchisee needs additional onsite training and support after initial training certification, Sub Zero will offer up to 20 hours on-site training over up to 2 consecutive days at Franchisee's expense (per diem plus additional travel, lodging and meal expenses);

(iv) One (1) set of the Confidential Operating Manuals or access thereto, as amended from time to time; and

(v) Forms for reporting transactions to Sub Zero in accordance with this Agreement. Subsequent supplies will be available at Sub Zero's cost plus handling charges.

(b) Ongoing Assistance. Sub Zero shall provide the following ongoing assistance:

(i) Periodic assistance in local advertising and marketing;

(ii) Advice and guidance with respect to new and improved methods of operation or business procedures as may be developed by Sub Zero, use of the Confidential Operating Manuals, management materials, promotional materials, advertising formats and the Licensed Marks;

(iii) The opportunity to participate in group purchasing programs for inventory, supplies, insurance and equipment that Sub Zero may, from time to time, use, develop, sponsor or provide and upon such terms and conditions as may be determined solely by Sub Zero; and

(c) Website Services. Sub Zero will provide a central website with information regarding Sub Zero Stores (the "Central Website") and a webpage providing basic information regarding the Franchised Store (the "Locations Webpage"). Franchisee shall provide Sub Zero in a timely manner with all information and content required by Sub Zero for the Locations Webpage, and Franchisee represents that Franchisee has all necessary rights to use such information and content. Franchisee shall not link to or frame the Central Website or the Locations Webpage without Sub Zero's written consent. Franchisee acknowledges and agrees that Sub Zero makes no, and expressly disclaims all, warranties with regard to the availability of the Central Website or the Locations Webpage. Sub Zero shall have sole discretion regarding the look, feel and content of the Central Website and the Locations Webpage and may change, revise and/or eliminate contents, elements and sections of the Central Website and Locations Webpage in its sole discretion at any time. Franchisee acknowledges and agrees that as between the parties Sub Zero owns all right, title and interest in and to the Central Website, Locations Webpage and all content, graphics, photographs and other works of authorship included therein, excluding any content provided by Franchisee that does not include or display the Licensed Marks. Sub Zero may require that Franchisee contribute an amount that currently will not exceed five hundred dollars ($500) per year, for development and use of the Central Website and Locations Webpage. Franchisee acknowledges and agrees that this fee may change at any time in Sub Zero's discretion by providing Franchisee with sixty (60) days notice.

(d) Intranet. Sub Zero may, at its option, establish and maintain an Intranet through which Sub Zero franchisees may communicate with each other and with Sub Zero, and through which Sub Zero may disseminate information. If created, Franchisee shall participate in and Sub Zero shall have sole discretion regarding all aspects of the Intranet, including, without limitation, the rules, content and functionality thereof. Sub Zero will have no obligation to maintain the Intranet and may discontinue it any time without liability to Franchisee. Franchisee's use of the Intranet will be subject to Franchisee's strict compliance with the standards, rules and protocols that Sub Zero may establish. Sub Zero may terminate Franchisee's access to the Intranet for failure to comply with such rules or if Franchisee is in default under this Agreement or any other agreement between Franchisee and Sub Zero or a Sub Zero affiliate. Franchisee acknowledges that Sub Zero will have access to all communications posted to the Intranet and that all communications posted to the Intranet will become the property of Sub Zero, free of any claims of privacy or privilege that Franchisee or any other person may assert. Sub Zero may require that Franchisee contribute an amount that currently will not exceed five hundred dollars ($500) per year for access to the Intranet. Franchisee acknowledges and agrees that this fee may change at any time in Sub Zero's discretion by providing Franchisee with sixty (60) days notice.

(e) Additional Training. Franchisee shall pay Sub Zero a fee of one thousand dollars ($1,000) per person beyond the initial three individuals included in the initial training, including any replacement Manager, to attend Sub Zero's training program. Franchisee acknowledges and agrees that this fee may change at any time in Sub Zero's discretion by providing Franchisee with sixty (60) days notice.

6. FEES AND ROYALTIES

(a) Initial Franchise Fee. In consideration of the execution of this Agreement, Franchisee agrees to pay Sub Zero an initial franchise fee in the amount of **$35,000**. The initial franchise fee must be paid in full by the Effective Date. Upon execution of this Agreement by all parties, the initial franchise fee is nonrefundable except in the following situations. If you have not opened your Franchised Store as outlined in the "Franchised Store Opening" and "Extension of Store Opening" sections above, then we may terminate the Franchise Agreement and retain the entire Initial Franchise Fee that you paid to us. If we determine that your managing owner or Manager has attended but has not successfully completed the initial training program, then we may terminate the Franchise Agreement upon refunding half of the Initial Franchise Fee.

If you are entering into this Agreement by purchasing the business of one of Sub Zero's existing franchisees, then you will pay Sub Zero a transfer fee of $7,500.

(b) Marketing Fees. Franchisee agrees to pay the Marketing Fee to Sub Zero equal to **2%** of Gross Sales as a weekly "Marketing Fee". The Marketing Fee is due by Tuesday of each week for the preceding calendar week, or upon such date as provided in the Confidential Operating Manuals from time to time.

(c) Royalty. Franchisee shall pay to Sub Zero a weekly royalty equal to **6%** of Gross Sales as weekly "Royalties". Royalties payments are due by Tuesday of each week for the preceding calendar week, or upon such date as provided in the Confidential Operating Manuals from time to time.

(d) Payment. Unless otherwise provided, all fees, royalties and other amounts due to Sub Zero hereunder shall be paid in the manner, and at the times set forth in this Agreement and Sub Zero's Operating Manuals. All such payments shall be also accompanied by the weekly statement required by this Agreement in the form and in the manner set forth in the Operating Manuals.

(e) Service Charge. If any fee or any other amount due under this Agreement is not paid within five (5) days after such payment is due, Franchisee shall pay a service charge calculated at the lesser of 1.5% per month and the highest rate then permitted by applicable law for each day such amount is past due plus a fifty dollar ($50) service fee (unless prohibited by law). This charge shall accrue whether or not Sub Zero exercises its right to terminate this Agreement.

(f) Application of Fees and Royalties. All payments made by Franchisee pursuant to this Section 6 shall be applied in such order as Sub Zero may designate from time to time. Franchisee agrees that it may not designate an order for application of any fees and royalties different from that designated by Sub Zero and expressly acknowledges and agrees that Sub Zero may accept fees paid pursuant to different instructions without any obligation to follow such instructions, even if such payment is made by its terms conditional on such instructions being followed. This provision may be waived only by written agreement signed by Sub Zero, which written agreement must be separate from the check or other document constituting payment.

(g) Gross Sales Defined. "Gross Sales" means all sales Franchisee derives from operating the Franchised Store, including the sale of goods and services sold by Franchisee at or from the Franchise Location, or elsewhere, or from business conducted under this Agreement, including the sale of products or services, whether in cash or credit transactions, but excluding promotional discounts and all federal, state or local excise, sales or services taxes collected from customers and paid to the appropriate taxing authority, and all customer refunds and credits.

7. STATEMENTS, RECORDS AND PAYMENTS

(a) Records. Franchisee shall, in a manner satisfactory to Sub Zero, and in accordance with generally accepted accounting principles, maintain original, POS digital files, vendor receipts, other records, accounts, books, data, licenses, contracts and supplier invoices (collectively "Records") that accurately reflect all particulars relating to Franchisee's business and such statistical and other information or records as Sub Zero may require, during the term of this Agreement and for two (2) years after termination or expiration hereof. Upon Sub Zero's request, Franchisee shall furnish Sub Zero with copies of any or all product supply invoices reflecting purchases by or on behalf of the Franchised Store. In addition, Franchisee shall compile and provide to Sub Zero any statistical or financial information regarding the operation of the Franchised Store, the products and services sold by it, or data of a similar nature including, without limitation, any financial data, as Sub Zero may reasonably request for purposes of evaluating or promoting the Franchised Store or Sub Zero Stores in general. All data provided to Sub Zero under this Section 7 shall belong to Sub Zero and may be used and published by Sub Zero in connection with the Sub Zero Stores.

(b) Electronic Access. Sub Zero may designate certain systems, including electronic systems that provide access to Sub Zero, to be used in the maintenance of the Records. Such systems may have components or software that is available only through Sub Zero, an affiliate or designated suppliers at a fee. Franchisee acknowledges and agrees that Sub Zero has the right to access and use all such electronic Records, reports, and the information and data that are contained therein.

(c) Electronic Funds Transfer. Franchisee agrees to participate in Sub Zero's then-current electronic funds transfer and reporting program(s). Franchisee authorizes Sub Zero to initiate debit entries and/or credit collection entries to Franchisee's designated primary business operating checking or savings account ("Designated Account") for the payment of all fees, royalties or other amounts due hereunder to Sub Zero or its affiliates. Franchisee shall, at its sole cost and expense, instruct its bank to pay all fees, royalties or other amounts due hereunder to Sub Zero or its affiliates directly from the Designated Account, and promptly upon Sub Zero's request, Franchisee shall execute or re-execute and deliver to Sub Zero a pre-authorized check form or such other instrument or draft Sub Zero's bank may require. In connection with this requirement, Franchisee shall fill out and sign an Authorization for Electronic Funds Transfer form, in the form required by Sub Zero or such other form as the relevant financial institutions require. Franchisee shall ensure that sufficient funds are available in the Designated Account to make all payments due hereunder by Tuesday of each calendar week, or upon such date as provided in the Confidential Operating Manuals from time to time.

(d) Weekly and Monthly Statements. Franchisee shall submit weekly revenue and fee reports as outlined in the Operating Manuals. No later than the fifth (5th) day of each month Sub Zero shall have received from Franchisee, on forms satisfactory to Sub Zero, statements detailing the fees and royalties due to Sub Zero during the preceding month itemized by revenue producing activity as specified from time to time by Sub Zero, the Gross Sales for the prior month and such other information as Sub Zero may require signed and certified as true and correct by an authorized agent of Franchisee.

(e) Audit. Sub Zero and its designated agents shall have the right to examine and audit such Records, accounts, books and data upon reasonable notice and during regular business hours. If such inspection discloses that the Gross Sales during any scheduled reporting period exceeded the amount reported by Franchisee as its Gross Sales by three percent (3%) or more, then Franchisee shall bear the cost of such inspection and audit and shall immediately pay any such deficiency with interest from the date due at the lesser of 1.5% per month and the highest rate permitted by applicable law.

(f) Financial Statements and Tax Reports. Upon Sub Zero's request, Franchisee shall furnish Sub Zero with a copy of each of its reports and returns of sales, use and gross receipt taxes and complete copies of any state or federal income tax returns covering the operation of the Franchised Store, all of which Franchisee shall certify as true and correct. Upon request, Franchisee shall deliver to Sub Zero financial statements, including tax returns and profit and loss statements, in a form satisfactory to Sub Zero. In addition, within ninety (90) days after the close of each fiscal year of Franchisee, Franchisee shall furnish to Sub Zero, at Franchisee's expense, a profit and loss statement prepared on an accrual basis for such fiscal year and a year-end balance sheet. Sub Zero will have the right to disclose data derived from such reports without identifying Franchisee or the address of the Franchised Store.

8. LICENSED MARKS

(a) Ownership. Franchisee expressly acknowledges and agrees that the license granted hereunder to the Licensed Marks is by virtue of a license to Sub Zero Franchising, Inc. from our affiliate, Sub Zero Ice Cream, Inc., and that our affiliate owns all rights, title and interest in and to the Licensed Marks. Franchisee shall not represent in any manner that Franchisee has acquired any ownership rights in the Licensed Marks. Franchisee agrees not to use any of the Licensed Marks or any marks, names or source indicators, including domain names, metatags and other electronic designations that are or may be confusingly similar to the Licensed Marks in its own corporate or business name or in any other manner, except as expressly authorized in this Agreement. Franchisee further acknowledges and agrees that as between Franchisee and Sub Zero any and all goodwill associated with the Franchised Store or the System and identified by the Licensed Marks (including all future distinguishing characteristics, improvements and additions to or associated with the Franchised Store or System) is owned solely by Sub Zero and shall inure directly and exclusively to the benefit of Sub Zero and that, upon the expiration or termination of this Agreement for any reason, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Licensed Marks.

(b) Quality Standards. Franchisee agrees and covenants to (i) operate and advertise only under the names or marks from time to time designated by Sub Zero for use in connection with the Franchised Store; (ii) adopt and use the Licensed Marks solely in the manner prescribed by Sub Zero; (iii) not use the Licensed Marks to perform any activity or to incur any obligation or indebtedness in such a manner as may, in any way, subject Sub Zero to liability therefor or that may dilute or tarnish the Licensed Marks; (iv) not use the Licensed Marks or any confusingly similar mark in any manner unless expressly approved by Sub Zero; (v) observe all laws with respect to the registration and use of trade names and assumed or fictitious names, to include in any application therefor a statement that Franchisee's use of the Licensed Marks is limited by the terms of this Agreement, and to provide Sub Zero with a copy of any such application and other registration document(s); and (vi) observe such standards with respect to trademark and service mark registrations and copyright notices as Sub Zero may, from time to time, require, including, without limitation, affixing "SM", "TM", or ®, adjacent to all such Licensed Marks in any and all uses thereof, and to utilize such other appropriate notice of ownership, registration and copyright as Sub Zero may require.

(c) Restrictions on Use. Franchisee shall not use the Licensed Marks (i) as part of Franchisee's entity or legal business name, (ii) with any prefix, suffix or other modifying words, terms, designs or symbols (other than the logos licensed by Sub Zero to Franchisee), (iii) in performing or selling any unauthorized services or products, (iv) as part of any domain name, electronic address, or search engine listing that Franchisee maintains or controls on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery systems, unless and then only to the extent that Sub Zero authorizes Franchisee to do so, or (v) or in any other manner that Sub Zero has not expressly authorized in writing.

(d) Non-Infringement. Franchisee understands and agrees that any use of the Licensed Marks other than as expressly authorized by this Agreement, without Sub Zero's prior written consent, will constitute a breach of this Agreement and trademark infringement, and that the right to use the Licensed Marks granted herein does not extend beyond the termination or expiration of this Agreement. Franchisee expressly covenants that, during the term of this Agreement and thereafter, Franchisee shall not, directly or indirectly, commit any act of infringement or contest or aid others in contesting the validity of our or our affiliate's right to use the Licensed Marks, attempt to register the Licensed Marks or any mark that is confusingly similar thereto in any territory, or take any other action in derogation thereof.

Franchisee shall promptly notify Sub Zero of any claim, demand or cause of action that Sub Zero may have based upon or arising from any unauthorized attempt by any person or legal entity to use the Licensed Marks, any mark that is confusingly similar thereto, or any other mark, name or source indicator in which Sub Zero has or claims a proprietary interest. Franchisee shall assist Sub Zero, upon request and at Sub Zero's expense, in taking such action, if any, as Sub Zero may deem appropriate to halt such activities, but shall take no action nor incur any expenses on Sub Zero's behalf without Sub Zero's prior written approval. Franchisee shall not communicate with any person or entity other than Sub Zero in any infringement, challenge or claim. Sub Zero shall have sole discretion to take action or not to take action and the right to control exclusively any litigation, Patent and Trademark Office proceeding or any other administrative proceeding resulting from the infringement, challenge or claim or otherwise involving any Licensed Mark. If Sub Zero undertakes the defense or prosecution of any litigation relating to the Licensed Marks, Franchisee agrees to execute any and all documents and to do such acts and things as may, in the opinion of Sub Zero's legal counsel, be reasonably necessary or advisable to protect and maintain Sub Zero's interests in any litigation or other proceeding or otherwise to protect and maintain Sub Zero's interest in the Licensed Marks.

(e) Modification to Licensed Marks. Sub Zero reserves the right, in its sole discretion, to designate, discontinue, modify, substitute or add to one or more of the Licensed Marks for use by Franchisee. Any expenses or costs associated with the use, modification, substitution, addition or discontinuance of such mark shall be the sole responsibility of Franchisee.

9. STANDARDS OF OPERATION

(a) Standards. Sub Zero shall establish and Franchisee shall maintain standards of quality, appearance and operation for the Franchised Store. For the purpose of giving distinctiveness to the Licensed Marks, enhancing the public image and reputation of businesses operating under the System and for the purpose of increasing the demand for services and products provided by franchise owners and Sub Zero, Franchisee agrees to operate the Franchised Store and to use the Licensed Marks in strict conformity with Sub Zero's standards and all rules, regulations and policies that are by their terms mandatory, including, without limitation, those contained in the Confidential Operating Manuals. Franchisee acknowledges and agrees that Sub Zero may, from time to time, revise the System to implement new or different requirements for the operation of the Franchised Store, and Franchisee expressly agrees to comply with all such changed requirements and that the implementation of such revisions may require the expenditure of reasonable sums of money by Franchisee. Without limiting the generality of Franchisee's requirement to operate in strict compliance with the Confidential Operating Manuals, Franchise acknowledges and agrees that Franchisee will strictly follow all music, television, Wi Fi internet connection, and other media requirements outlined in the Confidential Operating Manuals, from time to time.

(b) Operation of Franchised Store. Franchisee agrees that the Franchised Store shall only be operated directly by an Owner or by the Manager (who may be the same person), who has received proper training. Franchisee shall notify Sub Zero in writing at least thirty (30) days prior to employing a proposed manager to arrange for training. No Manager shall be employed to operate the Franchised Store (or any part thereof) without Sub Zero's prior consent, based upon such standards and requirements as Sub Zero may from time to time specify, in writing or otherwise. If Sub Zero rejects a proposed manager or later disapproves of a Manager, it shall notify Franchisee of the pertinent reasons therefor. Notwithstanding the right of Sub Zero to protect the goodwill of the System by disapproving a Manager employed by Franchisee, no Manager shall be deemed an employee of Sub Zero for any purpose whatsoever. In connection therewith, Owner and/or Manager shall complete, to Sub Zero's satisfaction, any and all training programs as Sub Zero may reasonably require. If any trainee fails to complete the required training program satisfactorily, then Sub Zero shall notify Franchisee of such failure and require Franchisee to designate a substitute trainee. If Franchisee fails to designate a substitute trainee, or if the substitute trainee fails to complete such initial training to Sub Zero's satisfaction, with the result being that neither an Owner who is responsible for day-to-day operations of the Franchised Store, nor the Manager completes or has completed training to the satisfaction of Sub Zero prior to the time by which the Franchised Store is required to be open for business in accordance with, or at any time during the term of, this Agreement, then Sub Zero may, in its sole discretion, elect to terminate this Agreement and retain the fees paid thus far. Sub Zero may, at its option, require others of Franchisee's initial and subsequent management employees to attend and satisfactorily complete all or any part of its training programs. All expenses incurred in training, including, without limitation, cost of travel, room, board, meals and wages of the person(s) receiving such training shall be borne by Franchisee. Franchisee shall also bear the cost of any additional training which may be required by Sub Zero.

(c) Use of Franchise Location. Franchisee agrees to use the Franchise Location solely for the operation of the Franchised Store in the manner and pursuant to the standards prescribed herein, in the Confidential Operating Manuals or otherwise in writing, and to refrain from using or permitting the use of the Franchise Location for any other purpose or activity at any time. No part of the Franchise Location shall be leased to or managed (either directly or indirectly) by any party other than Franchisee without Sub Zero's prior consent.

(d) Maintenance of Franchise Location. Franchisee agrees to maintain the Franchise Location, and all fixtures, furnishings, signs and equipment thereon, in conformity with Sub Zero's then-current standards at all times during the term of this Agreement, and to make such repairs and replacements thereto as Sub Zero may require. Without limiting the generality of the foregoing, Franchisee specifically agrees:

(i) To keep the Franchised Store at all times in a high degree of sanitation, repair, order and condition, including, without limitation, such periodic repainting of the exterior and interior of the Franchised Store, such maintenance and repairs to all fixtures, furnishings, uniforms, signs and equipment as Sub Zero may from time to time reasonably direct;

(ii) To meet and maintain at all times all governmental standards and ratings applicable to the operation of the Franchised Store or such higher minimum standards and ratings as set forth by Sub Zero from time to time in its Confidential Operating Manuals or otherwise in writing;

(iii) To make no structural improvements to the Franchised Store or the Franchise Location without Sub Zero's prior approval; and

(iv) To cause its employees to wear apparel that conforms strictly to the specifications, design, color and style approved by Sub Zero from time to time.

(e) Repairs and Replacements. Franchisee agrees that, in order to maintain a modern, progressive, sanitary and uniform image, Sub Zero shall have the right, at any time to require Franchisee to perform such remodeling, repairs, replacements and redecoration in and upon the Franchise Location, equipment and furnishings used by Franchisee as Sub Zero shall deem necessary and practical to bring the Franchised Store, including equipment and fixtures, up to the then-current standards or as required to introduce new Products. In such event, Franchisee shall have up to three (3) months to complete any such modifications, purchases or renovations. Upon Sub Zero's request, Franchisee agrees to install, update or replace any equipment, including cash registers, and/or computers, or software designated by Franchisee for use pursuant to the System, including, without limitation, software designed to facilitate or enhance communications and software designed for the purpose of recording receipts at point of sale, and to utilize equipment including locked totaling devices and software of such kind and in such manner as is specified by Sub Zero in the Confidential Operating Manuals or otherwise in writing.

(f) Day-to-Day Operations. Franchisee shall be responsible for the day-to-day operations of its Franchised Store, but agrees to operate the Franchised Store in conformity with such methods, standards and specifications as Sub Zero may from time to time prescribe in its Confidential Operating Manuals to ensure that Sub Zero's required degree of quality, service and image is maintained; and shall refrain from deviating therefrom and from otherwise operating in any manner that adversely reflects on Sub Zero's name and goodwill, or on the Licensed Marks. Without limiting the generality of the foregoing, Franchisee specifically agrees:

(i) To purchase and install, at Franchisee's expense, all such fixtures, furnishings, signs and equipment, all as may be required by Sub Zero, and meet the specifications of the approved building plans, and all other such items as Sub Zero may prescribe from time to time; and to refrain from installing, or permitting to be installed, on or about or in connection with the Franchise Location or the Franchised Store, any such item not meeting Sub Zero's standards and specifications.

(ii) To maintain in sufficient supply, sell and offer for sale, and use at all times, only Products as conform with Sub Zero's then-current standards and specifications, and shall not use non-approved items, products or materials without Sub Zero's prior written consent.

(iii) To sell and offer for sale all such products, goods and services as Sub Zero may, from time to time require, and only those that Sub Zero may, from time to time, approve in writing, which are not subsequently disapproved as meeting its quality standards and specifications. In addition to any remodeling, repairs, replacements and redecoration required by this Agreement, to introduce new products or services through all Sub Zero Stores, Franchisee may be required to expend additional amounts on new, different or modified equipment or fixtures necessary to offer such new services or products. In such event, Franchisee shall have up to three (3) months to complete any modifications necessitated by the introduction of such new products and/or services.

(g) Employees. Franchisee is exclusively responsible to train and make sure its employees and independent contractors meet the standards, specifications and procedures outlined in the Confidential Operating Manuals. Franchisee will hire only efficient, competent, sober and courteous employees for the conduct of the franchise business and will pay their wages, commissions, piece work and any other compensation justly due with no liability on the part of Sub Zero.

A. Franchisee will control its own employees and independent contractors. Sub Zero will not have the power to hire, fire, direct, supervise, or discipline them. Franchisee will maintain employee records to show clearly that Franchisee and its employees are not Sub Zero's employees.

B. Franchisee must comply with all state and federal laws in respect to its employees. Franchisee acknowledges that it has had ample opportunity to investigate these and other laws applicable to Franchisee's business with its own independent legal counsel before signing this Agreement. Franchisee must indemnify and hold Sub Zero legally harmless from any of Franchisee's violations of such laws.

C. Franchisee must pay special attention to federal and state wage and hour laws with respect to its employees. Franchisee must comply with all such laws and pay its employees properly. Franchisee is responsible for any employee wages and compensation, payroll taxes and other required withholding, worker's compensation and benefits. Franchisee is responsible for any employee wages and compensation, payroll taxes and other required withholding, worker's compensation and benefits.

D. Franchisee is exclusively responsible to monitor the scheduling, performance, efficiency, and efficacy of its employees and independent contractors and to make adjustments to improve the results of their efforts.

E. If Franchisee decides to share employees or independent contractors with other franchisees, then Franchisee will indemnify and hold legally harmless Sub Zero (and Sub Zero's affiliates, officers, directors, employees and agents) from any claims, losses, attorney fees and damages resulting from such activities. Franchisee acknowledges that this provision does not constitute an endorsement to share employees with other franchisees.

F. Franchisee is responsible to train and to make sure its employees and independent contractors meet the standards, specifications and recommendations outlined in the Confidential Operating Manuals, including those related to appearance, customer service, background checks, and drug testing (as applicable). Franchisee is required to hire and maintain sufficient staff in order to handle customer volume at all times. Franchisee will ensure that its employees present a neat and clean appearance and render friendly, efficient, sober and courteous service to Franchisee's customers.

G. All employees and independent contractors whose duties include customer service must have sufficient literacy and fluency in the English language to serve the public.

H. Franchisee may not hire any employee or independent contractor who has been found guilty of any charges of fiduciary misconduct, any form of unlawful sexual conduct, any felony of any kind, or any similar charges that reflect negatively on the person's moral turpitude and character.

All revenues generated under this Agreement from all business activities of the Franchise must be paid directly to Franchisee and not directly to Franchisee's employee or independent contractor.

(h) Samples; Testing; Inspection. Franchisee shall permit Sub Zero or its agents, at any reasonable time, to remove from the Franchise Location, at Sub Zero's option, certain samples of any products, materials, supplies and expendables without payment therefor, in amounts reasonably necessary for testing by Sub Zero or any independent laboratory, to determine whether such samples meet Sub Zero's then-current standards and specifications, with no liability to Franchisee for any damage to such samples as a result of such testing. Franchisee hereby grants to Sub Zero and its agents the right to enter upon the Franchise Location, without notice, at any reasonable time for the purpose of conducting inspections of the Franchise Location, Franchisee's books, records and register tapes, and Franchisee agrees to render such assistance as may reasonably be requested and to take such steps as may be necessary immediately to correct any deficiencies detected during such an inspection upon the request of Sub Zero or its agents.

Franchisee acknowledges and agrees that Franchisee has no right to test, develop, or trial any non-approved service or product without Sub Zero's prior express, written approval.

(i) Suppliers. Franchisee shall purchase all fixtures, furnishings, signs, equipment, inventory, uniforms, advertising materials, services, and other supplies, Products and materials required for the operation of the Franchised Store solely from suppliers who have been approved for such items in writing by Sub Zero and not thereafter disapproved. Franchisee acknowledges and agrees that because of the proprietary nature of the Proprietary Products, the Proprietary Products can only be purchased from Sub Zero or an approved affiliate of Sub Zero, and Franchisee agrees not to order, procure, obtain or sell any Proprietary Products from any other supplier. If Franchisee desires to purchase any nonproprietary Products from an unapproved supplier, then Franchisee shall submit a written request to Sub Zero describing the name of the supplier, the reasons for wanting to use that particular supplier and any additional information that Sub Zero requests. Sub Zero will attempt to review the proposed supplier and notify Franchisee of Sub Zero's approval no later than one (1) month from receipt of such all information regarding request. Franchisee shall reimburse Sub Zero for all reasonable expenses incurred in evaluating all suppliers requested by Franchisee. Sub Zero reserves the right to revoke authorization of any supplier at any time. Sub Zero reserves the right to increase or decrease the number of approved suppliers and to designate itself an approved supplier and to make a profit or otherwise receive value in kind or rebates from the designation of approved suppliers and/or from the sale of Products and/or other supplies to Franchisee.

If you elect to operate a Mobile Unit operation as part of the franchise granted by this Agreement, then your plans and designs for your trailer must be approved by us in writing before your actually purchase the trailer. In addition, you must have a vehicle that meets our minimum guidelines (as described in our Operations Manual) to tow the trailer.

(j) Hours of Operation. Unless otherwise specifically approved by Sub Zero, Franchisee's Franchised Store shall be open for the conduct of business at such times and for the minimum number of hours specified by Sub Zero in the Confidential Operating Manuals or, if different, for such hours as may be required by the terms of any lease of the Franchise Location; and Franchisee shall at all times staff the Franchised Store with such number of employees and operate the Franchised Store diligently so as to maximize the revenues and profits therefrom.

(k) Customer Complaints. Franchisee shall respond promptly to customer complaints and shall take such other steps as may be required to ensure positive customer relations.

(l) Changes to the System: Because complete and detailed uniformity under many varying conditions may not be possible or practical, and in order to remain competitive and respond to new technology, customer needs and market conditions, Sub Zero specifically reserves the right and privilege, in its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards based upon the peculiarities of a particular site or circumstance, density of population, business potential, population of trade area, existing business practices or any other conditions that Sub Zero deems to be of importance to the successful operation of Franchisee's business. Franchisee shall have no recourse against Sub Zero on account of any variation from standard specifications and practices granted or denied to Franchisee or to any franchise owner and shall not be entitled to require Sub Zero to grant Franchisee a like or similar variation hereunder.

(m) Advisory Council and Selection. We may elect to form a Franchisee Advisory Council (the "Council") to provide input on the System. If created, the Council will consist of Sub Zero Store franchisees, each of which is in full compliance with the terms of its franchise agreement, and company or affiliate-owned operators or representatives. The number of Council members and advice and feedback processes will be decided by Sub Zero upon creation of the Council, if any.

(n) Non-Compliance and Use of Unauthorized Products or Vendors. You agree that it is in the best interests of the System that all Sub Zero™ franchisees comply with the standards and specifications outlined in the Confidential Operating Manuals. Accordingly, if you breach any provision of the Franchise Agreement (whether it be curable or non-curable), breach any of the terms, conditions, or policies outlined in the Confidential Operating Manuals, otherwise fail to comply with our standards and specifications, or use unauthorized products, suppliers, or vendors, in addition to all other rights or remedies we may have under this Agreement and applicable law, we shall have the right to charge to you a Cure Fee. The amount of the Cure Fee shall be **$500** for your first breach, **$1,000** for your second breach, and **$2,500** for your third breach and any other breach thereafter. Payment of any Cure Fee shall be due immediately upon your receipt of notice from us that we are charging you the respective Cure Fee. This fee helps to defray our administrative and corporate costs related to the breach and remedy. Your payment of cure fees does not affect our right to terminate this Agreement if termination is permissible based on the terms of this Agreement. You authorize us to collect the Cure Fee by ACH/EFT processes if needed.

(n) Newsletters and Conference Calls. We provide important information regarding our operation standards and methods, policies, and system administration in a monthly newsletter available online and through our monthly system-wide conference calls. You agree to accept and access this newsletter in a timely manner each month. You agree to attend or participate in any monthly system-wide conference calls. Your failure to access the newsletters in a timely fashion or to participate in any monthly conference call constitutes a curable breach under this agreement.

(o) Conventions and Conferences. We hold an annual convention or conference to provide important information regarding the Sub Zero system, operational standards, methods, policies, and system administration. You and your manager(s) shall attend the annual convention or conference. No fee is charged for attendance of the conference. You are responsible for all expenses related to travel, lodging, meals, and transportation for yourself and your managers. If you fail to attend the annual franchise system convention or conference we may assess a **$2,000** penalty fee.

10. CONFIDENTIAL OPERATING MANUALS

(a) Confidential Operating Manuals. To protect the reputation and goodwill of the Sub Zero Stores and to maintain standards of operation under the Licensed Marks, Franchisee shall conduct the Franchised Store operated under the System in accordance with the Confidential Operating Manuals, which Franchisee acknowledges shall be on loan from Sub Zero during the term of this Agreement. "Confidential Operating Manuals" means the various written instructions and confidential manuals, including the Franchise Manual, Opening Manual, Operations Manual and Training Manual, as amended from time to time, as Sub Zero may publish from time to time. Franchisee acknowledges and agrees that all right, title and interest in the Confidential Operating Manuals, including all copyright and other intellectual property rights therein are the exclusive property of Sub Zero. When any provision in this Agreement requires that Franchisee comply with any standard, specification or requirement of Sub Zero, unless otherwise indicated, such standard, specification or requirement shall be such as is set forth in this Agreement or as may, from time to time, be set forth by Sub Zero in the Confidential Operating Manuals.

(b) Revisions to Confidential Operating Manuals. Franchisee acknowledges and agrees that Sub Zero may, from time to time, revise the contents of the Confidential Operating Manuals to implement new or different requirements for the operation of the Franchised Store, and Franchisee expressly agrees to comply with all such changed requirements. The implementation of such requirements may require the expenditure of reasonable sums of money by Franchisee.

(c) Obligation to Use Current Version. Franchisee shall at all times ensure that its copy of the Confidential Operating Manuals is kept current and up to date. If Sub Zero provides Franchisee with access to the Confidential Operating Manuals online or through the Internet, then Franchisee shall have the responsibility to monitor such online version for any changes, additions or deletions. In the event of any dispute as to the contents thereof, the terms and dates of the master copy thereof maintained by Sub Zero at its principal place of business shall be controlling.

11. ADVERTISING AND MARKETING

(a) Marketing Fees. Sub Zero may use all contributions and any earnings from the Marketing Fees that Sub Zero receives from Franchisee in local, regional, national, Internet, or international advertising for:

A. maintaining, administering, researching, directing and preparing advertising and promotional activities (including, among other things, the costs of preparing and conducting internet, cell phone, television, radio, magazine and newspaper and similar advertising campaigns, public relations programs and press releases);

B. direct mail and outdoor billboard advertising;

C. marketing research and development;

D. marketing surveys and public relations activities;

E. development and maintenance of any Internet or e-commerce programs;

F. marketing materials;

G. decor and promotional materials;

H. artwork; advertising services;

I. training related to marketing, customer service and sales augmentation;

J. production and distribution of periodic newsletters to provide you with industry news, suggestions, and advice on franchise operations; and

K. Sub Zero's reasonable salaries, accounting, collection, legal and other costs related to all of the above.

Sub Zero's internal artwork, advertising, promotion and newsletter production costs and associated administrative costs may be paid from the Marketing Fees. These will be calculated at Sub Zero's cost as established from time to time.

Sub Zero will use Franchisee's Marketing Fee payments to place advertising in geographic areas, in media, at times and using products and services Sub Zero deems to be in the best interest of Sub Zero's franchisees and the System.

(b) Local Advertising Expenditure. At its expense and exclusive of any Marketing Fees paid to Sub Zero, Franchisee agrees to expend at least 3% of Gross Sales per month. ("Local Advertising Requirement"). Amounts spent to fulfill this Local Advertising Requirement shall be used by Franchisee to conduct continuing local advertising in form, content and media as outlined in the Confidential Operations Manual and as approved by Sub Zero. Franchisee shall submit to Sub Zero evidence of such local advertising expenditures no later than ten (10) days following the end of each calendar quarter.

(c) Deficiency in Local Expenditure or Marketing Fee. In the event that Franchisee shall fail to expend the Local Expenditure or Marketing Fee during any calendar quarter, Sub Zero may, immediately upon notice provided to Franchisee, assess Franchisee for any such deficiency, which shall be deposited to and become part of the Marketing Fund if in effect, or shall be expended by Sub Zero on national or regional advertising of Sub Zero Stores.

(d) Grand Opening Advertising. In addition to the local advertising requirements under Section 11(a), Franchisee agrees to expend an additional amount of at least $3,000 on promotion and advertising of the Franchised Store during the period beginning two weeks prior to and ending two weeks following the opening of the Franchised Store ("Grand Opening Advertising"). Franchisee shall submit to Sub Zero evidence of such Grand Opening Advertising no later than twenty (20) days following the opening of the Franchised Store. If Franchisee fails to expend the Grand Opening Advertising in whole or in part, then Sub Zero may, immediately upon notice provided to Franchisee, assess Franchisee for any such deficiency, which shall be expended by Sub Zero on advertising of Sub Zero Stores.

(e) Franchised Store Listings. Franchisee, at its expense and exclusive of any fees paid to the Marketing Fund, shall:

(i) Obtain listings of the Franchised Store on online and mobile internet business directories as specified or approved by Sub Zero; and

(ii) Obtain and maintain any special promotional materials of the kind and size as Sub Zero may from time to time require.

Franchisee may apply any amounts expended by Franchisee for the above listings and promotional materials toward Franchisee's Local Advertising Requirement.

(f) Cooperative Advertising Programs. Franchisee shall participate in all cooperative advertising and/or marketing programs as are from time to time prescribed by Sub Zero. The terms and conditions required for participation in any such cooperative advertising program or programs shall be as specified in the Confidential Operations Manuals.

(g) Other Advertising Programs. Franchisee agrees to participate in all other advertising and marketing programs designated by Sub Zero as mandatory.

(h) Marketing and Advertising Materials. Franchisee shall use only business stationery, business cards, marketing materials, advertising materials, printed materials, forms or other promotional materials in any medium that have been approved in advance by Sub Zero. Franchisee shall not employ any person to act as a representative of Franchisee or the System in connection with any local or other promotion of the Franchised Store or the System in any media without the prior written approval of Sub Zero.

(i) Notice of Franchise. In all advertising displays and materials and at the Franchise Location, Franchisee shall, in such form and manner as may be specified by Sub Zero in the Confidential Operating Manuals, notify the public that Franchisee is operating the business licensed hereunder as a franchise owner of Sub Zero and shall identify its business location in the manner specified by Sub Zero in the Confidential Operating Manuals. Further, at the request of Sub Zero, the Franchisee shall display, or otherwise make available through flyers in conjunction with delivery of goods or services, literature provided by Sub Zero relating to the availability of Sub Zero Store franchises as supplied by Sub Zero and at such location(s), as directed by Sub Zero from time to time.

(j) Internet Advertising. Franchisee shall cooperate with Sub Zero and provide all requested information for the website provided by Sub Zero. Franchisee shall not register, maintain or use any website domain name, email address or other electronic location or designation without the prior written approval of Sub Zero. Franchisee shall not advertise on the Internet or a worldwide web page without the prior written approval of Sub Zero. In addition, Franchisee shall not establish any independent website, domain name, email address, or similar presence for use in connection with the Franchised Store.

12. CONFIDENTIAL INFORMATION

(a) Confidential Information. Sub Zero and its affiliates, licensors and suppliers possess (and will continue to develop and acquire) certain proprietary and confidential information, some of which constitutes trade secrets under applicable law, relating to the development and operation of Sub Zero Stores ("Confidential Information"). The Confidential Information includes, without limitation, the following in any form or medium:

(i) site selection criteria and the designated areas for site locations;

(ii) plans and specifications for the construction of Sub Zero Stores;

(iii) training materials, programs and systems for franchisees and personnel of Sub Zero Stores including, without limitation, the Confidential Operating Manuals;

(iv) the System and such other methods, techniques, formats, specifications, standards, systems, procedures, and sales and marketing techniques, and knowledge of and experience in the development and operation of Sub Zero Stores as Sub Zero will develop or disclose to Franchisee from time to time;

(v) market research and all promotional, marketing and advertising programs for Sub Zero Stores;

(vi) knowledge of specifications for, and suppliers of, certain products, materials, supplies, equipment, fixtures, furnishings and services;

(vii) any computer software programs (including, without limitation, the data generated thereby) that are proprietary to Sub Zero or its affiliates or licensors;

(viii) customer mailing lists prepared by Sub Zero for use by Franchisee, and other similar services offered by Sub Zero;

(ix) all information regarding the Proprietary Products;

(x) knowledge of operating results and financial performance of Sub Zero Stores other than the Franchised Store; and

(xi) all data and records related to customers of the Franchised Store.

(b) Non-Use and Non-Disclosure Obligations. Franchisee shall not acquire any interest in the Confidential Information, other than the right to utilize the Confidential Information disclosed to Franchisee (or Franchised Store personnel) in the operation of the Franchised Store during the term of and in accordance with the terms and conditions of this Agreement. Franchisee acknowledges and agrees that the use, disclosure or duplication of any Confidential Information in any other business or capacity would constitute an unfair method of competition and irreparable injury to Sub Zero. Franchisee further acknowledges and agrees that the Confidential Information is proprietary, includes trade secrets of Sub Zero and its affiliates, licensors and suppliers, and is disclosed to Franchisee solely on the condition that Franchisee agrees, and Franchisee does hereby agree:

(i) not to use Confidential Information in any business or capacity other than in connection with the operation of the Franchised Store;

(ii) to maintain the absolute confidentiality of Confidential Information both during and after the term of this Agreement;

(iii) to limit access to Confidential Information to those employees of Franchisee who have a need-to-know such information;

(iv) not to make any unauthorized copies of any portion of Confidential Information; and

(v) to adopt and implement all reasonable procedures that Sub Zero prescribes from time to time to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restricting its disclosure to Franchised Store personnel and using non-disclosure and non-competition agreements that are substantially similar to the provisions contained in this Section 12 with anyone having access to Confidential Information.

(c) Exclusion from Confidential Information. Notwithstanding anything to the contrary contained in this Agreement, the restrictions on Franchisee's disclosure and use of Confidential Information will not apply to information, processes or techniques which are or become widely known to the public other than through disclosure (whether deliberate or inadvertent) by Franchisee or an employee or agent of Franchisee.

(d) Judicial Order. In the event that Franchisee is legally compelled to disclose Confidential Information in a judicial or government proceeding; Franchisee must first promptly provide Sub Zero with notice of such requirement and afford Sub Zero the opportunity, including cooperating with Sub Zero, to obtain an appropriate protective order or other assurance satisfactory to Sub Zero.

(e) Burden of Proof. Franchisee agrees that if it engages as an owner, operator or in any managerial capacity in any restaurant or related business, it will assume the burden of proving that it has not used Confidential Information. The protection granted hereunder shall be in addition to and not in lieu of all other protections for Confidential Information as may otherwise be afforded in law or in equity.

(f) Survival. Franchisee's obligations under this Section 12(f) shall survive any termination or expiration of this Agreement.

(g) No Obligation to Disclose. Franchisee acknowledges and agrees that Sub Zero has no obligation to disclose or provide any information that it deems proprietary or confidential regarding the Proprietary Products to Franchisee.

13. REPRESENTATIONS, WARRANTIES AND COVENANTS

(a) Representations, Warranties and Covenants. During the term of this Agreement, Franchisee represents, warrants and covenants:

(i) No representation, warranty, guarantee or statement made by it in connection with this Agreement contains or will contain any untrue statement of material fact, or omits to state a material fact;

(ii) Entering into and performance under this Agreement does not and will not violate or breach its certificate of incorporation (or equivalent) or bylaws or any agreement or contract to which it is a party;

(iii) To use its best efforts in operating the Franchised Store and in recommending, promoting and encouraging patronage of all Sub Zero Stores;

(iv) The information contained in Franchise Owner Information, as prescribed by Exhibit 2, and as filled out by each Owner, is and shall remain true, accurate, and complete. Further, Franchisee shall notify Sub Zero in writing within seven (7) days of any change to the information set forth in Exhibit 2 and shall submit a revised Exhibit 2, which will be certified by Franchisee as true, correct and complete, and further to cause each of its Owners to execute an Owner's Guaranty in the form attached to this Agreement;

(v) The information contained in the Franchisee Closing Questionnaire as filled out by Franchisee, is true, accurate, and complete as of the Effective Date; and

(vi) Not to engage directly or indirectly, for the term of this Agreement as an owner, operator, or in any managerial capacity in any business, including, without limitation, any business that offers any liquid nitrogen products or services whatsoever or specializes in food preparation or service, other than as a franchise owner of the Franchised Store unless Sub Zero expressly consents in writing to such ownership or activity; provided, however, that Franchisee shall not be prohibited hereby from owning equity securities of any business, whose shares are traded on a stock exchange or on the over-the-counter market.

(b) Non-Competition Covenant. In the event this Agreement is terminated, expires, or is not renewed, or if Franchisee assigns or transfers its interest herein, then Franchisee covenants, for a period of 730 days after such termination, expiration, non-renewal, transfer or assignment that it will not hold any direct or indirect interest (through a spouse or child of Franchisee or any Owner or otherwise) as a disclosed or beneficial owner, investor, partner, director, officer, manager, employee, consultant, representative or agent, or in any other capacity, in any business that offers any liquid nitrogen products or services whatsoever or desserts or ice cream as a primary menu item, and is, or is intended to be, located at or within a 50 mile radius of the Franchise Location. The restrictions of this Paragraph are not applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent two percent (2%) or less of the issued and outstanding securities of that class of securities. Franchisee and its Owners expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting such skills, so that enforcement of the covenants made in this Section 13(b) will not deprive them of their personal goodwill or ability to earn a living

(c) Employee Non-Disclosure and Non-Competition. Franchisee shall obtain executed from each Manager and other employee who has management responsibilities a non-disclosure and non-competition agreement that is substantially similar to Sections 12 and 12(b). Such employee non-disclosure and non-competition agreements shall be subject to the prior written approval of Sub Zero and shall also be for the benefit of Sub Zero. Sub Zero shall be a third party beneficiary of such agreements and Franchisee shall not amend, modify or terminate any such agreement without Sub Zero's prior written consent.

(d) Tolling. The running of any period of time specified in this Section 13 shall be tolled and suspended for any period of time in which the Franchisee is found by a court of competent jurisdiction to have been in violation of any restrictive covenant. Franchisee further expressly agrees that the existence of any claim it may have against Sub Zero whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Sub Zero of the covenants in Sections 12 or 13.

(e) Disclaimer. SUB ZERO MAKES NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT, WITH RESPECT TO PRODUCTS SOLD, PROVIDED OR APPROVED BY SUB ZERO OR A SUB ZERO AFFILIATE.

14. TRANSFER AND ASSIGNMENT

(a) Transfer or Assignment by Sub Zero. This Agreement and all rights and duties hereunder are fully and freely assignable or transferable by Sub Zero, in whole or in part, without Franchisee's consent, in Sub Zero's sole discretion to any person or entity, including a competitor of Sub Zero, and shall be binding upon and inure to the benefit of Sub Zero's successors and assigns.

(b) Transfer or Assignment by Franchisee. Franchisee understands and acknowledges that the rights and duties created by this Agreement are personal to Franchisee, and its Owners, and that Sub Zero has granted this Franchise in reliance on many factors, including, without limitation, the individual or collective character, skill, aptitude and business and financial capacity of Franchisee and its Owners. Accordingly, Franchisee shall not, without Sub Zero's prior written consent, directly or indirectly sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in; (i) this Agreement or any portion or aspect thereof, (ii) the Franchised Store, (iii) the Franchise Location, or (iv) any equity or voting interest in Franchisee, or permit the Franchised Store to be operated, managed, directed or controlled, directly or indirectly, by any person other than Franchisee (any such act or event is referred to as a "Transfer") without the prior written approval of Sub Zero. Any purported Transfer, occurring by operation of law or otherwise, including any Transfer by a trustee in bankruptcy, without Sub Zero's prior written consent, shall be null and void and a material default of this Agreement, but the transferor shall remain obligated under this Agreement until released by Sub Zero, or until this Agreement is terminated and all post-term obligations pursuant to Section 14 are fulfilled. In addition, in the event Franchisee is a corporation, the stock of such corporation shall not be publicly sold or traded on any securities exchange or in the over-the-counter market without the express prior written consent of Sub Zero, which consent may be given or denied in Sub Zero's sole discretion. Any purported Transfer made in violation of this Section 14(b) shall be null and void.

Franchisee shall not place any 'for sale' signage or other in-store advertising or marketing materials otherwise stating or alluding that the Franchised Store is for sale by Franchisee, that Franchisee is looking to sale or Transfer the Franchise, or to solicit potential candidates to whom Franchisee could Transfer the Franchised Store or any of its assets. Franchisee acknowledges and agrees that any violation of the preceding sentence shall constitute a substantial default and material breach of this Agreement.

(c) Requirements for Transfer or Assignment. The consent of Sub Zero to a Transfer by Franchisee shall not be unreasonably withheld if Franchisee, the Transfer, and the prospective transferee meet Sub Zero's criteria, which shall include, but is not limited to, the following conditions:

(i) Franchisee (and each of its Owners) is in full compliance with this Agreement;

(ii) Franchisee provides timely notice to Sub Zero of the proposed transfer and requests that Sub Zero provide the prospective transferee with Sub Zero's current form of disclosure document required by applicable laws, and a receipt for such document shall be delivered to Sub Zero; provided, however, that Sub Zero shall not be liable for any representations other than those contained in such disclosure document;

(iii) The proposed transferee and its direct and indirect owners must be persons of good character and reputation, must otherwise meet Sub Zero's then-applicable standards for Sub Zero Store franchisees, and must agree to execute Sub Zero's then-current form of franchise agreement with appropriate modifications to reflect the terms of such Transfer.

(iv) the transferee has sufficient business experience, aptitude and financial resources to operate the Franchised Store;

(v) Franchisee has paid all Royalties, Marketing Fund contributions, amounts owed for purchases by Franchisee from Sub Zero and any affiliates, and all other amounts owed to Sub Zero or affiliates or to third-party creditors, and has submitted to Sub Zero all required reports, financial statements, tax returns and other documents requested by Sub Zero;

(vi) the transferee and/or its management personnel have completed Sub Zero's training program to Sub Zero's satisfaction;

(vii) the transferee pays Sub Zero its then-current transfer fee (the "Transfer Fee") for training and assistance furnished by Sub Zero to the transferee and transfer expenses incurred by Sub Zero. Payment of the Transfer Fee shall relieve the transferee of the obligation to pay the initial franchise fee but does not relieve the transferee of its obligation to make any other payment described herein;

(viii) Franchisee (and its transferring Owners) have executed a general release, in a form satisfactory to Sub Zero, of any and all claims against Sub Zero and its affiliates and their respective officers, directors, members, employees and agents;

(ix) Sub Zero has approved the material terms and conditions of such Transfer and has determined that the price and terms of payment will not affect adversely the transferee's operation of the Franchised Business;

(x) if Franchisee or any Owner finances any part of the sale price of the transferred interest, then Franchisee and/or its Owners have agreed that all obligations of the transferee under or pursuant to any promissory notes, agreements or security interests reserved by Franchisee or its Owners in the assets of the Franchised Store are subordinate to the transferee's obligations to pay Royalties, Marketing Fund contributions and other amounts due to Sub Zero and its affiliates and otherwise to comply with this Agreement;

(xi) Franchisee and each of its transferring Owners (and their respective spouses and any children who have been employed by, or in any way participated in the operation of, the Franchised Store), have executed a non-competition covenant in favor of Sub Zero and the transferee agreeing that, for a period of 730 days commencing on the effective date of the Transfer, they will not (except with respect to other Franchised Stores owned and operated by Franchisee) hold any direct or indirect interest (through a spouse or child of Franchisee or any Owner or otherwise) as a disclosed or beneficial owner, investor, partner, director, officer, manager, employee, consultant, representative or agent, or in any other capacity, in any business that offers desserts or ice cream as its primary menu item, and is, or is intended to be, located at or within a ten (10) mile radius of the Franchise Location or any other Sub Zero store. The restrictions of this Paragraph are not applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent two percent (2%) or less of the issued and outstanding securities of that class of securities. Franchisee and its Owners expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting such skills, so that enforcement of the covenants made in this Section 14(c)(xi) will not deprive them of their personal goodwill or ability to earn a living; and

(xii) Franchisee and each of its transferring Owners have agreed that each will not directly or indirectly at any time or in any manner (except with respect to other Sub Zero Stores owned and operated by Franchisee) identify himself or any business as a current or former Sub Zero Store, or as a franchisee, licensee or dealer of Sub Zero or any of its affiliates, use any Licensed Mark, any colorable imitation thereof or other indicia of a Sub Zero Store in any manner or for any purpose, or utilize for any purpose any trade name, trademark or other commercial symbol that suggests or indicates a connection or association with Sub Zero or any of its affiliates.

(xiii) Franchisee shall submit to Sub Zero prior to any proposed Transfer of any equity or voting interest in Franchisee, and at any other time upon request, a list of all holders of direct or indirect equity and voting interests in Franchisee reflecting their respective present and/or proposed direct or indirect interests in Franchisee, in such form as Sub Zero may require.

(d) Death or Incompetency. Upon the death or mental or physical incompetency (as reasonably determined by an independent third party such as a licensed doctor) of any person with any direct or indirect interest in Franchisee and who has managerial responsibility for the operation of the Franchised Store, the executor, administrator, or personal representative of such person shall transfer his or her interest to a third party approved by Sub Zero within six (6) months after the death or finding of incompetency. Such transfers shall be subject to the same conditions as any other Transfer and to compliance with Section 14(c)(iv). If the heirs or beneficiaries of any such person are unable to meet the conditions in Section 14(c), then Sub Zero may terminate this Agreement. In the event of Franchisee's death or finding of incompetency, Franchisee hereby grants to Sub Zero the right, but not the obligation, to take such steps as are necessary to manage the Franchised Store for the account of Franchisee, and to receive a reasonable fee for such services.

(e) Initial Transfer to Legal Entity. Notwithstanding the foregoing, it is understood that Franchisee (if an individual) may assign this Agreement, the Franchised Store, and/or Franchisee's rights and obligations hereunder on one occasion to a legal entity organized by Franchisee for that purpose only and at least a majority of all the issued and outstanding shares of voting stock and/or equity interest of which shall be owned and voted continuously by Franchisee, and further provided that Sub Zero shall have approved in advance all other shareholders of such corporation or others holding equity or voting interests, which consent shall not be unreasonably withheld. Sub Zero shall be given prior written notice of such assignments and delegation, and thereupon such corporation shall have all of such rights and obligations, and the term "Franchisee" as used herein shall refer to such legal entity; provided, however, that such assignment shall in no way affect the obligations hereunder of the individual above designated "Franchisee," who shall remain fully bound by and responsible for the performance of all of such obligations, jointly and severally with such entity.

(f) No Waiver. Sub Zero's consent to a Transfer of any interest in the Franchisee granted herein shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Sub Zero's right to demand exact compliance with any of the terms of this Agreement by the transferee.

(g) Collateral Agreements. Sub Zero will not require approval of the assignment of all or any part of the assets of the Franchised Store or the stock or other interests in Franchisee, excluding this Agreement, or any of the rights granted hereunder, to a bank or other lending institution as collateral security for loans made directly to or for the benefit of the Franchised Store. Such approval, however, will be required for any proposed assignment or hypothecation of this Agreement or any of the rights granted hereunder, which approval will not permit further transfers or assignments of this Agreement or the Franchise, without compliance with the provisions of this Section 14.

(h) Right of First Refusal. If Franchisee at any time determines to Transfer for consideration an interest in this Agreement and the Franchised Store, or an ownership interest in Franchisee, then Franchisee or such Owner agrees to obtain a bona fide, executed written offer and earnest money deposit, in an amount of not less than five percent (5%) of the offered price, from a responsible and fully disclosed offeror (such disclosure of the offeror must include lists of the owners of record and beneficially of any corporate or limited liability company offeror and of all general and limited partners or members of any partnership offeror and, in the case of a publicly-held entity, copies of its most recent annual and quarterly reports and Form 10K), and must immediately submit to Sub Zero a true and complete copy of such offer, which includes details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. The offer must apply only to an interest in this Agreement and the Franchised Store, or in Franchisee, and may not include an offer to purchase any other property or rights of Franchisee. However, if the offeror proposes to buy any other property or rights from Franchisee under a separate, contemporaneous offer, such separate, contemporaneous offer must be disclosed to Sub Zero, and the price and terms of purchase offered to Franchisee, or its Owners for the interest in this Agreement and the Franchised Store, or in Franchisee, must reflect the bona fide price offered therefor and must not reflect any value for any other property or rights.

(i) Sub Zero will have the right, exercisable by written notice delivered to Franchisee or its selling Owner(s) within thirty (30) days from the date of delivery to Sub Zero of an exact copy of such offer and of the required disclosures relating to the offeror, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that:

(A) Sub Zero may substitute cash for any form of payment proposed in such offer;

(B) Sub Zero's credit will be deemed equal to the credit of any proposed purchaser; and

(C) Sub Zero will have not less than ninety (90) days after giving notice of its election to purchase, to prepare for closing.

(ii) In connection with its purchase of such interest, Sub Zero is entitled to receive, and Franchisee and its Owners agree to make, all customary representations and warranties given by the seller of the assets of a business or of the capital stock of or other forms of ownership interest in an Entity, as applicable, including, without limitation, representations and warranties as to:

(A) ownership, condition of and title to stock or other form of ownership interest and/or assets;

(B) liens and encumbrances relating to the stock or other form of ownership interest and/or assets; and

(C) the validity of contracts and the liabilities, contingent or otherwise, of the entity whose ownership interests are being purchased.

(iii) In addition, Sub Zero will be entitled to a noncompetition covenant from Franchisee and its selling Owners as provided in Section 13(b) hereof with respect to a Transfer.

(iv) If Sub Zero does not exercise its right of first refusal, Franchisee or its Owners may complete the sale to such purchaser pursuant to and on the exact terms of such offer, subject to Sub Zero's approval of the Transfer as provided in paragraphs (b) and (c) of this Section, provided that if the sale to such purchaser is not completed within one hundred twenty (120) days after delivery of such offer to Sub Zero, or if there is a material change in the terms of the sale, Sub Zero will have an additional right of first refusal during the thirty (30) day period following either the expiration of such one hundred twenty (120) day period, or the material change in the terms of the sale, either on the terms originally offered or the modified terms, at Sub Zero's option.

(i) Costs Associated With Transfer. Franchisee shall be responsible for all costs including attorneys' fees incurred by Sub Zero in connection with any transfer under this Agreement other than a transfer pursuant to Section 14(a).

15. DEFAULT AND TERMINATION

(a) Termination by Franchisee. If Franchisee and its Owners are in compliance with this Agreement and Sub Zero materially fails to comply with this Agreement and such failure is not corrected within sixty (60) days after written notice of such material failure is received by Sub Zero, then Franchisee may terminate this Agreement effective thirty (30) days after delivery to Sub Zero of notice of termination.

(b) Termination by Sub Zero Without Opportunity to Cure. Sub Zero has the right to terminate this Agreement, effective upon delivery of notice of termination to Franchisee, if Franchisee (or any Owner):

(i) fails to open the Franchised Store as outlined in the "Franchise Store Opening" and "Extension of Store Opening" sections above;

(ii) fails to successfully complete the initial training program to the satisfaction of Sub Zero;

(iii) abandons or fails actively to operate the Franchised Store for three (3) or more consecutive business days, unless the Franchised Store has been closed for a purpose approved by Sub Zero or because of fire, flood or other casualty;

(iv) makes, or has made, any materially false statement or report to Sub Zero in connection with this Agreement or application therefore;

(v) is or has been convicted by a trial court of or pleads or has pleaded no contest to a felony;

(vi) engages in any dishonest or unethical conduct that may adversely affect the reputation of the Franchised Store or other Sub Zero Stores or the goodwill associated with the Licensed Marks;

(vii) loses the right of occupancy of the Franchised Location and does not relocate and reopen the Franchised Store at a site approved by Sub Zero within ninety (90) days after the Franchised Store is closed at the Franchised Location;

(viii) transfers or attempts to transfer this Agreement, an ownership interest in Franchisee, or the Franchised Store without complying with Section 14 of this Agreement;

(ix) in the event of the death or permanent disability of Franchisee or of an Owner of a controlling interest in Franchisee, fails to transfer the interest of Franchisee or such Owner in this Agreement and the Franchised Store, or in Franchisee, pursuant to the terms of Section 14(d) Agreement;

(x) makes any unauthorized use or disclosure of any Confidential Information or uses, duplicates or discloses any portion of the Confidential Operating Manuals or Proprietary Products in violation of this Agreement;

(xi) intentionally understates the Franchised Store's Gross Sales in any report or financial statement;

(xii) fails to pay when due any federal or state income, service, sales or other taxes arising from operation of the Franchised Store, unless Franchisee is in good faith contesting its liability for such taxes;

(xiii) receives from Sub Zero three (3) or more notices to cure the same or similar defaults or violations of this Agreement during any twelve (12) month period;

(xiv) fails on three (3) or more separate occasions within any consecutive twelve (12) month period, after receipt of written notice thereof, to submit when due reports or other data, information or supporting records or to pay when due the Royalties, Marketing Fund contributions or other payments due to Sub Zero or its affiliates or otherwise to comply with this Agreement, whether or not such failures to comply were corrected after such written notice was delivered to Franchisee; or

(xv) makes an assignment for the benefit of creditors or admits in writing his insolvency or inability to pay his debts generally as they become due; or consents to the appointment of a receiver or trustee or liquidator of all or the substantial part of his property; or the Franchised Store is attached, seized, subjected to a writ or distress warrant, or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee or liquidator of the Franchised Store or of Franchisee is not vacated within thirty (30) days following the entry of such order.

In addition, Sub Zero shall also have the right to terminate this Agreement, effective upon delivery of notice of termination to Franchisee, if any of the foregoing occur in connection with any other agreement between Franchisee (or any Owner) and Sub Zero or its affiliates.

(c) Termination by Sub Zero With Opportunity to Cure. Sub Zero has the right to terminate this Agreement, effective upon delivery of notice of termination to Franchisee if Franchisee (or any Owner):

(i) fails or refuses to comply with the System or any portion thereof relating to the cleanliness or sanitation of the Franchised Store or violates any health, safety or sanitation law, ordinance or regulation and does not correct such noncompliance within seventy-two (72) hours after written notice thereof is delivered to Franchisee;

(ii) fails to report accurately the Franchised Store's Gross Sales or fails to make payments of any amounts due Sub Zero for Royalties, Marketing Fund contributions or any other amounts due to Sub Zero or affiliates of Sub Zero under this Agreement, and does not correct such failure within ten (10) days after written notice of such failure is delivered to Franchisee;

(iii) fails to comply with any provision of this Agreement or the System, or any portion thereof, other than those provisions provided for in Section 15(b), and does not correct such failure within thirty (30) days after written notice of such failure to comply is delivered to Franchisee; or, if such failure cannot reasonably be corrected within thirty (30) days, fails to provide within thirty (30) days after such notice proof reasonably acceptable to Sub Zero of the commencement and diligent continuation of efforts which are reasonably calculated to correct such failure within a reasonable time, which in no event may be more than sixty (60) days after such notice, or to correct such failure within sixty (60) days after written notice of such failure to comply is delivered to Franchisee; or

(iv) fails, for a period of fifteen (15) days after notification of non-compliance by appropriate authority to comply with any law or regulation applicable to the operation of the Franchised Store;

(d) Time Frames Subject to Applicable Laws. The provisions of this Agreement may state periods of notice less than those required by applicable law. They may provide for termination, cancellation, non-renewal or the like other than according to applicable law. They will be extended or modified to comply with applicable law.

(e) Option To Purchase Franchised Store. At any time upon 60 days advance written notice to Franchisee, Sub Zero or its assignee shall have the option and right to purchase from Franchisee the Franchised Store and all of its assets, including without limitation any equipment, fixtures, furnishings, signs, and inventory reasonably necessary to the operation of the Franchised Store. Sub Zero will have the unrestricted right to assign this option to close the purchase. Sub Zero or its assignee will be entitled to all customary warranties and representations in connection with its asset purchase, including, without limitation, representations and warranties as to ownership, condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.

The purchase price for the Franchised Store pursuant to this Section will be an amount equal to **7** times the Franchised Store's **EBITDA** for the previous 12 months, calculated from the date of notice of exercise of the option to purchase. For purposes of determine the purchase price, EBITDA is defined as the Gross Sales reported from the Franchised Store minus expenses (excluding interest, taxes, depreciation and amortization).

The purchase price will be paid at the closing of the purchase, which will take place not later than 60 days after the date of written notice of exercise of the option to purchase. Sub Zero will have the right to set off against and reduce the purchase price by any and all amounts owed by Franchisee or its Owners to Sub Zero and its affiliates. At the closing, Franchisee agrees to deliver instruments transferring to Sub Zero or its assignee: (A) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to Sub Zero or its assignee), with all sales and other transfer taxes paid by Franchisee; (B) all licenses and permits of the Franchised Store which may be assigned or transferred; and (C) the leasehold interest in the Franchised Location and improvements thereon, or free and clear title to the fee interest in the Franchised Location and improvements thereon. In the event Franchisee cannot deliver clear title to all of the purchased assets as aforesaid, or in the event there are other unresolved issues, the closing of the sale will be accomplished through an escrow.

If Franchisee (or any Owner or affiliated entity of Franchisee) owns the Franchise Location and any improvements thereon, Sub Zero will have the right, at its option, either to: (A) assume the leasehold interest in the Franchised Location; or (B) to lease the Franchised Location and such improvements from the owner(s) thereof on terms comparable to those for which similar commercial properties in the area are then being leased, for a lease term equal to the term of the standard franchise agreement then being offered for Sub Zero Stores similar to the Franchised Store (or such shorter period as Sub Zero and the owner(s) of the Franchised Location may agree.

If Franchisee leases the Franchised Location from a third party, Franchisee agrees, at the election of Sub Zero: (A) to assign its leasehold interest in the Franchised Location to Sub Zero; or (B) to enter into a sublease for the remainder of the lease term on the same terms (including renewal options) as the prime lease.

If Sub Zero and Franchisee are unable to agree on the amount of the Franchised Store's EBITDA from which the purchase price is calculated, the Franchised Store's EBITDA will be determined by an independent accountant experienced in valuing businesses in the county in which Sub Zero's headquarters is then located (currently Utah County, Utah). Each party will pay half of the fee charged by the independent accountant. The parties may then present evidence of the value of the Franchised Store's EBITDA. The decision of the independent accountant will be conclusive. Any time within 30 days after receiving the independent accountant's decision, at Sub Zero's option, Sub Zero or its assignee may purchase the Franchise Store and its assets for the purchase price based on the EBITDA determined by the independent accountant. Sub Zero and Franchisee will use diligent and good faith efforts to secure a prompt resolution of all matters to be decided by the independent accountant under this Section.

16. POST TERMINATION OBLIGATIONS AND RIGHTS

(a) Obligations and Rights. Upon the expiration or termination of this Agreement for any reason, Franchisee shall immediately:

(i) Cease to be a franchise owner of Sub Zero under this Agreement and cease to operate the former Franchised Store as a Sub Zero Store. Franchisee shall not thereafter, directly or indirectly, represent to the public that the former Franchised Store is or was operated or in any way connected with Sub Zero Stores or hold itself out as a present or former franchise owner of Sub Zero;

(ii) Pay all sums owing to Sub Zero within fifteen (15) days of termination or expiration, including interest and fees thereon.

(iii) Return to Sub Zero, and/or cause all access to the Confidential Operating Manuals and all Confidential Information, including without limitation any customer lists or client lists, equipment and other property owned by Sub Zero, and all copies thereof. Franchisee shall retain no copy or record of any of the foregoing, provided Franchisee may retain its copy of this Agreement, any correspondence between the parties as reasonably required for compliance with any applicable provision of law.

(iv) Take such action as may be required by Sub Zero to transfer and assign to Sub Zero or its designee or to disconnect and forward all telephone numbers, white and yellow page telephone references and advertisements, and all trade and similar name registrations and business licenses to Sub Zero or its designee, and to cancel any interest that Franchisee may have in the same;

(v) Cancel or assign to Sub Zero all right, title and interest in any Internet and website home pages, domain name listings, electronic addresses and all other registrations or designations that contain the Licensed Marks, or any of them, in whole or in part, and shall notify all applicable domain name registrars and all listing agencies of the termination of Franchisee's right to use such registration or designation, and authorize and instruct that such be cancelled or transferred to Sub Zero, as directed by Sub Zero.

(vi) Cease to use in any manner whatsoever: (A) the System and/or any methods, procedures or techniques associated with the System; (B) the Licensed Marks and any other marks and source indicator associated with Sub Zero Stores; (C) any mark that indicates an association or connection with Sub Zero; (D) software, programs, content or other materials in any medium; and (E) any passwords or electronic access devices or information.

(vii) If Sub Zero does not exercise its right to purchase the Franchised Store pursuant to Section 16(c), then remove all trade dress, physical characteristics, color combinations and other indications of operation under the System from the Franchise Location. Without limiting the generality of the foregoing, Franchisee shall remove all signage bearing the Licensed Marks, and, upon Sub Zero's request, deliver all signs to Sub Zero, and will remove any items that are characteristic of the System trade dress from the Franchise Location, and make such alterations as necessary to distinguish the Franchise Location from its former appearance as a Sub Zero Store, including repainting, reconfiguring the interior space and design and fully complying with Sub Zero's then current de-characterization check list. Until all modifications and alterations are completed, Franchisee will maintain a conspicuous sign in a form Sub Zero specifies stating that Franchisee is no longer associated with Sub Zero. Franchisee will advise all customers or prospective customers coming to the Franchise Store or telephoning Franchisee that Franchisee is no longer associated with Sub Zero. If Franchisee fails to make such alterations within 30 days after termination or expiration of this Agreement, Franchisee agrees that Sub Zero or its designated agents may enter upon the Franchise Location at any time to make such alterations, at Franchisee's sole risk and expense, without liability for trespass. Sub Zero shall be entitled to acquire all such signage not removed by Franchisee in a timely manner.

(b) Damages and Liquidated Damages. Upon termination pursuant to any default by Franchisee, Franchisee agrees to pay Sub Zero, all actual and consequential damages and any costs and expenses (including reasonable attorneys' fees) incurred by Sub Zero as a result of any occurrence listed in Sections 15(b) or (c). Franchisee acknowledges and agrees that it does not have the right to terminate this Agreement, except as provided in Section 15(a), or as otherwise agreed in writing by the parties, and that any termination of this Agreement by Franchisee that is not in accordance with the terms of Section 15(a), or any termination of this Agreement by Sub Zero in accordance with Sections 15(b) and (c), may result in lost future revenue and profits to Sub Zero, harm to the goodwill associated with the Licensed Marks, and increased costs to Sub Zero to re-develop or re-franchise the market in which the Franchised Store is located.

Accordingly, in the event that Franchisee terminates this Agreement other than in accordance with the terms of Section 15(a), or if Sub Zero terminates this Agreement pursuant to Sections 15(b) and (c), then

Franchisee shall pay to Sub Zero within fifteen (15) days of such termination as liquidated damages, the amount of royalty fees that would have been owed from the date of termination through the end of the term of this Agreement. This amount will be calculated based on the average monthly royalty fees incurred (whether or not actually paid by you) for the 12 months immediately preceding the date of termination. Or, if you operated your franchise for less than 12 months immediately preceding the date of termination, then these liquidated damages will be calculated based on the average monthly royalty fees incurred (whether or not actually paid) during the period you operated the franchise. The parties hereby acknowledge and agree that the actual damages that would be incurred by Sub Zero in the event of any breach or early termination of this Agreement by Franchisee would be difficult to calculate and that the liquidated damages provided for in this Agreement are fair and reasonable under the circumstances. The parties further acknowledge and agree that the liquidated damages specified in this Section 16(b) are only intended to compensate Sub Zero for the early termination of this Agreement and Sub Zero's loss of revenue resulting therefrom, but not for any other breach of this Agreement by Franchisee or any other damages incurred by Sub Zero, and all remedies applicable thereto remain available to Sub Zero.

(c) Right To Purchase Franchised Store upon Termination.

(i) Upon termination of this Agreement prior to its expiration by Sub Zero in accordance with the terms of this Agreement, or by Franchisee not in accordance with the terms of this Agreement, Sub Zero or its assignee will have the option, exercisable by giving written notice thereof within sixty (60) days from the date of such termination, to purchase from Franchisee the Franchised Store, including the fee ownership or leasehold rights to the Franchised Location. Sub Zero will have the unrestricted right to assign this option to close the purchase. Sub Zero or its assignee will be entitled to all customary warranties and representations in connection with its asset purchase, including, without limitation, representations and warranties as to ownership, condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.

(ii) If Franchisee (or any Owner or affiliated entity of Franchisee) owns the Franchise Location and any improvements thereon, Sub Zero will have the right, at its option, either (A) to lease the Franchised Location and such improvements from the owner(s) thereof on terms (other than economic terms) comparable to those for which similar commercial properties in the area are then being leased, for a lease term equal to the term of the standard franchise agreement then being offered for Sub Zero Stores similar to the Franchised Store (or such shorter period as Sub Zero and the owner(s) of the Franchised Location may agree; or (B) to purchase the fee interest in the Franchised Location.

(iii) Concurrently with the execution of this Agreement, Franchisee agrees to cause Franchisee, its Owners and/or any affiliated entity who own the Franchised Location to execute a rider and other documents evidencing their agreement to be bound by this provision.

(iv) If Franchisee leases the Franchised Location from a third party, Franchisee agrees, at the election of Sub Zero: (A) to assign its leasehold interest in the Franchised Location to Sub Zero; or (B) to enter into a sublease for the remainder of the lease term on the same terms (including renewal options) as the prime lease.

(v) The purchase price for the Franchised Store and the fee or leasehold interest in the Franchised Location, as applicable, will be their fair market value, determined in a manner consistent with reasonable depreciation of leasehold improvements owned by Franchisee and the equipment, fixtures, furnishings, signs and inventory of the Franchised Store, provided that the Franchised Store will be valued as an independent business and its value will not include any value for: (A) any rights granted by this Agreement; (B) the Licensed Marks; or (C) participation in the network of Sub Zero Stores.

(vi) Franchisee acknowledges that the fee or leasehold interest in the Franchised Location and any improvements thereon will be valued as used for the operation of the Franchised Store. The fair market value of the Franchised Store will include the goodwill developed by Franchisee in the market of the Franchised Store that exists independent of the goodwill of the Licensed Marks and the System. If applicable, the length of the remaining term of the lease for the premises of the Franchised Store will also be considered in determining the fair market value of the Franchised Store.

(vii) Sub Zero may exclude from the assets purchased hereunder cash or its equivalent and any equipment, fixtures, furnishings, signs and inventory that are not reasonably necessary (in function or quality) to the operation of the Franchised Store or that Sub Zero has not approved as meeting standards for Sub Zero Stores, and the purchase price will reflect such exclusions.

(viii) If Sub Zero and Franchisee are unable to agree on the fair market value of the Franchised Store, or on the lease terms for the Franchised Location or the fair market value of the fee interest in the Franchised Location and improvements, as applicable, the fair market value of the Franchised Store or Franchised Location and improvements and/or the lease terms, as applicable, will be determined in the county in which our headquarters is then located (currently Utah County, Utah), by three appraisers. Each party must select one appraiser. The two appraisers chosen must then select a third appraiser. Each party will pay for its own appraiser and each party will pay half for the third appraiser. The parties may then present evidence of the value of the Franchise and fair terms for the purchase. The appraisers must exclude from their decision any amount or factor for the "goodwill" or "going concern" value of the Franchise. The decision of the majority of the appraisers will be conclusive. Any time within 30 days after receiving the appraisers' decision, at our option we may purchase the Franchise and your assets at the price and upon the terms determined by the appraisers. Sub Zero and Franchisee will use diligent and good faith efforts to secure a prompt resolution of all matters to be decided by appraisal under this Section.

(ix) The purchase price will be paid at the closing of the purchase, which will take place not later than ninety (90) days after determination of the purchase price. Sub Zero and its affiliates will have the right to set off against and reduce the purchase price by any and all amounts owed by Franchisee or its Owners to Sub Zero and its affiliates. At the closing, Franchisee agrees to deliver instruments transferring to Sub Zero or its assignee: (A) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to Sub Zero or its assignee), with all sales and other transfer taxes paid by Franchisee; (B) all licenses and permits of the Franchised Store which may be assigned or transferred; and (C) the leasehold interest in the Franchised Location and improvements thereon, or free and clear title to the fee interest in the Franchised Location and improvements thereon. In the event Franchisee cannot deliver clear title to all of the purchased assets as aforesaid, or in the event there are other unresolved issues, the closing of the sale will be accomplished through an escrow.

17. INSURANCE

(a) Required Insurance. Franchisee shall, at its expense and no later than the earliest date on which Franchisee uses any of the Licensed Marks, procure and maintain in full force and effect throughout the term of this Agreement the types of insurance enumerated in the Confidential Operating Manuals or otherwise in writing which shall be in such amounts as may from time to time be required by Sub Zero, and which shall designate Sub Zero as an additional named insured, including at a minimum the following:

(i) Employer's liability and workers' compensation insurance as prescribed by law;

(ii) Comprehensive general liability insurance, including products liability coverage, of at least two million dollars ($2,000,000) covering two or more persons and two or more incidences;

(iii) If you elect to offer Mobile Unit operations using a trailer (or if we approve of any delivery-related services), then you must have automobile liability insurance, including owned, non-owned, leased and hired vehicle coverage, with a combined single limit of at least one million dollars ($1,000,000) for death, personal injury and property damage.

(b) Delivery of Certificates. Franchisee shall deliver to Sub Zero upon acquisition of and then once annually certificates of all required insurance, showing Sub Zero as an additional insured, each of which shall contain a statement by the insurer that the policy will not be cancelled or materially altered without at least thirty (30) days prior written notice to Sub Zero. The procurement and maintenance of such insurance shall not relieve Franchisee of any liability to Sub Zero under any indemnity requirement of this Agreement.

18. TAXES, PERMITS, INDEBTEDNESS, COMPLIANCE WITH LAWS

(a) Taxes. Franchisee shall promptly pay when due any and all federal, state and local taxes including without limitation unemployment and sales taxes, levied or assessed with respect to any services or products furnished, used or licensed pursuant to this Agreement and all accounts or other indebtedness of every kind incurred by Franchisee in the operation of the Franchised Store.

Within **10** days after receipt of Sub Zero's relevant invoice, Franchisee agree to pay any and all amounts equal to any sales, gross receipts or similar tax assessed against or payable by Sub Zero and calculated on continuing payments required to be paid under this Agreement, unless the tax is an income tax or an optional alternative to an income tax otherwise payable by Sub Zero.

(b) Compliance with Laws and Ethical Obligations. Franchisee shall operate the Franchised Store in full compliance with all applicable laws, ordinances and regulations, including but not limited to anti-discrimination laws and practices and shall maintain high standards of honesty, fair dealing and ethical conduct. Franchisee shall notify Sub Zero within five (5) days of receipt of any government or private notice or action that involves the Franchised Store or Franchisee's or its Owner's involvement therein. Franchisee acknowledges and agrees that it is Franchisee's sole responsibility to identify and obtain all authorizations, licenses, permits and other requirements necessary to operate the Franchised Store.

(c) Debts. Franchisee hereby expressly covenants and agrees to accept full and sole responsibility for any and all debts and obligations incurred in the operation of the Franchised Store.

19. INDEMNIFICATION AND INDEPENDENT CONTRACTOR

(a) Franchisee Indemnification. Franchisee agrees to protect, defend, indemnify, and hold harmless Sub Zero, its affiliates, and their respective directors, officers, agents, members, attorneys, shareholders, successors and assigns (jointly and severally, "Indemnitees") against and promptly to reimburse Indemnitees for all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities, consequently, directly or indirectly incurred (including without limitation attorneys', experts' and accountants' fees) as a result of, arising out of, or connected with the operation of the Franchised Store, and any third parties claims relating to content, graphics, photographs or other works of authorship provided by Franchisee to Sub Zero for the Locations Webpage. This indemnity will continue in full force and effect subsequent to and notwithstanding the termination or expiration of this Agreement.

(b) Independent Contractor. In all dealings with third parties including, without limitation, employees, suppliers and customers, Franchisee shall conspicuously disclose in a manner acceptable to Sub Zero that it is an independent entity licensed by Sub Zero, including placing notices of independent ownership on forms, business cards, stationary, advertising, websites, the Franchised Store and other locations as Sub Zero may require from time to time. Nothing in this Agreement is intended by the parties hereto to create a fiduciary relationship between them or to make Franchisee an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of Sub Zero for any purpose whatsoever. It is understood and agreed that Franchisee is an independent contractor and is in no way authorized to make any contract, warranty or representation or to create any obligation on behalf of Sub Zero.

(c) Inability to Bind the Other Party. Franchisee agrees not to employ any of the Licensed Marks in signing any contract or applying for any license or permit or in a manner that may result in Sub Zero's liability for any of Franchisee's indebtedness or obligations. Neither Sub Zero nor Franchisee will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name, or on behalf, of the other, represent that their relationship is other than franchisor and franchisee, or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. Sub Zero will not be obligated for any damages to any person or property directly or indirectly arising out of the operation of the Franchised Store or Franchisee's business conducted pursuant to this Agreement.

20. ENFORCEMENT AND DISPUTE RESOLUTION

(a) Access. To ensure compliance with this Agreement and to enable Sub Zero to carry out its obligations under this Agreement, Franchisee agrees that Sub Zero and its designated agents shall be permitted, with or without notice, full and complete access during business hours to inspect the Franchised Store and all records thereof including, but not limited to, records relating to Franchisee's customers, products, suppliers, employees and agents. Franchisee shall cooperate fully with Sub Zero and its designated agents requesting such access.

(b) Equitable Relief. Sub Zero or its designee shall be entitled to obtain (without posting bond) declarations, temporary and permanent injunctions, and orders of specific performance, to enforce the provisions of this Agreement relating to Franchisee's use of the Licensed Marks, the obligations of Franchisee upon termination or expiration of this Agreement, and assignment of the Franchised Store and ownership interests in Franchisee or to prohibit any act or omission by Franchisee or its employees or agents that constitutes a violation of any applicable law or regulation, that is dishonest or misleading to prospective or current customers of businesses operated under the System, that constitutes a danger to other franchise owners, employees, customers or the public, or that may impair the goodwill associated with the Licensed Marks. If Sub Zero secures any declaration, injunction or order of specific performance pursuant to this Section 20(b), if any provision of this Agreement is enforced at any time by Sub Zero or if any amounts due from Franchisee to Sub Zero are at any time collected by or through an attorney at law or collection agency, Franchisee shall be liable to Sub Zero for all costs and expenses of enforcement and collection including, but not limited to, court costs and reasonable attorneys' and accountants' fees.

(c) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Utah, without reference to conflict of law provisions, which laws shall prevail in the event of any conflict.

(d) Jurisdiction and Venue. Franchisee consents to the jurisdiction of the state and federal courts of the State of Utah in all lawsuits relating to or arising out of this Agreement and hereby waives any defense Franchisee may have of lack of jurisdiction or venue in any such lawsuits filed in these courts. In all lawsuits relating to or arising out of the Agreement, Franchisee consents and agrees that it may be served with process outside the State of Utah in the same manner as service may be made within the State of Utah by any person authorized to make service by the laws of the state, territory, possession or country in which service is made or by any duly qualified attorney in such jurisdiction, and Franchisee hereby waives any defense it may have of insufficiency of service of process relating to such service. This method of service shall not be the exclusive method of service available in such lawsuits and shall be available in addition to any other method of service allowed by law.

(e) Waiver of Punitive Damages and Jury Trial. Without limiting Franchisee's obligations to indemnify Sub Zero pursuant to this Agreement, each party waives to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agrees that, in the event of a dispute between them, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains, except as otherwise provided in Section 20(b). Each party irrevocably waives any right to a jury trial, with respect to any dispute arising out of or relating to this Agreement to the fullest extent permitted by applicable law.

(f) Dispute Resolution. The parties expressly agree that it is preferable to resolve all disputes as effectively and professionally as possible and hereby agree that any dispute, controversy, issue, claim, action and controversy between the parties, their affiliates and respective shareholders, members, managers, officers, directors, agents, employees and attorneys arising out of or relating to this Agreement, or any other agreement between such parties or any provision of such agreements, the Franchised Store, Sub Zero Stores or their relationship that is brought under any theory of law, except as expressly excluded ("Dispute"), will be exclusively processed in the following manner:

1. All Disputes shall be submitted to binding arbitration to take place exclusively in Salt Lake City, Utah, in accordance with the current commercial arbitration rules of the American Arbitration Association upon demand of either party. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) and not by any state arbitration law, except that if the federal arbitration act is held not to apply with respect to an arbitration between Sub Zero and a franchisee located in the state of Utah, such arbitration will be governed by the Utah Arbitration Act (Utah Code Ann. §§78-31a-1 through 78-31a-20).

   Except as limited by this Agreement, the arbitrator will have the right to award or include in his award any relief which he deems proper in the circumstances, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs, provided that the arbitrator will not have the right to declare any mark generic or otherwise invalid or to award exemplary or punitive damages. The award and decision of the arbitrator will be conclusive and binding upon all parties hereto and judgment upon the award may be entered in any court of competent jurisdiction. The parties agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. The parties further agree that, in connection with any such arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed as described above will be forever barred.

Sub Zero and Franchisee agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between Sub Zero and Franchisee (affiliates of Franchisee and its Owners) may not be consolidated with any other arbitration proceeding between Sub Zero and any other person.

Notwithstanding anything to the contrary contained in this section, Sub Zero and Franchisee each have the right to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that the parties agree to contemporaneously submit their dispute for arbitration on the merits as provided herein.

The provisions of this Section 20(f) will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this agreement.

2. The parties will bear their own costs and attorneys' fees in relation to any arbitration or court proceeding relating to a Dispute, except as otherwise expressly provided in this Agreement.

21. GENERAL

(a) Approval. Whenever this Agreement requires, or Franchisee desires to obtain, Sub Zero's approval, Franchisee shall make a timely written request. Unless a different time period is specified in this Agreement, Sub Zero shall respond with its approval or disapproval within fifteen (15) days of receipt of such request. If Sub Zero has not specifically approved a request within such fifteen (15) day period, such failure to respond shall be deemed disapproval of any such request.

(b) Waiver. No failure of Sub Zero to exercise any power reserved to it by this Agreement and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of Sub Zero's right to demand exact compliance with any of the terms herein. No waiver or approval by Sub Zero of any particular breach or default by Franchisee, nor any delay, forbearance or omission by Sub Zero to act or give notice of default or to exercise any power or right arising by reason of such default hereunder, nor acceptance by Sub Zero of any payments due hereunder shall be considered a waiver or approval by Sub Zero of any preceding or subsequent breach or default by Franchisee of any term, covenant or condition of this Agreement.

(c) Disclaimer. No warranty or representation is made by Sub Zero that all System franchise agreements heretofore or hereafter issued by Sub Zero do or will contain terms substantially similar to those contained in this Agreement. Further, Franchisee recognizes and agrees that Sub Zero may, in its sole discretion, due to local business conditions or otherwise, waive or modify comparable provisions of other franchise agreements heretofore or hereafter granted to other Sub Zero franchisees in a non-uniform manner.

(d) Amendment. No amendment, change or variance from this Agreement shall be binding upon either Sub Zero or Franchisee except by mutual written agreement. If an amendment of this Agreement is executed at Franchisee's request, any legal fees or costs of preparation in connection therewith shall, at the option of Sub Zero, be paid by Franchisee. If an amendment of this Agreement is executed at Sub Zero's request, any legal fees or costs of preparation in connection therewith shall be paid by Sub Zero.

(e) Notice. Any notice required to be given hereunder shall be in writing and shall be either mailed by certified mail, return receipt requested or delivered by a recognized courier service, receipt acknowledged. Notices to Franchisee and Sub Zero shall be addressed to it at the addresses listed in the introduction to this Agreement. Any notice complying with the provisions hereof shall be deemed to be given three (3) days after mailing, or on the date of receipt, whichever is earlier. Each party shall have the right to designate any other address for such notices by giving notice thereof in the foregoing manner, and in such event all notices to be mailed after receipt of such notice shall be sent to such other address.

(f) Severability. Should any provision of this Agreement be for any reason held invalid, illegal or unenforceable by a court of competent jurisdiction, such provision shall be deemed restricted in application to the extent required to render it valid, and the remainder of this Agreement shall in no way be affected and shall remain valid and enforceable for all purposes, both parties hereto declaring that they would have executed this Agreement without inclusion of such provision. In the event such total or partial invalidity or unenforceability of any provision of this Agreement exists only with respect to the laws of a particular jurisdiction, this paragraph shall operate upon such provision only to the extent that the laws of such jurisdiction are applicable to such provision. Each party agrees to execute and deliver to the other any further documents that may be reasonably required to effectuate fully the provisions hereof. Franchisee understands and acknowledges that Sub Zero shall have the right, in its sole discretion, on a temporary or permanent basis, to reduce the scope of any covenant or provision of this Agreement binding upon Franchisee, or any portion hereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof and Franchisee agrees that it will comply forthwith with any covenant as so modified, which shall be fully enforceable. The parties agree that each provision of this agreement shall be construed as independent of any other provision of this Agreement. Should any part of one or more of these restrictions be found to be unenforceable by virtue of its scope in terms of area, business activity prohibited or length of time, and should such part be capable of being made enforceable by reduction of any or all such restrictions, Franchisee and Sub Zero agree that the same shall be enforced to the fullest extent permissible under the law.

(g) Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but such counterparts together shall constitute one and the same instrument.

(h) Community Property. If, by virtue of the community property laws of any state, Franchisee's spouse is deemed to have any property interest in this Agreement, the ownership of Franchisee or the Franchised Store, Sub Zero will have the right to require Franchisee's spouse to consent to and join in:

(i) all of the terms and conditions of the Agreement and any amendments thereto; and

(ii) in any designation of a successor pursuant of this Agreement.

If Sub Zero purchases the Franchised Store subsequent to the death or permanent disability of Franchisee, or an Owner of Franchisee, Sub Zero will be deemed to have complied with its purchase obligation so long as Sub Zero tenders the purchase price jointly to the estate or personal representative of Franchisee or such Owner of Franchisee, and the surviving spouse of such person. Sub Zero will have no obligation to see to the apportionment of such purchase price between any claimants thereto.

(i) Headings. The table of contents, headings and captions contained herein are for the purposes of convenience and reference only and are not to be construed as a part of this Agreement. All terms and words used herein shall be construed to include the number and gender as the context of this Agreement may require. The parties agree that each section of this Agreement shall be construed independently of any other section or provision of this Agreement.

(j) Construction. This Agreement together with the introduction, preambles, exhibits and Confidential Operating Manuals, constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between Sub Zero and Franchisee relating to the subject matter of this Agreement (and any understandings or agreements reached, and any representations made, before the date of this Agreement are superseded by this Agreement), except that Franchisee acknowledges that Sub Zero justifiably has relied on Franchisee's representations made prior to the execution of this Agreement. Except as contemplated by the arbitration provisions of Section 20(f) hereof, nothing in this Agreement is intended, nor is deemed, to confer any rights or remedies upon any person or legal entity not a party hereto. The headings of the several sections and paragraphs hereof are for convenience only and do not define, limit or construe the contents of such sections or paragraphs. The term "Franchisee" as used herein is applicable to one or more persons or an entity, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two or more persons are at any time Franchisee hereunder, whether or not as partners or joint venturers, their obligations and liabilities to Sub Zero are joint and several. The term "affiliate" as used herein with respect to an affiliate of Franchisee means any entity directly or indirectly owned or controlled by, or under common control with, or owning or controlling, Franchisee or of any Owner, and any spouse or child of Franchisee or any of its Owners. References to "franchisee," "owner" and "transferee" which are applicable to an individual or individuals means the individual Owners or the individual owners of the transferee. This Agreement may be executed in multiple copies, each of which will be deemed an original.

Nothing in this Agreement or any related agreement is intended to disclaim the representations that Sub Zero made to Franchisee in Sub Zero's franchise disclosure document.

(k) Other Agreements. If Franchisee or any of Franchisee's owners, partners, or officers violate any material provision of any other franchise or similar agreement between Sub Zero and Franchisee or any of Franchisee's owners, partners, or officers, that breach will be considered a breach of this Agreement and of the other agreements. Sub Zero then may terminate or otherwise enforce this Agreement and the other agreements.

Whenever this Agreement requires that Franchisee enter into a release, such as for a transfer, or renewal or purchase of an additional franchise, the release will be in substantially the following form:

> You (and your owners, members, partners, officers, and directors) agree to the following general release, subject to and following laws applicable in your jurisdiction, to release us from any claims you may have against us:
>
> In consideration of the mutual covenants and understandings set forth in this release agreement, you release and discharge us and our respective current and former owners, partners, directors, officers, employees and agents from all obligations, duties, covenants and responsibilities to be performed under the franchise agreement with us related to the franchise and the franchise premises ("your Prior Franchise Agreement").
>
> You release and forever discharge us and our respective current and former owners, partners, directors, officers, members, employees and agents from any and all claims, demands, actions or causes of action of every name, nature, kind and description whatsoever, whether in tort, in contract or under statute, arising directly or indirectly out of the offer of, negotiation of, execution of, performance of, nonperformance, or breach

of your Prior Franchise Agreement and any related agreements between you and us and out of any other action or relationship between you and us arising prior to the date of the release agreement.

You and we will represent that this release has been read and that it is fully understood and voluntarily accepted. The purpose of this release is to make a full, final and complete settlement of all claims, known or unknown, arising directly or indirectly out of your Prior Franchise Agreement and the relationship between you and us prior to the date of the transfer [renewal] agreement including, but not limited to, economic loss.

It is expressly understood and agreed that this release is intended to cover and does cover not only all known losses and damages but any further losses and damages not now known or anticipated but which may later develop or be discovered, which arise under your Prior Franchise Agreement prior to the date of the transfer [renewal] agreement, including all effects and consequences.

These releases are intended to waive, release and discharge all claims against us, other than these expressly reserved:

> any future claims we may have against you for: your past, present and future violations of the post-termination covenants contained in the Prior Franchise Agreement and [fill in blank as appropriate]
>
> [any future claims you may have against us for:] [fill in blank as appropriate]

with the express waiver of any statute, legal doctrine or other similar limitation upon the effect of general releases. In particular, the parties waive the benefit of any applicable statutory provision such as by illustration, California Civil Code Section 1542, which states:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

You will waive the benefit of both statute and any other legal doctrine or principle of similar effect in any jurisdiction.

(l) Attorneys' Fees and Costs. If any legal action is commenced in connection with the enforcement of this Agreement, the prevailing party shall be entitled to collect from the other party costs and attorneys' fees that are actually incurred in relation to such action.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement on the date first written above.

SUB ZERO FRANCHISING, INC.

By: ______________________________
Print Name: __________________________
Title: ______________________________

FRANCHISEE:

By: ______________________________
Print Name: __________________________
Title: ______________________________

EXHIBIT 1
AGREEMENT ON FRANCHISE LOCATION

FRANCHISE AGREEMENT

BETWEEN

SUB ZERO FRANCHISING COMPANY, INC.

AND

____

DATED ____________, ______

FOR A SUB ZERO STORE

LOCATED AT

____

Franchise Location

1. **Franchise Location**. The Franchise Location of the Sub Zero Store as referred to in Section 2(a) of this Agreement, is the property commonly known as or described as:

____

____

SUB ZERO FRANCHISING, INC.

By: ______________________________
Print Name: ________________________
Title: _____________________________

FRANCHISEE
If an Entity:

____

____
By: ___________________________

____
Title: _________________________

If an individual:

____

____

____

____
Print Name:

____

____

____
Print Name:

EXHIBIT 2
FRANCHISE OWNER INFORMATION

FRANCHISE AGREEMENT

BY AND BETWEEN

SUB ZERO FRANCHISING COMPANY, INC.

AND

____

DATED ______________, _____

FOR A SUB ZERO STORE

LOCATED AT

____

Effective Date: This Exhibit 2 is current and complete

as of ____________, _____

FRANCHISEE and Its Owners

1. **Form of FRANCHISEE**. [Check (a), (b) or (c).]

☐ (a) **Proprietorship**. The Owner(s) of FRANCHISEE (is) (are) as follows:

____

____

____

☐ (b) **Corporation, Limited Liability Company or Partnership**. FRANCHISEE was incorporated or formed on ________________ under the laws of the State of ___________. It has not conducted, business under any name other than its corporate, limited liability company or partnership name and _______________. The following is a list of FRANCHISEE's directors, if applicable, and officers as of the effective date shown above:

Name of Each Director/Officer	Position(s) Held

☐ (c) **Trust**. FRANCHISEE is a revocable trust formed under the laws of the State of ________ on ____________, ___. The grantor, trustee and primary income beneficiary of FRANCHISEE is ________, a resident of the State of ______. The governing trust instrument of FRANCHISEE consists of a trust agreement dated ____________, _____ and the following amendments, if any:

____

____

____

The trustee has full power and authority to bind the trust estate and to execute, deliver and perform, or cause the execution, delivery and performance, of all of FRANCHISEE's obligations. In the event of the trustee's resignation, death or inability to act, the following are named to act as successor trustee, in this order:

(a) ______________________________________
(b) ______________________________________
(c) ______________________________________

Please include current and contingent beneficiaries under the trust, and their respective interests therein:

Current beneficiaries:

(a) ______________________________________
(b) ______________________________________
(c) ______________________________________

Contingent beneficiaries:

(a) ______________________________________
(b) ______________________________________
(c) ______________________________________

2. **<u>Owners</u>**. The following list includes the full name and mailing address of each person who is an Owner (as defined in the Franchise Agreement), and fully describes the nature of each Owner's interest.

<u>Owner's Name and Address</u>	**<u>Description and Percentage of Interest</u>**
____________________	____________________
____________________	____________________
____________________	____________________

SUB ZERO FRANCHISING, INC.

By: ______________________________
Print Name: ________________________
Title: _____________________________

FRANCHISEE
If an Entity:

____
____
By: ______________________________
____
Title: [President] [Managing Member] [General Partner]
If an individual:

____
____
[Print Name]

____
____

[Print Name]

EXHIBIT 3
TO
SUB ZERO FRANCHISING, INC.
FRANCHISE AGREEMENT

FRANCHISE PREMISES LEASE AGREEMENT RIDER

THIS RIDER has been entered this ___ day of _______, 200_. It is by and between ______________, ("Landlord") and ______________________ (jointly and severally "Tenant").

RECITALS

On or about _____________, 20__, Landlord and Tenant executed a lease agreement (the "Lease Agreement") by which Tenant leased from Landlord real property for Tenant's operations of a **SUB ZERO** franchise at the following location: _________________________ (the "Franchise Premises").

On or about _____________, 20__, Tenant and Sub Zero Franchising, Inc. (the "Franchisor") executed a franchise agreement (the "Franchise Agreement") for Tenant to operate a **SUB ZERO** franchise at the Franchise Premises.

Landlord and Tenant desire to execute this addendum to the Lease Agreement to give Franchisor certain rights to the Franchise Premises as required by the Franchise Agreement.

THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, the parties agree as follows:

1. **Use of Franchise Premises**. Landlord acknowledges and agrees that the Franchise Premises may be used only for the operation of a **SUB ZERO** facility. Landlord permits Tenant to use and display the following service marks, trademarks, and commercial logos: **SUB ZERO**, and all other marks that Franchisor develops for a **SUB ZERO** facility in the future.

2. **Landlord Reports and Disclosures to Franchisor**. Tenant acknowledges and agrees that Landlord may, upon Franchisor's written request, disclose to Franchisor all reports, information, or data in Landlord's possession respecting sales made in, upon, or from the Franchise Premises and Tenant's business operations.

3. **Assignment to Franchisor**. Anything contained in the Lease Agreement to the contrary notwithstanding, Landlord agrees that without Landlord's consent, the Lease Agreement and Tenant's right, title and interest, may be assigned by Tenant to Franchisor, without cost or penalty. Landlord grants to Franchisor the right, at Franchisor's election, to assume the Lease Agreement and the leasehold interest in the Franchise Premises, upon termination or expiration of Tenant's Franchise Agreement.

4. **Tenant's Default; Notice to Franchisor**. Landlord will give written notice to Franchisor (concurrently with the giving of notice to Tenant) of any breach by Tenant under the Lease Agreement. Franchisor will have the right (but not obligation), in Franchisor's sole discretion, to cure any breach at Tenant's expense within 15 business days after the expiration of the period in which Tenant had to cure the default. Notice will be sent to the following address, or to the address Franchisor may, from time to time, specify in writing to Landlord:

SUB ZERO FRANCHISING, INC.
62 W. Center St.
Provo, UT 84601
(801) 494-0960

5. **Franchise Premises De-identification**. Upon termination, expiration, or non-renewal of the Lease Agreement, Tenant may de-identify the Franchise Premises. If Tenant fails to do so, Landlord gives Franchisor the express right to de-identify. De-identification consists of removal of all signs; modification or remodeling of all identifying architectural features; repainting as necessary to no longer use the color scheme used by Franchisor; and any other steps necessary (in Franchisor's reasonable discretion) to effectively distinguish the Franchise Premises from Franchisor's proprietary designs and marks.

6. **Renewal, Extension, or Cancellation of the Lease Agreement**. Landlord will not extend, renew, or cancel the Lease Agreement without Franchisor's prior written consent, which consent will not be unreasonably withheld.

7. **Signatures**.

IN WITNESS, the parties have executed this Rider on the day and year first above written.

("Landlord"):

By: ______________________
Title: ______________________

("Tenant"):

By: ______________________
Title: ______________________

EXHIBIT 4
TO
SUB ZERO FRANCHISING, INC.
FRANCHISE AGREEMENT

ARCHITECT COMMUNICATION AUTHORIZATION FORM

I hereby authorize Sub Zero Franchising, Inc. ("Sub Zero") to communicate freely with any architect that I have employed or plan to employ regarding any construction, build-out, or design of any premises on which I operate or plan to operate a Sub Zero franchise store. I acknowledge and agree that such communication is essential to Sub Zero's quality control of its franchise system and I further acknowledges and agree that I will not hinder or prevent Sub Zero from communicating with such architect. I will promptly notify Sub Zero of any the name and contact information of any such architect that I hire or who is otherwise involved in the design, construction, or build-out of any premises on which I operate or plan to operate a Sub Zero franchise store.

Signed this ____ day of ______________, 20__.

("Franchisee"):

By: ______________________________
Print Name: ______________________
Title: ___________________________

EXHIBIT 5
TO
SUB ZERO FRANCHISING, INC.
FRANCHISE AGREEMENT

MULTIPLE PURCHASE ADDENDUM

The following additional provisions are agreed to by the parties with respect to the attached Franchise Agreement dated ________________, 20__, between **SUB ZERO FRANCHISING, INC.** ("Sub Zero") and ______________________, an individual, ____________________, an individual, and ______________ a ________ company (jointly and severally "Franchisee") of which this Addendum is a part (the "Franchise Agreement.") In the event of conflict, the provisions of this Addendum supersede the corresponding provisions of the Franchise Agreement.

Sub Zero and Franchisee have agreed to Franchisee's purchase of __[#] franchises in __________________________ [location] (the "Development Area") according to the Development Schedule established in this Addendum.

Sub Zero and Franchisee will simultaneously sign a separate franchise agreement and multiple purchase addendum for each of the __ [#] franchises. The initial __ [#] franchise agreements are for franchises to be located in: ___________, _______________, and _________________ [locations]. The remaining __ [#] franchise agreements are for franchises to be placed at locations within the Development Area to be determined at a later date, and each respective franchise location must be in compliance to Sub Zero's contractual commitments with other **Sub Zero** franchisees and Sub Zero's placement, market, development, and demographic criteria.

1. **INITIAL FRANCHISE FEE**. The Initial Franchise Fee established in Section 6 of the Franchise Agreement is **$35,000** for the first Franchise Agreement and **$15,000** for each other Franchise Agreement signed concurrently with this Addendum.

The entire Initial Franchise Fee must be paid to Sub Zero for each franchise upon execution of this Addendum.

2. **DESIGNATED TERRITORY**. Sub Zero grants to Franchisee, subject to the terms and conditions of the Franchise Agreement and this Addendum, the non-exclusive right to establish and operate the Franchised Store within the following territory (the "Designated Territory): city limits of ___________________ [location]. Except as otherwise provided in the Franchise Agreement or this Addendum, Sub Zero will not establish nor license any one other than Franchisee to establish any **Sub Zero** facility in the Designated Territory from the date of this Addendum until expiration or termination of the Development Schedule set forth below. Franchisee has no right under this Addendum to sub-license others.

If there is no Designated Territory defined above (the blank is not filled in), the Franchise Location shall be considered "to-be-determined" and must be placed at an available location within the Development Area. The Franchise Location must be in compliance to Sub Zero's contractual commitments with other **Sub Zero** franchisees and Sub Zero's placement, market, development, and demographic criteria.

3. **DEVELOPMENT SCHEDULE**. Franchise Agreement is modified such that the opening requirements (the "Opening Date") for each of the above-referenced Franchised Stores are amended to the following schedule:

1st Franchised Store	9 months (or 6 months from signing lease, if earlier)
2nd Franchised Store	15 months
3rd Franchised Store	24 months
4th Franchised Store	33 months
5th Franchised Store	42 months

from the date of this Agreement. The Franchised Store purchased pursuant to this Agreement is the __ [#] Franchised Store and must open no later than the Opening Date, as defined above. If no acceptable Franchise Location is found and approved by the parties and the Franchise Store is not opened for business by the Opening Date, this Agreement will terminate without notice by either party to the other on the expiration date, and no portion of any payment Franchisee paid to Sub Zero will be refundable or returned to Franchisee. Upon termination pursuant to this Section, Sub Zero will be fully and forever released from any claims or causes of action Franchisee may have under or pursuant to this Agreement and any right, title or interest in this Agreement, the Licensed Marks or the System will automatically revert to Sub Zero."

4. **DEFAULT AND TERMINATION**. The parties have executed a number of franchise agreements contemporaneously with the Franchise Agreement as part of a multiple purchase arrangement. Any material violation or breach (other than failure to open the franchise site by the date set forth in the Development Schedule) of any such agreement, or of any other franchise agreement between the parties or of any other agreement between the parties related to the **Sub Zero** franchise system will be deemed a material violation of the Franchise Agreement and this Addendum, of all such other franchise agreements, and of all such other agreements. The non-breaching party then will be entitled to enforce the penalties of or to terminate the Franchise Agreement and this Addendum and any or all of such other franchise agreements and such other agreements as provided in the Franchise Agreement for enforcement or termination.

Franchise acknowledges and agrees that if the Franchised Store represented by this Addendum is not opened by the Opening Date set forth above in the Development Schedule, Sub Zero shall have the right to terminate the Franchise Agreement and this Addendum and retain any and all initial fees paid to Sub Zero. Sub Zero then may establish or license others to establish **Sub Zero** stores in the Designated Territory.

Franchise acknowledges and agrees that if Franchisee fails to open another franchised store by the opening date set forth in the Development Schedule, Sub Zero shall have the right to eliminate and terminate the Designated Territory. Sub Zero then may establish or license other to establish **Sub Zero** stores in the Designated Territory.

Upon elimination or termination of the Designated Territory, all remaining franchise agreements for franchises that have not yet been opened for business pursuant to the Development Schedule above may thereafter be opened at any available location where Sub Zero has the right to offer and place franchises. In such instance, the relevant franchise location must be in the United States, legally available pursuant to state and federal franchise disclosure and registration laws and pursuant to Sub Zero's contractual commitments with other **Sub Zero** franchisees and in compliance with Sub Zero's placement, market, development, and demographic criteria.

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

5. **TRAINING.** Sub Zero will have no obligation to provide franchise training to Franchisee at Sub Zero's expense except pursuant to Franchisee's first franchise agreement.

DATED this _____ day of ___________, 20__.

SUB ZERO FRANCHISING, INC. ("SUB ZERO")

By: ___________________________
Print Name: ____________________
Title: ___________________________

_____________________, ____________________, and ____________________ ("FRANCHISEE")

NAME

By: ___________________________
[Name], an individual

NAME

By: ___________________________
[Name], an individual

____

By: ___________________________
Print Name: ____________________
Title: ___________________________

OWNER'S GUARANTY

THIS OWNER'S GUARANTY ("Guaranty") is made as of the ____ day of ________, 20__, by ______________ (each and if more than one, "Guarantor"), who have an interest in ______________, a ______________ ("Franchisee") in connection with that certain Sub Zero Franchise Agreement dated as of ________, 20__ (the "Franchise Agreement") between Franchisee and SUB ZERO FRANCHISING, INC., a Utah corporation ("Franchisor"). This Guaranty is hereby incorporated in and made a part of the Franchise Agreement and shall be annexed thereto. All terms not defined herein shall have the meaning provided in the Franchise Agreement.

1. Acknowledgments. Guarantor acknowledges and agrees that Franchisor has entered into the Franchise Agreement with Franchisee solely on the condition that, and each Guarantor hereby agrees that, each Guarantor is personally obligated and jointly and severally liable with Franchisee (and with each other Guarantor) for the performance of each and every obligation, agreement, undertaking, covenant, liability and debt of Franchisee and the Guarantors, whether direct or indirect, absolute or contingent, now existing or hereafter arising (collectively, the "Obligations") under the Franchise Agreement, any amendments or modifications to the Franchise Agreement, any extensions of the Franchise Agreement, and under each and every agreement related thereto that has been or hereafter may be entered into by Franchisee with Franchisor (all such agreements are collectively referred to herein as the "Franchise Agreements").

2. Guaranty. In consideration of Franchisor's granting of a franchise, and as an inducement to Franchisor to grant a franchise, to Franchisee, Guarantor hereby personally, unconditionally, absolutely and irrevocably guarantees to Franchisor and its successors and assigns the prompt payment in full in cash and the prompt performance in full of the Obligations.

3. Representations, Warranties and Agreements.

a. Guarantor expressly agrees that the liability of the Guarantor for the payment and performance of the Obligations guaranteed hereby shall be primary and not secondary.

b. Guarantor represents and warrants to Franchisor that all equity interests in the Franchisee are held of record and beneficially by Guarantor;

c. Guarantor agrees to promptly notify Franchisor of any change in the ownership of any equity interests in Franchisee;

d. Guarantor agrees to be personally bound by, and personally liable for the breach of each and every provision in the Franchise Agreement and each and every provision in the other Franchise Agreements, as if Guarantor was the Franchisee thereunder; and

e. Guarantor represents and warrants that, if no signature appears below for such Guarantor's spouse, such Guarantor is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

3. Waivers by Guarantor. Guarantor hereby waives:

a. acceptance and notice of acceptance by Franchisee of the foregoing guaranties;

b. notice of demand for payment of any indebtedness or nonperformance by Franchisee of any obligations guaranteed by Guarantor;

c. protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations of Franchisee guaranteed by Guarantor;

d. any right Guarantor may have to require that an action be brought against Franchisee or any other person as a condition of liability;

e. any right Guarantor may have to assert the bankruptcy or insolvency of Franchisee or any other person as a defense hereunder or as the basis for rescission hereof and any defense arising because of Franchisor's election, in any proceeding instituted under the Federal Bankruptcy Code, of the application of Section 1111(b)(2) of the Federal Bankruptcy Code;

f. any defense based on an election of remedies by Franchisor which destroys or otherwise impairs the subrogation rights of Guarantor, the right of Guarantor to proceed against Franchisee or another person for reimbursement or both;

g. any and all other notices and legal or equitable defenses to which Guarantor may be entitled to the extent such notices and defenses may be waived pursuant to applicable law; and

h. if Guarantor is a resident of California, in accordance with Section 2856 of the California Civil Code, Guarantor waives any and all rights and defenses available to Guarantor by reason of Sections 2787 to 2855, inclusive, 2899 and 3433 of the California Civil Code.

4. Further Agreements and Understandings. Guarantor hereby consents and agrees that:

a. Guarantor's direct and immediate liability under this Guaranty is joint and several with Franchisee and each other Guarantor;

b. Guarantor agrees to render any payment or performance required under the Franchise Agreement or any other Franchise Agreements upon demand if Franchisee fails or refuses punctually to do so;

c. Guarantor's liability hereunder is not contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person;

d. this Guaranty will continue in full force and effect for and as to any extension of or modification or amendment to the Franchise Agreement or any Franchise Agreements and notwithstanding the transfer of any interest in the Franchise Agreement or Franchisee, and Guarantor waives notice of any and all such extensions, modifications, amendments, or transfers;

e. Guarantor's liability hereunder is not diminished, relieved or otherwise affected by any extension of time, credit or other indulgence, or any waiver which Franchisor may from time to time grant to Franchisee or to any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims (including the release of other Guarantors), or the taking of any action by Franchisor which may have the effect of increasing the obligations of Guarantor, none of which in any way modifies or amends this Guaranty, which will be absolute, unconditional, continuing and irrevocable during the term of the Franchise Agreements and so long as any performance is or may be owed under any of the Franchise Agreements by Franchisee or its Guarantors and so long as Franchisor may have any cause of action against Franchisee or its Guarantors;

f. Guarantor agrees that no invalidity, irregularity or unenforceability of the Obligations or invalidity, irregularity, unenforceability or non-perfection of any collateral therefor, will affect, impair or be a defense to this Guaranty, which is a primary obligation of Guarantor;

g. Guarantor expressly waives any claim or other right which Guarantor (or any of them) may now have or hereafter acquire against Franchisee, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution, indemnification or any right to participate in any claim or remedy of Franchisor against Franchisee, whether or not such claim, right or remedy arises in equity or under contract, statute or common law;

h. The obligations of Guarantor under this Guaranty will not be altered, limited or affected by any proceeding, voluntary or involuntary, involving the bankruptcy, reorganization, insolvency, receivership or liquidation of Franchisee or any affiliate, or by any defense which Guarantor may have by reason of any order, decree or decision of any court or administrative body resulting from any such proceeding; and

i. Guarantor agrees that this Guaranty and the obligations of Guarantor hereunder will continue to be effective or automatically reinstated, as the case may be, if and to the extent that for any reason any payment by or on behalf of Guarantor in respect of the Obligations is rescinded or otherwise restored to the Guarantor or Franchisee, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, all as if such payment had not been made, and Guarantor agrees to indemnify Franchisor on demand for all costs and expenses (including fees of counsel) incurred by Franchisor in connection with any such rescission or restoration.

j. Guarantor represents to Franchisor that each Guarantor has had the opportunity to review the matters discussed and contemplated by the Franchise Agreement and any Franchise Agreements, including the remedies Franchisor may pursue against Franchisee in the event of a default under the Franchise Agreement and any Franchise Agreements and Franchisee's financial condition and ability to perform under the Franchise Agreement and any Franchise Agreements. Guarantors further agree to keep themselves fully informed on all aspects of Franchisee's financial condition and the performance of Franchisee's obligations to Franchisor and that Franchisor has no duty to disclose to Guarantors any information pertaining to Franchisee. If provided in the Franchise Agreement and any Franchise Agreements, Guarantors agree that their bankruptcy, insolvency and other actions set forth therein may be events of default under the Franchise Agreement and any Franchise Agreements.

k. Each of the Guarantors agrees to be personally bound by any and all non-competition provisions under Section 13 of the Franchise Agreement and the provisions relating to intellectual property and Confidential Information under Sections 8, 10 and 12 of the Franchise Agreement.

l. The prevailing party in any dispute resulting in arbitration, litigation or other proceedings between Guarantors and Franchisor shall be entitled to its costs and expenses for such proceedings, including reasonable attorneys' fees and costs.

m. Guarantors agree to take all actions necessary to enable Franchisee to observe and perform, and to refrain from taking any action which would prevent Franchisee from observing and performing, the Obligations.

n. Franchisor may assign this Guaranty with the Franchise Agreement or one or more of the Franchise Agreements, without in any way affecting Guarantors' liability under it or them. This Guaranty shall inure to the benefit of Franchisor and its successors and assigns and shall bind Guarantors and their respective heirs, executors, administrators, successors and assigns.

o. In the event of the death of any or all of the Guarantors hereunder, the obligation of Guarantors under this Guaranty shall continue in full force and effect against said deceased Guarantor's estate as to all of such obligations which shall have been created or incurred by Franchisee prior to the time when Franchisor shall have received written notice of such death.

p. Guarantors shall hold harmless, defend, protect and indemnify Franchisor from any actions, causes of action, liabilities, damages, losses and fees (including attorneys' fees and costs) and all other claims of every nature which may arise as a result of any dispute between or among Guarantors and any other persons or entities.

q. All notices, requests and demands to be made hereunder shall be in writing at the address set forth below by any of the following means: (i) personal service (including service by overnight courier service); (ii) electronic communication, whether by telex, telegram or telecopying (if confirmed in writing sent by personal service or by registered or certified, first class mail, return receipt requested); or (iii) shall be deemed received five (5) days following deposit in the mail.

r. Guarantor acknowledges and agrees that Guarantor has had adequate opportunity to have this Guaranty reviewed by counsel of its own choosing and that Guarantor has not relied on Franchisor or any of its counsel in any respect.

s. GUARANTOR HEREBY WAIVES THE RIGHT TO TRIAL BY JURY.

t. This is a continuing Guaranty and all obligations to which it applies or may apply under the terms hereof shall be conclusively presumed to have been created in reliance hereon. In the event that, notwithstanding the provisions of this paragraph, this Guaranty shall be deemed revocable in accordance with applicable law, then any such revocation shall become effective only upon receipt by Franchisor of written notice of revocation signed by Guarantor. To the extent permitted by applicable law, no revocation or termination hereof shall affect, in any manner, rights arising under this Guaranty with respect to Obligations arising prior to receipt by Franchisor of written notice of such revocation or termination.

u. No terms or provisions of this Guaranty may be changed, waived, revoked or amended without Franchisor's prior written consent. Should any provision of this Guaranty be determined by a court of competent jurisdiction to be unenforceable, all of the other provisions shall remain effective.

v. This Guaranty shall be enforced and interpreted according to the laws of the State of Utah, irrespective of its conflicts of laws rules.

IN WITNESS WHEREOF, each Guarantor hereby executes this Guaranty on the day and year first above written.

GUARANTORS:

____

Print Name:____________________

Address:

____

____

____

____

Print Name:____________________

Address:

____

____

____

EXHIBIT C
TO THE SUB ZERO FRANCHISING, INC.
FRANCHISE DISCLOSURE DOCUMENT

INFORMATION CONCERNING SUB ZERO AREA DEVELOPERS AND SALES AND SERVICE REPRESENTATIVES

The following is a list of the Area Developers and Sales and Service Representatives of the Sub Zero franchise system, alphabetically by state. The listed information responds to Items 1 ("Name, Address, and Business Organization of the Area Developer"), 2 ("Identity and Experience of Persons Affiliated with the Area Developer"), 3 ("Litigation"), and 4 ("Bankruptcy") of the attached Franchise Disclosure Document.

ITEM 1
AREA DEVELOPER AND SALES AND SERVICE REPRESENATIVE

ARIZONA and SAN DIEGO, CALIFORNIA

Name:	Felicia Vandermollen and Sub Zero Arizona, LLC
Business Address:	1065 East Baseline Road, Suite 104, Gilbert, AZ 85233
Business Phone:	480-3121-3179
Territory:	The State of Arizona and San Diego County, California

CALIFORNIA (Los Angeles, Orange, and Ventura counties)

Name:	Rob West and Sub Zero-CA, LLC
Business Address:	2312 Elmdale Ave., Simi Valley, CA 93065
Business Phone:	805-587-4262
Territory:	Los Angeles, Orange, and Ventura counties in California

FLORIDA (Tampa and Sarasota)

Name:	Douglas Shenk and Jill-Sheeler-Shenk and KADOJI Inc.
Business Address:	6789 Island Creek Rd, Sarasota, Florida
Business Phone:	941-720-3529
Territory:	Tampa and Sarasota, Florida

INDIANA (central)

Name:	JBE Food Group, LLC and John Einsfeld Sr.
Business Address:	10714 Gladeview Dr., Fishers, IN 46038
Business Phone:	317-690-7183
Territory:	Counties in Central Indiana

MICHIGAN

Name:	Aundrey Markee
Business Address:	11419 S. Saginaw St.Grand Blanc Michigan 48439
Business Phone:	810-656-7234
Territory:	State of Michigan

NEW ENGLAND

Name:	Cryo-Cone New England, LLC (Mark and Rita McCabe)
Business Address:	295 DW Hwy (Sun Plaza) Nashua NH 03060.
Business Phone:	603-320-1120
Territory:	Connecticut, New Hampshire, Maine, Massachusetts, Rhode Island, and Vermont

PENNSYLVANIA (Altoona)

Name:	Thomas and Cherie Brandt
Business Address:	1002 Logan Blvd., Suite 116, Altoona, PA 16601
Business Phone:	814-329-9068
Territory:	Counties in west and central Pennsylvania

SOUTHERN UTAH (St. George and Cedar City) and NEVADA (Las Vegas)

Name:	Shane Smith, Virginia Smith, and Running Quail Enterprises
Business Address:	3504 Helmsman Drive, North Las Vegas, NV 89032

Business Phone: 702-688-3813

Territory: Southern Utah and Southern Nevada

TEXAS

Name: Sub Zero Area Development of Texas, LLC (Aniq Lahkpaty, Allyshezad Lahkpaty, Shoaib Kalwani)

Business Address: 2136 Encino Loop, San Antonio, TX 78259

Business Phone: 361-779-2763

Territory: State of Texas

WASHINGTON (Vancouver) and OREGON (Portland)

Name: Jeff and Connie Kockritz

Business Address: 1583 Mt. Pleasant Rd., Kelso, WA 98626

Business Phone: 360-414-5277

Territory: Portland, Oregon/Vancouver, Washington metropolitan area

WASHINGTON (Seattle)

Name: Jack Walsh and Mario Aguirre

Business Address: 31653 Pacific Hwy South #A, Federal Way, WA 98003

Business Phone: 253-941-3248

Territory: Seattle, Washington metropolitan area

ITEM 2
BUSINESS EXPERIENCE

Felicia Vandermollen, Area Developer in Arizona and San Diego California.

Ms. Vandermollen has been our Area Developer in Arizona and southern California since April 2016. She has been self-employed in Gilbert, Arizona since August 2010.

Rob West, Area Developer in Los Angeles, Orange, and Ventura counties, California.

Mr. West has served as an Area Developer in Simi Valley, California since March 2010. He also currently serves as a financial manager for Farmers Insurance Co. in Westlake Village, California, since October

2007. From September 2002 to October 2007, Mr. West served as a budget manager for Honda Motor Company in Torrance, California.

Douglas Shenk, Jill-Sheeler-Shenk, and Todd Sheeler, Area Developers in Sarasota, Florida

Mr. Douglas Shenk has served as an Area Developer in Sarasota, FL since July 2012. From July 1993 through July 2011, Mr. Shenk was a civil engineer for ERM, Inc. in Pennsylvania, California, and Arizona. He was semi-retired from July 2011 to July 2012.

Mrs. Sheeler-Shenk has been an Area Developer in Sarasota, FL since July 2012. Previous to this role, she was a home maker.

Mr. Todd Sheeler has served as Operations Manager for the Area Developer in Sarasota, FL since September 2012. From February 2010 to September 2012, Mr. Sheeler was a manager for Subway in Sarasota Florida. From April 2005 to February 2012, he was a shift manager for Papa John's Pizza in Sarasota, Florida.

John Einsfeld Sr., Area Developer in Indiana

Mr. Einsfeld has served as an Area Developer and Sub Zero™ franchise owner in Indianapolis, Indiana since June 2016. From February 2012 to April 2015, he served as Director Sales for Sambazon in San Clemente, California. From February 2010 to April 2012, he served as Senior Director Sales for Celebration Foods in New Britain, Connecticut.

Aundrey Markee, Sales and Service Representative in Michigan

Mr. Markee has served as our Sales and Service Representative in the state of Michigan since September 2016. He has owned a Sub Zero™ franchise in Flint, Michigan since April, 2015.

Shane and Virginia Smith, Area Developer in Southern Utah and Southern Nevada

Mr. Smith has served as an Area Developer in Las Vegas, NV since October 2011. He has owned Shane and Company in Las Vegas, Nevada since 2005 and has been an adjunct instructor at the College of Southern Nevada in Las Vegas, Nevada since 1995.

Mrs. Smith has served as an Area Developer in Las Vegas, NV since October 2011.

Mark and Rita McCabe, Area Developers in New England

Mr. McCabe has served as an Area Developer in Nashua, New Hampshire since February 2014. He has worked as Quality Inspector for BAE Systems, Inc., located in Nashua, NH, from December, 2002 to the present.

Ms. McCabe has served as an Area Developer in Nashua, New Hampshire since February 2014. She worked in Export Compliance for BAE Systems, Inc., located in Nashua, NH, from August 2002 to August 2014.

Thomas and Cherie Brandt, Area Developers in central Pennsylvania

Mr. Brandt has served as an Area Developer in Altoona, Pennsylvania since January 2014.

Ms. Brandt has served as an Area Developer in Altoona, Pennsylvania since January 2014.

Aniq Lahkpaty, Allyshezad Lahkpaty, Shoaib Kalwani, Area Developers in Texas

Mr. Aniq Lakhpaty has served as an Area Developer in San Antonio, Texas since April 2013.

Mr. Allyshezad Lakhpaty has served as an Area Developer in San Antonio, Texas since April 2013.

Mr. Shoaib Kalwani has served as an Area Developer in San Antonio, Texas since April 2013.

Jeff and Connie Kockritz, Area Developer in Portland, OR/Vancouver, WA metropolitan area

Mr. and Mrs. Kockritz have served as Area Developers in Kelso, WA since August 2011.

Jack Walsh and Mario Aguirre, Area Developer in Seattle, WA metropolitan area

Mr. Walsh has served as an Area Developer in Seattle, WA since September 2012. Mr. Walsh has operated a Sub Zero franchise in Federal Way, Washington since June 2011.

Mr. Aguirre has served as an Area Developer in Seattle, WA since September 2012. Mr. Aguirre has operated a Sub Zero franchise in Federal Way, Washington since June 2011.

ITEM 3
LITIGATION

No litigation is required to be disclosed about any of the Area Developers in this Item.

ITEM 4
BANKRUPTCY

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

EXHIBIT D

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

The Following Table Reflects Our Agents for Service of Process and the Relevant State Franchise Authorities. We may not be registered to offer and sell franchises in all of these states:

NAMES AND ADDRESSES OF STATE REGULATORY AUTHORITIES AND REGISTERED AGENTS IN STATES

STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
CALIFORNIA	California Commissioner of the Department of Business Oversight: Los Angeles: 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7505 Sacramento: 1515 K Street, Suite 200 Sacramento, CA 95814-4052 (916) 445-7205 San Diego: 1350 Front Street San Diego, CA 92101-3697 (619) 525-4233 San Francisco: One Sansome Street, Suite 600 San Francisco, CA 94104 Toll-Free Number: 1-866-275-2677	Commissioner Department of Business Oversight 320 West 4th Street, Suite 750 Los Angeles, CA 90013-1105 (213) 576-7505
CONNECTICUT	Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 (860) 240-8233 or (860) 240-8232	Banking Commissioner 260 Constitution Plaza Hartford, CT 06103 (860) 240-8233 or (860) 240-8232
FLORIDA	[Not Applicable]	Senior Consumer Complaint Analyst Department of Agriculture and Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, Florida 32399-0800 (850) 922-2770

STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
HAWAII	Commissioner of Securities of the Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813-2921 (808) 586-2722	Commissioner of Securities of the Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813-2921 (808) 586-2722
ILLINOIS	Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Chief, Franchise Bureau Illinois Attorney General 100 W. Randolph Street Chicago, IL 60601 (312) 814-3892
INDIANA	Secretary of State Administrative Offices of the Secretary of State 201 State House Indianapolis, IN 46204 (317) 232-6681	Securities Commissioner Securities Division Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681
IOWA	[Not Applicable]	Director of Regulated Industries Unit Iowa Securities Bureau 340 East Maple Des Moines, Iowa 50319-0066 (515) 281-4441
MARYLAND	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Commerce, Corporations and Securities Bureau 525 W. Ottowa 670 Law Building Lansing, MI 48913 (517) 373-7117	Franchise Administrator Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 670 Law Building Lansing, MI 48913 (517) 373-7117
MINNESOTA	Minnesota Commissioner of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-6328	Deputy Commissioner Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-6328
NEBRASKA	[Not Applicable]	Staff Attorney Department of Banking and Finance 1200 N Street Suite 311 P.O. Box 95006 Lincoln, Nebraska 68509 (402) 471-3445

STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
NEW YORK	Secretary of State 99 Washington Avenue Albany, NY 12231	Assistant Attorney General Bureau of Investor Protection and Securities New York State Department of Law 120 Broadway, 23rd Floor New York, NY 10271 (212) 416-8211
NORTH DAKOTA	North Dakota Securities Commissioner Fifth Floor 500 East Boulevard Bismarck, ND 58505	Franchise Examiner Office of Securities Commissioner 600 East Boulevard, 5th Floor Bismarck, ND 58505 (701) 328-4712
OREGON	Director of Oregon Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387	Department of Consumer and Franchise Services Division of Finance and Corporate Securities Labor and Industries Building Salem, OR 97310 (503) 378-4387
RHODE ISLAND	Director of Rhode Island Department of Franchise Regulation Division of Securities Suite 232 Providence, RI 02903 (401) 222-3048	Associate Director and Superintendent of Securities Division of Securities 233 Richmond Street, Suite 232 Providence, RI 02903-4232 (401) 222-3048
SOUTH DAKOTA	Director of South Dakota Division of Securities 445 E. Capitol Ave. Pierre, SD 57501 (605) 773-4823	Franchise Administrator Division of Securities 445 East Capitol Avenue Pierre, SD 57501-5070 (605) 773-4013
TEXAS	[Not Applicable]	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769
UTAH		Division of Consumer Protection Utah Department of Commerce 160 East Three Hundred South P.O. Box 45804 Salt Lake City, Utah 84145-0804 (801) 530-6601

STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
VIRGINIA	Clerk of the State Corporation Commission 1300 E. Main Street Richmond, VA 23219 (804) 371-9733	Chief Examiner/Investigator State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street Richmond, VA 23219 (804) 371-9051
WASHINGTON	Securities Administrator Washington State Dept. of Financial Institutions 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760	Securities Administrator Washington State Dept. of Financial Institutions 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760
WISCONSIN	Wisconsin Commissioner of Securities P.O. Box 1768 345 W. Washington Avenue, 4th Floor Madison, WI 53703 (608) 261-9555	Franchise Administrator Securities and Franchise Registration Wisconsin Securities Commission 345 W. Washington Avenue, 4th Floor Madison, WI 53703 (608) 261-9555
FEDERAL TRADE COMMISSION		Franchise Rule Coordinator Division of Marketing Practices Bureau of Consumer Protection Pennsylvania Avenue at 6th Street, NW Washington, D.C. 20580 (202) 326-3128

EXHIBIT E
CONFIDENTIAL OPERATING MANUAL TABLES OF CONTENTS

EXHIBIT F

CONDITIONAL ASSIGNMENT

____________________ ("you") operate your franchise business at ____________________________. In consideration of the granting of a franchise to you and other valuable consideration given by **SUB ZERO FRANCHISING, INC.**, a Utah corporation ("us"), you assign to us all telephone numbers, telephone and internet listings, website addresses and domain names you use in the operation of the franchise. We assume the performance of all of the terms, covenants and conditions of your agreement with the Telephone Company concerning the telephone numbers and telephone listings with the full force and effect as if we had been originally issued the telephone numbers and telephone listings. We will hold this assignment, and will deliver it to the Telephone Company or other interested third parties only upon termination of the Franchise Agreement between us and you dated ______________.

DATED this ___ day of ________, 20__.

("we/us"): **SUB ZERO FRANCHISING, INC.**

By: ______________________________
Print Name: ________________________
Title: _____________________________

("you"):

By: ______________________________
Print Name: ________________________
Title: _____________________________

EXHIBIT G

SUB ZERO FRANCHISING, INC. FRANCHISE AGREEMENT ADDENDUM ABANDONMENT, RELINQUISHMENT, AND TERMINATION OF ASSUMED OR FICTITIOUS BUSINESS NAME

Pursuant to the provisions of relevant state laws concerning the registration and use of assumed or fictitious business names, the undersigned applicant, being a franchisee of **SUB ZERO FRANCHISING, INC.**, submits the following to evidence its intent to abandon, relinquish and terminate its right to use the business name **SUB ZERO**:

1. Name of Applicant who is Using the Assumed or Fictitious Business Name:

   ____

   ____

   a(an) individual/partnership/corporation organized and doing business under the laws of the State of

   ____

2. Date When Original Assumed or Fictitious Business Name was Filed by Applicant:

   ____

3. Address of Applicant's Registered Office in the State of: __________________

   ____

   ____

4. Please cancel the Applicant's registration to use the name **SUB ZERO.**

DATED: _______________________

____

Applicant

By:__________________

Title:________________

EXHIBIT H

AUTHORIZATION FOR ELECTRONIC FUNDS TRANSFER

SUB ZERO FRANCHISING, INC.
62 W. Center St.
Provo, UT 84601
(801) 494-0960

I (we) hereby authorize SUB ZERO FRANCHISING, INC. (the "Company") to initiate Electronic Funds Transfer charges to my (our) bank account (indicated below) for payment of my (our) monthly Royalty, Marketing and other fees owed by me (us) to the Company on or near the 5th day of each month. This Authorization will remain in full force and effect until Company receives written confirmation of termination of this Authorization via certified letter.

Financial Institution Name: ______________________________

Account Number: ______________________________

Routing Number: ______________________________

Branch Name: ______________________________

Address: ______________________________

City:______________ State:________ ZIP:________

I further certify that I have received a copy of the Authorization for my files.

Individual Name: ______________________________

Corporate Name: ______________________________

Sub Zero Store: ______________________________

By:______________________________

Title:______________________________

Effective Date:______________________

Please attach a voided blank check for verification purposes.

[VOIDED CHECK]

EXHIBIT I

SBA ADDENDUM
RELATING TO
SUB ZERO FRANCHISING, INC.
FRANCHISE AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on ___________, 20____,by **SUB ZERO FRANCHISING, INC.**, a Utah corporation ("Sub Zero" or "Franchisor"), and _________________________, located at _________________________ ("Franchisee").

Recitals

Franchisor and Franchisee entered into a Sub Zero™ franchise agreement on ____________, 20__, ("Franchise Agreement"). Franchisee agreed among other things to operate and maintain a Sub Zero™ franchise located at _________________ designated by Franchisor as Unit #_________ (Unit). Franchisee has obtained from a lender a loan (the "Loan") in which funding is provided with the assistance of the United States Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining the SBA assisted financing.

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

1. The Franchise Agreement is in full force and effect, and Franchisor has sent no official notice of default to Franchisee under the Franchise Agreement that remains uncured on the date hereof.
2. If Franchisor must operate the business under Section 14(d) of the Franchise Agreement, Franchisor will operate the business for a 90-day renewable term, renewable as necessary for up to one year and Franchisor will periodically discuss the status with Franchisee or its heirs.
3. Under Section 14(b) of the Franchise Agreement, Franchisee, upon transfer, will not be bound by the terms of the new franchise agreement and guarantee performance of the transferee.
4. Section 16(c) is amended so that Franchisee is given the right to decide, or the option, in its sole discretion, to sell its real estate to Franchisor or any of Franchisor's affiliates, as the case may be, upon termination or expiration of the Franchise Agreement. Franchisor may have the option to lease for the remainder of the term of the Franchise Agreement (excluding additional renewals) for fair market value.
5. If Franchisee becomes disabled under Section 14(d) of the Franchise Agreement and the parties are unable to agree as to whether Franchisee is permanently disabled, the disability shall be determined by three Physicians chosen in the following manner. Franchisee shall select one and Franchisor shall select one, and the two physicians so chosen shall select a third physician. The decision of the majority of the physicians so chosen shall be conclusive.
6. The following is added to the end of Section 14(h) of the Franchise Agreement:

"However, Sub Zero may not exercise a right of first refusal:

(a) If a proposed Transfer is between or among individuals (including members of their immediate families and their respective spouses) who, at the time of the proposed Transfer, have an ownership interest in Franchisee or the Franchised Store, and who have guaranteed Franchisee's obligations under a then outstanding indebtedness which is guaranteed by the United States Small Business Administration ("SBA") (Owner/Guarantors); or

(b) If a proposed Transfer involves a person other than an Owner/Guarantor and the proposed Transfer involves a noncontrolling ownership interest in Franchisee or the Franchised Store, unless such noncontrolling interest: (1) represents less than a 20% ownership interest in Franchisee or in the Franchised Store, or (2) Sub Zero (in combination with Franchisee) qualifies as a small business and the exercise of the right does not affect the eligibility of the borrower to qualify for the SBA loan guarantee program.

Sub Zero's right to approve or to disapprove a proposed Transfer or transferee, or to exercise its right of first refusal with respect to a Transfer of a controlling interest in Franchisee or the Franchised Store, shall not be affected by any of the foregoing provisions. If Sub Zero does not qualify as a small business under SBA regulations, the parties acknowledge and understand that Sub Zero's exercise of its right of first refusal may result in an SBA guaranteed loan becoming immediately due and payable."

7. This Addendum automatically terminates on the earliest to occur of the following: (i) a termination occurs under the Franchise Agreement; (ii) the Loan is paid; or (iii) SBA no longer has any interest in the Loan.

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Addendum as of the day and year first above written.

FRANCHISOR: **SUB ZERO FRANCHISING, INC.**	**FRANCHISEE:**
By: ______________________	By: ______________________
Print Name: ________________	Print Name: ________________
Title: _____________________	Title: _____________________

EXHIBIT J

MULTI-STATE ADDENDUM TO THE FDD AND FRANCHISE AGREEMENT

The following modifications and additions are part of the **SUB ZERO** Franchise Disclosure Document ("FDD") and Franchise Agreement ("FA"") and Multiple Purchase Addendum ("MPA"), as required by relevant state laws.

CALIFORNIA

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

WE MAINTAIN A WEB SITE AT THE FOLLOWING ADDRESS: www.subzeroicecream.com

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT CORPORATIONS, ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.com.

FDD, FA

The Franchise Agreement contains a waiver of punitive damages provision and a waiver of a jury trial provision. These provisions might not be enforceable under California law.

FDD Item 3

Neither the franchisor, nor any person listed in Item 2 of the Franchise 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 these persons from membership in this association or exchange.

FDD Item 5; FA Section 6(a); MPA Section 1

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

FDD Item 17; FA Sections 14, 15, 16, and 20

1) California Law Regarding Termination and Nonrenewal. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination or non-renewal of a franchise. If the Franchise Agreement or Area Developer Agreement contains a provision that is inconsistent with the law, the law will control.

2) Post-Termination Noncompetition Covenants. The Franchise Agreement and Area Developer Agreement contain covenants not to compete that extend beyond the termination of the franchise. This provision may not be enforceable under California law.

3) Liquidated Damages. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

4) Arbitration. The Franchise Agreement requires binding arbitration. The arbitration will occur at Salt Lake City, Utah with the costs being borne by the respective parties (unless you must reimburse us as provided under the Franchise Agreement). 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 Procedures Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

5) Applicable Law. The agreements require application of the laws of the State of Utah. This provision may not be enforceable under California law.

6) Bankruptcy. The agreements provide for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11. U.S.C.A. Sec. 101 et seq.), but we will enforce it if enforceable.

7) Waiver of Punitive Damages and Jury Trial. The agreements contain a waiver of punitive damages provision and a waiver of a jury trial provision. These provisions might not be enforceable under California law.

8) Conditions for Approval of Transfer. YOU MUST SIGN A GENERAL RELEASE OF CLAIMS IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE SECTION 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE SECTIONS 31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE SECTION 20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODES SECTIONS 20000 through 20043).

9) Disclosure Document. Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document, in a form and containing such information as the Commissioner of Corporations may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

Connecticut

FDD Cover Sheet

DISCLOSURES REQUIRED BY CONNECTICUT LAW

The State of Connecticut does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney
before you sign a contract or agreement.

FDD Item 3

The disclosures in Item 3 include information on pending and completed actions related to:

Securities Laws;

Business Opportunity Laws;
Actions Brought by Present or Former Purchaser-Investors Involving Franchise or Business Opportunity Relationships.

FDD Items 7 and 8, FA Sections 4, 5, 9, and 15

If the seller fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within **45** days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be canceled.

Georgia

DISCLOSURES REQUIRED BY GEORGIA LAW

The State of Georgia has not reviewed and does not approve, recommend, endorse, or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

Idaho

FDD Item 17, FA Section 20, ADA Section 11

Any condition in a franchise agreement executed by a resident of Idaho or a business entity organized under the laws of Idaho is void to the extent it purports to waive venue or jurisdiction of the Idaho court system. Venue and jurisdiction will be in Idaho if the franchisee is an Idaho resident or a business entity organized under the laws of Idaho.

Illinois

FDD Items 5 and 6

The Illinois Franchise Disclosure Act prohibits discrimination among franchisees for payments made for Initial Franchise Fees, Royalty Fees, and the purchase of goods or services from the franchisor.

FDD Item 17

A franchisee's rights upon termination and non-renewal may be affected by Illinois law. (815 ILCS 705/1-44).

Releases executed by franchisees must comply with the Illinois Franchise Disclosure Act. Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of The Illinois Franchise Disclosure Act or any other law of the state of Illinois is void. (See Section 41 of the Illinois Franchise Disclosure Act, and Rule 200.609 of the Rules and Regulations).

The governing law and choice of law clauses contained in the Franchise Agreement are subject to Illinois Law.

Any provision in the Franchise Agreement, Area Developer Agreement and any ancillary Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois, provided that a Franchise Agreement or Area Developer

Agreement may provide for arbitration in a forum outside of Illinois. (See Section 4 of the Illinois Franchise Disclosure Act, and Rule 200.608 of the Rules and Regulations).

Maryland

This Maryland addendum amends the franchise agreement and the multiple purchase addendum.

FA

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

FDD Item 5, FA Section 6(a); MPA Section 1

Based upon the franchisor's financial statements, the Maryland Securities Commissions has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

FDD Item 17, FA

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

FDD Item 17, FA

The general release required as a condition of renewal, sale, assignment or transfer of the franchise will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

FDD Item 17, FA

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within **3** years after the grant of the franchises.

FDD Item 17, FA

Any provision that provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

Michigan

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are included in these franchise documents, the provisions are void for Michigan franchisees and cannot be enforced against Michigan franchisees. These provisions are:

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise investment law. This will not preclude a franchisee, after entering into a Franchise Agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause will include the failure of the franchisee to comply with any lawful provision of the Franchise Agreement and to cure the failure after being given written notice and a reasonable opportunity, which in no event need be more than 30 days, to cure the failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if:

(i) The term of the franchise is less than 5 years, and

(ii) The franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise, or the franchisee does not receive at least six months' advance notice of the franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation will be conducted outside this state. This will not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause will include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any breach in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of assets if the franchisee has breached the lawful provisions of the Franchise Agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer the franchisee's obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact that there is a notice of this offering on file with the Attorney General does not constitute approval, recommendation or endorsement by the Attorney General. A franchisor whose most recent financial statements are unaudited and show a net worth of less than $100,000 will, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of the escrow. Any questions regarding this notice should be directed to the Department of the Michigan Attorney General, 6520 Mercantile Way, Suite 3, Lansing, Michigan 48913; (517) 373-3800.

The name and address of the franchisor's agent in Michigan authorized to receive service of process is:

Michigan Department of Commerce
Corporation and Securities Bureau
Office of Franchise and Agent Licensing
6546 Mercantile Way
P. O. Box 30222
Lansing, Michigan 48910

Minnesota

Minnesota law prohibits requiring a franchisee to waive his or her rights to a trial or to consent to liquidated damages, termination penalties, or judgment notes. (Minn. Rules 2860.4400(J)).

FDD Item 17; FA Sections 15(b), 15c), 3(b), 14(b) and 14(c)

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subds. 3, 4, and 5, which require (except in certain specified cases) that a franchisee be given **90** days notice of termination (with **60** days to cure) and **180** days notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

FDD Item 17; FA Section 20

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

FDD Item 13; FA Section 8

Minnesota Statutes Section 80C.20, Subdivision 1(g) allows the Minnesota Commissioner of the Department of Commerce to issue a cease and dismiss order or issue an order denying, suspending or revoking any registration, amendment or exception on finding any of the following . . . that the method of sale or proposed method of sale of franchises or the operation of the business of the franchisor or any term or condition of the franchise agreement or any practice of the franchisor is or would be unfair or inequitable to franchisees. Pursuant to this section, the Commissioner requires all franchisors registering in the state of Minnesota to state that the franchisor will protect the franchisee's right to use the trademarks, service marks, trade names, logo types or other commercial symbols or indemnify the franchisee from any loss, cost or expenses arising out of any claim, suit or demand regarding the use of the name. We intend to comply with the Minnesota statute and to protect the franchisee's rights and indemnify the franchisee for any losses to the full extent required by relevant state law.

FDD Item 17, FA Sections FA Sections 3, 14 and 15

Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release. The general release provisions in the Franchise Agreement are void and unenforceable in the state of Minnesota.

FA Section 20

Pursuant to Minnesota Statutes Section 80.C.21, this section will not in any way abrogate or reduce any rights of the franchisee as provided for in Minnesota Statutes, Chapter 80.C, including, but not limited to, the right to submit matters to the jurisdiction of the courts in Minnesota.

New York

FDD Cover Page

FRANCHISE DISCLOSURE DOCUMENT COVER PAGE

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT D OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY THE STATE OF NEW YORK DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.

FDD Item 3

Except as described above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony; violation of a franchise, antitrust, or securities law; fraud; embezzlement; fraudulent conversion; misappropriation of property; unfair or deceptive practices; or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchises and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or been held liable in a civil action alleging: violation of a franchise, antitrust, or securities law; fraud; embezzlement; fraudulent conversion; misappropriation of property; unfair or deceptive practices; or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling these person from membership in these associations or exchanges; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

FDD Item 4

Except as disclosed above, neither the franchisor nor any of its affiliates, its predecessor, officers, or general partners have, during the 10 year period immediately preceding the date of the Franchise Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the U.S. Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of ours held this position in the company or partnership

FDD Item 5

The initial franchise fee constitutes part of our general operating funds and will be uased as such in our discretion.

FDD Item 17

The following is added to the end of the "Summary" sections of Item 17(c), titled **"Requirements for franchisee to renew or extend,"** and Item 17(m), entitled **"Conditions for franchisor approval of transfer"**:

However, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provision of General Busiess Law 687.4 and 687.5 be satisfied.

The following is added to the end of the "Summary" sections of Item 17(d), titled **"Termination by franchisee"**:

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

The following is added to the end of the "Summary" sections of Item 17(j), titled **"Assignment of contract by franchisor"**:

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

The following is added to the end of the "Summary" sections of Item 17(v), titled **"Choice of Forum"**, and Item 17(w), titled **"Choice of Law"**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by the Article 33 of the General Business Law of the State of New York.

OHIO

The Ohio Business Opportunity Plan Law requires a notice of the purchaser's right to cancel the agreement in at least ten-point boldface type, in the following form and in close proximity to the space reserved in the agreement for the signature of the purchaser:

> **"You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right."**

A completed form, in duplicate, captioned "notice of cancellation," must be attached to the agreement signed by the purchaser and be easily detachable and must contain in ten-point boldface type, the following statement:

"NOTICE OF CANCELLATION

> **(Enter date of transaction)**
>
> **You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up**

within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to (name of seller), at (address of seller's place of business), or send a fax to (name of seller) at (seller's facsimile number) or an e-mail to (name of seller) at (seller's electronic mail address), not later than midnight of (enter date).

I hereby cancel this transaction.

....	....
(Date)	**(Purchaser's signature)"**

FDD Item 17, FA Section 9

Ohio's Business Opportunity Plan Law, Section 1334.06 provides that in connection with the sale or lease of a business opportunity plan, any provision in an agreement restricting jurisdiction or venue to a forum outside of the state of Ohio, or requiring the application of laws of another state other than the state of Ohio, is void with respect to a claim otherwise enforceable under Sections 1334.01 to 1334.15 of the Revised Business Opportunity Plan Law.

The Ohio Business Opportunity Plan Law requires that certain provisions contained in the Franchise Agreement be amended to be consistent with Ohio Law:

In the event of a conflict of laws, Ohio law will prevail.

Any claim or action may be brought in the appropriate state or federal court in Ohio.

The statutes of limitations under Ohio Law will apply.

Virginia

FDD Item 5; FDD Item 5, FA section 6(a), MPA Section 1

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

FDD Item 9

In Virginia, notice of approval or disapproval of a proposed supplier will be issued by us within 45 days after the franchisee has delivered all required materials.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement do not constitute "reasonable cause, " as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Washington

FDD STATE COVER PAGE: RISK FACTORS

THE FRANCHISOR HAS LIMITED FINANCIAL RESOURCES WHICH MIGHT NOT BE ADEQUTE TO FUND THE FRANCHISOR'S PRE-OPENING OBLIGATIONS TO EACH FRANCHISEE AND PAY OPERATING EXPENSES.

FDD Item 5; FDD Item 5, FA section 6(a), MPA Section 1

Based upon the franchisor's financial statements, the Washington State Securities Division has imposed financial assurance requirements on the franchisor. In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchisee fees until the franchisee has (a) received all initial training that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.

FDD Item 17; FA Section 14 and 20

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 by 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 will 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 will prevail.

A release or waiver of rights executed by a franchisee will 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.

The franchisee acknowledges receipt of this Addendum.

It is agreed that the applicable foregoing state law addendum for the state of ____________, if any, supersedes any inconsistent portion of the Franchise Agreement (to which this addendum is attached) of this same date, and of the Franchise Disclosure Document. All terms of the Franchise Agreement, including these State Law Addendum provisions for the relevant state, have been agreed to at the time the Franchise Agreement was signed, to the extent that they are valid requirements of an applicable, effective, and enforceable state law. However, this addendum will have effect only if the Franchise Agreement or our relationship with you satisfies all of the jurisdictional requirements of the relevant state's franchise laws, without considering this addendum, and only to the extent the addendum reflects then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect.

DATED this __ day of _________, 20_.

("we/us"): **SUB ZERO FRANCHISING, INC.**

By:________________________________

Print Name: __________________________

Title:_______________________________

("you"):

By:________________________________

Print Name: __________________________

Title:_______________________________

EXHIBIT K

Franchisee Closing Questionnaire

SUB ZERO FRANCHISING, INC.,
a Utah corporation
62 W. Center St.
Provo, UT 84601
(801) 494-0960

SUB ZERO FRANCHISING, INC. ("**Sub Zero**"), through the use of this Franchisee Closing Questionnaire, desires to verify certain information about the sales process and to confirm that Sub Zero and its employees have complied with applicable franchise disclosure laws. Sub Zero further desires to confirm that you fully understand that the purchase of a Sub Zero franchise is a business decision involving the evaluation of many risks. Sub Zero's policy is to verify and confirm that in making your decision you are not relying upon any oral statement, representation, promise or assurance made during the negotiations for the purchase of a Sub Zero franchise by any director, officer, employee, agent or representative of Sub Zero (each, a "**Representative**") that is not specifically reported in Sub Zero's then-current Franchise Disclosure Document, including all of the exhibits attached to it (the "**Disclosure Document**").

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

BACKGROUND AND GENERAL INFORMATION

1. Please state your name and address:

____
____
____

2. Please state the full name of the Franchisee if you are using a corporation, limited liability company, partnership or other entity to purchase the Franchise:

____
____
____

3. What is the location of the Franchised Store you are purchasing?

____
____
____

4. Franchisee is (check applicable box):

☐ An individual
☐ A corporation
☐ A limited liability company
☐ A general partnership
☐ A limited partnership

5. If Franchisee is other than an individual, indicate the capacity in which the undersigned is authorized to act on behalf of the Franchisee (check applicable box):

☐ Officer (insert title): ______________________________
☐ General Partner
☐ Other (please explain): ______________________________

6. Have you received a copy of Sub Zero's most current Disclosure Document?

Yes ☐ No ☐

7. On what date did you receive the Disclosure Document? ____________________

ACKNOWLEDGEMENT

By signing below, you acknowledge that you have personal knowledge of the following facts and that they are all true and correct:

1. You acknowledge that you received the Disclosure Document at least 14 calendar days before you signed a binding agreement with or made a payment to us or our affiliate in connection with the proposed franchise sale, or sooner if required by state law.

2. You acknowledge that you received the Franchise Agreement (if applicable) at least 7 calendar days before signing them.

3. You acknowledge that you have personally and carefully reviewed the Disclosure Document, that you understand all of the information in the Disclosure Document and that you have been advised by a Representative to have professional advisors of your own, including legal counsel, review the Disclosure Document and consult with you regarding the risks associated with the purchase and operation of a Sub Zero franchise.

4. You acknowledge that you have made your own independent determination as to whether you have the capital necessary to fund a Sub Zero franchise.

5. You recognize and understand that the success or failure of a Sub Zero franchise is subject to many variables, including, but not limited to, (a) geographic location; (b) competition from other businesses in the market; (c) advertising effectiveness based on market saturation; (d) whether you assume the sales position or hire a sales manager; (e) your product and service pricing; (f) vendor prices on materials, supplies and inventory; (g) salaries and benefits to non-business personnel; (h) business personnel benefits (life and health insurance, etc.); (i) weather conditions; (j) employment conditions in the market; (k) inflation, and (l) lease terms and costs and other business factors. You acknowledge your willingness to undertake these business risks and that it is your responsibility to manage your Sub Zero franchise. You understand that the success or failure of your Sub Zero franchise depends primarily upon your efforts and not those of Sub Zero.

6. You acknowledge and agree that your decision to purchase a Sub Zero franchise is in no manner predicated upon any representations, assurances, warranties, guarantees or promises made by a Representative as to the likelihood of success of a Sub Zero franchise. You further acknowledge that you

have not received any information from a Representative concerning actual, average, projected or forecasted sales, gross receipts, operating costs, revenues, income, profits or earnings, that is not contained in the Disclosure Document, except as follows (if no exceptions, write "None"):

____

____

____

7. You acknowledge that a Representative has not made any statement, promise or assurance concerning the likelihood of success that you should or might expect to achieve from developing and operating a Sub Zero Store. If you believe that one of these statements, promises or assurances has been made, please describe the statement, promise or assurance in the space provided below or write "None".

____

____

____

8. You acknowledge that a Representative has not made any statement, promise or assurance concerning the advertising, marketing, training, support services or assistance that Sub Zero will furnish you that is contrary to, or different from, the information contained in the Disclosure Document. If you believe that one of these statements, promises or assurances has been made, please describe the statement or promise in the space provided below or write "None".

____

____

____

9. You acknowledge that a Representative has not made any other statement, promise or assurance concerning any other matter related to a Sub Zero Store that is contrary to, or different from, the information contained in the Disclosure Document. If you believe that one of these statements, promises or assurances has been made, please describe the statement, promise or assurance in the space provided below or write "None".

____

____

____

10. You acknowledge that no rights to any territory or locations whatsoever are granted to you or any other person or entity designated as Franchisee in your Franchise Agreements except as reported in the Disclosure Document or your Franchise Agreements.

Note that under applicable state law, these representations and acknowledgements may not act as a release, estoppel or waiver of any liability incurred.

PROSPECTIVE FRANCHISEE: (Individual)

____

Name

____

Signature

Date:____________________________

PROSPECTIVE FRANCHISEE:

(Corporation, Partnership or Limited Liability Company)

a/an ____________________________ corporation

a/an ____________________________ partnership

a/an ____________________________ limited liability company

____

By: ____________________________

Its: ____________________________

Date:____________________________

RECEIPT

This franchise disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If SUB ZERO FRANCHISING, INC. offers you a franchise, SUB ZERO FRANCHISING, INC. must provide this disclosure document to you by the earliest of:

1. The first personal meeting to discuss the franchise (in New York and Rhode Island) OR
2. 14 calendar days before you sign a binding agreement with or make a payment to the franchisor or an affiliate in connection with the proposed franchise sale (10 business days in Michigan, New York, and Rhode Island).

If SUB ZERO FRANCHISING, INC. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit D.

The name, principal business address, and telephone number of each franchise seller offering the franchise:

- ☐ Jerry Hancock, 62 W. Center St., Provo, UT 84601, (801) 494-0960
- ☐ Peter Black, 62 W. Center St., Provo, UT 84601, (404)353-3437
- ☐ Other:

Our authorized agents for service of process are identified on Exhibit D to this Franchise Disclosure Document.
Date of Issuance: November 23, 2016, as amended February 8, 2017

I have received a Franchise Disclosure Document dated as indicated above that included the following Exhibits:

A	Financial Statements
B	Franchise Agreement
C	Information Concerning Sub Zero Area Developers and Sales and Service Representatives
D	List of State Agencies/Agents for Service of Process/Effective Dates
E	Operating Manuals Table of Contents
F	Conditional Assignment of Telephone and Directory Listings
G	Abandonment, Relinquishment, & Termination of Assumed/Fictitious Business Name
H	Authorization for Electronic Funds Transfer
I	SBA Addendum
J	Disclosure Document and Agreement Multi-State Law Addenda
K	Franchisee Closing Questionnaire

DATED this __ day of ____________, 20__.

Signatures of All Prospective Franchisees:
Individuals: ____________________ ____________________

Name of Corporation/LLC/Partnership: ____________________

By: ____________________ Title: ____________________

Keep this copy for your records.

RECEIPT

RECEIPT

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DATED this __ day of ____________, 20__.

Signatures of All Prospective Franchisees:

Individuals: ______________________ ________________________

Name of Corporation/LLC/Partnership: ________________________

By: ________________________ Title: ________________________

Please sign this copy of the Receipt, date your signature, and return it to Sub Zero Franchising, Inc. by email attachment to jerry.hancock@subzeroicecream.com, by fax to (801)820-9065, or by mail to: 62 W. Center St., Provo, UT 84601