

FRANCHISE DISCLOSURE DOCUMENT



YF Franchise LLC
a Delaware limited liability company
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Department of
Business Oversight

The franchise is the right to develop, own and operate either an ice cream parlour or a restaurant that, in either case, specializes in the sale of proprietary ice cream, ice cream novelties, frozen confections, milkshakes, specialty drinks and related products under the "Swensen's[®]" and the "Swensen's Ice Cream[®]" name and marks.

We have two main business formats: (i) Swensen's Grill & Ice Cream Restaurants, and (ii) Swensen's Ice Cream Parlour. The total investment necessary to begin operation of a Swensen's Grill & Ice Cream Restaurant is \$366,000 to \$1,213,900. This includes \$35,000 that must be paid to the franchisor and/or its affiliate. The total investment necessary to begin operation of a Swensen's Ice Cream Parlour is \$221,000 to \$514,900. This includes \$25,000 that must be paid to the franchisor and/or its affiliate.

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government 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 Sarah Kulbatski at 210 Shields Court, Markham, Ontario, Canada L3R 8V2 and (905) 479-8762.

The terms of your contract will govern your franchise relationship. Don't rely on this Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or an accountant.

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

information. Call your state agency or visit your public library for other sources of information on franchising.

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

ISSUANCE DATE: May 18, 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 A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit A for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

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

1. IF YOU ARE A BUSINESS ENTITY, YOUR OWNERS WILL HAVE TO GUARANTY YOUR OBLIGATIONS AND BE BOUND BY THE PROVISIONS OF OUR FRANCHISE AGREEMENT. THE SPOUSES OF THE OWNERS MAY ALSO BE REQUIRED TO CONSENT TO THE GUARANTY, WHICH PLACES YOUR AND YOUR SPOUSE'S MARITAL ASSETS AT RISK.

2. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: See the next page for the state effective dates.

STATE EFFECTIVE DATES

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

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

California Pending

In all other states that do not require registration, the effective date of this Disclosure Document is the issuance date of May 18, 2017.

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

To simplify the language in this franchise disclosure document (this “Disclosure Document”), we use the terms “Franchisor” or “we” to refer to YF Franchise LLC. “You” means the person or entity that buys the franchise. If you are a corporation, partnership, limited liability company or other entity, certain provisions of the Franchise Agreement (defined below) and related agreements will also apply to your owners.

The Franchisor

We are a Delaware limited liability company, originally formed on August 29, 2000 under the name Coolbrands Franchise LLC. We changed our name to YF Franchise LLC on December 19, 2005. Our principal business address is 210 Shields Court, Markham, Ontario, Canada L3R 8V2. We do business under the names Swensen’s, Swensen’s Grill & Ice Cream, and Swensen’s Ice Cream. We do not do business under any other name. We were formed to offer, sell and service franchises for Franchised Businesses (defined below). From August 2000 to July 2015, we also offered master franchises to qualified parties who would purchase a master franchise agreement for the right to subfranchise Franchised Businesses in designated areas. Currently, we do not have any master franchisees operating in the United States. We do not currently own or operate any Franchised Businesses. We have never offered franchises for any other concepts, but we may do so in the future. We disclose our agents for service of process in Exhibit A.

Our Parents, Predecessors and Affiliates

Our parent company is Yogen Früz Acquisitions Inc., a Nevada corporation formed on July 17, 1995 (“YFAI”). YFAI shares our principal address. YFAI has never owned, offered or operated Franchised Businesses, but may do so in the future.

The parent company of YFAI is International Franchise Inc., an Ontario corporation (“IFI”) formed on September 13, 2004. IFI shares our principal address. IFI has never owned, offered or operated Franchised Businesses, but may do so in the future. IFI owns the Swensen’s and related trademarks in the United States, as described in Item 13, and licenses them to us.

We have no predecessors that have to be disclosed in this Item 1.

Our affiliate, Yogen Früz U.S.A., Inc. (“YF U.S.A.”), a Nevada corporation, was formed on May 8, 1989. Since its formation, YF U.S.A. has offered master franchises that allow the master franchisee to subfranchise Yogen Früz outlets that serve frozen yogurts and other specialty products. As of the date of this Disclosure Document, there are 7 YF U.S.A. master franchisees operating in the United States and 67 unit franchises operating in the United States. YF U.S.A. has never owned or operated Franchised Businesses, nor offered franchises in any other lines of business, but may do so in the future.

We have other affiliates who sell franchises outside the United States. We do not have any other parents or affiliates required to be disclosed in this Item.

The Franchises We Offer

We offer franchises for two main business formats: (i) Swensen's Grill & Ice Cream Restaurants ("Restaurants"), and (ii) Swensen's Ice Cream Parlours ("Parlours"). The franchise described in this disclosure document grants you the right to enter into a franchise agreement, in the form attached as Exhibit B to this Disclosure Document (a "Franchise Agreement"), under which you will agree to own and operate a Restaurant or Parlour (each a "Franchised Business" and together the "Franchised Businesses") using the proprietary marks Swensen's®, Swensen's Ice Cream® and other related trademarks, trade names, trade dress, copyrights, logos, insignia and domain names (collectively, "Proprietary Marks") we authorize from time to time. Franchised Businesses specialize in the sale of proprietary ice cream, ice cream novelties, frozen confections, milkshakes, specialty drinks, frozen desserts and related products (the "Proprietary Products"). Parlours and Restaurants both offer full lines of Proprietary Products for dine-in or carry-out, but Restaurants also offer specialty sandwiches, salads, hamburgers, and other menu items that we specify from time to time in a sit-down restaurant environment. Restaurants are typically stand-alone or in-line locations within shopping centers, strip malls and traditional real estate venues, and Parlours are typically smaller in-line or end-cap locations in shopping centers and strip malls.

Franchised Businesses operate using business formats, operating and marketing methods, procedures, designs, layouts, standards and specifications (including available authorized products and services), all of which we designate and which we and our affiliates may own, improve, further develop, or otherwise modify (together, the "System"). We call the Franchised Business that you will operate "your Franchised Business." Under the Franchise Agreement, you will receive the right to use the Proprietary Marks and the System to operate your Franchised Business at a site selected by you and approved by us (the "Approved Location").

Market and Competition

The ice cream and frozen yogurt market is developed and competitive, but fragmented. Your competition will be any restaurant, food service, supermarket or other business that offers frozen dessert products (including those products that are similar to the frozen yogurt, ice cream, yogurt or ice cream shakes, and other ice cream and yogurt based products that are offered by Franchised Businesses), or whose menu, concept, business model or method of operation is similar to that employed by a Franchised Business.

Regulations

You should consider that certain aspects of the restaurant and food service industry are heavily regulated by federal, state and local laws, rules and ordinances. The U.S. Food and Drug Administration, the U.S. Department of Agriculture, and various state and local departments of health and other agencies have laws and regulations concerning the preparation of food, display of nutrition facts, and sanitary conditions of restaurant facilities. State and local agencies routinely conduct inspections for compliance with these requirements. Certain provisions of these laws impose limits on emissions resulting from commercial food preparation. Compensation of restaurant employees (including minimum wage and overtime requirements) is

governed by both federal and state laws. You will need to understand and comply with these laws in operating the Restaurant. There may be other laws applicable to your business. We urge you to make further inquiries about these laws

ITEM 2

BUSINESS EXPERIENCE

President and Manager: Aaron Serruya

Mr. Serruya has served as our President and a Manager since December 23, 2005. Additionally, since May 1989, he has served as President and a Director of our affiliate, YF U.S.A., and, since September 2007, as the President and Director of Yogen Früz Canada, Inc. ("YFCI"). All of these companies are located in Markham, Ontario, Canada.

Chief Operating Officer, Secretary and Manager: Simon Serruya

Mr. Serruya has served as our Chief Operating Officer, Secretary and Manager since January 2006. In addition, Mr. Serruya has served as Secretary, Treasurer and Director for YFCI since September 2007 and the Vice President and Director of YF U.S.A., Inc., since May, 2010, each located in Markham, Ontario, Canada.

Executive Vice President, Brand Development: Garry MacDonald

Mr. MacDonald has served as our, YFCI's and YF U.S.A.'s, Executive Vice President of Brand Development since February 2008, all located in Markham, Ontario, Canada.

Vice President, Domestic Operations: Brian D. Ball

Mr. Ball has served as our and YF U.S.A.'s Vice President of Domestic Operations since September 2008. His employers are based in Markham, Ontario, Canada, but he works primarily from Euless, Texas.

Vice President, Franchise Development: Sarah Kulbatski

Ms. Kulbatski has served as our Vice President of Franchise Development since October 2006. She has also served as the Vice President of Franchise Development at YF U.S.A. and YFCI since December 2006, both located in Markham, Ontario, Canada.

Manager of Operations and Business Development: Jack Serruya

Mr. Serruya has been our and YF U.S.A.'s Manager of Operations and Business Development since January 2007. His employers are based in Markham, Ontario, Canada, but he works primarily from Miami, Florida.

Vice President, Operations: Carlos Campos

Mr. Campos has served as Vice-President of Operations for us, YF U.S.A., and YFCI since March 2006. His positions are based in Markham, Ontario, Canada.

ITEM 3

LITIGATION

2433872 Ontario Inc., James Cappellano. v. Yogurty's Yogurt Inc., Aaron Serruya, Simon Serruya, Jeff Johnston, Ontario Superior Court of Justice, Court File No. CV-16-551844. On April 28, 2016 Yogurty's franchisee, 2433872 Ontario Inc., and its principal, James Cappellano (together, "Franchisee Plaintiffs") filed a claim in the Ontario Court against Yogurty's Yogurt Inc., Aaron Serruya, Simon Serruya and Jeff Johnston (collectively "Defendants") under the Arthur Wishart Act, Ontario, Canada's franchise disclosure laws (the "Act"). Franchisee Plaintiffs seek damages based on allegations that Defendants' franchise disclosure document was materially deficient under the Act and did not constitute a disclosure document as the term is defined in the Act; that Defendants' made misrepresentations upon which Franchisee Plaintiffs relied to their detriment; and, that Franchisee Parties had validly rescinded its franchise agreement on February 26, 2016. Defendants deny all of the Franchisee Parties allegations and filed a counterclaim against Franchise Plaintiffs for breach of the Franchise Agreement. As of the date of this Disclosure Document, Defendants' Statement of Defense has been prepared and filed and the action is pending before the Ontario Court.

ITEM 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Deposit: Prior to signing a Franchise Agreement, you will be required to sign a Deposit Agreement in the form attached to this Disclosure Document as Exhibit G and pay us, on signing the agreement, \$10,000 (the "Deposit"). If, within 90 days after you sign the Deposit Agreement, you have not, for whatever reason, signed a Franchise Agreement, you or we may terminate the Deposit Agreement by written notice to the other party, in which case, we will refund the Deposit to you, less our actual out-of-pocket expenses that we incurred in connection with the Deposit Agreement or your or our activities under that agreement. The Deposit is uniformly assessed, is payable in a lump sum, and is not refundable except as described in this paragraph.

Initial Franchise Fee: On signing the Franchise Agreement, you will pay us an initial franchise fee (the "Initial Franchise Fee") of \$25,000 if you opt to develop and operate a Parlour, or \$35,000 if you opt to develop and operate a Restaurant. If you have signed a Deposit Agreement and paid a Deposit, we will apply the entire Deposit toward the applicable Initial Franchise Fee. The Initial Franchise Fee is uniformly assessed, is payable in a lump sum, and is not refundable.

ITEM 6
OTHER FEES

TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS
Royalty Fees	6% of Gross Sales ²	Weekly	
Advertising Fund Contribution	Currently 3% of your Gross Sales.	Weekly	You will contribute 3% of your Gross Sales to the Advertising Fund (defined in Item 11), which we will use to promote the Proprietary Marks and the Swensen's brand generally.
Interest on Late Payment	Lesser of: (a) 150% of the Prime Rate of interest as quoted by the <i>Wall Street Journal</i> on the date the payment is due; or (b) the maximum rate of interest allowed by law, from the due date thereof until the date of actual payment thereof.	As incurred	Owed only on amounts not paid by their due dates.
Late Payment Fee	\$50 per occurrence	As incurred	Owed if we do not receive a payment or report by the 6 th day after the end of any week.
Manual Replacement Fee	\$5,000 per volume	As incurred	If any of the Manuals (as defined in Item 11) are lost, stolen or destroyed and replacement copies must be provided.
Payment to cure deficiencies.	Will vary under circumstances.	As incurred	If you fail or refuse to remedy any deficiency relating to the cleanliness of the Franchised Business within 48 hours of receiving notice from us, or fail to initiate a bona fide program to remedy the deficiency within 7 days of such notice, we may enter the Franchised Business and correct the deficiency on your behalf, and you will pay us the entire costs we incur fixing the deficiency.

TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS
Application Fee (Transfer)	\$1,000 - \$2,000	As incurred	In the event you receive an offer for a significant interest of the Franchised Business, you will, prior to accepting such offer, make written application to us for the purpose of obtaining our consent to such sale, assignment and transfer. You will provide us with a check for \$2,000 to review the terms of the purchase, which will be a portion of the Transfer Fee (described below), of which \$1,000 will be refunded to you if we refuse to consent to the sale, assignment or transfer of the Franchised Business.
Legal Fees (Transfer)	The lesser of (a) \$2,500, or (b) our legal costs for evaluating any proposed transfer of your Franchised Business	As incurred	
Transfer Fee	The greater of (a) \$5,000, or (b) 5% of the gross sale price stated in the accepted offer	As incurred	You must pay a transfer fee should you choose to sell or transfer your Franchised Business.
Training Fee – Transfer of Franchise Agreement	Our-then current training fee plus travel and living expenses	As incurred	Payable as a condition of our approval of a transfer in exchange for training of the transferee.
Renewal Fee	50% of the then Initial Franchise Fee	Upon renewal	Paid in lieu of an Initial Franchise Fee on renewal of the Franchise Agreement
Inspection and Audit Fee.	Costs we incur in connection with an audit, including interest on any unpaid amounts that an audit may reveal	If incurred	You reimburse our costs if an audit we conduct reveals an understatement in any report of 2% or more.
Indemnification	Amounts Incurred	As incurred	You must indemnify and hold us harmless under the Franchise Agreement

TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS
Additional or Repeat Training	\$750 per person	As incurred	We may charge you an additional training fee if we require or you request additional training.
Management of Business	Will vary under circumstances.	As incurred	If we must exercise our "step-in" rights and manage your Franchised Business we will be entitled to reasonable compensation and expenses we incur as a result of our management of your Franchised Business.
Cancellation or Lapse in Insurance Payments	Will vary under circumstances.	As incurred	If we receive notice from any insurance carrier regarding impending cancellation or lapse of any such policy due to your non-payment of any premium installment, we may, at our option, pay the required premium installment on your behalf and you must pay us promptly after our payment.
Procurement of Insurance	Will vary under circumstances	As incurred	If required by the terms of any agreement between us and third parties or if you fail to become insured as required by the Franchise Agreement, we may, at our option, obtain all or part of the insurance you are required to obtain, on behalf of you and for your account. You will timely pay us for any and all premiums or other charges we incur with respect to our obtaining insurance on your behalf.
Blanket Insurance Coverage	Will vary under circumstances	As incurred	We may at our option, require or allow that in lieu of purchasing your own insurance, you pay or participate in any blanket insurance coverage we maintain, at your sole cost and expense.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Payable only if you do not comply with the Franchise Agreement and we are the prevailing party in any relevant litigation or arbitration.
Liquidated Damages	Will vary under circumstances	As incurred	If we terminate your Franchise Agreement for cause, you must pay us within 15 days after the effective date of termination liquidated damages equal to the average monthly Royalty Fees you paid to us during the 12 months of operation preceding the effective date of termination multiplied by (a) 24 (being the number of months in two full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is greater.

Explanatory Notes

1. Unless stated above, all fees are uniformly imposed by and payable to us or our affiliates and are non-refundable.
2. The term "Gross Sales" means the entire amount of the actual sales price, whether for cash, credit or otherwise, of all sales of goods and services in respect of the Franchised Business and all other receipts whatsoever from all business conducted upon or originating from the premises, including sales from vending machines or other mechanical services, the proceeds from any business interruption insurance received with respect to the Franchised Business, sales of goods or services where the orders originate in, at or from the premises whether the delivery or performance is made from the premises or from some other place, and including the value of any complimentary products provided by franchisees at less than normal prices, calculated in accordance with the then-current prices for the Franchised Business not including any sums collected by franchisees for any duly constituted governmental authority and paid out by unit franchisees to such authority on account of state sales taxes or other like taxes imposed upon the sale of goods or services by franchisees from the premises.

ITEM 7 **ESTIMATED INITIAL INVESTMENT** **YOUR ESTIMATED INITIAL INVESTMENT**

Type of Expenditure¹	Amount for Restaurants	Amount for Parlours	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee	\$35,000	\$25,000	Lump Sum	When Franchise Agreement signed	Us
Development Cost (includes build-out fixtures, equipment, signs and leasehold improvements) ²	\$250,000 to \$950,000	\$153,500 to \$400,000	Installments	Before beginning build-out and before opening	Us

Type of Expenditure ¹	Amount for Restaurants	Amount for Parlours	Method of Payment	When Due	To Whom Payment is to be Made
Inventory ³	\$5,000 to \$20,000	\$2,500 to \$6,500	As arranged	Before opening	Suppliers
Site Acquisition ⁴	\$5,000 to \$10,000	\$5,000 to \$8,000	As arranged	Before signing the lease	Leasing Agent
Rent and Security Deposit ⁵	\$10,500 to \$75,900	\$4,500 to \$17,400	As arranged	Before signing the lease	Landlord
Advertising ⁶	\$3,000 to \$10,000	\$3,000 to \$10,000	As arranged	As incurred	Suppliers
Miscellaneous Opening Costs ⁷	\$5,000 to \$20,000	\$5,000 to \$10,000	As incurred	Before opening	Third Parties
Professional Fees ⁸	\$1,000 to \$3,000	\$1,000 to \$3,000	As billed by Suppliers	As incurred	Suppliers
Insurance Premiums ⁹	\$1,500 to \$15,000	\$1,500 to \$5,000	As billed by insurance carrier	Before opening	Insurance Carrier
Additional Funds – 3 Months ¹⁰	\$50,000 to \$75,000	\$20,000 to \$30,000	As arranged	As incurred	Suppliers and Employees
Total ¹¹	\$366,000 to \$1,213,900	\$221,000 to \$514,900			

NOTES:

1. All fees payable to us or our affiliates are not refundable. Whether any of the other payments are refundable will depend on the arrangement between you and the supplier.

2. You must, at your own cost and expense, construct, furnish and equip the Franchised Business at the Approved Location in accordance with plans and specifications approved by us and/or our third party approved design architect.
3. We have based this estimate on the cost of the initial opening inventory required for your Franchised Business for one week. Actual costs may vary, depending on suppliers' prices and shipping distance from your supplier.
4. We have based this estimate on the cost to engage a leasing agent to locate a site and negotiate the lease for any outlet. This amount is not always applicable.
5. This estimate includes the cost of the first month's rent for your Franchised Business and one month's rent for a security deposit. We estimate that you will need between 1,000 to 3,500 square feet for a Restaurant and between 200 and 2,500 square feet for a Parlour. We anticipate that your Restaurant will be located in a strip mall or free-standing location, but may be located within an enclosed shopping mall. We anticipate a Parlour to be located in a shopping center or strip mall. Our estimates do not include the purchase of real property on which to build out your Franchised Business. If you choose to purchase real property for your Franchised Business, you will incur additional costs that we cannot estimate.
6. You must spend at least \$1,000 on advertising prior to opening the Franchised Business, but we recommend you spend between \$3,000 to \$10,000.
7. Miscellaneous opening costs include licensing fees, legal and accounting fees, insurance premiums, utility deposits, sales tax escrows, and other prepaid expenses.
8. We recommend that you consult with an attorney, accountant or other advisor prior to purchasing a Franchised Business.
9. You must obtain and maintain certain types and amounts of insurance. (See Item 8) Insurance costs depend on policy limits, types of policies, nature and value of physical assets, Gross Sales, number of employees, wages paid, square footage, location, business contents, and other factors bearing on risk exposure. Insurance providers may require an annual payment, semi-annual installments or monthly installments. This estimate contemplates annual installments. These estimates also include workers' compensation insurance, which are based on wages, which will vary from state to state. You should review the rates in the state in which you are opening your Franchised Business for an estimate of the premium you will be required to pay
10. The range shown estimates the funds necessary to cover the initial operating expenses for any of the outlets for the first 3 months of operation, including salaries for a manager and employees. The amount required for additional funds was formulated based upon our years of experience as a franchisor.
11. The estimated initial investment figures shown above for setting-up and opening each type of Franchised Business are based primarily on our and our affiliates experience in the restaurant and frozen dessert business. Because these figures are only estimates, it is possible both to reduce and to exceed costs in any of the areas listed above. Your actual initial investment may vary depending on a variety of factors such as: geography, the availability of sites, your Franchised Business's size and location, your discretionary

expenditures, the availability of leasing or financing arrangements, if necessary; your credit rating, and other factors. Neither we nor any of our affiliates offer direct or indirect financing for any part of the initial investment. You should review all figures in this Item 7 carefully with a business advisor before you decide to purchase the franchise.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases and Suppliers

We manufacture Proprietary Products on your behalf, which are uniquely suited for distribution through Franchised Businesses of the System and which, in the mind of the public, are inextricably interrelated with the Proprietary Marks, and (i) which are prepared in accordance with certain secret recipes and formulations, (ii) which are the exclusive property of Franchisor, (iii) with which no other substitute material can reasonably assure a consistent quality and uniformity of product as is required by the System, and (iv) which are to be used by franchisees in the preparation and sale of certain of their products. In order to protect the high standards we established for the benefit of all franchisees of the System and, in particular, in order to ensure a consistent quality and uniformity of the Proprietary Products, you will purchase the Proprietary Products directly from us or a party we designate in writing. If we or the party we designate is unable to furnish you your total requirement of Proprietary Products, you may purchase from an alternative supplier we previously approve.

You will purchase all other types of food and beverage products (other than Proprietary Products) as well as all equipment, materials and supplies required for the operation of the Franchised Business including, without limitation, fixtures, furnishings, signs, displays, decorations, menus, paper goods, dishes, utensils and uniforms ("Products and Supplies") from suppliers as may be approved from time to time by us, which also may include us. We or our affiliates may become approved suppliers of other items, and we or our affiliates may at any time approve a single supplier for any product or service, which may be us or our affiliates. We may, but are not required to, provide a list of approved suppliers in the Manuals or otherwise in writing. As of the date of this Disclosure Document, none of our officers own an interest in any approved supplier or distributor, other than ownership interests in us and our affiliates.

Alternative Purchases and Suppliers

If you can purchase any of such Products and Supplies from alternate suppliers at prices lower than those charged by us or our approved suppliers, you will have the right to purchase the same from such alternate suppliers for as long as such lower prices prevail if you meet certain conditions. Those conditions include, but are not limited to: (i) alternate suppliers being able to supply such Products and Supplies of a similar or superior quality than those which can be obtained from suppliers approved by us and in the quantities and on the delivery dates as you may require; and (ii) we have previously approved the alternate suppliers in writing. We may, prior to the giving of any such approval and at your expense, that you submit specifications, photographs and/or other information or samples to us or our authorized representatives for a

determination as to whether the same comply with the standards of quality established by us for the System. We will advise you of our decision on your request for an alternate supplier within 60 days after our receipt of the information we request from you or from the proposed supplier regarding the supplier's qualifications. If we fail to provide approval within 60 days, it will constitute a denial of your request. We may, at our option, re-inspect from time to time the products of any such approved supplier and to revoke the approval thereof upon failure to continue to meet any of our criteria. We may impose limits on the number of approved suppliers. We may elect to withhold approval of a supplier or revoke approval of any supplier, if at any time the supplier fails to meet any of our criteria. We do not make available our supplier approval criteria

Insurance

You must maintain in full force and effect throughout the Franchise Agreement such insurance coverage as we may from time to time require from an insurance company. The insurance coverage must include, without limitation, comprehensive public liability insurance and product liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Franchised Business, in such amounts as we may require from time to time in the Manuals or otherwise in writing, but in no event in an amount less than \$1,000,000 per occurrence and \$2,000,000 aggregate. Attachment H of the Franchise Agreement contains a full list of our minimum insurance policy requirements. In addition, Franchisee will also procure and maintain in full force and effect property insurance to keep the Approved Location and its contents (including, without limitation, equipment, fixtures and leasehold improvements) insured against loss or damage by fire and such other risks covered in the standard extended coverage endorsement, in an amount not less than 100% of the full replacement cost of such assets. The insurance coverage must extend to and provide indemnity for all obligations assumed by you under the Franchise Agreement and all other items for which you are required to indemnify us under the provisions of the Franchise Agreement. The insurance must also provide that we are entitled to receive prior written notice of any intent to reduce policy limits, restrict coverage, cancel or otherwise alter or amend the policy. All costs in connection with the placing and maintaining of such insurance will be yours and such insurance will be written by an insurance carrier approved by us. You and we and our respective subsidiaries, affiliates, stockholders, directors, officers, employees, agents and assignees will be additional named insured in all such policies, as their respective interests may appear.

Revenue from Franchisee Purchases

We and our affiliates will be entitled to the benefit of any and all discounts, volume rebates, advertising allowances or other similar advantages that either of said parties may obtain from any person, firm or corporation by reason of their supplying products or services to us, our affiliates, you or other franchisees.

We will also be entitled to the benefit of any profits we make on the direct or indirect sale of Proprietary Products that are sold to franchisees throughout the System.

We will receive revenue from your purchases. During the last fiscal year, we received \$90,609 from required franchisees' purchases.

We estimate that the cost of purchases of products and services that are subject to our specifications are 60% to 70% of products and services used in the establishment of your Franchised Business and 60% to 70% of the products and services used in the operation of your Franchised Business.

As of the date of this Disclosure Document, there are no purchasing or distribution cooperatives for any of the items described above.

We or our affiliates may negotiate purchase arrangements, including prices and terms, with designated and approved suppliers for Franchised Businesses.

We and our affiliates do not currently provide any material benefits to franchisees based on their use of designated or approved suppliers.

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.

OBLIGATION	SECTION IN AGREEMENTS	ITEM IN DISCLOSURE DOCUMENT
A. Site selection and acquisition/lease	Sections III.A, XIII.A and XIII.B in Franchise Agreement.	Item 11
B. Pre-opening purchases/leases	Sections XIV.A, XIV.B, XIV.C, and XIV.H in Franchise Agreement.	Items 7 and 11
C. Site development and other pre-opening requirements	Sections XIII and XIV in Franchise Agreement.	Items 7, and 11
D. Initial and ongoing training	Sections III and V.A in Franchise Agreement.	Item 11
E. Opening	Sections III.A and V.A in Franchise Agreement.	Item 11
F. Fees	Section IV in Franchise Agreement.	Items 5, 6 and 7

OBLIGATION	SECTION IN AGREEMENTS	ITEM IN DISCLOSURE DOCUMENT
G. Compliance with standards and policies / the Manuals	Sections V.A and VII in Franchise Agreement.	Items 8, 11 and 14
H. Trademarks and proprietary information	Sections V.A and VI in Franchise Agreement.	Items 13 and 14
I. Restriction on products/services offered	Sections XIV.B and XIV.C in Franchise Agreement.	Items 8 and 16
J. Warranty and customer service requirements	Not applicable.	Not applicable.
K. Territorial Development and Sales Quotas	Not applicable.	Not applicable.
L. Ongoing product/service purchases	Sections XIV.B and XIV.C in Franchise Agreement.	Item 8
M. Maintenance, appearance, and remodeling requirements	Sections V.A and XIV.A in Franchise Agreement.	Item 11
N. Insurance	Section XI in Franchise Agreement.	Items 7 and 8
O. Advertising	Section X in Franchise Agreement.	Items 6, 7, 8 and 11
P. Indemnification	Section XI.F in Franchise Agreement.	Item 6
Q. Owner's participation, management, and staffing	Section V.A in Franchise Agreement.	Items 11 and 15
R. Records/reports	Section IX in Franchise Agreement.	Items 6 and 11
S. Inspections/audits	Sections IX.C and IX.D in Franchise Agreement.	Items 6 and 11
T. Transfer	Section XII in Franchise Agreement.	Items 6 and 17
U. Renewal	Section II.B in Franchise Agreement.	Item 17
V. Post-termination obligations	Section XVII in Franchise Agreement.	Item 17

OBLIGATION	SECTION IN AGREEMENTS	ITEM IN DISCLOSURE DOCUMENT
W. Non-competition covenants	Section XV in Franchise Agreement.	Item 17
X. Dispute resolution	Section XXXIII in Franchise Agreement.	Item 17

ITEM 10 **FINANCING**

We do not offer or arrange direct or indirect financing. We do not guarantee your promissory notes, mortgages, leases or other 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.

Our Pre-opening Obligations.

Before you open your Franchised Business, we or our affiliate will provide you the following assistance:

1. Assist you with obtaining an Approved Location for the Franchised Business. (Franchise Agreement – Section III.A(1))
2. Provide you and one of your employees an initial training program. (Franchise Agreement – Section III.A(2))
3. Furnish one person experienced in the System to assist you at the Franchised Business prior to and following the opening of the Franchised Business to the public for up to one (1) week. (Franchise Agreement – Section III.A(3))

Our Obligations During the Operation of Your Business.

During the operation of your Franchised Business, we or our affiliates will provide you the following assistance:

1. Training to any person who replaces your trained employee, upon your request or if we deem it necessary. (Franchise Agreement – Section III.B(1))
2. Continue to provide you a copy of our Manuals. (Franchise Agreement – Section III.B(2))

3. Assist you with the purchase of opening inventory of food and beverage products as well as supplies required for your Franchised Business. (Franchise Agreement – Section III.B(3))
4. Assist you in developing efficient systems for bookkeeping and general operating procedures. (Franchise Agreement – Section III.B(4))
5. Locate sources of supply of food and beverage products, supplies and services and provide you with the advantage of bulk purchasing, where possible. (Franchise Agreement – Section III.B(5))
6. Direct the development of all advertising and promotional programs and administer the Advertising Fund (as defined below). (Franchise Agreement – Section III.B(6))
7. Review materials prepared by you for proposed use in local advertising. (Franchise Agreement – Section III.B(7))
8. Supply you with periodic bulletins and information concerning various aspects of and improvements to the System, including new product development, whenever available. (Franchise Agreement – Section III.B(8))
9. Provide you with administrative, business and other advice from time to time upon reasonable request. (Franchise Agreement – Section III.B(9))

Advertising and Promotion Programs.

A. Advertising Fund.

You will pay to an advertising and sales promotion fund to be administered by us (“Advertising Fund”), an amount equal to three percent (3%) of Gross Sales for each week throughout the term of the Franchise Agreement (or such greater percentage of Gross Sales as may from time to time be agreed upon by a majority of the franchisees then contributing to the Advertising Fund) (“Advertising Contributions”), payable at the same time and in the same manner as Royalty Fees.

We will account for contributions to the Advertising Fund separately from our general operating funds but will not be required to segregate the Advertising Fund from, or deposit it into a separate account. Contributions to the Advertising Fund will be used and disbursed by us for regional and/or local advertising, for promotional events, for the purchase of our printed advertising materials, market research costs, creative and production costs as well as to reimburse us for reasonable administrative expenses associated with the Advertising Fund. The Advertising Contributions will not be used, in whole or in part, for advertisement or promotion of the sale of franchises for Franchised Businesses. The selection of media and locale for media placement, the nature of promotional programs and the content of advertising and promotional material is in our sole discretion and we may engage the services of an advertising agency or agencies to formulate, develop, produce and conduct any or all such advertising and promotion,

the cost of which will be payable from the Advertising Fund. The Advertising Fund is intended to maximize general recognition of the Proprietary Marks and patronage of all outlets within the System for the benefit us and all franchisees in the System. Accordingly, Franchisor does not undertake any obligation to ensure that expenditures are proportionate to Franchisee's contributions are made for the market area of the Franchised Business or that any individual franchisee benefits directly or pro rata from the placement of advertising. We will not assume direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the Advertising Fund. Upon your written request, we will provide you with a statement (which may be unaudited) setting forth the receipts to and activities of the Advertising Fund. There will be no requirement that the entire Advertising Fund be disbursed within any accounting period, and any monies remaining in the Advertising Fund at the end of any fiscal year will carry over to the next fiscal year. During our last fiscal year, we did not collect any Contributions for the Advertising Fund from any of our franchisees.

B. Advertising by You.

In addition to the payment of Advertising Contributions, you must spend at least \$1,000 on advertising prior to opening the Franchised Business and 1% of Gross Sales per month after opening the Franchised Business to advertise and promote the Franchised Business. You will advertise and promote only in a manner that will reflect favorably on the Franchised Business, us, the System, the Proprietary Marks and the goodwill and reputation thereof, and in a manner intended to develop customer confidence in you. You will not conduct any advertising or promotion that is or may be deceptive or otherwise misleading. All of your advertising or sales promotions must be consistent with the quality and general overall advertising and promotional campaigns being conducted by us. You will use the Proprietary Marks in all advertising and promotions and will conform to the guidelines set forth in the Manuals. You will submit to us for our written approval, all advertising and promotional plans and materials you desire to use that have not been prepared or previously approved by us. We will be deemed to have given the required approval if we do not notify you in writing of our disapproval of such plans or materials within fifteen (15) days of our receipt of same from you. You will fully and expeditiously cooperate with us and participate in any and all advertising and promotional events and programs organized and/or directed by us.

We do not have a franchisee advisory council that advises us on advertising policies, though we may establish one in the future. We do not require you to participate in any local or regional advertising cooperative. Other than the Advertising Fund, we do not require you to participate in any other marketing fund.

Computer Hardware and Software

POS System

You must purchase the POS System used by your Franchised Business (the "POS System") based on our specifications and criteria and must purchase the POS System only from vendors we approve. You must enter into the POS System all sales and other information we require, as well as configure and connect the POS System so that we may have a continuous real-time access to all information and data stored on the POS System, including polling and pricing

information. There are no contractual limitations on our and our affiliates' right to access this information and data. You must also obtain and maintain, at your expense and from the vendor approved or mandated by us, a processing service provider for credit card, debit card or other non-cash payment transactions.

In addition to the POS System, we require you to purchase certain hardware (the "Hardware") (together, the POS System and the Hardware are known as the "Computer System") for the Franchised Business, including:

- At least 2 Computers with Internet access
- 1 Printer
- 1 Scanner
- 1 Fax Machine/Fax Server
- 1 – 2 Wireless Routers
- 1 – 2 Telephones
- 1 – 2 iPads or approved mobile devices

The cost of purchasing the Computer System listed above may vary depending on whether you elect to purchase additional components or software programs, the physical layout and the high-speed internet access inside the Approved Location. Currently, we estimate the cost of the Computer System to be between \$20,000 and \$35,000 for a Restaurant and between \$5,000 to \$10,000 for a Parlour. We have no obligation to you with respect to providing you maintenance for the Computer System. You must upgrade or update the Computer System as we may require from time to time. We currently estimate the annual cost of maintenance, updating, upgrading and support for the Computer System will be between \$500 and \$1,000.

The charges associated with credit card and gift card transactions are compiled per transaction and therefore will vary from restaurant to restaurant. We estimate that the costs associated with credit card transactions will be between 1% and 4% of your Gross Sales.

The Payment Card Industry ("PCI") requires all companies that process, store, or transmit credit card information to protect the cardholders' information by complying with the PCI Data Security Standard ("PCI DSS"). Therefore, as a franchisee who accepts credit cards, you are required to be PCI compliant by following and adhering to PCI DSS, completing an annual questionnaire and quarterly network PCI scans and installing a network firewall appliance for logging, tracking, reporting, and security assessment. The PCI compliance is mandated by the Payment Card Industry. The cost for the quarterly network security scans, network firewall appliance and annual questionnaire ranges from \$150 to \$1,300 per year. If the supplier of your POS System does not provide a PCI DSS solution, you will be required to engage a third-party at your own cost.

You must purchase a computer and connect to the Internet so that you can report your Gross Sales online, so that we can communicate by email, so that you can use Internet and extranet services, if any, and so that you can receive other electronic information we send. You also must, at your cost maintain an active email account. We may revise our computer specifications. If we do so, we may by thirty (30) days advance written notice require you to

upgrade or update your computer. There is no contractual limitation on the frequency and cost of this obligation. There may be comparable equivalents on the market for the computer we require, but we have not yet tested or approved any comparable computer; however, we may do so in the future. You are responsible for backing up and otherwise protecting your data on your computer. You are also responsible for recording and restoring all software license keys. We may require you to upgrade the hardware and software as reasonably necessary to provide reports and information required by us.

The Manuals

We provide guidance through our manuals (the "Manuals"), which contain confidential and proprietary information relating to the operation of your Franchised Business. The Manuals contain mandatory specifications, standards, operating procedures and rules that we periodically prescribe and we may modify the Manuals periodically to reflect changes in System Standards. If there is a dispute over any of the Manuals' contents, our master copies of the Manuals will control. A copy of the Manuals' table of contents is attached hereto as Exhibit F, which currently consists of 4 separate operating guides: (i) Restaurants only (158 pages); (ii) Parlours only (195 pages); construction of units (64 pages); and our brand standards, which we provide electronically (approximately 78 pages).

Website

You may not establish or create a Website on the Internet or have any other Internet presence in connection with the Franchised Business, System or Proprietary Marks without our express prior written consent. Our consent, if granted, may be conditioned on your compliance with certain conditions, including: (i) our approval of data information and design of the Website; (ii) our approval of any copyright materials on the Website; and (iii) you consent to our monitoring the website.

Training Program

You and one employee will attend and successfully complete, to our satisfaction, an initial training program on various aspects of operating a Franchised Business at such time and at such location as we may determine. The cost of presenting such training, including instruction and materials will be borne by us. All other expenses incurred by you and your employee during the initial training, including without limitation, costs of accommodation, wages and travel, will be your and your employee's responsibility. We will furnish you with at least one week notice prior to the date and location of the initial training program. From time to time, we require additional training for you or any of your employees. We will only provide instruction and training materials in connection with such additional training. You will be responsible for any and all expenses incurred in additional training, including, without limitation, training fees, costs of meals, entertainment, lodging, travel, laundry and wages. Scheduling of the training program is based on your availability and your Franchised Business' timing requirements.

Subsequent to the opening of the Franchised Business, we will provide training to any person who replaces your trained employee (subject to reasonable limitations we prescribe as to frequency and duration), provided, however, that you will reimburse us for all costs and expenses incurred and we will may charge you an additional training fee of up to \$750 per person for such additional training.

As of the date of this Disclosure Document, we provide the following for the Training Program:

TRAINING PROGRAM FOR PARLOURS

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Management Training	8	2	Our headquarters in Markham, Ontario or a Parlour or Restaurant we designate in the Greater Toronto Area
Team Member Training	6	2	Our headquarters in Markham, Ontario or a Parlour or Restaurant we designate in the Greater Toronto Area
Cost Control	4	2	Our headquarters in Markham, Ontario or a Parlour or Restaurant we designate in the Greater Toronto Area
Brand Training	6	--	Our headquarters in Markham, Ontario or a Parlour or Restaurant we designate in the Greater Toronto Area
Safety & Security (sales training)	6	2	Our headquarters in Markham, Ontario or a Parlour or Restaurant we designate in the Greater Toronto Area
Sales & Marketing (sales training)	4	--	Our headquarters in Markham, Ontario or a Parlour or Restaurant we designate in the Greater Toronto Area

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Services & Products Offered for Sale/Purchasing (sales training)	6	12	Our headquarters in Markham, Ontario or a Parlour or Restaurant we designate in the Greater Toronto Area

TRAINING PROGRAM FOR RESTAURANTS

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Management Training	24	6	Our headquarters in Markham, Ontario or a Parlour or Restaurant we designate in the Greater Toronto Area
Team Member Training	24	8	Our headquarters in Markham, Ontario or a Parlour or Restaurant we designate in the Greater Toronto Area
Cost Control	12	4	Our headquarters in Markham, Ontario or a Parlour or Restaurant we designate in the Greater Toronto Area
Brand Training	10	--	Our headquarters in Markham, Ontario or a Parlour or Restaurant we designate in the Greater Toronto Area

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Safety & Security (sales training)	14	6	Our headquarters in Markham, Ontario or a Parlour or Restaurant we designate in the Greater Toronto Area
Sales & Marketing (sales training)	8	--	Our headquarters in Markham, Ontario or a Parlour or Restaurant we designate in the Greater Toronto Area
Services & Products Offered for Sale/Purchasing (sales training)	28	36	Our headquarters in Markham, Ontario or a Parlour or Restaurant we designate in the Greater Toronto Area
TOTALS:	120	60	

Training classes are held as needed. The materials used in the training classes include our Manuals and other handouts and materials that we believe will be useful in the training program. Training will be conducted by the following:

Instructor	Subject	Experience in the Field	Experience with Us
Carlos Campo	shop management, staff training and product preparation	23 year	11 years
Sylvester Monteleone	cost controls	30 years	6 years
Leo Kwok	purchasing	3 years	2 years
Shane Halcon	store layout	2 years	1 years
Brian Ball	general	27 years	8 years

ITEM 12

TERRITORY

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. You will only operate the Franchised Business from the Approved Location, but you may solicit and accept orders from customers located anywhere. You may not relocate the Franchised Business; provided, however, should the lease terminate or expire through no fault of your own, within a period of three months following the date the lease terminates or expires, you may make leasing arrangements for a new site, subject to our prior written-approval.

Our affiliate, YF U.S.A., has offered master franchises that sub-franchise Yogen Früz outlets, which may compete with Franchised Businesses. The principal trademark used by Yogen Früz outlets is Yogen Früz®. One or more of these competing outlets may already be located near the proposed Franchised Business or may be established near the Franchised Business in the future. Additionally, new concepts operating under different trademarks may be established, acquired or co-branded by YF U.S.A., or our other affiliates, and may be located near the Franchised Business. We have no system or method for resolving conflicts between Franchised Businesses and franchisees of competing concepts.

We are not restricted in any way from soliciting, accepting orders from, or selling products to customers, including by owning and operating a Franchised Business, granting to others the right to own and operate a Franchised Business at any location other than at the Approved Location, or using other channels of distribution such as the internet, catalog sales, telemarketing or other direct marketing efforts, with or without the use of the Marks. We are not required to pay any compensation to you should we engage in those activities.

The Franchise Agreement does not give you any options, rights of first refusal or similar rights to acquire additional franchises.

ITEM 13

TRADEMARKS

The Franchise Agreement licenses you the non-exclusive right to use the Proprietary Marks, as well as other trademarks, service marks and commercial symbols we authorize.

The following table contains the status of application filed with the U.S. Patent and Trademark Office ("USPTO") on the principal register of the principal mark licensed to you.

MARK	REGISTRATION NUMBER	SERIAL NUMBER	REGISTRATION/ FILING DATE
	N/A	87206272	October 17, 2016 (filing date)
SWENSEN'S ICE CREAM	975,174	72398902	December 18, 1973

MARK	REGISTRATION NUMBER	SERIAL NUMBER	REGISTRATION/ FILING DATE
	1,146,477	73172302	January 27, 1981
SWENSEN'S	1,034,008	73036033	February 17, 1976
SWENSEN'S	1,195,835	73274932	May 18, 1982

For each registration noted above, IFI, which owns the Proprietary Marks (see Item 1), has filed all required affidavits and applied for or obtained any required renewals.

There is presently no effective determination of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceeding or any pending material litigation involving our principal Proprietary Marks. We know of no superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in any state.

We or our affiliates own and have superior rights to the Proprietary Marks. You will not have any right, title or interest in or to the Proprietary Marks as a result of the Franchise Agreement or the operation your business, except for the right to use the Proprietary Marks solely in connection with the Franchised Business. Your unauthorized use of the Proprietary Marks will constitute an infringement of our and our affiliates', and our and their licensees', rights in and to the Proprietary Marks. You will not use the Proprietary Marks in any manner that indicates or might appear to represent that you are the owner thereof and will not, directly or indirectly, during the term of the Franchise Agreement or at any time thereafter, dispute or contest the validity or enforceability of the Proprietary Marks, attempt any registration thereof, or attempt to dilute the value of any goodwill attaching thereto.

Upon our request, you will execute such instruments, in such form and with such parties as we specify, for the purpose of protecting our and our affiliates' rights in the Proprietary Marks, or of complying with any applicable fictitious or assumed name, trademark, service mark or other similar legislation. You will not use the Proprietary Marks or any variations thereof as part of your corporate, firm, business, fictitious or assumed name or for any other purposes save and except in accordance with the terms and conditions of the Franchise Agreement or as may otherwise be specifically authorized by us in writing, nor will you hold out or otherwise employ the Proprietary Marks to perform any activity or to incur any obligation or indebtedness in such manner as might make us and/or our affiliates liable therefor.

You will not register or attempt to register the Proprietary Marks in your name or the name of any person, firm, corporation or entity, and will not take any action which might

invalidate the Proprietary Marks, impair any rights of our and/or our affiliates in and to such Proprietary Marks or create any rights adverse to those of us and/or our affiliates. Furthermore, you will use the Proprietary Marks correctly spelled and/or depicted and not as a verb or in the plural or in any other manner which might endanger the validity of the Proprietary Marks and/or, if registered, their registration. You will use the Proprietary Marks only in the style as may be registered, or if not registered, as prescribed by us or our affiliates.

As noted, our affiliate, IFI, owns the Proprietary Marks. It has filed all required affidavits. We have entered into a License Agreement with IFI effective October 17, 2011, which grants us the right to use and sublicense to our franchisees the right to use the Proprietary Marks. The term of the License Agreement is effective until either party gives notice of termination. If the License Agreement expires or is terminated while your Franchise Agreement is in effect, you will be allowed to continue to use the Proprietary Marks until your Franchise Agreement expires or is terminated.

You will promptly notify us of any suspected infringement of or challenge to the validity of our or our affiliates' ownership of or right to use or license the use of the Proprietary Marks or of any claim by any person of rights in any Proprietary Mark or any similar trade name, trademark or service mark. We in our sole and absolute discretion may take such action as we deem appropriate and have the right to exclusively control any litigation, USPTO proceeding or other administrative proceeding involving the Proprietary Marks. You will cooperate with us or our affiliates in respect of any such matters, including executing any and all documents and doing such acts and things as may, in the opinion of our counsel, be necessary or advisable to protect and maintain our or our affiliates' interests in any such litigation or proceeding or to otherwise protect and maintain our or our affiliates' interests in the Proprietary Marks. We will reimburse you for your costs in doing such acts and things, except that you will bear the cost of salaries of your employees. You will not, under any circumstance whatsoever institute or take any legal proceedings relating to the Proprietary Marks

If it becomes advisable at any time to modify or discontinue use of any Proprietary Mark, and/or use one or more additional or substitute trademarks or service marks, you will comply therewith within a reasonable time after notice thereof, and our sole liability and obligation in any such event will be to reimburse you for the out-of-pocket costs of complying with this obligation. We will have no obligation to reimburse you for your out-of-pocket expenses if you are changing or updating signage for the Franchised Business at the request of the landlord for the premises.

We will indemnify you against, and reimburse you for, all damages for which you are held liable in any proceeding in which your use of the Proprietary Marks in compliance with the Franchise Agreement is held to constitute trademark infringement, unfair competition or dilution, and for all costs reasonably incurred by you in the defense of any such claim brought against it or in any such proceeding in which you are named as a party, provided that you have timely notified us of such claim or proceeding and you have otherwise complied with the Franchise Agreement and that we will have the right to defend any such claim. If we defend such claim, you will have no obligation to indemnify or reimburse us with respect to any fees or disbursements of any attorney retained by you.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not now own any rights to any patent that is material to the franchise. We do not have any pending patent applications that are material to the franchisee.

We claim copyright protection for the Manuals, specification book and for any other written materials we develop to assist you in the development and operation of your Business, but we have not sought registration of any copyrighted materials. There are no determinations of the U.S. Copyright Office (Library of Congress) or any court, nor is there any pending infringement, opposition or cancellation proceedings or material litigation, involving the copyrighted materials which are relevant to their use by our franchisees. No agreements limit our right to use or license the use of our copyrighted materials. We are not obligated to protect or defend our copyrights, although we currently intend to do so. We do not know of any infringing uses of or superior rights in our copyrighted materials.

We possess and may continue to develop certain proprietary and confidential information, including any and all information, knowledge, know-how, systems, programs and other methods and techniques regarding the development, operation or promotion of the Franchised Business (including the Manuals themselves), except information which you can demonstrate came to your attention prior to our disclosing to you, or which, at the time of its disclosure by us, had become of part of the public domain through publication or communication by others or which, after disclosure to you by us, becomes part of the public domain through publication or communication by others, who by doing so, are not violating confidentiality obligations ("Confidential Information"). Information, improvements to the System or techniques prepared, compiled or developed by you or your employees or agents during the term of the Franchise Agreement and relating to the Franchised Business, whether developed separately or in conjunction with us, will be considered as part of the Confidential Information.

You will treat and maintain the Confidential Information as confidential both during and after the term of the Franchise Agreement. You will use the Confidential Information only in your operation of the Franchised Business under and in strict accordance with the Franchise Agreement. You will disclose the Confidential Information only as necessary to its employees or agents who have a demonstrable and valid need to know the Confidential Information and not to anyone else. You will restrict disclosure of the Confidential Information to only those employees or agents who are directly connected with the performance of work requiring knowledge thereof and will disclose only so much of the Confidential Information as is required to enable those employees or agents to carry out their assigned duties. You will advise your employees or agents of the confidential nature of such information and the requirements of nondisclosure thereof. We will conduct a review to determine which employees will have access to the Confidential Information and to the Manuals. You will not disclose any Confidential Information or provide access to the Manuals to such employee or agent until that person executes a nondisclosure agreement in a form we approve, acknowledging the confidential and proprietary nature of the Confidential Information and agreeing not to disclose such information during the course of employment or thereafter. We will be designated as a third-party

beneficiary of such nondisclosure agreements with the independent right to enforce its provisions.

You and your owners will not acquire any interest in the Confidential Information other than the right to use it in operating your Franchised Business. You must maintain the absolute confidentiality of the Confidential Information during and after the expiration or termination of the Franchise Agreement. You and your owners can divulge this Confidential Information only to individuals or entities specifically authorized by us in advance, or to your employees or contractors who must have access to it to operate your Franchised Business, however, these individuals or entities must be under a duty of confidentiality no less restrictive than your obligations to us under the Franchise Agreement. We may require you to have your employees and contractors execute individual undertakings and may regulate the form of and be a party to or third-party beneficiary under any of these agreements. Neither you nor your owners are permitted to make unauthorized copies, record or otherwise reproduce the materials or information or make them available to any unauthorized person.

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

You must personally participate in operating your Franchised Business. If you are an entity, the individual signing the Franchise Agreement must have effective control of the entity (“Designated Representative”). If you are a corporation, limited liability company, or partnership, you and any of your owners, partners or members must execute a personal guaranty

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell or offer for sale all of the Products and Supplies we require, in the manner and style we require. You may offer and sell only those Products and Supplies that we approve and expressly authorize in the Manuals or otherwise in writing. You must discontinue selling and offering for sale any unapproved products and supplies. We have the right to change the authorized Products and Supplies and their respective standards, specifications and requirements. There is no limit on our right to make these changes.

We may periodically set a maximum or minimum price that you may charge for products and services offered by your Franchised Business. If we impose such a maximum or minimum price for any product or service, you may charge any price for the product or service up to and including our designated maximum price or down to and including our designated minimum price. The designated maximum and minimum prices for the same product or service may, at our option, be the same. For any product or service for which we do not impose a maximum or minimum price, we may require you to comply with an advertising policy adopted by us which will prohibit you from advertising any price for a product or service that is different than our suggested retail price. Although you must comply with any advertising policy we adopt, you will not be prohibited from selling any product or service at a price above or below the suggested retail price unless we impose a maximum price or minimum price for such product or service.

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

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

PROVISION	SECTION IN AGREEMENT	SUMMARY
a. Length of the franchise term	Section II.A in Franchise Agreement.	10 years.
b. Renewal or extension of the term	Section II.B in Franchise Agreement	1 successive term of 10 years.
c. Requirements for franchisee to renew or extend	Section II.B in Franchise Agreement	You must meet several conditions, which include: providing notice of your election to renew not less than 6 months and not more than 12 months before the Franchise Agreement expires; no default of the Franchise Agreement during its expiring term; you must have satisfied all monetary obligations owed to us or our affiliates; you execute any documents and agreements then customarily used by us in granting franchises for Franchised Businesses; you pay us a renewal fee equal to one-half of the then-current initial franchise fee; you (and any director officer, manager or owner as applicable) execute a general release; the Lease for the Approved Location is still in effect or able to be renewed for the renewal term; and within 90 days, you complete all such renovations to the Franchised Business that we require.
d. Termination by franchisee	Section XVI.A in Franchise Agreement	Only if you are in substantial compliance with the Franchise Agreement and we substantially breach the Franchise Agreement, which we do not cure such breach after 30 days' notice from you.
e. Termination by franchisor without cause	Not applicable	We may not terminate the Franchise Agreement without cause.
f. Termination by franchisor with cause	Section XVI.B in Franchise Agreement	Only if you commit one of several violations.

PROVISION	SECTION IN AGREEMENT	SUMMARY
g. "Cause" defined – curable defaults	Section XVI.B in Franchise Agreement	You fail or refuse to pay any amount payable to us, and do not pay us within 7 days of within our providing you written notice; you fail to submit financial report or information we require and do not send us that information within 7 days after we provide you written notice; you or any of your owners file a voluntary petition for bankruptcy or any other relief under the Federal Bankruptcy Code and do not have the petition vacated within 30 days of filing; you fail to remedy within 5 days, any default under the lease; you fail to comply with any other requirements we impose and do not cure such default within 30 days after receipt of written notice from us.
h. "Cause" defined – non-curable defaults	Section XVI.B in Franchise Agreement	You intentionally understated Gross Sales, or falsify other pertinent financial information, or if you understate Gross Sales by more than 2% on two or more occasions within any 12 month period; you take material steps to cease carrying on business or take any action to liquidate assets; an order be made for the winding-up or liquidation of you (if you are an entity) or any corporate proceedings occur to liquidate you (if you are an entity); you make a material misrepresentation in obtaining the franchise; you or any of your owners are convicted or plead no contest to a felony or offense; engage in behavior reflecting unfavorably on the System or Proprietary Marks; you fail to pay us the Development Cost or Development Fee; you do not open the Franchised Business within 180 days; you receive 3 notices of default from us within any 12 month period; the Designated Representative not exercise his functions or cease to exercise his functions for any reason; you fail to comply with all applicable laws and ordinances relating to the Franchised Business.
i. Franchisee's obligations on termination/non-renewal	Sections XVII.A in Franchise Agreement	Pay all amounts due within 15 days of termination of the Franchise Agreement; cease using the Proprietary Marks and System and cease identifying yourself as a Franchised Business; deliver the Manuals and any other documents provided to you; if you are no longer entitled to remain at Approved Location, you must vacate the Approved Location; if you remain at the Approved Location, you must remove all Proprietary Marks and any other item which could discernibly identify you with a Franchised Business.
j. Assignment of contract by franchisor	Section XII.A in Franchise Agreement	No restriction on our right to assign; provided, however, the assignee must assume all of our obligations under the Franchise Agreement.

PROVISION	SECTION IN AGREEMENT	SUMMARY
k. "Transfer" by franchisee-definition	Section XII.B in Franchise Agreement	Includes to sell, assign, transfer, convey, mortgage, pledge, hypothecate, donate, encumber or otherwise deal with the Franchise Agreement, any interest in you or with the rights to use the System and/or the Proprietary Marks granted to you pursuant to the terms and conditions of the Franchise Agreement as well as all other assets used in connection with the Franchised Business (including, without limitation, by consolidation or merger, by issuance of additional securities representing an ownership interest in Franchisee, by conversion of a general partnership to a limited partnership, by transfer or creation of an interest as a general partner of a partnership, by transfer of an interest in Franchisee or in this Agreement in a divorce proceeding, or in the event of death of Franchisee or an owner of Franchisee by will, declaration of or transfer in trust or the laws of intestate succession.
l. Franchisor's approval of transfer by franchisee	Section XII.E in Franchise Agreement	If we do not exercise our right to purchase the Franchised Business then we will consent to the proposed sale, assignment and transfer to the proposed purchaser and will notify you of our decision within 21 days after the earlier of (1) the date on which we decline, in writing, our right to purchase or (2) following the last date on which we may exercise our right to purchase. In considering the request for sale, assignment or transfer, we will consider, among other factors, the financial resources, credit rating, business experience, moral character and reputation of the proposed purchaser and, as applicable, its owners.

PROVISION	SECTION IN AGREEMENT	SUMMARY
m. Conditions for franchisor approval of transfer	Section XII.E in Franchise Agreement	You must not be in default of the Franchise Agreement; you must have fully paid and satisfied all monetary obligations to us or our affiliates; you must submit an application for the proposed transfer with a \$2,000 application fee (which will be credited toward the transfer fee), \$1,000 of which will be refunded if we do not approve the transfer; you must comply with all of your post-termination obligations under the Franchise Agreement; you must pay the lesser of an administrative fee of \$2,500 or reasonable legal expenses actually occurred by us in connection with the transfer; you must pay us a transfer fee equal to the great of \$5,000 or 5% of the gross sale price between you and the transferee; you must execute a general release in favor of us and our affiliates; in our discretion, the transferee must execute our then current form of franchise agreement; the transferee must pass our training program to our satisfaction and pay us our then current training fee; the lessor of the Approved Location must approve the transferee; and you and the transferee will agree to execute the documents and agreements we require, including the transferee executing a personal guaranty.
n. Franchisor's right of first refusal to acquire franchisee's Franchised Business	Section XII.D in Franchise Agreement	We or our nominee may exercise by written notice delivered to you within fifteen (15) days following receipt of all of the information required under the Franchise Agreement, purchase the items or interests proposed to be sold, assigned or transferred. If we exercise our right to purchase, we will complete the purchase on the same terms and conditions set out in the original offer, except that (i) we may substitute cash for any proposed form of payment and (ii) there will be deducted from the purchase price the amount of any commission or fee that would otherwise be payable to any broker or agent in connection with the sale to the proposed purchaser.
o. Franchisor's option to purchase franchisee's business	Section XVII.B in Franchise Agreement	On expiration or termination of the Franchise Agreement, we will have the option exercisable by written notice delivered to you within fifteen (15) days of the date of expiration or termination of this Agreement, to purchase from you all or any part of the fixtures, equipment, signs, furniture or other assets owned by you (excluding any unamortized portion of the cash and inventory) and located at the Approved Location or otherwise used in connection with the Franchised Business.

PROVISION	SECTION IN AGREEMENT	SUMMARY
p. Death or disability	Section XVIII in Franchise Agreement	The death or permanent incapacity of you (or, as applicable, the Designated Representative), the legal representatives of you or the Designated Representative (as the case may be), in the latter case with all surviving shareholders, if any, will within 60 days of such event forward written application to us requesting the right to transfer the franchise granted in the Franchise Agreement or the interest of the Designated Representative, as the case may be, to such person or persons set forth in said application ("Transferees"). The approval of such transfer by us will be subject to compliance with all the requirements set forth in the Franchise Agreement, except that should the Transferees be the legal representatives of you or the Designated Representative, as the case may be, we will not have the right to purchase as set forth in the Franchise Agreement. In the case of permanent incapacity, a certificate of a physician will have to be furnished, all attesting that you or the Designated Representative, as the case may be, has been or will be unable to devote his full time and attention to the Franchised Business for at least 4 months in the aggregate in any consecutive 12 month period. In calculating the period of such incapacity, unless and until you or the Designated Representative, as the case may be, will have returned to attend to the affairs of the said business on a full-time basis for 30 consecutive, normal working days, said period of incapacity will have been continued without any interruption whatsoever.

PROVISION	SECTION IN AGREEMENT	SUMMARY
q. Non-competition covenants during the term of the franchise	Section XV in Franchise Agreement	Neither you nor your affiliates nor any of your or their owners will have any direct or indirect interest by, with or through any other person, as a disclosed or beneficial owner of any other business relating to the retail or wholesale distribution of ice cream, ice cream novelties, frozen confections, milkshakes, specialty drinks, frozen desserts or any other food product or featured menu item that is now or in the future and authorized Swensen's® product, or any other business offering franchises or licenses for or developing or operating retail outlets selling the above products as their principal product (a "Competitive Business"). Neither you, your affiliates, the Designated Representative nor any of your directors, officers or owners or your affiliates will directly or indirectly own beneficially or of record any capital stock, partnership interest or any other equity interest in any Competitive Business within the State in which the Franchised Business is situated. Neither you, your affiliates, the Designated Representative nor any of your directors, officers or owners or your affiliates will directly or indirectly actively participate (including as an officer, director, employee, general partner, consultant, agent or in any other similar, active capacity) in the management or operation of any business which is a Competitive Business in the United States, except that these restrictions will not apply with respect to the interest in or association with you, the operation of a franchised outlet under the terms of another unit franchise agreement with us or to the disclosed or beneficial ownership of capital stock or limited partnership interests in a business which conducts all of its activities outside of the State in which the Franchised Business is situated and in which the Designated Representative or such director, officer or owner, as the case may be, does not actively participate.
r. Non-competition covenants after the franchise is terminated or expires	Section XV.B in Franchise Agreement	For 2 years following termination or expiration of the Franchise Agreement, neither you nor any of your owners (or their spouses) may have any involvement, directly or indirectly, in a Competitive Business within the State of the Franchised Business.
s. Modification of the agreement	Section XXVIII.C in Franchise Agreement	No modifications except in writing and signed by both you and us.

PROVISION	SECTION IN AGREEMENT	SUMMARY
t. Integration/merger clause	Section XXVIII.A in Franchise Agreement	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside the Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section XXXIII.B in Franchise Agreement	We and you must arbitrate all disputes at a location in which the Franchised Business is located.
v. Choice of forum	Section XXXII.B in Franchise Agreement	You must sue us in a court where the Franchised Business is located.
w. Choice of law	Section XXXII.A in Franchise Agreement	The governing law will be the law of the state which the Franchised Business is located.

Applicable state law might require additional disclosures related to the information contained in this Item 17. These additional disclosures, if any, appear in Exhibit H.

ITEM 18

PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchise 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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing franchise, however, we may provide you with the actual records of that franchise. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Sarah Kulbatski at 210 Shields Court, Markham, Ontario, Canada L3R 8V2 and (905) 479-8762; the Federal Trade Commission, and the appropriate state regulatory businesses.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
OUTLET SUMMARY FOR OUTLETS
FRANCHISED BY COMPANY
YEARS 2014 to 2016¹

Store Type	Year	Franchisees at the Start of the Year	Franchisees at the End of the Year	Net Change
Franchised	2014	3	3	0
	2015	3	3	0
	2016	3	3	0
Company-Owned	2014	0	0	0
	2015	0	0	0
	2016	0	0	0
Total Outlets	2014	3	3	0
	2015	3	3	0
	2016	3	3	0

¹ The numbers contained in these Item 20 charts, unless otherwise indicated, are as of August 31 of each year.

TABLE NO. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO
NEW OWNERS (OTHER THAN FRANCHISOR OR AN AFFILIATE)
FOR YEARS 2014 to 2016

STATE	YEAR	NUMBER OF TRANSFERS
All States	2014	0
	2015	0
	2016	0
TOTAL	2014	0
	2015	0
	2016	0

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS 2014 to 2016

State	Year	Franchises at the Start of the Year	Franchises Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations /Other Reasons	Franchises at the End of the Year
California	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Florida	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Texas	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
TOTAL	2014	3	0	0	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3

TABLE NO. 4
STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS 2014 to 2016

State	Year	Stores at the Start of the Year	Stores Opened	Stores Reacquired From Franchisees	Stores Closed	Outlets Sold to Franchisees	Stores at the End of the Year
All States	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
TOTAL	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0

TABLE NO. 5
PROJECTED OPENINGS AS OF AUGUST 31, 2016 FOR 2017

State	Master Franchise Agreements Signed But Store Not Opened	Projected New Master Franchises in the Next Fiscal Year	Projected New Company-Owned Stores in the Current Fiscal Year
All States	0	0	0
TOTAL	0	0	0

Exhibit C to this Disclosure Document includes a list of all operational Swensen's franchisees as of August 31, 2016. There were no franchisees who had a Franchise Agreement terminated, cancelled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year, or who had not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to buyers when you leave the franchise system.

No franchisee has signed confidentiality agreements during the last 3 fiscal years restricting its ability to speak openly about its experience with our franchise system. We are not aware of any trademark-specific franchisee organizations associated with our franchise system.

ITEM 21

FINANCIAL STATEMENTS

Exhibit D contains our audited financial statements for the fiscal years ending August 31, 2016, August 31, 2015 and August 31, 2014. Exhibit D also includes our unaudited financial statements as of March 31, 2017 and for the period beginning September 1, 2016 and ending March 31, 2017.

Our fiscal year end is August 31.

ITEM 22

CONTRACTS

The following contracts are attached as exhibits to this Disclosure Document:

Exhibit B	Franchise Agreement
Exhibit E	Sample General Release
Exhibit G	Deposit Agreement
Exhibit H	State Addenda and Agreement Riders

ITEM 23

RECEIPTS

Exhibit I contains detachable documents acknowledging your receipt of this Disclosure Document.

EXHIBIT A

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

EXHIBIT "A"

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

CALIFORNIA

Department of Business Oversight:
Toll Free: 1 (866) 275-2677

Los Angeles

Suite 750
320 West 4th Street
Los Angeles, California 90013
(213) 576-7505

Sacramento

1515 K Street, Suite 200
Sacramento, California 95814-4052
(916) 445-7205

San Diego

1350 Front Street
San Diego, California 92101
(619) 525-4044

San Francisco

One Sansome Street, Suite 600
San Francisco, California 94104
(415) 972-8559

OREGON

Department of Insurance and Finance
Corporate Securities Section
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4387

EXHIBIT B
FRANCHISE AGREEMENT

SWENSEN'S®

FRANCHISE AGREEMENT

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ATTACHMENTS

- A – Personal Guaranty
- B – Mandatory Addendum to Lease Agreement
- C – Site Selection Addendum
- D – Electronic Fund Transfer (EFT) Authorization
- E – Franchisee Disclosure Acknowledgment Statement
- F– Confidentiality and Non-Competition Agreement
- G – Insurance Requirements
- H – Amendment to Franchise Agreement to Add Swensen’s® Grill & Restaurant Products
- I – Ownership Information Sheet

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("**Agreement**") is made and entered into this ____ day of _____, 20__ ("**Effective Date**"), by and between **YF FRANCHISE LLC**, a limited liability company organized under the laws of Delaware, with its principal business address at 210 Shields Court, Markham, Ontario L3R 8V2 ("**Franchisor**") and _____, a _____ organized under the laws of _____ with its principal business address at _____ ("**Franchisee**").

WITNESSETH:

WHEREAS, Franchisor, together with companies with which it is affiliated and as the result of significant expenditures of time, skill, effort and money, has developed a unique and proprietary system relating to the establishment, development and operation of franchises under the following proprietary marks: Swensen's[®], and other related trademarks, trade names, trade dress, copyrights, logos, insignia and domain names (collectively, "**Proprietary Marks**"), specializing in the sale of proprietary ice cream, ice cream novelties, frozen confections, milkshakes, specialty drinks, frozen desserts and related products ("**Proprietary Products**") which must be operated pursuant to the Manuals (as defined in Section 2) ("**System**");

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality, cleanliness, appearance and service and the necessity of operating the Franchised Business in conformity with the System and in accordance with the terms and conditions of this Agreement; and

WHEREAS, Franchisee desires to develop, own and operate a Franchised Business under the System and the Proprietary Marks and to obtain a license from Franchisor for that purpose, as well as to receive the assistance provided by Franchisor in connection therewith;

NOW, THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other set forth herein, hereby mutually agree as follows:

I. GRANT OF FRANCHISE

A. Grant

Franchisor hereby grants to Franchisee, upon the terms and conditions herein contained, the non-exclusive right and license to operate a single Swensen's franchise (the "**Franchised Business**") in strict conformity with the quality control standards and specifications provided by Franchisor which are a material part of the System, which may be changed, improved and further developed from time to time, only at the specific location which will be selected by Franchisee, approved by Franchisor, and which will be more particularly described in the Site Selection Addendum attached hereto as Attachment C ("**Approved Location**"). Franchisee hereby accepts such license and agrees to perform all of its obligations in connection therewith as set forth herein. Franchisee is not receiving any exclusive territory from Franchisor. The Franchisee's Franchised Business will be operated as a Swensen's ice cream parlour unless Franchisor and Franchisee sign the Amendment to Franchise Agreement attached hereto as

Attachment H to allow the Franchise Business to operate as a Swensen's Grill & Ice Cream Restaurant and to sell the approved Grill & Restaurant menu items as outlined in Attachment H.

B. Reservation of Rights

Franchisee agrees that, unless Franchisor expressly, in this Agreement, restricts its activities, it is allowed to do anything, without compensation to Franchisee, that is not so prohibited or restricted and irrespective of any competitive impact its activities may have on the Franchised Business. No such restrictions are created by implication, extrapolation or innuendo. Franchisee specifically acknowledges and agrees that the rights granted to it herein shall not in any way hinder or prevent Franchisor or any of its affiliates from owning and operating a Swensen's Franchised Business and does not hinder or prevent Franchisor from granting to others the right to own and operate a Swensen's Franchised Business at any location, other than at the Approved Location, or from granting to others additional rights as it may determine, in its sole discretion, for the use of all or any part of the Proprietary Marks and/or the System in any location other than at the Approved Location and through any distribution channels, and that Franchisor and its affiliates may do any of the following:

1. establish and operate, and allow others to establish and operate, ice cream parlours and restaurants using the Proprietary Marks and the System, at any location on such terms and conditions it and they deem appropriate;
2. establish and operate, and allow others to establish and operate, ice cream parlours and restaurants offering products and services that are identical or similar to products and services offered by Swensen's Franchised Businesses, under other trade names, trademarks, service marks and commercial symbols different from or the same as the Proprietary Marks;
3. establish, and allow others to establish, other businesses and distribution channels (including, but not limited to, the Internet), wherever located or operating and regardless of the nature or location of the customers with whom such other businesses and distribution channels do business, that operate under the Proprietary Marks or any other trade names, trademarks, service marks or commercial symbols that are the same as or different from the Franchised Business, and that sell products or services that are identical or similar to, or competitive with, those that the Franchised Business sells;;
4. acquire the assets or ownership interests of one or more businesses, including Competitive Businesses (defined below), and franchising, licensing or creating similar arrangements with respect to such businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating;
5. be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by any other business, including a Competitive Business, even if such business operates, franchises or licenses such businesses in close proximity to Franchisee's Franchised Business; and

6. operate or grant any third party the right to operate any Swensen's Franchised Business that Franchisor or its designees acquire as a result of the exercise of a right of first refusal or purchase right that Franchisor has under this Agreement, any other franchise agreement or any other agreements.

II. TERM AND RENEWAL

A. Initial Term

The term of this Agreement shall commence on the Effective Date and shall continue in full force and effect until it expires on the earlier of: (i) ten (10) years from the Effective Date, or (ii) the term of the underlying lease, unless otherwise terminated pursuant to the terms and conditions of this Agreement ("**Term**").

B. Conditions of Renewal

Subject to the terms and conditions herein, Franchisee shall have the right to renew its rights hereunder for one (1) additional term of ten (10) years, provided it shall have given Franchisor written notice of its decision to exercise its right of renewal not less than six (6) months nor more than twelve (12) months prior to the expiration of the initial Term. Within sixty (60) days following receipt of such notice, Franchisor shall give Franchisee written notice of its "**Renewal Response**" which will be either:

1. Refusal

Its refusal to renew Franchisee's rights hereunder, stating the reasons therefor which may include, without limitation:

(a) Franchisee being in default of any term or condition of this Agreement, any amendment hereof or any other agreement entered into between Franchisee and Franchisor or its affiliates, or Franchisee not having substantially complied with all the terms and conditions of such agreements throughout the initial Term of this Agreement, or

(b) Franchisee not having satisfied all monetary obligations owing by it to Franchisor and its affiliates, or Franchisee not having timely met all monetary obligations to Franchisor, its affiliates and to trade creditors of the business operated by Franchisee throughout the initial Term of this Agreement; or

2. Acceptance

Its acceptance of the renewal of Franchisee's rights hereunder, subject to compliance with the following conditions:

(a) Franchisee shall execute all documents and agreements then customarily used by Franchisor in the granting of franchises for Swensen's Franchised Businesses including, without limitation, Franchisor's then-current form of unit franchise agreement. The terms and conditions of such unit franchise agreement may differ from this Agreement including, without limitation, in respect of the fees charged by Franchisor which may have been increased. Franchisee shall be required to pay a renewal fee equal to one-half (½) of the then-current initial franchise fee for one additional ten (10) year term, payable upon

execution of the then-current form of unit franchise agreement, and shall not have any further right to renew;

(b) Franchisee (and each director, officer, manager or direct or indirect owner, as applicable) shall execute a general release in the form prescribed by Franchisor of any and all claims against Franchisor, its affiliates and its and their respective directors, officers, stockholders and employees;

(c) The Lease shall be in full force and effect or a new lease or an extension of the Lease is obtained for the Approved Location or a lease for a replacement location has been obtained in accordance with the provisions of Section E. Franchisee acknowledges and agrees that, if it is subleasing the Approved Location from Franchisor, Franchisor shall not be required to renew the prime lease for the Approved Location if the Franchisor, in good faith, determines that such renewal is contrary to its best interests; however, in such event, Franchisor shall use reasonable efforts to assist Franchisee in obtaining a lease for the Approved Location or a replacement location pursuant to Section E if Franchisee in writing requests such assistance from Franchisor; and

(d) Franchisee shall complete, within ninety (90) days following receipt of the Renewal Response, to Franchisor's satisfaction, all maintenance, refurbishing, renovating and remodeling of the Franchised Business and the equipment and furnishings therein as Franchisor shall reasonably require in the Renewal Response so that the Franchised Business shall reflect the then-current image required by Franchisor for new Franchisees of the System and have available the then-current wares and services of franchised outlets within the System.

C. Franchisee's Failure to Fulfill Conditions

Notwithstanding the exercise of the right of renewal by Franchisee as provided in Section II.B. above or the subsequent acceptance by Franchisor of such renewal, in the event that this Agreement is terminated for any reason whatsoever or in the event of the failure by Franchisee to fulfill any of the conditions set forth in Section II.B., after the date upon which Franchisee has exercised its right of renewal but prior to the expiration of the initial Term hereof, any notice to renew delivered by Franchisee, if any, shall automatically be deemed to have been withdrawn and otherwise canceled. In the event of the deemed withdrawal and cancellation of said notice and Franchisor's Renewal Response, if any, Franchisee shall have no further right to renew its rights pursuant to this Agreement and Franchisor shall not be responsible for any damages, losses, costs or expenses whatsoever incurred by Franchisee as a result thereof.

III. DUTIES OF FRANCHISOR

A. Pre-Opening Obligations

Franchisor's duties prior to the opening of the Franchised Business may include some, but not necessarily all, of the following services:

1. Location

Assist Franchisee with obtaining Approved Location for Franchised Business.

2. Training

Allowing Franchisee and one (1) employee of Franchisee to participate in Franchisor's initial training program on various aspects of operating a Franchised Business at such time and at such location as Franchisor may determine. The cost of presenting such training, including instruction and materials, shall be borne by Franchisor. All other expenses incurred by the Franchisee and Franchisee's employee during the training including, without limitation, costs of accommodation, wages and travel, shall be the responsibility of Franchisee or its employee, as determined by them. Franchisor shall furnish Franchisee with at least one (1) week notice of the date and location of the training.

3. Assistance

Furnish one (1) person experienced in the System to assist Franchisee at the Franchised Business for up to one (1) week following the opening of the Franchised Business to the public.

B. Post-Opening Obligations

Franchisor's obligations following the opening of the Franchised Business are as follows:

1. Training

Subsequent to the opening of the Franchised Business, Franchisor will provide training to any person who replaces the Franchisee's trained employee (subject to reasonable limitations prescribed by Franchisor as to frequency and duration), at the Franchisee's request, or if Franchisor deems it necessary in Franchisor's sole discretion provided, however, that Franchisee shall reimburse Franchisor for all costs and expenses incurred and Franchisor shall have the right to charge Franchisee an additional training fee of up to Seven Hundred Fifty Dollars (\$750) per person for such additional training.

2. Construction Manual and Confidential Operations Manual

Provide Franchisee with access to one (1) copy of each of Franchisor's Construction Manual and Confidential Operations Manual ("**Manuals**") for the Term of this Agreement.

3. Inventory

Assist Franchisee (excluding any financial assistance) with the purchase of an opening inventory of food and beverage products as well as supplies required for the Franchised Business.

4. Bookkeeping

Assist Franchisee in developing systems for bookkeeping and general operating procedures.

5. Sources of Supply

Locate sources of supply of food and beverage products, supplies and services and provide Franchisee with the advantage of bulk purchasing, where possible.

6. Advertising

Direct the development of all advertising and promotional programs and administer the Advertising Fund (as defined in Section A below).

7. Materials Review

Review materials prepared by Franchisee for proposed use in local advertising and promotion in accordance with Section A of this Agreement.

8. Bulletins

Supply Franchisee with periodic bulletins and information concerning various aspects of and improvements to the System, including new product development, whenever available.

9. Advice

Provide Franchisee with administrative, business and other advice from time to time upon reasonable request; provided that all costs involved with respect thereto and any decisions made or actions taken by Franchisee upon any advice of Franchisor shall be the sole responsibility of Franchisee, and Franchisor shall not be liable or otherwise answerable in any manner for any loss incurred or suffered by Franchisee based upon such advice of Franchisor.

IV. FRANCHISE FEES

A. Payment to Franchisor

Franchisee shall pay to Franchisor the following:

1. Initial Franchise Fee

An initial, one-time franchise fee of Twenty-Five Thousand Dollars (\$25,000) ("**Initial Franchise Fee**") is payable to Franchisor upon the execution of this Agreement in consideration for the rights granted by Franchisor to Franchisee under this Agreement. Accordingly, upon execution of this Agreement, the Initial Franchise Fee shall be deemed to be fully earned and non-refundable; and

2. Royalty Fees

A continuing non-refundable royalty fee equal to six percent (6%) of Gross Sales for each week throughout the Term of this Agreement ("**Royalty Fees**") as further consideration for the rights granted hereunder as well as for the services and assistance to be rendered by Franchisor to Franchisee. Such payment shall be made on or before every Wednesday of each week during the Term of this Agreement (including the Wednesday of the week following the end of the said term) based on the Gross Sales of the week ending on the close of business on the preceding Saturday. If any Wednesday is not a business day, then payment shall be due on the next business day.

3. Definition of "Gross Sales"

The term "**Gross Sales**" means the Gross Sales attributed, in whatever manner, to the Franchised Business or the rights granted to Franchisee under this Agreement. It is defined as the entire amount of the actual sales price, whether for cash, credit or otherwise, of all sales of goods and services in respect of the Franchised Business and all other receipts whosoever from all business conducted upon or originating from the premises, including sales from vending machines or other mechanical services, the proceeds from any business interruption insurance received with respect to the Franchised Business, sales of goods or services where the orders originate in, at or from the premises whether the delivery or performance is made from the premises or from some other place, and including the pre-discounted price of any complimentary products provided by Franchisee at less than normal prices, calculated in accordance with the then-current prices for the Franchised Business not including any sums collected by Franchisee for any duly constituted governmental authority and paid out by Franchisee to such authority on account of state sales taxes or other like taxes imposed upon the sale of goods or services by Franchisee from the premises.

B. Payment Procedures

During the term of this Agreement and to enable Franchisor to operate the System in what Franchisor determines to be the most efficient manner, all continuing payments required under this Agreement, including Royalty Fee, Advertising Contribution and interest payments together with all other amounts due under this Agreement or in connection with the Franchised Business, shall be paid by electronic funds transfer (EFT) or another payment method elected by Franchisor. Franchisee agrees to execute any necessary documents that may be required to pay Franchisor by electronic funds transfer (EFT) or other method of payment that is in the sole discretion of Franchisor, including, but not limited to, the Electronic Funds Transfer (EFT) Authorization attached here to as Attachment D.

C. Late Fees and Interest

Any payment or report not actually received by Franchisor or its designee by the sixth (6th) day after the end of any week (with respect to payments of any type) or month (with respect to Gross Sales during the previous month) shall be deemed overdue and will be assessed a late fee of Fifty Dollars (\$50). All monetary obligations of any nature owed by Franchisee to Franchisor, its affiliates or assignees shall bear interest after due date at the lesser of: (a) one hundred fifty percent (150%) of the Prime Rate of interest as quoted by the *Wall Street Journal* on the date the payment is due; or (b) the maximum rate of interest allowed by law, from the due date thereof until the date of actual payment thereof. Franchisee further acknowledges that, notwithstanding the provisions of this subsection C, Franchisee's failure to pay any amount when due shall constitute grounds for termination of this Agreement pursuant to Section B hereof. Franchisee further acknowledges that Franchisee shall be liable for any legal, collection or other cost incurred by Franchisor to collect fees owed to it by Franchisee.

D. Application of Payments

Franchisor shall have the sole discretion to apply any payments received from Franchisee or any indebtedness of Franchisee to Franchisor to any past due indebtedness of Franchisee regardless of any designation made by Franchisee regarding the payment.

V. DUTIES OF FRANCHISEE

A. Compliance with System

In order to promote and protect the goodwill associated with the Proprietary Marks and System, Franchisee hereby covenants and agrees to do and/or perform each of the following:

1. Training

Franchisee and one (1) employee shall attend and successfully complete, to Franchisor's satisfaction, the training referred to in Section 2 above at the location determined by Franchisor, and to attend and complete, to Franchisor's satisfaction, such other training as Franchisor may from time to time require. Franchisor shall only provide instruction and training materials in connection with such additional training. Franchisee shall be responsible for any and all expenses incurred in training, including, without limitation, training fees, costs of meals, entertainment, lodging, travel, laundry and wages.

2. Best Efforts

Franchisee shall devote his/her full time, energy and best efforts to the management and operation of the Franchised Business and, once initially opened for business, shall continue to operate the Franchised Business in accordance with this Agreement for the remainder of the Term.

3. Compliance

Franchisee shall comply with all laws, ordinances, rules, regulations and orders applicable to Franchisee, the Approved Location and the operation of the Franchised Business and obtain and maintain in force all required licenses and permits.

4. Maintenance of Franchised Business

Franchisee shall maintain the Franchised Business in clean and attractive condition, maintain all equipment, fixtures and furnishings in good order and repair and cause the same to be replaced as they become worn or damaged, or obsolete in meeting the standards provided from time to time by Franchisor, and do such painting, refurbishing and redecorating as may be required from time to time in the opinion of Franchisor. Franchisee shall make no alterations to the Franchised Business or alterations to the equipment, fixtures or furnishings therein unless same shall have first been approved in writing by Franchisor.

Franchisee further agrees, that Franchisor may, from time to time, in its sole discretion, at any time during the Term of this Agreement, add to, renovate, change, modify, modernize, withdraw or otherwise revise any of the standards, methods, procedures and specifications of the System, as Franchisor deems to be necessary or desirable, and Franchisee shall adhere to such. Franchisee specifically acknowledges that Franchisor, acting reasonably, shall be entitled to require the Franchisee to modernize and/or renovate Franchisee's retail location and the contents thereof, from time to time, in accordance with the then-current requirements of the System, and Franchisee shall, within one hundred and eighty (180) days of receiving notice from Franchisor requiring such modernization or renovation, commence and complete same in accordance with plans, designs and specifications approved by and supplied by Franchisor. These renovations

may include, without limitation, the signs, equipment, menus, wares and decor so as to reflect the then-current image and services of the System (“Renovations”). These Renovations, if necessary, shall be at Franchisee’s sole cost and expense; provided, however, that Franchisor will not mandate any Renovations that require Franchisee to spend more than Fifteen Thousand Dollars (\$15,000) (plus applicable taxes) for each set of Renovations within any given twelve (12) month period.

5. Compliance with Manuals

Franchisee shall conduct the business at the Franchised Business in accordance with all of the provisions set out in the Manuals without deviating therefrom in any way whatsoever, except with the prior written approval of Franchisor.

6. Commencement of Litigation

Franchisee shall notify Franchisor in writing within five (5) days of the commencement of any action, suit, proceeding or investigation, and of the issuance of any order, writ, injunction, award or decree, by any court, agency or other governmental authority which may adversely affect the reputation, operation or financial condition of Franchisee or the Franchised Business, notwithstanding the fact that Franchisor may have no obligations with respect to same.

7. Conduct; Products

Franchisee shall conduct its business in a manner which reflects favorably at all times on the System and the Proprietary Marks. Franchisee shall at no time engage in deceptive, misleading or unethical practices or conduct any other act which may have a negative impact on the reputation and/or goodwill of Franchisor, Franchisee or other franchisees within the System. Pursuant to this ongoing responsibility, Franchisee agrees:

(a) to maintain in sufficient supply, as may be prescribed in the Manuals or otherwise in writing and use at all times, supplies as conform to the standards and specifications provided by Franchisor, and to refrain from deviating therefrom without Franchisor’s prior written consent;

(b) to sell or offer for sale only such products and services as meet the uniform standards of quality and quantity of the System which have been expressly approved for sale in writing by Franchisor;

(c) to refrain from any deviation from the standards and specifications provided by Franchisor for serving or selling such products or services; and to discontinue selling and offering for sale any such products or services as Franchisor may, in its sole discretion, disapprove in writing at any time; and

(d) to operate the Franchised Business at a standard of excellence consistent with the requirements set forth in the Manuals.

8. Failure to Maintain

If at any time, in Franchisor's sole judgment and discretion, the general state of repair, appearance or cleanliness of the Franchised Business or its fixtures, equipment, furniture, signs or utensils does not meet the standards provided by Franchisor, or if Franchisee is not conducting or otherwise managing its business in a proper and businesslike manner and in accordance with the terms of this Agreement, Franchisor shall so notify Franchisee, specifying the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or refuses to remedy any deficiency relating to the cleanliness of the Franchised Business within forty-eight (48) hours of such notice or in the case of any other type of deficiency, fails or refuses to initiate a bona fide program to remedy the deficiency within seven (7) days of such notice, and thereafter continue in good faith and with due diligence, Franchisor shall have the right, but shall not be obligated, to enter the Franchised Business and, without waiving any other rights Franchisor has as a result of the deficiency, correct the deficiency on behalf of Franchisee and at Franchisee's costs.

9. Proprietary Methods

Franchisee acknowledges and agrees that Franchisor has developed (and may, at its option, revise its requirements regarding) certain products, services, operational systems and management techniques and may continue to develop additional products and proprietary methods and techniques for use in the operation of the Franchised Business which are highly confidential and which are trade secrets of Franchisor. Franchisee agrees that in the event such information and techniques become a part of the System, Franchisee shall comply and strictly follow these techniques in the operation of its business and shall purchase from Franchisor, or from an approved source designated by Franchisor, any supplies or materials necessary to protect and implement such products, services, systems and techniques.

10. Development of the Market

Franchisee shall at all times use its best efforts to promote and increase the sales and consumer recognition of the products and services offered by the Franchised Business pursuant to the System and the Manuals, to effect the widest and best possible distribution of services from the Franchised Business, and to devote its best efforts in controlling the Franchised Business.

11. Display of Proprietary Marks and Logos

Franchisee shall display the Proprietary Marks and logos in the manner prescribed by Franchisor. The color, design and location of said displays shall be specified by Franchisor and may be changed from time to time in the sole discretion of Franchisor at Franchisee's sole expense.

12. Attendance at Mandatory Meetings

Franchisee, through representatives approved by Franchisor must attend all mandatory meetings, webinars and telephone conference calls designated by Franchisor including any Annual Conference. Franchisee will bear all expenses, including without limitation, costs of accommodation, wages and travel and other costs of attendance.

13. Information / Point-of-Sales Systems

Franchisee shall purchase, use and maintain the Information Systems and point-of-sale system (“**POS System**”) specified in the Manual from Franchisor’s approved or designated supplier. “Information Systems” means all electronic based hardware, software, middleware, web-based solutions, wireless, electronic interfaces, cabling, and other electronic devices, including, computer systems, point-of-sale and cash collection systems, data systems, network systems, printer systems, internet systems, telecommunication systems, menu systems, security systems, digital media systems, video and still digital cameras, power systems, music systems, and required service and support systems and programs. The Information Systems and POS Systems must at all times be securely connected to one or more high-speed communications media specified by Franchisor and be capable of accessing the Internet. Franchisee must electronically link the Information and POS Systems to Franchisor or its designee, which shall allow Franchisor or its designee to access the Information and POS Systems to add, remove, configure and modify the Information and POS Systems, the Manual or other operational information via any means including electronic polling and uploads, with or without notice. Franchisor may, if Franchisor deems it reasonable to do so, in its discretion, upon thirty (30) days advance written notice require Franchisee, at Franchisee’s sole cost and expense, to add, update, upgrade or replace the Information and POS Systems, including hardware or software. Franchisee agrees to acquire the hardware, software and other components and devices comprising the Information and POS Systems and all support services, service and maintenance agreements and subscriptions prescribed by Franchisor to maintain, protect, and interface with the Information and POS Systems.

Franchisee shall not use or permit the use of the POS System or any other Information Systems in the Franchised Business for any unlawful or non-business related activity, and the Information Systems shall be used strictly in compliance with the standards specified by Franchisor from time to time. Franchisee shall at all times provide Franchisor with all passwords, access keys and other security devices or systems as necessary to permit Franchisor to access the Information Systems and obtain the data Franchisor is permitted to obtain. Franchisor reserves the right to add, control, modify, govern and block any and all network and internet traffic, ports, protocols, and destinations.

Franchisee shall, upon Franchisor’s request transmit e-mail, digital photos and real time video and audio signals of the Approved Location to, and in the form and manner prescribed by Franchisor.

Within a reasonable time upon Franchisor’s request, Franchisee shall apply for and maintain systems for use of debit cards, credit cards, loyalty and gift cards and other non-cash payment methods. Franchisee shall comply with all PCI (Payment Card Industry), CISP (Cardholder Information Security Program) and SDP (Site Data Protection) specifications.

14. Intranet

Franchisor may, at its option, establish and maintain an intranet or other collaboration platform (the "Intranet") through which Franchisor may communicate with Franchisee, Swensen's Franchised Business owners may communicate with each other, and Franchisor may disseminate the Manuals, updates and other confidential information. Franchisor shall have discretion and control over all aspects of the Intranet, including its accessibility, availability, content and functionality. Log-in passwords and all information contained on the Intranet will be deemed Franchisor's Confidential Information. Franchisee will not authorize any person who is not a Swensen's Franchised Business owner to access the Intranet without Franchisor's prior written approval, and Franchisee will be responsible for anything communicated through the Intranet by any person who accesses the Intranet using Franchisee's log-in credentials. Franchisor may deny Franchisee's access to the Intranet if it violates the rules applicable to the use of the Intranet or its obligations under this Agreement. Franchisor will have no obligation to maintain the Intranet, and may discontinue it at any time without liability. Franchisor reserves the right to make Franchisee's use of the Intranet mandatory and to assess a service fee for access to the Intranet. Franchisee must pay Franchisor's then-current Intranet service fee.

Franchisee may use the Intranet only under the standards of use developed by the Franchisor from time to time. Franchisee acknowledges that, as administrator of the Intranet, Franchisor can technically access and view any communication that any person posts on the Intranet. Franchisee further acknowledges that the Intranet facility and all communications that are posted to it will become Franchisor's property, free of any claims of privacy or privilege that Licensee or any other person may assert.

15. Menus

All products shall be marketed by approved menu formats in the Franchised Business. The approved and authorized menus, menu format(s) and displays may include, in Franchisor's discretion, requirements concerning organization, graphics, available products, product descriptions and illustrations. In Franchisor's discretion, the menu and/or menu formats may vary depending on regions, market size, store size and other factors. Franchisor may change the menu and/or format(s) from time to time. Franchisor may also authorize tests for various locations.

Franchisee shall add, delete, or update any products to its menu or change the format of the menu according to the instructions contained in a notice from Franchisor. Franchisee shall have ten (10) days after receipt of written or electronic notice to fully implement any such change. Franchisee shall not remove any product from Franchisee's menu without Franchisor's prior written consent, which Franchisor may withhold in its discretion. Franchisee shall cease selling any product within ten (10) days after receipt of notice that the product is no longer approved. Franchisor may instruct Franchisee to remove any items from the menu on an emergency basis, and Franchisee must comply with such instruction immediately. Franchisor shall not be liable to Franchisee for any losses sustained by Franchisee in connection with such instruction (or Franchisee's failure to comply with such instruction).

All food product sold by Franchisee and the ingredients, composition, specifications, and preparation of such food products shall comply with the standards specified by Franchisor, Manuals, and applicable law, rule or regulation.

VI. PROPRIETARY MARKS

A. Ownership of Marks

Franchisee acknowledges that, as between it and Franchisor, Franchisor or its affiliates own and have superior rights to the Proprietary Marks. Franchisee shall not have any right, title or interest in or to the Proprietary Marks as a result of this Agreement or the operation of its business, except for the right to use the Proprietary Marks solely in connection with the Franchised Business and in accordance with the terms and conditions of this Agreement. Any unauthorized use of the Proprietary Marks by Franchisee shall constitute an infringement of Franchisor's and its affiliates' and its and their licensees' rights in and to the Proprietary Marks. Franchisee shall not use the Proprietary Marks in any manner which, in any manner, indicates or might appear to represent that it is the owner thereof and shall not, directly or indirectly during the Term of this Agreement or at any time thereafter, dispute or contest the validity or enforceability of the Proprietary Marks, attempt any registration thereof or attempt to dilute the value of any goodwill attaching thereto.

B. Grant of License

Franchisor hereby grants Franchisee the right and license to use the Proprietary Marks solely in connection with the operation of the Franchised Business and the provision of products and services to its customers in accordance with and subject to the terms and conditions in this Agreement.

C. Conditions for Use

Without limiting the generality of the foregoing provisions, Franchisee undertakes and agrees as follows:

1. Maintenance of Marks

Contemporaneously with the execution of this Agreement or forthwith upon any request by Franchisor, Franchisee shall execute such instruments, in such form and with such parties as Franchisor shall specify, in its discretion, for the purpose of protecting the interests and rights of Franchisor or its affiliates in the Proprietary Marks, or of complying with any applicable fictitious or assumed name, trademark, service mark or other similar legislation.

2. Use of Marks; Corporate Name

If Franchisee is not an individual, Franchisee shall not use the Proprietary Marks, any portion of a Proprietary Mark, or any variations thereof as part of its legal name. Franchisee may use of a Proprietary Mark as part of the trade name for its Franchised Business, but only with Franchisor's prior written approval of the actual trade name. If the state in which the Franchised Business requires registration of a trade or fictitious name, Franchisee shall comply with that requirement but only after Franchisor has approved, in writing, the name Franchisee

intends to register. All contracts signed by Franchisee, and all written communications issued by Franchisee may not reference the approved trade name without also referencing Franchisee's legal name (for example: "ABC, Inc. d/b/a Swensen's of [X]"). Franchisee shall not hold out or otherwise employ the Proprietary Marks to perform any activity or to incur any obligation or indebtedness in such manner as might make Franchisor and/or its affiliates liable therefor.

3. Registration of Marks

Franchisee shall not, anywhere in the world, register or attempt to register the Proprietary Marks or any trademark or service mark that contains any portion of or is similar to a Proprietary Mark. Franchisee shall not, in its name or the name of any person, firm, corporation or entity, take any action which might invalidate the Proprietary Marks, impair any rights of Franchisor and/or its affiliates in and to such Proprietary Marks or create any rights adverse to those of Franchisor and/or its affiliates. Furthermore, Franchisee shall use the Proprietary Marks correctly spelled and/or depicted and not as a verb or in the plural or in any other manner which might endanger the validity of the Proprietary Marks and/or, if registered, their registration. Franchisee shall use the Proprietary Marks only in the style as may be registered, or if not registered, as prescribed by Franchisor or Franchisor's affiliates.

4. Identification as Licensee

During the Term of this Agreement and any renewal hereof, Franchisee shall identify itself as a licensee and not the owner of the Proprietary Marks and shall make any necessary filings under state law to reflect such status. In addition, Franchisee shall identify itself as a licensee of the Proprietary Marks on all invoices, order forms, receipts, business stationery and contracts, as well as the display of a notice in such form and content and at such conspicuous locations as the premises of the Franchised Business as Franchisor may designate in writing. Franchisee shall also affix in a conspicuous location on the Approved Location, a sign containing the following notice or such variation thereof as may be designated by Franchisor:

This business is independently owned and operated by _____, a Swensen's® franchisee.

5. Unauthorized Use

Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement or in the Manuals, and any unauthorized use thereof shall constitute an infringement of Franchisor's and its affiliates' rights and shall be grounds for termination of this Agreement.

D. Infringement

Franchisee shall promptly notify Franchisor of any suspected infringement of or challenge to the validity of Franchisor's or its affiliates' ownership of or right to use or license the use of the Proprietary Marks or of any claim by any person of rights in any Proprietary Mark or any similar trade name, trademark or service mark. Franchisee acknowledges that Franchisor shall in its sole and absolute discretion take such action as it deems appropriate and has the right to exclusively control any litigation, United States Patent and Trademark Office proceeding or other administrative proceeding involving the Proprietary Marks. Franchisee agrees to cooperate

with Franchisor or its affiliates in respect of any such matters, including executing any and all documents and doing such acts and things as may, in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain the interests of Franchisor or its affiliates in any such litigation or proceeding or to otherwise protect and maintain the interests of Franchisor and its affiliates in the Proprietary Marks. Franchisor agrees to reimburse Franchisee for its costs in doing such acts and things, except that Franchisee shall bear the cost of salaries of its employees. Franchisee shall not, under any circumstance whatsoever, institute or take any legal proceedings relating to the Proprietary Marks.

E. Indemnification

Franchisor agrees to indemnify Franchisee against, and to reimburse Franchisee for, all damages for which he or she is held liable in any proceeding in which Franchisee's use of the Proprietary Marks pursuant to and in compliance with this Agreement is held to constitute trademark infringement, unfair competition or dilution, and for all costs reasonably incurred by Franchisee in the defense of any such claim brought against it or in any such proceeding in which it is named as a party, provided that Franchisee has timely notified Franchisor of such claim or proceeding and has otherwise complied with this Agreement and that Franchisor shall have the right to defend any such claim. If Franchisor defends such claim, Franchisor shall have no obligation to indemnify or reimburse Franchisee with respect to any fees or disbursements of any attorney retained by Franchisee.

F. Modification; Discontinuance

If it becomes advisable at any time, in Franchisor's sole discretion, for Franchisor and/or Franchisee to modify or discontinue use of any Mark, and/or use one or more additional or substitute trademarks or service marks, Franchisee agrees to comply therewith within a reasonable time after notice thereof by Franchisor, and the sole liability and obligation of the Franchisor in any such event shall be to reimburse Franchisee for the out-of-pocket costs of complying with this obligation. Franchisor shall have no obligation to reimburse Franchisee for its out-of-pocket expenses if Franchisee is changing or updating signage for the Franchised Business at the request of the landlord for the premises.

G. Non-Exclusive Status

Franchisee understands and expressly agrees that its license to use the Proprietary Marks is non-exclusive to the extent that Franchisor has and retains the rights under this Agreement to itself use the Proprietary Marks and/or grant to other persons licenses for the use of the Proprietary Marks. Accordingly, Franchisor may: (a) use, and grant franchises and licenses to others to use, the Proprietary Marks and the System; (b) establish, develop and franchise other systems, different from the System licensed to Franchisee herein, without offering or providing Franchisee any rights in, to or under such other systems; and (c) modify or change, in whole or in part, any aspect of the Proprietary Marks or the System and require that Franchisee implement such changes at Franchisee's sole expense.

H. Goodwill

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

I. Right to Inspect

In order to preserve the validity and integrity of the Proprietary Marks and to ensure that Franchisee is properly employing same in the operation of the Franchised Business, Franchisor and/or its agents shall at all reasonable times have the right to inspect the Franchised Business and make periodic evaluations of the services provided and the goods sold and used therein. Franchisee shall cooperate with Franchisor and its agents in such inspections and render such assistance to them as they may reasonably request.

VII. CONFIDENTIAL MANUALS

A. Compliance

In order to protect the reputation and goodwill of Franchisor and to maintain uniform standards of operation in connection with the Proprietary Marks, Franchisee shall conduct its business in strict compliance with the operational systems, procedures, standards, policies, methods and requirements prescribed in the Manuals and any supplemental bulletins, notices, revisions, modifications or amendments thereto.

B. Use

Franchisee agrees to immediately adopt and use the programs, services, methods, standards, materials, policies and procedures set forth in the Manuals, as they may be modified by Franchisor from time to time. Franchisee acknowledges that Franchisor is the owner or licensor of all proprietary rights in and to the System, and the Manuals, and any changes or supplements thereto.

C. Confidentiality

Franchisee shall at all times treat the Manuals, any other manuals created for or approved for use in the operation of the Franchised Business, and all of the information contained therein as Franchisor's proprietary and confidential information, and shall use all reasonable efforts to maintain such information as confidential.

D. Trade Secrets

Franchisee acknowledges, knows and agrees that significant portions of the Manuals are "trade secrets" owned and treated as such by Franchisor.

E. Access

The trade secrets must be accorded maximum security consistent with Franchisee's need to make frequent reference thereto. Franchisee shall strictly limit access to the Manuals to employees who have a demonstrable and valid need to know the information contained therein in order to perform their duties. Franchisee shall strictly follow any provisions in the Manuals regarding the care, storage and use of the Manuals and all related proprietary information.

F. Duplication

Franchisee shall not at any time, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce in any manner any part of the Manuals, updates, supplements or related materials, in whole or in part, or otherwise make the same available to any unauthorized person.

G. Property of Franchisor

The Manuals shall at all times remain the sole property of Franchisor. Upon the expiration or termination of this Agreement for any reason, Franchisee shall return to Franchisor and refrain from any further attempts to use or gain access to the Manuals and all supplements thereto.

H. Updates or Revisions

Franchisee agrees that Franchisor may, from time to time hereafter, upon notice and acting reasonably, modify the System, including, without limitation, the adoption and use of new or modified products, services, equipment and furnishings as well as new techniques and methodologies relating to the preparation, sale, promotion and marketing of such products and services. Franchisee agrees to accept all such modifications to the System and implement same at its own expense. Franchisor shall have the right to add to and otherwise modify the Manuals from time to time to reflect such modifications in the System. Franchisor retains the right to prescribe additions to, deletions from or revisions to the Manuals, which shall become binding upon Franchisee upon being mailed or otherwise delivered to Franchisee, as if originally set forth therein.

I. Master Set

Franchisee shall at all times ensure that its set of the Manuals is kept current and up-to-date, and in the event of any dispute as to the contents of the Manuals, the terms contained in the master set of the Manuals maintained by Franchisor shall be controlling.

J. Replacement Fee

If the Manuals, or any volumes thereof, are lost, stolen or destroyed, Franchisee shall pay Franchisor a non-refundable replacement fee of Five Thousand Dollars (\$5,000) for each volume of either of the Manuals.

VIII. CONFIDENTIAL INFORMATION

A. Confidential Relationship

The parties expressly understand and agree that the relationship established between Franchisor and Franchisee by this Agreement is one of confidence and trust, and that as a result, Franchisor will be disclosing and transmitting to Franchisee, in the Manuals and otherwise, certain trade secrets and other confidential proprietary information concerning various aspects of Franchisee's operation of the Franchised Business, its methods of operation, techniques and all proprietary systems, procedures and materials relevant thereto pursuant to the System and this Agreement.

B. Obligations of Franchisee

In order to preserve and protect the trade secrets and the confidential and proprietary information ("**Confidential Information**") which are disclosed to Franchisee during the Term of this Agreement, Franchisee agrees that:

1. Duration

Franchisee shall treat and maintain the Confidential Information as confidential both during and after the Term of this Agreement;

2. Use

Franchisee shall use the Confidential Information only for its operation of the Franchised Business under and in strict accordance with this Agreement;

3. Need to Know

Franchisee shall disclose the Confidential Information only as necessary to its employees or agents who have a demonstrable and valid need to know the Confidential Information and not to anyone else;

4. Connection to Work

Franchisee shall restrict disclosure of the Confidential Information to only those of its employees or agents who are directly connected with the performance of work requiring knowledge thereof and shall disclose only so much of the Confidential Information as is required to enable those employees or agents to carry out their assigned duties;

5. Notice to Employees, Agents

Franchisee shall advise its employees or agents of the confidential nature of such information and the requirements of nondisclosure thereof; and

6. Review

Franchisor and Franchisee shall conduct a review to determine which employees will have access to the Confidential Information and to the Manuals. Franchisee shall not disclose any Confidential Information or provide access to the Manuals to such employee or agent until that person executes a nondisclosure agreement in a form approved by Franchisor, acknowledging the confidential and proprietary nature of the Confidential Information and

agreeing not to disclose such information during the course of employment or thereafter. Franchisor shall be designated as a third-party beneficiary of such nondisclosure agreements with the independent right to enforce its provisions.

C. Confidential Information Defined

Any and all information, knowledge, know-how, systems, programs and other methods and techniques regarding the development, operation or promotion of the Franchised Business (including the Manuals themselves) shall be deemed Confidential Information for purposes of this Agreement, except information which Franchisee can demonstrate came to its attention prior to its disclosure by Franchisor or which, at the time of its disclosure by Franchisor to Franchisee, had become a part of the public domain through publication or communication by others or which, after disclosure to Franchisee by Franchisor, becomes a part of the public domain through publication or communication by others who, by doing so, are not violating confidentiality obligations. It is understood and agreed that information, improvements to the System or techniques prepared, compiled or developed by Franchisee, its employees or agents during the term of this Agreement and relating to the Franchised Business, whether developed separately or in conjunction with Franchisor, shall be considered as part of the Confidential Information. Franchisee hereby grants to Franchisor a perpetual, irrevocable, worldwide, exclusive, royalty-free license, with the right to sub-license such information, improvements or techniques.

D. Innovations

During the term of this Agreement, Franchisee and its Designated Representative, principals, officers, managers and employees may conceive, invent, create, design and/or develop various ideas, techniques, methods, processes and procedures, recipes, formulae, products, packaging or other concepts and features relating to restaurant operations, business practices or the manufacturing, production, marketing and sale of frozen yogurt, ice cream, yogurt drinks, smoothies, shakes, specialty beverages, other dessert with frozen confections and related goods now in existence and/or later developed, adopted, or improved in connection with the Franchised Business (collectively, the "Innovations"). Franchisee, without further consideration, hereby assigns any and all of its rights, title and interest in the Innovations, including any intellectual property rights, to Franchisor, and also agrees to cooperate with Franchisor and its counsel in the protection of the Innovations, including the perfecting of title thereto in Franchisor. In addition, Franchisee will require all of its principals, officers, managers and employees to sign the Confidentiality and Non-Competition Agreement annexed hereto as Attachment F, and shall be liable to Franchisor for obligating Franchisee's principals, officers, managers and employees to assign all of their rights, title and interest to the Innovations to Franchisor and requiring its principals, officers, managers and employees to cooperate in the obtaining, protecting, maintaining and enforcing of Franchisor's right, title and interest in the Innovations.

E. Protection of Information

Franchisee acknowledges that it has knowledge of confidential matters, trade secrets, management and training techniques, operational, accounting, quality control procedures, programs and other methods developed by Franchisor through and in the System which, for purposes of this Agreement, are owned by Franchisor and which are necessary and essential to

the operation of the Franchised Business, without which information Franchisee could not efficiently, effectively and profitably operate the same. Franchisee further acknowledges that such Confidential Information was unknown to it prior to negotiation for and execution of this Agreement and that the unique and novel combination of “know how” and methods developed by Franchisor and/or its affiliates are licensed to Franchisee by Franchisor for the operation of the Franchised Business are peculiar to Franchisor. Franchisee shall take, at its own expense, all necessary steps to protect the Confidential Information and shall not divulge the same either during or upon the termination of this Agreement without the prior written consent of Franchisor.

F. Remedies

Franchisee acknowledges that in addition to any remedies available to the Franchisor under this Agreement, Franchisee agrees to pay all court costs and reasonable attorneys’ fees incurred by Franchisor in obtaining specific performance of a temporary restraining order and/or an injunction against violations of the requirements of this Section VIII.

IX. RECORDS, REPORTING AND AUDITS

A. Maintenance of Books, Records

Franchisee shall establish a bookkeeping, accounting and record-keeping system conforming to the requirements prescribed from time to time by Franchisor, and maintain the records for at least three (3) years. The system will include, without limitation, the use and retention of cash register tapes or data, invoices, purchase orders, payroll records, check stubs, bank deposit receipts, sales tax records and returns, copies of such portions of Franchisee’s state and federal income tax returns as reflect the operation of the Franchised Business, cash disbursement journals and general ledgers together with such further and other records and documents as may be required from time to time by Franchisor to accommodate any changes in such systems, including any computerized bookkeeping and accounting systems established from time to time by Franchisor. Franchisee and all personnel employed by Franchisee shall record at the time of sale, in the presence of customers, all receipts from sales or other transactions in cash registers having a cumulative total, which shall be sealed in a manner and have such other features as shall be approved by Franchisor.

B. Reports

Franchisee shall submit to Franchisor, in such form and style as Franchisor may reasonably require, the following:

1. Gross Sales

Not later than 5 pm Eastern Time on every Tuesday of each week during the Term of this Agreement, a statement accurately reporting the Gross Sales for the week ending on the close of business on the preceding Saturday signed by Franchisee or, as applicable, by a senior officer of Franchisee, together with such other information and supporting records as Franchisor may reasonably require from time to time;

2. Monthly Report

Not later than thirty (30) days following the end of each fiscal month of the Franchised Business, a profit and loss statement, source and use of funds statement of the Franchised Business for such fiscal month, a year-to-date profit and loss statement and source and use of funds statement, a balance sheet as of the end of such fiscal month, and other such information regarding advertising and item sales as the Franchisor shall require; and

3. Financial Statements

Not later than the sixtieth (60th) day following the end of each fiscal year of Franchisee, a copy of Franchisee's audited financial statements for the preceding fiscal year, including a balance sheet, a profit and loss statement and a source and use of funds statement of the Franchised Business (setting forth in each case, in comparative form, the corresponding figures for the same period in the previous fiscal year), audited by an independent certified public accountant, and signed by Franchisee or, in the case of a corporation, by a senior officer of Franchisee.

4. Loan Status

By January 15, April 15, July 15 and October 15 of each calendar year, reports on the status (including the outstanding balance, then-current payment amounts, and whether such loan is in good standing) of any loans outstanding as of the previous calendar quarter for which the Franchised Business or any of the Franchised Business' equipment is collateral. Franchisee must also deliver to Franchisor, within five (5) days after its receipt, copies of any default notices it receives from any of such lenders. Franchisee agrees that Franchisor or its affiliates may contact Franchisee's banks, other lenders, and vendors to obtain information regarding the status of loans of the type described herein and Franchisee's accounts (including payment histories and any defaults), and Franchisee hereby authorizes its bank, other lenders, and vendors to provide such information to Franchisor and its affiliates.

5. Guarantors

At Franchisor's request, current financial information for Franchisee's owners and guarantors sufficient to demonstrate such owners' and guarantors' ability to satisfy their financial obligations under their individual personal guarantees of Franchisee's obligations under this Agreement.

6. Other Reports and Information

Such other reports and information as Franchisor may, from time to time, request regarding Franchisee, its owners and the Franchised Business.

C. Inspection

Franchisor or its authorized representatives shall have the right, at any time during business hours, to inspect the books and records of Franchisee relating to the business operated at the Franchised Business. Franchisor shall also have the right to have a person on the Approved Location to verify and tabulate Gross Sales and may cause a complete audit to be made of the business carried on by Franchisee at the Approved Location, at any reasonable time, for the period covered by any statement issued by Franchisee as provided by this Article IX. Franchisee shall fully cooperate and cause its employees to cooperate with Franchisor or its representatives

including, without limitation, providing them with exact copies of all state sales tax returns, such portions of Franchisee's federal and state income tax, business records as well as bookkeeping and accounting records of the Franchised Business and of Franchisee.

D. Overpayment; Underpayment

If any such inspection or audit performed in accordance with Section C hereof discloses either an overstatement or understatement of Gross Sales for any period or periods, then, within fifteen (15) days after receipt of the inspection or audit report, Franchisor shall remit any overpayment to Franchisee or Franchisee shall pay to Franchisor any amount shown thereby to be owing on account of Royalty Fees and Advertising Contributions, with interest thereon as set forth in Section C hereof. Furthermore, if such an inspection or audit is made necessary by the failure of Franchisee to furnish reports, financial statements or any other documentation as herein required, or if the audit discloses that Gross Sales for the period in question was understated by two percent (2%) or more, Franchisee shall immediately take such steps as may be necessary to remedy such default in accordance with the recommendations of such auditor and shall promptly reimburse Franchisor for the cost of such inspection or audit including, without limitation, the charges of any independent accountants and the travel expenses, room and board and compensation of employees of Franchisor. If the certified public accountant performing such audit determines that, in his opinion, Franchisee's records and procedures were insufficient to permit a proper determination of Gross Sales for any year or part thereof to be made, Franchisor shall have the right to prepare and deliver to Franchisee an estimate of Gross Sales for the relevant period and Franchisee shall immediately pay to Franchisor any amount shown thereby to be owing on account of Royalty Fees and Advertising Contributions, with interest thereon as set forth in Section C hereof.

E. G.A.A.P.

Any report prepared pursuant to generally accepted accounting principles by the certified public accountant appointed by Franchisor from time to time pursuant to this Article IX shall be final and binding upon all the parties hereto.

F. Use of Reports

The receipt and/or use by Franchisor of any report or statement provided by Franchisee pursuant to this Article IX or the acceptance of any payment of Royalty Fees or Advertising Contributions based thereon, shall neither constitute acceptance of such report or statement or of the Royalty Fees or Advertising Contributions payable with respect to any period, nor constitute a waiver of Franchisor's termination rights or of any obligations of Franchisee herein, and such receipt and/or use shall be without prejudice to Franchisor's right to examine all Franchisee's books and records with respect to the business carried on by Franchisee in connection with this Agreement.

X. ADVERTISING AND PROMOTION

A. Advertising Fund

Franchisee recognizes the value of uniform advertising and promotion to the goodwill and acceptance of the Proprietary Marks and the System and accordingly, Franchisee agrees to

pay to an advertising and sales promotion fund to be administered by Franchisor (“**Advertising Fund**”), an amount equal to three percent (3%) of Gross Sales for each week throughout the Term of this Agreement (or such greater percentage of Gross Sales as may from time to time be agreed upon by a majority of the franchisees then contributing to the Advertising Fund) (“**Advertising Contributions**”), payable at the same time and in the same manner as Royalty Fees. Contributions to the Advertising Fund shall be accounted for separately from Franchisor’s general operating funds but shall not be required to be segregated from or deposited in a separate account. Contributions to the Advertising Fund shall be used and disbursed by Franchisor for regional and/or local advertising, for promotional events, for the purchase of Franchisor’s printed advertising materials, market research costs, creative and production costs as well as to reimburse Franchisor for reasonable administrative expenses associated with the Advertising Fund. The Advertising Contributions shall not be used, in whole or in part, for advertisement or promotion of the sale of franchises for Franchised Businesses. The selection of media and locale for media placement, the nature of promotional programs and the content of advertising and promotional material shall be at Franchisor’s sole discretion and Franchisor may engage the services of an advertising agency or agencies to formulate, develop, produce and conduct any or all such advertising and promotion, the cost of which shall be payable from the Advertising Fund. Franchisee understands and acknowledges that the Advertising Fund is intended to maximize general recognition of the Proprietary Marks and patronage of all outlets within the System for the benefit of Franchisor, Franchisor and all franchisees in the System. Accordingly, Franchisor does not undertake any obligation to ensure that expenditures are proportionate to Franchisee’s contributions are made for the market area of the Franchised Business or that any individual franchisee benefits directly or pro rata from the placement of advertising. Except as is expressly provided in this Article X, Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction or administration of the Advertising Fund. Franchisor shall, upon Franchisee’s written request, provide Franchisee with a statement (which may be unaudited) setting forth the receipts to and activities of the Advertising Fund. There shall be no requirement that the entire Advertising Fund be disbursed within any accounting period, and any monies remaining in the Advertising Fund at the end of any fiscal year shall carry over to the next fiscal year.

B. Advertising by Franchisee

In addition to the payment of Advertising Contributions, Franchisee must spend One Thousand Dollars (\$1,000) on advertising prior to opening and one percent (1%) of Gross Sales per month after opening to advertise and promote the Franchised Business as Franchisee shall in its reasonable discretion desire, provided that:

1. Goodwill, Reputation

Franchisee shall advertise and promote only in a manner that will reflect favorably on the Franchised Business, Franchisor, the System, the Proprietary Marks and the goodwill and reputation thereof, and in a manner intended to develop customer confidence in Franchisee. Franchisee shall not conduct any advertising or promotion that is or may be deceptive or otherwise misleading;

2. Consistency

Franchisee shall, in all advertising or sales promotions, be consistent with the quality and general overall advertising and promotional campaigns being conducted by Franchisor;

3. Conformance to Manuals

Franchisee shall use the Proprietary Marks in all advertising and promotions and shall conform to the guidelines set forth in the Manuals;

4. Approval

Franchisee shall in all cases submit to Franchisor for its written approval all advertising and promotional plans and materials that Franchisee desires to use that have not been prepared or previously approved by Franchisor. Franchisor shall be deemed to have given the required approval if it does not notify Franchisee in writing of its disapproval of such plans or materials within fifteen (15) days of its receipt of same from Franchisee; and

5. Cooperation

Franchisee covenants and agrees to fully and expeditiously cooperate with Franchisor and participate in any and all advertising and promotional events and programs organized and/or directed by Franchisor.

C. Gift Card Program

Franchisee shall sell or otherwise issue gift cards or certificates (collectively “**Gift Cards**”) that have been prepared utilizing the standard form of Gift Card provided or designated by Franchisor, and only in the manner specified by Franchisor in the Manual or otherwise in writing. Franchisee shall fully honor all Gift Cards that are in the form provided or approved by Franchisor regardless of whether a Gift Card was issued by Franchisee or another Swensen’s outlet. Franchisee shall sell, issue, and redeem (without any offset against any Royalty Fees) Gift Cards in accordance with procedures and policies specified by Franchisor in the Manual or otherwise in writing, including those relating to procedures by which Franchisee shall request reimbursement for Gift Cards issued by other Swensen’s outlets and for making timely payment to Franchisor, other operators of Swensen’s outlets, or a third-party service provider for Gift Cards issued from the Franchised Business that are honored by Franchisor or other Swensen’s outlet operators. All funds from sales of Gift Cards shall be retained in the selling franchisee’s account until Franchisor performs a reconciliation of all Gift Card sales among all franchisees. During the reconciliation, each franchisee’s account will be debited or credited, as applicable, to account for sales and redemptions of Gift Cards.

D. Internet Advertising

Franchisee acknowledges and agrees that it shall not establish or create a Website on the Internet or have any other Internet presence in connection with the Franchised Business, System or Proprietary Marks without the express prior written consent of Franchisor, which consent may be given or withheld in the sole discretion of Franchisor. Franchisee further acknowledges and

agrees that Franchisor's consent, if granted, may be conditioned on Franchisee's compliance with certain requirements, including (without limitation) the following:

1. Data Information and Design

On request by Franchisor, Franchisee shall submit to Franchisor for its approval, which approval may be given or withheld in the sole discretion of Franchisor, all data information, design and layout that Franchisee wishes to use in its Website, and, until such time as Franchisor shall give its prior written consent to the use of such, Franchisee shall not utilize same in any Website;

2. Copyright Information

Franchisee shall obtain Franchisor's prior written approval before any copyright information is placed on Franchisee's Website;

3. Monitored

Franchisee acknowledges and agrees that its Website may be monitored by Franchisor and any and all contents of the Website, though earlier approved, may be disapproved and required to be removed from the Website;

4. No Assertion of Ownership

Franchisee acknowledges and agrees that the Website shall state that the use of any trademarks or copyrights is not an assertion of ownership, but rather a license from the owner; and

5. Termination or Expiration

Franchisee acknowledges and agrees that upon termination or expiration of this Agreement that Franchisee shall relinquish any and all rights in the Website, the domain name, and shall within five (5) days of termination of this Agreement, dismantle the Website and any frames and links between Franchisee's Website and any other Websites.

XI. INSURANCE; INDEMNIFICATION

A. Procurement by Franchisee

Franchisee shall, at a minimum, procure and maintain in full force and effect throughout the Term of this Agreement such insurance coverage as Franchisor may from time to time require as set forth in Attachment G annexed hereto, as may be amended from time to time. All of Franchisee's insurance coverage must extend to and provide indemnity for all obligations assumed by Franchisee under this Agreement and all other items for which Franchisee is required to indemnify Franchisor under the provision of this Agreement. The insurance must also provide that Franchisor is entitled to receive prior written notice of any intent to reduce policy limits, restrict coverage, cancel or otherwise alter or amend the policy. All costs in connection with the placing and maintaining of such insurance shall be borne solely by Franchisee and such insurance shall be written by an insurance carrier approved by Franchisor.

Franchisor and Franchisor and their respective subsidiaries, affiliates, stockholders, directors, officers, employees, agents and assignees shall be additional named insured in all such policies, as their respective interests may appear.

B. Certificates

At least ten (10) days prior to the commencement of construction of the required improvements to the Approved Location or operation of the Franchised Business, Franchisee shall provide Franchisor with certificates of insurance showing compliance with the foregoing requirements. Certificates confirming the renewal of each insurance policy shall be furnished to Franchisor at least ten (10) days prior to the expiry of such policy or renewal thereof. Such certificates shall contain a waiver of the insurance carriers right of subrogation against Franchisor and shall state that the policy or policies referred to therein shall not be canceled or altered without prior written notice to Franchisor.

C. Cancellation or Lapse of Franchisee's Policies

If Franchisor receives notice from any insurance carrier regarding impending cancellation or lapse of any such policy due to the non-payment by Franchisee of any premium installments, Franchisor may at its option pay the required premium installments on behalf of and for the account of Franchisee and Franchisee agrees to promptly reimburse Franchisor for all amounts so paid.

D. Procurement by Franchisor

If required by the terms of any agreement between Franchisor and third parties or if Franchisee fails to insure as required hereunder, Franchisor may, at its option, obtain all or any part of the insurance required of Franchisee hereunder, in the name and on behalf of Franchisee and for Franchisee's account. Franchisee agrees to make timely payment of all premiums and other charges with respect to such insurance so obtained by Franchisor.

E. Blanket Insurance Coverage

Notwithstanding the foregoing provisions of this Article XI, Franchisor may, at its option, require or allow that in lieu of placing its own insurance as aforesaid, Franchisee must or may participate in any blanket insurance coverage maintained by Franchisor at the sole cost and expense of Franchisee. The cost of such participation to Franchisee shall be reasonably competitive with the cost to Franchisee of placing its own insurance as aforesaid; however, if the said blanket coverage is not sufficient or broad enough for the purposes of Franchisee, Franchisee shall be responsible, at its sole cost and expense, for the placement of such additional insurance as Franchisee may require.

F. Indemnification

Franchisee agrees to defend, indemnify and hold Franchisor, its affiliates, and its and their respective subsidiaries, affiliates, stockholders, directors, officers, employees, agents and assignees harmless against, and to reimburse them for, any loss, obligation, liability, taxes or damages (actual or consequential) and all reasonable costs and expenses of defending any claim brought against any of them or any action in which any of them is named as a party (including,

without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses) which any of them may suffer, sustain or incur by reason of, arising from or in connection with Franchisee's ownership, development or operation of the Franchised Business. The indemnities and assumptions of liabilities and obligations herein shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement and shall not be impacted in any respect by any insurance that Franchisee maintains or that Franchisor maintains for its own benefit.

XII. SALE, ASSIGNMENT, TRANSFER OF INTEREST

A. Right to Assign

This Agreement shall inure to the benefit of the successors and assigns of Franchisor. Franchisor shall have the right to assign its rights under this Agreement to any person, persons, partnership, association, corporation or other entity ("**Assignee**"), provided that the Assignee shall agree in writing to assume all obligations undertaken by Franchisor herein. Upon such assignment and assumption, Franchisor shall be under no further obligation hereunder except for accrued liabilities, if any. Furthermore, the parties hereto acknowledge that Franchisor is the third party beneficiary of the rights granted herein. Therefore, in accordance with the provisions of Article XVI hereof, in the event of a termination of the assignment of this Agreement by Franchisor to Assignee, prior to the expiration of the Term of this Agreement for any reason whatsoever, Franchisee acknowledges and agrees that Franchisor's rights and obligations under this Agreement may be transferred and reassigned to Franchisor and, accordingly, Franchisee acknowledges that this Agreement may continue in full force and effect as if Franchisor were substituted for Assignee herein.

B. Acknowledgment by Franchisee

Franchisee hereby acknowledges that Franchisor is granting the rights to Franchisee to use the System and the Proprietary Marks as a result of, among other things, the character, experience, ability and financial capacity of Franchisee (and, as applicable, that of its officers, directors and owners). Accordingly, Franchisee hereby covenants and agrees that:

1. Covenant Not to Sell, Assign

Franchisee shall not, by operation of law or otherwise, sell, assign, transfer, convey, mortgage, pledge, hypothecate, donate, encumber or otherwise deal with this Agreement, any interest in Franchisee or with the rights to use the System and/or the Proprietary Marks granted to it pursuant to the terms and conditions of this Agreement as well as all other assets used in connection with the Franchised Business (including, without limitation, by consolidation or merger, by issuance of additional securities representing an ownership interest in Franchisee, by conversion of a general partnership to a limited partnership, by transfer or creation of an interest as a general partner of a partnership, by transfer of an interest in Franchisee or in this Agreement in a divorce proceeding, or in the event of death of Franchisee or an owner of Franchisee by will, declaration of or transfer in trust or the laws of intestate succession), nor offer, permit or suffer same without the prior written consent of Franchisor, which consent shall not be unreasonably withheld, and shall be subject to the provisions of Section C and following of this Agreement; and

2. Corporate Franchisee

If Franchisee is a corporation or other legal entity, the provisions of Article XIX hereof shall also apply. Any purported sale, assignment, transfer or encumbrance thereof whether by operation of law or otherwise, without the prior written consent of Franchisor, shall be null and void and shall constitute a default under this Agreement.

C. Offer to Purchase

If Franchisee receives an offer to purchase its rights hereunder and all or a significant portion of the other assets used in connection with the operation of the Franchised Business, Franchisee shall, prior to accepting such offer, make written application to Franchisor for the purpose of obtaining Franchisor's consent to such sale, assignment and transfer. The written application shall be accompanied by a copy of the proposed offer and a check payable to Franchisor in the amount of Two Thousand Dollars (\$2,000), being a portion of the transfer fee referred to in Section 3 hereof, of which One Thousand Dollars (\$1,000) will be refunded to Franchisee if Franchisor does not consent to the proposed sale, assignment or transfer. The written application shall set out information relating to the proposed purchaser's (and, as applicable, its owners') business experience and reputation, and its and their qualifications to operate the Franchised Business; information regarding the financial capacity and stability of the proposed purchaser (including the proposed purchaser's latest financial statements and the personal net worth statements of its owners); and such other information as may be relevant or material to the proposed sale, assignment or transfer.

D. Right to Purchase

Franchisor or its nominee shall have the right, exercisable by written notice delivered to Franchisee within fifteen (15) days following receipt of all of the information required under Section C hereof, to purchase the items or interests proposed to be sold, assigned or transferred. If Franchisor exercises its right to purchase, Franchisor shall complete the purchase on the same terms and conditions set out in the original offer, except that (i) Franchisor may substitute cash for any proposed form of payment and (ii) there shall be deducted from the purchase price the amount of any commission or fee that would otherwise be payable to any broker or agent in connection with the sale to the proposed purchaser.

E. Consideration of Factors

If Franchisor does not exercise its right to purchase as set out in Section D hereof, Franchisor shall then determine if it shall consent to the proposed sale, assignment and transfer to the proposed purchaser and shall notify Franchisee of its decision within twenty-one (21) days after the earlier of (1) the date on which Franchisor declines, in writing, its right to purchase or (2) the following the last date on which Franchisor may exercise its right to purchase as described in Section D. In considering the request for sale, assignment or transfer, Franchisor will consider, among other factors, the financial resources, credit rating, business experience, moral character and reputation of the proposed purchaser and, as applicable, its owners. In addition, Franchisor may require the following as conditions precedent to the granting of its consent:

1. Default

Franchisee not being in default under this Agreement, including, without limitation, all monetary obligations of Franchisee to Franchisor, Franchisor and affiliates thereof being fully paid and satisfied as at the date of closing of the proposed sale, assignment and transfer;

2. Continuing Obligation

Franchisee agreeing to remain obligated under the terms and provisions contained in Article XVII of this Agreement as if this Agreement had been terminated on the date of the sale, assignment and transfer;

3. Expenses

Franchisee paying to Franchisor (i) the lesser of an Administrative Fee of Two Thousand Five Hundred Dollars (\$2,500) or reasonable legal expenses and actual costs incurred by Franchisor in connection with such sale, assignment and transfer, and (ii) a transfer fee equal to the greater of Five Thousand Dollars (\$5,000) or five percent (5%) of the gross sale price stated in the accepted offer to purchase or other contract of sale between Franchisee and the proposed purchaser, including, without limitation, amounts allocated to property of every kind, nature and description (such as furniture, fixtures, signs, equipment, inventory and goodwill), and excluding only real property if owned by Franchisee. The transfer fee specified in Section 3(ii) hereinabove shall not be payable in the event of a sale, assignment or transfer following the death or permanent incapacity of Franchisee (or if Franchisee is a corporation, the death or permanent incapacity of the beneficial owner of the majority of the issued and outstanding voting stock of each class of the capital stock of Franchisee) or in the event of a sale, assignment or transfer to a corporation in which the individual signing this Agreement as Franchisee ("**Designated Representative**") has the effective voting control;

4. General Release

Franchisee and, as applicable, its directors, officers and owners, executing and delivering in favor of Franchisor, its affiliates and their respective directors, officers, shareholders and employees, a general release in such form as may be required by Franchisor of any claims against Franchisor, its affiliates, and its and their respective officers, directors, owners, and employees;

5. Assignment and Assumption Agreement

The proposed purchaser (and, as applicable, its owners) entering into a written assignment and assumption agreement acceptable to Franchisor, assuming and agreeing to be bound by all the terms and conditions of this Agreement or, at the option of Franchisor, the proposed purchaser executing a new unit franchise agreement for the unexpired portion of the Term of this Agreement in the form then being used by Franchisor, which agreement shall provide for the same Royalty Fees as are required hereunder;

6. Designation

The proposed purchaser and/or such other individuals as shall be designated by Franchisor successfully completing the training course then in effect for new franchisees of the

System, reimbursing the Franchisor for all costs and expenses incurred in connection with such training, and paying the Franchisor its then-current training fee;

7. Consent to Assignment

If required, the lessor of the Approved Location shall have consented to the assignment of the Lease to the proposed assignee; and

8. Execution of Documents

The proposed purchaser executing all other documents and agreements required by Franchisor in connection with this Agreement and each officer, director and owner of the proposed purchaser executing Franchisor's standard form of Personal Guaranty, substantially similar to the Personal Guaranty attached hereto as Attachment A.

For the purposes of this Agreement, "transfer" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition of any interest in Franchisee, including: any transfer of ownership interests that requires the purchaser be provided a disclosure document, or is a result of divorce, death, insolvency, or by operation of law; merger, consolidation or issuance of additional ownership interests; sale of security convertible to ownership interest; grant of mortgage, pledge, collateral assignment or otherwise creating a lien or encumbrance; and, any other transfer, surrender or loss of possession or control in Franchisee's Franchised Business

F. Completion of Transfer

Should Franchisor approve the sale, assignment and transfer pursuant to Section E hereof, Franchisee may complete the transfer to the third party offeror in accordance with the terms and conditions set out in the offer submitted. If the transaction is not completed in conformity therewith, the provisions of this Article XII shall apply again and shall be repeated so often as Franchisee desires to complete any sale, assignment and transfer.

XIII. LEASE ARRANGEMENTS, DEVELOPMENT AND OPENING OF FRANCHISED OUTLET

A. Selection of Site

Franchisee acknowledges that, despite any assistance Franchisor may provide, it is solely responsible, at its expense, for finding the Location for the Franchised Business it develops pursuant to this Agreement. If Franchisor is asked by Franchisee to conduct any site visits prior to approving a proposed site, then Franchisee shall reimburse Franchisor for its out-of-pocket expenses. Franchisee shall submit such demographic and other information regarding the proposed site(s) and neighboring areas as Franchisor shall require ("Site Review Request"). Franchisor may seek such additional information as it deems necessary, and Franchisee shall respond promptly to each request. Franchisor may accept or reject a proposed site in its sole discretion. If Franchisor accepts a proposed site it shall notify Franchisee in writing and the parties shall execute the Site Selection Addendum attached hereto as Attachment C. Upon execution of the Site Selection Addendum the site shall be deemed to be the "Approved Location." Franchisor will respond to the Site Review Request within approximately thirty (30) days of receipt of Franchisee's Site Review Request, or within fifteen (15) days after receipt of

additional requested information, whichever is later, but in no event shall any proposed site be deemed accepted except as stated in writing by Franchisor. Franchisee shall not enter into a Lease or purchase agreement for the proposed site until Franchisor has accepted the proposed site, including the lease and site design, in writing. Franchisor's assistance, if any, and its acceptance of a location is solely an indication that the Approved Location meets Franchisor's minimum standards and such acceptance shall not be construed as an express or implied representation or warranty that the Location will be profitable or successful.

B. Lease or Purchase of Location

Franchisee acknowledges that it is solely responsible, at its expense, for negotiating the lease or other agreement pursuant to which it will occupy the Approved Location for the Franchised Business it develops pursuant to this Agreement. Franchisor's review and acceptance of the Lease or purchase agreement is solely for Franchisor's benefit and is solely an indication that the Lease or purchase agreement meets Franchisor's minimum standards and such review and acceptance shall not be construed as any express or implied representation or warranty that the lease or purchase agreement complies with Applicable Law, represents a transaction that is fair or in Franchisee's best interest, that the terms are favorable to Franchisee, or that the location will be successful. Promptly following Franchisor's acceptance of the Approved Location, Franchisee shall proceed to negotiate a lease or purchase agreement for the Approved Location.

1. Lease of Location

Franchisee shall submit a copy of the proposed lease to Franchisor at least twenty-one (21) days prior to execution. If the Location is leased or subleased, (i) the Lease shall name Franchisee as the sole lessee and it may not be assigned or sublet without Franchisor's prior written consent; (ii) Franchisor shall have the right to review and accept or reject the lease; (iii) Franchisee shall not create any obligations on behalf of Franchisor, or grant to lessor any rights against Franchisor, nor agree to any other term, condition, or covenant which is inconsistent with any provision of this Agreement; (iv) the Lease shall be for a term (including options) which is not less than the Term (and the Renewal Term); (v) the Lease shall not contain a non-competition covenant which purports to restrict Franchisor, or any franchisee or licensee of Franchisor, from operating a Franchised Business or any other retail establishment; and (vi) a fully executed copy of the lease shall be delivered to Franchisor promptly following its execution. The lease shall include the addendum attached as Attachment B hereto, unless such terms are otherwise incorporated into the Lease to Franchisor's satisfaction.

2. Purchase of Location

If the Approved Location is being purchased by Franchisee, the purchase and sale contract shall be subject to Franchisor's review and acceptance. A true and correct copy of the proposed contract shall be delivered to Franchisor at least thirty (30) days prior to execution, and a true and correct copy of the executed contract shall be furnished to Franchisor within ten (10) days after execution. Franchisor may require that the Approved Location be purchased by an affiliate of Franchisee and that, concurrently with the closing of the purchase, Franchisee and the

purchasing affiliate enter into a lease (which shall be subject to Franchisor's approval as described in paragraph 1 above) for the Approved Location.

C. Construction

Franchisee must, at its own cost and expense, construct, furnish and equip the Franchised Business at the Approved Location selected by it and approved by Franchisor, in accordance with plans and specifications approved by Franchisor and/or Franchisor's approved third-party architect. Franchisor's approval of the plans is solely for compliance with the system standards, and not for determining compliances with codes, ordinances or the legal requirements of the Americans with Disabilities Act (the "**ADA**") or any other federal, state or local law, order or regulation. Franchisee is solely responsible for ensuring that the Approved Location conforms to all codes and ordinances, including the ADA. Franchisee must, at its own cost and expense, use Franchisor's designated and approved third-party design architect (the "**Design Architect**") to prepare the initial design drawings for the Franchised Business. The Design Architect must provide Franchisor with one (1) set of the design drawings, which are the detailed plans and specifications including landscaping and parking space, if applicable, (the "**Plans**") for the Franchised Business. Franchisor will provide Franchisee with a copy of the Plans upon its approval of the Plans. Franchisee must also, at its own cost and expense, retain a licensed architect of record to prepare the permitted construction set of drawings. The permitted construction set of drawings must be submitted to Franchisor for its files prior to the start of construction. In addition, Franchisee must obtain the appropriate construction documents, and all mechanical, plumbing, electrical and architectural plans must be sealed and stamped, as Franchisor may require, even if the Location's local government does not require same.

Any material modifications to the approved Plans must be submitted to Franchisor for approval, and Franchisee agrees that it will not undertake any construction until such modifications have been approved by Franchisor. Such modifications do not constitute any representation by Franchisor that the Plans comply with applicable zoning laws, building codes or other laws.

Franchisee will be responsible for the cost of obtaining all necessary governmental construction permits and licenses, and must, at its expense, comply with all laws, zoning ordinances, rules and regulations of any governmental agencies that may govern the construction of the Franchised Business in accordance with the approved Plans. Franchisor will have the right, but is not required, to meet with the Design Architect and/or inspect the construction during its course in order to assure that the provisions of this Section C are being observed; and Franchisee agrees to allow Franchisor's authorized representatives, at any and all times while construction is in progress, to meet with the licensed architect and general contractor and enter onto the Location for this purpose. If Franchisor determines in good faith that the provisions of this Section C are not being observed, Franchisee will, at its expense, immediately take all necessary corrective action.

Franchisee must, at its own cost and expense, use a general contractor that is licensed, and if applicable, registered in the state where the Franchised Business is being constructed. The general contractor must have prior experience in the construction of quick-service restaurants.

A certificate of occupancy for the Franchised Business must be submitted to Franchisor approximately six (6) days prior to the day Franchisee intends to open the Franchised Business to the public.

D. Termination

If a location mutually acceptable to the parties hereto is not selected within the timeframe stipulated in Section A or if Franchisee, its officers, directors or owners do not execute the instruments required pursuant to Section B hereof as and when required, Franchisor may terminate this Agreement upon ten (10) days written notice given to Franchisee.

E. Alternate Arrangements

If the Lease terminates or expires, without the fault of Franchisee, prior to the termination or expiration of the Term of this Agreement, and provided that Franchisee has not otherwise breached or violated any of the provisions of this Agreement, Franchisee shall, within a period of three (3) months following the date of termination or expiration of the Lease, make leasing arrangements for a location approved by Franchisor acting reasonably, complete the construction, decoration and outfitting of the new premises and commence operation of the Franchised Business using the rights granted to it pursuant to this Agreement, the whole in accordance with the provisions of this Article XIII, except that (i) no portion of the Initial Franchise Fee shall be reimbursed to Franchisee; (ii) as and from the date of approval of the new location by Franchisor, all references to the Approved Location shall be deemed to refer to such new location, and (iii) the parties shall accordingly modify Attachment C attached hereto. Should Franchisee be unable to comply with all its foregoing obligations within the aforesaid period, this Agreement shall terminate and have no further force and effect, notwithstanding anything herein contained, and Franchisor shall not be responsible for any losses, costs or expenses whatsoever incurred by Franchisee as a result of such early termination, it being hereby acknowledged that the Term of this Agreement shall not necessarily coincide with the term of the Lease.

XIV. PURCHASE OF PRODUCTS AND SUPPLIES

A. Uniform Image

Franchisee acknowledges and agrees that the presentation of a uniform image to the public and the offering of uniform menu items is an essential element of a successful franchise system. Accordingly, Franchisee agrees to (i) maintain such standards of quality and uniformity of products as are presently incorporated into the System and/or which may be otherwise prescribed in the Manuals, (ii) purchase, sell, merchandise, promote or otherwise deal only in products and services as form part of the System from time to time, (iii) purchase, sell, merchandise, promote and otherwise deal in all such products and services as form part of the System from time to time, and (iv) use only such formulations, recipes and ingredients in the making of or preparing of such products. Franchisee furthermore agrees to maintain a sufficient inventory of food and beverage products (including ingredients) to realize the full potential of the Franchised Business.

B. Proprietary Products

Franchisee acknowledges that Franchisor manufactures or has manufactured on its behalf certain ice cream and related products and supplies ("**Proprietary Products**") which are uniquely suited for distribution through franchised outlets of the System and which, in the mind of the public, are inextricably interrelated with the Proprietary Marks, and (i) which are prepared in accordance with certain secret recipes and formulations, (ii) which are the exclusive property of Franchisor, (iii) with which no other substitute material can reasonably assure a consistent quality and uniformity of product as is required by the System, and (iv) which are to be used by franchisees in the preparation and sale of certain of their products. Accordingly, in order to protect the high standards established by Franchisor for the benefit of all franchisees of the System and, in particular, in order to ensure a consistent quality and uniformity of the Proprietary Products, Franchisee agrees to purchase the Proprietary Products directly from Franchisor or a party designated in writing by Franchisor. During any such time as Franchisor, or the party designated by Franchisor in accordance with the foregoing, is unable to furnish Franchisee its total requirement of Proprietary Products, Franchisee may purchase from an alternative supplier approved in writing by Franchisor (which approval will not be unreasonably withheld or unduly delayed) that portion of Proprietary Products as shall exceed the quantities available from Franchisor or the party designated by Franchisor.

C. Products and Supplies

Franchisee agrees to purchase all other food and beverage products as well as all equipment, materials and supplies required for the operation of the Franchised Business including, without limitation, fixtures, furnishings, signs, displays, decorations, menus, paper goods, dishes, utensils and uniforms ("**Products and Supplies**") from suppliers as may be approved from time to time by Franchisor, including Franchisor itself. If Franchisee can purchase any of such Products and Supplies from alternate suppliers at prices lower than those charged by Franchisor or its approved suppliers, Franchisee shall have the right to purchase same from such alternate suppliers for as long as such lower prices prevail, provided as follows:

1. Other Products, Suppliers

Such alternate suppliers are able to supply such other Products and Supplies of a similar or superior quality than those which can be obtained from suppliers approved by Franchisor and in the quantities and on the delivery dates as may be required from time to time by Franchisee.

2. Approval by Franchisor

Such alternate suppliers have been approved in writing by Franchisor, which approval shall not be unreasonably withheld. Franchisor shall have the right, prior to the giving of any such approval and at Franchisee's expense, to require that specifications, photographs and/or other information or samples be submitted to it or its authorized representatives for a determination as to whether same comply with the standards of quality established by Franchisor for the System. Franchisor reserves the right, at its option, to re-inspect from time to time the products of any such approved supplier and to revoke the approval thereof upon failure to

continue to meet any of its criteria. Franchisor shall use its good faith efforts to notify the Franchisee of its decision within sixty (60) days after Franchisor's receipt of Franchisee's request for approval of a supplier. Should Franchisor not deliver a written approval of the supplier within such sixty (60) day period, the supplier shall be deemed disapproved. Franchisor may disapprove a proposed supplier in its sole discretion, including if in Franchisor's opinion the approval of the proposed supplier would disrupt or adversely impact Franchisor's international, national or regional distribution arrangements. Franchisor may also determine that certain Products and Supplies (e.g. beverages) shall be limited to a designated brand or brands set by Franchisor. Franchisor may revoke its approval upon the supplier's failure to continue to meet any of Franchisor's criteria. Franchisee or the proposed supplier shall reimburse Franchisor for all of Franchisor's reasonable costs, including travel expenses related to inspecting, re-inspecting and auditing the proposed suppliers' facilities, equipment, and food products, and all product testing costs paid by Franchisor to third parties.

D. Examination; Acceptance

Franchisee shall examine all food products and beverages shipped to Franchisee in accordance with the procedures set forth in the Manuals and shall have final responsibility in accepting or rejecting any food product or beverage which does not conform to applicable laws. Franchisee agrees that all food products and beverages sold or served at or from the Franchised Business shall comply with all applicable laws and shall be wholesome and fit for human consumption.

E. Suggested Prices

Unless prohibited by applicable law, Franchisor may periodically set a maximum or minimum price that Franchisee may charge for products and services offered by the Franchise Business. If Franchisor imposes such a maximum or minimum price for any product or service, Franchisee may charge any price for the product or service up to and including Franchisor's designated maximum price or down to and including Franchisor's designated minimum price. The designated maximum and minimum prices for the same product or service may, at Franchisor's option, be the same. For any product or service for which Franchisor does not impose a maximum or minimum price, Franchisor may nevertheless require Franchisee to comply with an advertising policy adopted by Franchisor which will prohibit Franchisee from advertising any price for a product or service that is different than Franchisor's suggested retail price. Although Franchisee must comply with any advertising policy Franchisor adopts, Franchisee will not be prohibited from selling any product or service at a price above or below the suggested retail price unless Franchisor imposes a maximum price or minimum price for such product or service.

F. Discounts; Rebates

Franchisee acknowledges and agrees that Franchisor and its affiliates shall be entitled to the benefit of any and all discounts, volume rebates, advertising allowances or other similar advantages that either of said parties may obtain from any person, firm or corporation by reason of their supplying products or services to Franchisor, its affiliates, Franchisee or other franchisees.

G. Profit on Products

Franchisee acknowledges and agrees that Franchisor shall be entitled to the benefit of any profits it shall make on the direct or indirect sale of Proprietary Products that are sold to franchisees throughout the System.

H. POS System

Franchisee must purchase the POS system used by its Franchised Business mandated by Franchisor and must purchase the mandated POS system only from vendors approved by Franchisor. Franchisee must enter into the POS system all sales and other information Franchisor requires, as well as configure and connect the POS system so that Franchisor may have a continuous real-time access to all information and data stored on the POS system. Franchisee must also obtain and maintain, at its expense and from the vendor approved or mandated by Franchisor, a processing service provider for credit card, debit card or other non-cash payment transactions.

XV. ENGAGEMENT IN SIMILAR BUSINESS, COMPETITION, NON-DISCLOSURE OF INFORMATION

A. Non-Competition

Franchisee covenants and agrees that during the Term of this Agreement, neither Franchisee or its affiliates nor any of its or their owners shall, anywhere in the world, have any direct or indirect interest by, with or through any other person, as a disclosed or beneficial owner of any other business relating to the retail or wholesale distribution of ice cream, ice cream novelties, frozen confections, milkshakes, specialty drinks, frozen desserts or any other food product or featured menu item that is now or in the future and authorized Swensen's® product, or any other business offering franchises or licenses for or developing or operating retail outlets selling the above products as their principal product (a "**Competitive Business**").

Franchisee further agrees that, for a period of two (2) years following the expiration or termination of this Agreement for any reason, neither it, its affiliates, the Designated Representative nor any director, officer or owner of Franchisee or its affiliates will directly or indirectly own beneficially or of record any capital stock, partnership interest or any other equity interest in, engage in the management of, provide consulting services for, or act as landlord of any Competitive Business (a) at or within ten (10) miles from the Approved Location, (b) within ten (10) miles from any other Swensen's Franchised Business then operating, or (c) within the State in which the Franchised Business is situated. These restrictions shall not apply with respect to the ownership or operation of a franchised outlet under the terms of another unit franchise agreement with Franchisor.

B. Unfair Advantage

Franchisee covenants and agrees that during the Term of this Agreement and following the expiration or termination of this Agreement for any reason whatsoever and for a period of two (2) years thereafter, neither Franchisee, its affiliates, the Designated Representative, nor any director, officer or owner of Franchisee or its affiliates shall attempt to obtain any unfair advantage over Franchisor, any other franchisee of Franchisor or any affiliate of Franchisor by

soliciting for employment any person who is, at the time of such solicitation, employed by such other franchisee, Franchisor, or the said affiliate, nor shall they directly or indirectly induce any such person to leave his employment as aforesaid.

C. Non-Solicitation

Franchisee agrees that, during the Term and for two (2) years beginning on the effective date of termination or expiration, neither it nor any of its owners, its or its owners' affiliates, or the officers, directors, managers or immediate family members of any of the foregoing, will:

(a) recruit or hire any person who is then or was, within the immediately preceding 24 months, employed by Franchisor, any of Franchisor's affiliates, or another Swensen's Franchised Business owner as (a) a general manager or assistant manager at any Swensen's Franchised Business, (b) a district or regional manager or any other such person having responsibility for overseeing or supervising the operation of multiple Swensen's Franchised Businesses or (c) any of Franchisor's or Franchisor's affiliates' officers, in any case without Franchisor's consent or that of the relevant employer;

(b) interfere or attempt to interfere with Franchisor or its affiliates' relationships with any vendors or consultants; or

(c) engage in any other activity which might injure the goodwill of the Proprietary Marks or the System.

If Franchisee or the persons restricted herein fail to comply with paragraph (a) above, Franchisee agrees, in addition to all other remedies Franchisor has as a result of the failure, to pay Franchisor an amount equal to 200% of the annual salary of such person.

D. Reasonableness of Restrictions

Franchisee hereby acknowledges that the restrictions contained herein are reasonable in order to protect the legitimate business interests of Franchisor, and Franchisee hereby waives and renounces to all defenses to the strict enforcement of the said restrictions.

E. Ownership of Other Corporations

Nothing contained in this Article XV shall prevent Franchisee or any other party from owning less than five percent (5%) of the shares of any other corporation whose shares are listed for trading on a recognized stock exchange in the United States of America nor prevent any affiliate of Franchisee from owning and operating a franchised outlet under the terms of a unit franchise agreement, as herein provided for.

F. Agreement to Be Bound

Franchisee covenants and agrees to deliver to Franchisor forthwith upon the request of Franchisor, the written acknowledgment of the Designated Representative, the directors, officers and owners of Franchisee and other persons bound by the foregoing restrictions acknowledging

that they have reviewed the provisions of this Article XV and that they agree to abide by and be bound by all such provisions. The parties hereto acknowledge that if the Designated Representative or any director, officer, owner or employee of Franchisee ceases to hold such office, ceases to be employed by Franchisee or ceases to have an interest in Franchisee, as the case may be, while the Agreement remains in force, the two (2) year period referred to in Sections **Error! Reference source not found.** and B shall, in respect of such individual, be deemed to commence on the date on which the Designated Representative, the director, officer, employee or owner ceases to hold such office, ceases to be employed by Franchisee or ceases to have an interest in Franchisee.

XVI. TERMINATION

A. Breach by Franchisor; Failure to Cure

If Franchisee is in substantial compliance with this Agreement and Franchisor substantially breaches a material provision of this Agreement and fails to cure such breach within thirty (30) days after written notice thereof is delivered to Franchisor, Franchisee may terminate this Agreement. Such termination shall be effective ten (10) days after delivery to Franchisor of notice that such breach has not been cured and Franchisee elects to terminate this Agreement. A termination of this Agreement by Franchisee for any reason other than a substantial breach of a material provision of this Agreement by Franchisor and Franchisor's failure to cure such breach within thirty (30) days after receipt of written notice thereof, shall be deemed a termination by Franchisee without cause.

B. Franchisor's Right to Terminate

Notwithstanding anything contained in this Agreement, Franchisor shall have the right to terminate this Agreement and the rights granted to Franchisee herein, forthwith and without notice, upon the occurrence of any one or more of the following events:

1. Failure to Pay

Should Franchisee fail or refuse to pay any amount payable to Franchisor under this Agreement as and when same shall become due and payable, and should such default continue for a period of seven (7) days after written notice thereof has been given by Franchisor to Franchisee;

2. Financial Information

Should Franchisee fail or refuse to submit the financial information or reports that Franchisor requires of Franchisee in accordance with the provisions of this Agreement and should such default continue for a period of seven (7) days after written notice thereof has been given by Franchisor to Franchisee;

3. Falsification

Should Franchisee intentionally understate Gross Sales, or falsify other pertinent financial information, or should Franchisee understate Gross Sales, for any reason, by more than two percent (2%) on more than two (2) occasions in any twelve (12) month period;

4. Carrying on of Business

Should Franchisee cease or take material steps to cease carrying on business, or take any action to liquidate its assets;

5. Bankruptcy

Should Franchisee or any of its owners file a voluntary petition in bankruptcy or for arrangement, reorganization or other relief under any chapter of the Federal Bankruptcy Code or any similar law, state or federal, now or hereafter in effect, or file an answer or other pleading in any proceeding admitting insolvency, bankruptcy or inability to pay its debts as they mature; or should any involuntary proceedings under the Federal Bankruptcy Code or similar law, state or federal, now or hereafter in effect, not have been vacated within thirty (30) days after the filing thereof; or should all or a substantial part of its assets be attached, seized, subjected to a writ or distress warrant, or be levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within thirty (30) days; or should Franchisee or any of its owners be adjudicated a bankrupt, or make an assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or consent to the appointment of a receiver or trustee or liquidator of all or a substantial part of its property; or should any order appointing a receiver, trustee or liquidator of Franchisee or any of its shareholders or all or a substantial part of the property of any of them not be vacated within thirty (30) days following the entry thereof;

6. Winding-Up

Should an order be made or resolution passed for the winding-up or the liquidation of Franchisee or should Franchisee adopt or take any corporate proceedings for its dissolution or liquidation;

7. Material Misrepresentation

Should Franchisee or any director, officer or shareholder thereof (i) make a material misrepresentation or omission in obtaining the franchise rights, (ii) be convicted of or plead no contest to a felony or offense, or (iii) engage in a conduct or practice that, in the reasonable opinion of Franchisor, reflects unfavorably upon or is detrimental or harmful to the good name, goodwill or reputation of Franchisor, Franchisor or to the business, reputation or goodwill of any franchisees in the System or to the Proprietary Marks;

8. Default; Transfer

Should Franchisee be in default of the transfer provisions of Article XII hereof;

9. Failure to Take Possession

Should Franchisee fail to take possession of the Franchised Business or should Franchisee fail to commence operation of the Franchised Business within one hundred and eighty (180) days following the commencement of the Term of this Agreement;

10. Failure to Remedy

Should Franchisee fail to remedy within five (5) days any default under the Lease, or should there be a termination of the Lease or should Franchisee lose the right to occupy the

Approved Location for any reason whatsoever unless there has been a relocation of the Franchised Business in accordance with the provisions of Section E hereof;

11. Notices of Default

Should Franchisee have received from Franchisor, during any consecutive twelve (12) month period, three (3) or more notices of default in respect of any matter of a material nature (whether such notices related to the same or to different defaults and whether or not such defaults have been remedied by Franchisee);

12. Function of Designated Representative

Should the Designated Representative not exercise his functions or cease to exercise his functions for any reason whatsoever; or

13. Failure to Comply

Should Franchisee fail to comply with any other requirements imposed upon Franchisee by this Agreement and such default not be cured within thirty (30) days after receipt of written notice to cure from Franchisor.

14. Failure to Comply with Laws

Should Franchisee fail to comply with all applicable laws and ordinances relating to the Franchised Business, including Anti-Terrorism Laws, or if Franchisee's or any of its owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or Franchisee or any of its owners otherwise violate any such law, ordinance, or regulation.

C. Appointment of Manager

Without in any way limiting any right or recourse of Franchisor hereunder, upon the occurrence of any of the events of default contained in Article B hereof, Franchisor shall have the right to appoint a manager to the Franchised Business on a daily basis to conduct the operation thereof, at Franchisee's expense, until such time as the default has been remedied. Franchisee shall reimburse Franchisor, immediately upon demand, all costs incurred on providing such manager.

D. Purchase of Interest

If this Agreement has been assigned to another party and the assignment agreement is terminated prior to its expiration, Franchisor has the option, pursuant to the provisions of the assignment agreement, to purchase from all of assignee's right, title and interest in and to this Agreement and Franchisor, upon the exercise of such option, shall succeed to the rights and obligations of assignee hereunder. However, if Franchisor does not exercise the option, this Agreement shall remain in force following the termination of the assignment agreement or upon the receipt of any prior notice from Franchisor stating that Franchisor has elected not to purchase assignee's right, title and interest herein.

XVII. OBLIGATIONS UPON TERMINATION

A. Effect of Expiration or Termination

Upon expiration or termination of this Agreement for any reason whatsoever:

1. Payment of Amounts Owed

Franchisee shall pay to Franchisor within fifteen (15) days after the effective date of expiration or termination of this Agreement such Royalty Fees, Advertising Contributions, amounts owed for products purchased by Franchisee from Franchisor or its affiliates, interest due to Franchisor on any of the foregoing and all other amounts owed to Franchisor and its affiliates which are then unpaid. Franchisee shall contemporaneously with such payment furnish a complete accounting of all such amounts owed to Franchisor and its affiliates.

2. Cessation of Rights

All rights of Franchisee under this Agreement, including without limitation, the right to use the System and the Proprietary Marks, shall cease forthwith and Franchisee shall immediately thereafter cease operating the Franchised Business.

3. Delivery of Manuals, Documents

Franchisee shall forthwith deliver to Franchisor the Manuals and all other forms or documents provided to Franchisee pursuant to this Agreement as well as all copies thereof and shall retain no copy or record of any of the foregoing.

4. Cessation of Use of Marks

Franchisee shall immediately cease to use, in any manner whatsoever, the Proprietary Marks and any materials, methods, procedures and/or techniques associated with the System and without limiting the generality of the foregoing, Franchisee shall cease to use all signs, menus, bags, furniture, fixtures, equipment, advertising materials, stationery, forms and any other articles which display the Proprietary Marks or any distinctive features or designs associated with the System. Furthermore, Franchisee shall take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to its use of the Proprietary Marks.

5. Vacation of Approved Location

If Franchisee is not entitled to remain in possession of the Approved Location, Franchisee shall vacate the Approved Location forthwith upon the date of expiration or termination of this Agreement.

6. Retention of Approved Location

If Franchisee remains in possession of the Approved Location, Franchisee agrees not to use any reproduction, counterfeit, copy or colorable imitation of the Proprietary Marks which is likely to cause confusion or mistake or to deceive, and further agrees not to utilize any commercial symbol or designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor. In addition, Franchisee shall make such changes and modifications in the physical appearance and structure of the

Franchised Business, including the removal of signs and other distinctive physical structural features identifying outlets forming part of the System, as Franchisor may in its discretion require. If Franchisee shall, upon request, fail or omit to make such modifications, then Franchisor or its representatives shall have the right to enter upon the Franchised Business, without responsibility for any actual or consequential damages to the property of Franchisee or other and without liability for trespass or other tort or criminal act, and make such changes and modifications at Franchisee's sole risk and expense, which Franchisee undertakes to pay on demand. Franchisee acknowledges that its failure to make such changes and modifications will cause irreparable injury to Franchisor and Franchisor consents to entry, at Franchisee's expense, of an *ex-parte* order by any court of competent jurisdiction authorizing Franchisor or its representatives to take such action, if Franchisor seeks such an order.

B. Franchisor's Option to Purchase

Upon expiration or termination of this Agreement by Franchisor in accordance herewith or by Franchisee without cause, Franchisor shall have the option exercisable by written notice delivered to Franchisee within fifteen (15) days of the date of expiration or termination of this Agreement, to purchase from Franchisee all or any part of the fixtures, equipment, signs, furniture or other assets owned by Franchisee (excluding any unamortized portion of the cash and inventory) and located at the Approved Location or otherwise used in connection with the Franchised Business ("**Option Assets**") under the following terms and conditions:

1. Purchase Price

The purchase price payable by Franchisor to Franchisee for the Option Assets purchased by Franchisor shall be an amount equal to the aggregate net depreciated book value of such Option Assets. In calculating "net depreciated book value," each Option Asset shall be valued as if it had been depreciated on a "straight-line" basis from the date of its acquisition over its useful life, without provision for salvage value. No amount shall be payable hereunder, under any circumstances, for goodwill.

2. Effective Date of Purchase, Sale

The effective date of any purchase and sale pursuant to this Section B shall be deemed to be the date upon which Franchisor delivers written notice exercising its right to purchase the Option Assets. Franchisor shall deliver to Franchisee, on the forty-fifth (45th) day following the exercise of the right to purchase of Franchisor ("**Closing Date**"), a statement setting forth the basis upon which the purchase price of the Option Assets so purchased by Franchisor has been calculated in reasonable detail and such statement shall be conclusive and binding upon all parties to this Agreement. Without in any way limiting any rights or remedies to which Franchisor or Franchisee may otherwise be entitled, Franchisor shall also deliver to Franchisee a statement setting forth an accounting between Franchisor and Franchisee of any monies due and owing each to the other as of the date of expiration or termination of this Agreement, pursuant to this Agreement and any other agreement or instrument entered into in connection with this Agreement. At the Closing Date, each party shall pay to the other the amounts stated to be owing to it pursuant to such statement. Notwithstanding any of the provisions hereof, Franchisor may, in its sole discretion, take possession of the Option Assets so

purchased immediately following the giving of the aforesaid fifteen (15) day written notice to Franchisee of its intent to exercise the option.

3. Effect of Purchase

In the event of the purchase of any Option Assets by Franchisor pursuant hereto, the provisions of this Section B shall, without any further notice, act or other formality, be deemed to constitute the actual sale pursuant to which Franchisor has acquired title to such Option Assets. Notwithstanding the foregoing, Franchisee shall, upon request by Franchisor, execute and deliver promptly to Franchisor such agreements of sale, assignments, assurances or other document as Franchisor may request, in order to vest in Franchisor clear title to such Option Assets, free and clear of all liens, encumbrances, demands or claims whatsoever. If Franchisee cannot deliver clear title to all of the Option Assets as aforesaid or in the event that there shall be other unresolved issues, the closing of the sale shall, at Franchisor's option, be accomplished through an escrow.

4. Appointment of Franchisor as Agent

Notwithstanding any of the foregoing provisions, should Franchisee not give Franchisor possession of such Option Assets and/or not execute the deeds or instruments required to give effect to the foregoing, as and when required by Franchisor, Franchisee hereby irrevocably appoints Franchisor as Franchisee's agent and representative with full power and authority to execute and deliver on behalf of Franchisee any and all documents and instruments and to do any act which may be required from time to time to give full force and effect to this Agreement. Franchisee agrees to notify and confirm all such acts of Franchisor as his representative and agent and to indemnify and hold Franchisor harmless from and against any claims, losses, damages which may result therefrom.

5. Appointment of Manager

Franchisor shall have the right to appoint a manager to maintain the operation of the Franchised Business until the Closing Date. Alternatively, Franchisor may require Franchisee to close the Franchised Business during such time period without removing therefrom any assets of the Franchised Business, other than perishable food products. In either case, however, until the Closing Date, Franchisee shall maintain in full force and effect the insurance coverage as is required pursuant to the provisions of Section A hereof.

6. Bulk Sales

At the option of Franchisor, the parties shall comply with the Bulk Sales provisions of the Uniform Commercial Code as enacted in the state where the Franchised Business is located.

C. Franchisee Obligations

Termination or expiration of the Term of this Agreement shall not release Franchisee from any obligations which remain unfulfilled at such time nor release Franchisee from those obligations hereunder which survive termination or expiration, including, without limitation, those obligations set forth in Article XI and XV of this Agreement.

D. No Substitution for Franchisee

No person acting for the benefit of the creditors of Franchisee or any receiver, liquidator, sequestrator, trustee in bankruptcy, sheriff, bailiff or any other officer of a court or other person in possession of Franchisee's assets or business shall have any right to continue the performance of this Agreement in any circumstances whatsoever.

E. Non-Exclusive Remedy

The right of Franchisor to terminate this Agreement in accordance with the provisions hereof shall not be an exclusive remedy and Franchisor shall be entitled, alternatively or cumulatively, to damages arising out of any breach of this Agreement, to a court order requiring performance of the obligations of this Agreement and/or enjoining violation thereof or to any other remedy available under the laws of any applicable jurisdiction.

F. Liquidated Damages

Upon termination of this Agreement according to its terms and conditions, Franchisee agrees to pay to Franchisor within fifteen (15) days after the effective date of this Agreement's termination, in addition to the amounts owed hereunder, liquidated damages equal to the average monthly Royalty Fees owed by Franchisee during the twelve (12) months of operation preceding the effective date of termination multiplied by (a) twenty-four (24) (being the number of months in two (2) full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is higher.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages Franchisor would incur from this Agreement's termination and the loss of cash flow from Royalty Fees due to, among other things, the complications of determining what costs, if any, Franchisor might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

The liquidated damages provision only covers Franchisor's damages from the loss of cash flow from the Royalty Fees. It does not cover any other damages, including damages to Franchisor's reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fee section. Franchisee and each of its owners agree that the liquidated damages provision does not give Franchisor an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fee section.

XVIII. DEATH OR INCAPACITY

A. Transfer of Franchise

In the event of the death or permanent incapacity of Franchisee (or, as applicable, the Designated Representative), the legal representatives of Franchisee or the Designated Representative (as the case may be), in the latter case with all surviving shareholders, if any, shall within sixty (60) days of such event forward written application to Franchisor requesting the right to transfer the franchise granted hereunder or the interest of the Designated

Representative, as the case may be, to such person or persons set forth in said application (“Transferees”). The approval of such transfer by Franchisor shall be subject to compliance with all the requirements set forth in Article XII hereof, except that should the Transferees be the legal representatives of Franchisee or the Designated Representative, as the case may be, Franchisor shall not have the right to purchase as set forth in Section D hereof. For the purposes of interpretation of this Section A, it is agreed and understood that in the case of permanent incapacity, a certificate of a physician shall have to be furnished, all attesting that Franchisee or the Designated Representative, as the case may be, has been or shall be unable to devote his full time and attention to the Franchised Business for at least four (4) months in the aggregate in any consecutive twelve (12) month period. In calculating the period of such incapacity, unless and until Franchisee or the Designated Representative, as the case may be, shall have returned to attend to the affairs of the said business on a full-time basis for thirty (30) consecutive, normal working days, said period of incapacity shall be deemed to have been continued without any interruption whatsoever.

B. Automatic Termination

If the proposed transfer is not applied for within the periods set forth in Section A hereof, or is not completed within thirty (30) days following the grant of approval of the transfer by Franchisor, or in the event that an acceptable transferee is not proposed within one hundred and twenty (120) days of such death or permanent incapacity, this Agreement shall automatically terminate forthwith without notice, the whole without further rights, remedies or resources one party against the other.

XIX. CORPORATE FRANCHISEE

A. Restriction on Sale of Stock

If Franchisee or a successor of Franchisee is a corporation or other non-individual legal entity, the issued and outstanding shares of the stock or other indicia of ownership thereof shall not be sold, assigned, pledged, mortgaged or transferred, nor shall there be any issuance of securities, such that the effective control of the corporation is changed without the prior written consent of Franchisor. Franchisor’s consent shall not be unreasonably withheld, but shall be subject to the provisions of Section C and following which shall apply to any such transactions insofar as they are applicable.

B. Sale by Beneficial Owner

If any owner who is the beneficial owner of more than five percent (5%) of the issued and outstanding shares of any class of stock or other indicia of ownership of Franchisee desires to sell, other than to another then-current owner of Franchisee when such transaction would not have the effect of altering the effective voting control of Franchisee, or in the event that a transaction affecting the stock of Franchisee not covered by this subsection, together with other previous simultaneous or proposed transactions, would have the effect of altering the effective control of Franchisee, the provisions of Sections C through F inclusively shall apply *mutatis mutandis* to such transaction.

C. List of Owner

Franchisee shall furnish Franchisor with a list containing the name, address, phone number, social security number, and entity ownership interest, for each officer, director, shareholder, partner, member, manager (and of each officer, director, shareholder, partner, member, and manager of an entity owner) or any other person directly or indirectly holding an ownership interest in Franchisee on the Ownership Information Sheet attached to this Agreement as Attachment I. Franchisee shall forthwith advise Franchisor in writing of any changes in such information within five (5) days after such change is effective.

D. Personal Guaranty

All officers, directors and owners of Franchisee shall execute a Personal Guaranty substantially similar to the Personal Guaranty attached hereto or in such other form as may be specified from time to time by Franchisor.

E. Recitation of Restriction

The articles of incorporation, by-laws and other organizational documents of any corporation or other legal entity which is Franchisee hereunder shall recite that the issuance and assignment of any interest therein is restricted by the terms of XII of this Agreement and all issued and outstanding stock certificates of Agreement and all issued and outstanding stock certificates of such corporation shall bear a legend reflecting or referring to the restrictions contained in Article XII of this Agreement.

XX. ENFORCEMENT

A. Severability

Except as expressly provided to the contrary herein, each section, paragraph, term and provision of this Agreement, and any portion thereof, shall be considered severable and if, for any reason, any such portion of this Agreement is held to be invalid, contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which Franchisor is a party, such ruling shall not impair the operation of, or have any other effect upon, such other portions of this Agreement as may remain otherwise intelligible, which shall continue to be given full force and effect and bind the parties hereto, although any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires, if Franchisee is a party thereto, otherwise upon Franchisee's receipt of a notice of non-enforcement thereof from Franchisor.

B. Modification of Unenforceable Provisions

If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required hereunder, or the taking of some other action not required hereunder, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by Franchisor is invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provisions hereof, and Franchisor shall have the right, in its sole discretion, to modify such invalid or unenforceable

provision, specification, standard or operating procedure to the extent required to be valid and enforceable. Franchisee agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof, or any specification, standard or operating procedure prescribed by Franchisor, any portion or portions which a court may hold to be unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order. Such modifications to this Agreement shall be effective only in such jurisdiction, unless Franchisor elects to give them greater applicability, and this Agreement shall be enforced as originally made and entered into in all other jurisdictions.

XXI. WAIVER OF OBLIGATION

A. Waiver by Franchisor

Franchisor may by written instrument unilaterally waive or reduce any obligation of or restriction upon Franchisee under this Agreement and Franchisee may by written instrument unilaterally waive or reduce any obligation of or restriction upon Franchisor under this Agreement, effective upon delivery of written notice thereof to the other or such other effective date stated in the notice of waiver. Whenever this Agreement requires Franchisor's prior approval or consent, Franchisee shall make a timely written request therefor, and such approval shall be obtained in writing.

B. No Warranties, Guaranties

Franchisor makes no warranties or guaranties upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by granting any waiver, approval or consent to Franchisee, or by reason of any neglect, delay or denial of any request therefor. Any waiver granted by Franchisor shall be without prejudice to any other rights Franchisor may have, will be subject to continuing review by Franchisor, and may be revoked, in Franchisor's sole discretion, at any time and for any reason, effective upon delivery to Franchisee of ten (10) days' prior written notice.

C. Custom, Practice

Franchisor and Franchisee shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including, without limitation, the right to demand exact compliance with every term, condition and covenant herein, or to declare any breach thereof to be a default and to terminate this Agreement prior to the expiration of its term), by virtue of any custom or practice of the parties at variance with the terms hereof; any failure, refusal or neglect of Franchisor or Franchisee to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations hereunder including, without limitation, any mandatory specification, standard or operating procedure; any waiver, forbearance, delay, failure or omission by Franchisor to exercise any right, power or option, whether of the same, similar or different nature, with respect to other franchised outlets forming part of the System, or the acceptance by Franchisor of any payments due from Franchisee after any breach of this Agreement.

D. Force Majeure

Neither party shall be liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform its obligations results from: (1) transportation shortages, inadequate supply (through no fault of the non-performing party) of labor, material or energy, or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof; (2) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state or municipal government or any department or agency thereof; (3) natural disasters; or (4) fires, strikes, embargoes, war or riot. Any delay resulting from any of said causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable; provided, however, that Force Majeure as described herein shall not apply to any payments required to be made by Franchisee hereunder.

XXII. SPECIFIC PERFORMANCE; INJUNCTIVE RELIEF

Nothing herein contained shall bar Franchisor's right to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause it loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. Franchisee agrees that Franchisor may have such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of Franchisee, in the event of the entry of such injunction, shall be the dissolution of such injunction, if warranted, upon hearing duly had (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby).

XXIII. RIGHTS OF PARTIES ARE CUMULATIVE

The rights of Franchisor and Franchisee hereunder are cumulative and no exercise or enforcement by Franchisor or Franchisee of any right or remedy hereunder shall preclude the exercise or enforcement by Franchisor or Franchisee of any other right or remedy hereunder or which Franchisor or Franchisee is entitled by law to enforce.

XXIV. COSTS AND ATTORNEYS' FEES

If a claim for amounts owed by Franchisee to Franchisor or any of its affiliates is asserted in any legal proceeding before a court of competent jurisdiction or arbitrator, or if Franchisor or Franchisee is required to enforce this Agreement in a judicial or arbitration proceeding, the party prevailing in such proceeding shall be entitled to reimbursement of its costs and expenses, incurred in connection therewith, including reasonable accounting and legal fees.

XXV. GOVERNING LAW

This Agreement takes effect upon its acceptance and execution by the Franchisor. This Agreement shall be interpreted and construed under the laws of the State in which the Franchised Business is or was located.

XXVI. EXCLUSIVE JURISDICTION

Franchisee and Franchisor agree that any action arising out of or relating to this Agreement (including, without limitation, the offer and sale of the franchise) shall be instituted and maintained only in a state or federal court of competent jurisdiction in the State in which the Franchised Business is operated, and Franchisee irrevocably submits to the jurisdiction of such court and waives any objection it may have to either the jurisdiction or venue of such court.

XXVII. BINDING EFFECT

Subject to the provisions of Article XII hereof, this Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest.

XXVIII. CONSTRUCTION

A. Entire Agreement

This Agreement, the documents referred to herein and the Attachments hereto, which are incorporated herein by reference, constitute the entire, full and complete Agreement between the parties hereto concerning the subject matter hereof, and they supersede all prior agreements. No other representations of the Franchisor or any third party have induced the Franchisee to execute this Agreement. No amendment, change or variance from this Agreement shall be binding on the parties hereto unless mutually agreed to by the parties and executed by themselves or their authorized officers or agents in writing, unless otherwise permitted by this Agreement. Nothing in this or any related agreement is intended to disclaim the representations made by Franchisor in the Franchise Disclosure Document that was furnished to Franchisee by Franchisor.

B. No Conference of Rights, Remedies

Except as otherwise expressly provided herein, nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto.

C. No Amendment

No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing.

D. Headings

The headings of the sections hereof are for convenience only and do not define, limit or construe the contents of such sections.

E. Terms

The term "Franchisee" as used herein is applicable to one or more persons, a corporation or a partnership, 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 (2) or more persons are at any time Franchisee hereunder, their obligations and liabilities to Franchisor shall be joint and several. References to "Franchisee" and "assignee" which are applicable to an individual or individuals

shall mean the owner or owners of the equity or operating control of Franchisee or the assignee, if Franchisee or the assignee is a corporation or partnership.

F. Execution

This Agreement shall be executed in multiple copies, each of which shall be deemed an original.

G. Time of Essence

Time is of the essence of this Agreement.

XXIX. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by certified mail, return receipt requested, or dispatched by courier or overnight delivery, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor:

YF Franchise LLC
210 Shields Court
Markham, Ontario, Canada L3R 8V2

Notices to Franchisee:

Any notice sent by certified mail shall be deemed to have been given at the date and time of mailing.

XXX. INDEPENDENT INVESTIGATION

Franchisee acknowledges that it has conducted an independent investigation of the matters dealt with by this Agreement, has consulted independent counsel with respect thereto and acknowledges and recognizes that the business venture contemplated by this Agreement involves business risks and the success thereof is largely dependent upon the ability of Franchisee. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received, any warranty, representation or guarantee, expressed or implied, as to the choice of the location for the Franchised Business, potential volume of sales, profits or success of the business venture contemplated by this Agreement.

XXXI. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

A. Independent Contractor

1. No Fiduciary Relationship

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

2. Public Representation

During the term of this Agreement and any extensions hereof, Franchisee shall hold itself out to the public as an independent contractor operating the Franchised Business pursuant to a license from Franchisor and as an authorized user of the System and the Proprietary Marks which are owned by Franchisor. Franchisee agree to take such affirmative action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place in the premises where the Franchised Business operates. Franchisor reserves the right to specify the contents of such notice.

3. Control

Franchisor shall not have the power to hire or fire Franchisee's employees, and except as herein expressly provided, Franchisor may not control or have access to Franchisee's funds or the expenditures thereof or in any other way exercise dominion or control over the Franchised Business.

B. No Liability

It is understood and agreed that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty or representation on Franchisor's behalf or to incur any debt or other obligation in Franchisor's name. Franchisor shall in no event assume liability for or be deemed liable hereunder as a result of any such action or by reason of any act or omission of Franchisee in Franchisee's conduct of the Franchised Business or of any claim or judgment arising therefrom. Franchisee agrees at all times to defend at its own cost and to indemnify and hold harmless to the fullest extent permitted by law Franchisor, its affiliates, and their respective corporate subsidiaries, affiliates, successors, assigns and designees of any such entity, and the respective directors, officers, employees, agents, owners, designees, and representatives of each from all losses and expenses incurred in connection with any action, suit, proceeding, claim, demand, investigation or formal or informal inquiry, regardless of whether any are reduced to judgment, or any settlement thereof which arises out of or is based upon any of the following: (i) Franchisee's alleged infringement or any other alleged violation of any patent, trademark, copyright or other proprietary right owned or controlled by third parties; (ii) Franchisee's alleged violation or breach of any contract, federal, state or local law, regulation, ruling, standard or directive of any industry standard; libel, slander or any other form of defamation by Franchisee; (iii) Franchisee's alleged violation or breach of any warranty, representation, agreement, covenant or obligation in this Agreement; (iv) any acts, errors or omissions of Franchisee or any of its agents, servants, employees, contractors, partners, proprietors, affiliates, or representatives; latent or other defects in the Franchised Business, whether or not discoverable by Franchisor or

Franchisee; (vi) the inaccuracy, lack of authenticity or nondisclosure of any information by any customer of the Franchised Business; (vii) any services or products provided by Franchisee at, from or related to the operation of the Franchised Business; (viii) any services or products provided by any affiliated or non-affiliated participating entity; (ix) any action by any customer of the Franchised Business; and (x) any damage to the property of Franchisee or Franchisor, their agents or employees or any third person, firm or corporation, whether or not such losses, claims, costs, expenses, damage, or liabilities were actually or allegedly caused wholly or in part through the active or passive negligence of Franchisor or any of its agents or employees, or resulted from any strict liability imposed on Franchisor or any of its agents or employees.

C. Exceptions to No Liability

Notwithstanding the foregoing Section B, Franchisor agrees that unless such liability is determined to be related to a material and integral part of Franchisor's prescribed operating system, Franchisor agrees to cooperate and participate in defending any claim arising therefrom.

D. Identification

Franchisee shall conspicuously identify itself and the Franchised Business in all dealings with its clients, contractors, suppliers, public officials and others, as an independent franchisee of Franchisor. Franchisee shall place a notice of independent ownership on all forms, business cards, stationery, advertising, signs and other materials and in such fashion as Franchisor may, in its sole and exclusive discretion, specify and require from time to time in the Operations Manual or otherwise.

E. No False Representations

Except as otherwise expressly authorized by this Agreement, neither party hereto will make any express or implied agreements, warranties, guarantees or representations, incur any debt in the name of or on behalf of the other party, or represent that the relationship between Franchisor and Franchisee is other than that of Franchisor and franchisee. Franchisor does not assume any liability, and will not be deemed liable, for any agreements, representations or warranties made by Franchisee which are not expressly authorized under this Agreement. Franchisor will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to the operation of the Franchised Business.

XXXII. APPLICABLE LAW

A. Governing Law

This Agreement takes effect upon its acceptance and execution by Franchisor. This Agreement shall be interpreted and construed under the laws of the State in which the Franchised Business is located.

B. Jurisdiction and Venue

The parties agree that, subject to the parties' obligation to submit to arbitration as discussed below, any action brought by either party against the other shall be brought in the State in which the Franchised Business is located (except for a claim arising out of or related to

Franchisee's misuse of the Proprietary Marks, which may be brought in any court of competent jurisdiction) and the parties do hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

C. Remedy

No right or remedy conferred upon or reserved by Franchisor or Franchisee by this Agreement is intended and it shall not be deemed to be exclusive of any other right or remedy provided or permitted herein, by law or at equity, but each right or remedy shall be cumulative of every other right or remedy.

D. Injunctive Relief

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

E. Anti-Terrorism Laws

Franchisee and its owners, officers, directors, members or partners (as applicable) agree to comply, and to assist Franchisor to the fullest extent possible in its efforts to comply, with Anti-Terrorism Laws (defined below), U.S. Foreign Corrupt Practices Act, or any other applicable anti-corruption or bribery laws. In connection with that compliance, Franchisee and its owners, officers, directors, members or partners (as applicable) certify, represent, and warrant that none of Franchisee's property or interests is subject to being blocked under, and that Franchisee and its owners, officers, directors, members or partners (as applicable) otherwise are not in violation of, any of the Anti-Terrorism Laws. "**Anti-Terrorism Laws**" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by Franchisee or its owners, or any blocking of Franchisee's or its owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement. In addition, Franchisee represents that it has not received funding from nor is it owned, controlled, or acting on behalf of the government of any country that is subject to an embargo by the United States, any foreign government official, political party or international organization, and that no foreign government or government official, political party or international organization has any financial interest in the Franchised Business or any monies earned by the Franchised Business.

XXXIII. ARBITRATION

A. Resolution of Disputes

Any dispute arising out of or relating to this Agreement shall be resolved in accordance with the procedures specified in this Article XXXIII, which shall be the sole and exclusive procedures for the resolution of such disputes. Each party shall continue to perform its obligations under this Agreement pending final resolution of any dispute arising out of or relating to this Agreement, unless to do so would be impossible or impracticable under the circumstances.

B. Arbitration

Any dispute arising out of or relating to this Agreement or breach, termination or validity thereof (including the validity of these provisions regarding arbitration) shall be settled by final and binding arbitration in accordance with the American Arbitration Association's Commercial Arbitration Rules by a sole arbitrator. The Arbitrator shall hear the dispute in the State of in which the Franchised Business is located and may properly consider any and all matters related thereto that would be admissible in a non-jury trial. The Arbitrator shall apply the law identified in Section A, above, as the governing law of this Agreement. The Arbitrator's award shall be announced within seven (7) days of the hearing of the dispute and shall include all fees, costs, pre-award interest, and legal fees to the prevailing party. The Arbitrator shall not be empowered to award punitive or exemplary damages and shall limit any award of damages to an amount not to exceed actual compensatory damages. Judgment upon the award of the Arbitrator shall be binding and may be entered in a court of competent jurisdiction. Franchisee agrees that any arbitration between Franchisor and Franchisee shall be of Franchisee's individual claims and that the claims subject to arbitration shall not be arbitrated in conjunction with the claims of any other person or entity, nor on a class-wide basis.

C. Actions

Notwithstanding any provision contained in this Agreement to the contrary the provisions of Article B do not apply to a dispute where (i) Franchisor brings an action for an express obligation to pay monies, declaratory relief, preliminary or permanent equitable relief, any action at law for damages to Franchisor's goodwill, the Confidential Information, the Proprietary Marks or other property or for fraudulent conduct by Franchisee; or (ii) the delay resulting from the arbitration process may endanger or adversely affect the public (for example, unhealthy, unsafe or unsanitary conditions would continue to exist). For such disputes, Franchisor may at its option institute in a court of competent jurisdiction an action or actions for monetary damages and/or temporary, preliminary, and permanent injunctive relief or specific performance in addition to, and not exclusive of, seeking any other remedies available to Franchisor. Franchisee hereby consents to and waives any objection or defense and agrees not to contest venue, forum non conveniens or jurisdiction of such court.

D. Money Damages

In no event shall Franchisee make any claim for money damages based upon any assertion by Franchisee that Franchisor has unreasonably withheld or unreasonably delayed any consent or approval to a proposed act by Franchisee under any terms of this Agreement, and Franchisee hereby waives any claim for money damages, including but not limited to any claim for money damages by way of set-off, counterclaim or defense based on any such assertion. Franchisee's sole remedy for any such assertion shall be an action or proceeding in arbitration as set forth in this Article XXXIII to enforce any such provisions, or for specific performance, or declaratory judgment.

No claim may be submitted by a party to arbitration in accordance with this Article XXXIII unless notified to the other party within one (1) year of the date on which the submitting

party first knew or should have known of the existence of the facts indicating the existence of such dispute.

XXXIV. OPERATION IN THE EVENT OF ABSENCE OR DISABILITY; STEP-IN RIGHTS

A. Operation in the Event of Absence or Disability

In order to prevent any interruption of the Franchised Business operations which would cause harm to the Franchised Business, thereby depreciating the value thereof, Franchisee authorizes Franchisor, who may, at its option, in the event that Franchisee is absent for any reason or is incapacitated by reason of illness and is unable, in the sole and reasonable judgment of Franchisor, to operate the Franchised Business, operate the Franchised Business for so long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies Franchisor may have under this Agreement. All monies from the operation of the Franchised Business during such period of operation by Franchisor shall be kept in a separate account, and the expenses of the Franchised Business, including reasonable compensation and expenses for Franchisor's representative, shall be charged to said account. If, as herein provided, Franchisor temporarily operates the Franchised Business franchised herein for Franchisee, Franchisee agrees to indemnify and hold harmless Franchisor and any representative of Franchisor who may act hereunder, from any and all acts which Franchisor may perform, as regards the interests of Franchisee or third parties.

B. Step-In Rights

1. Cause for Step-In

If Franchisor determines in its sole judgment that the operation of Franchisee's business is in jeopardy, or if a default occurs, then in order to prevent an interruption of the Franchised Business which would cause harm to the System and thereby lessen its value, Franchisee authorizes Franchisor to operate its Franchised Business for as long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies which Franchisor may have under this Agreement. In Franchisor's sole judgment, Franchisor may deem Franchisee incapable of operating the Franchised Business if, without limitation, Franchisee is absent or incapacitated by reason of illness or death; Franchisee has failed to pay when due or has failed to remove any and all liens or encumbrances of every kind placed upon or against Franchisee's business; or Franchisor determines that operational problems require that Franchisor operate Franchisee's business for a period of time that Franchisor determines, in its sole discretion, to be necessary to maintain the operation of the business as a going concern.

2. Duties of the Parties

Franchisor shall keep in a separate account all monies generated by the operation of Franchisee's business, less the expenses of the business, including reasonable compensation and expenses for Franchisor's representatives. In the event of the exercise of the Step-In Rights by Franchisor, Franchisee agrees to hold harmless Franchisor and its representatives for all actions occurring during the course of such temporary operation. Franchisee agrees to pay all of Franchisor's reasonable attorneys' fees and costs incurred as a consequence of Franchisor's exercise of its Step-In Rights. Nothing contained herein shall prevent Franchisor from exercising

any other right which it may have under this Agreement, including, without limitation, termination.

XXXV. FRANCHISEE'S REPRESENTATIONS AND ACKNOWLEDGMENTS

A. Franchisee's Representations

Franchisee represents and warrants to Franchisor, with the intention that Franchisor is relying thereon in entering into this Agreement, that:

1. If Franchisee is a corporation, limited liability company, general partnership, partnership, or limited partnership, then Franchisee is organized under the laws of the State of its principal place of business (or another state which Franchisee has identified to Franchisor) and is in good standing with and qualified to do business in each State and political/governmental subdivision having jurisdiction over the Franchised Business.

2. If Franchisee is a corporation, limited liability company, general partnership, partnership, or limited partnership, Franchisee has all corporate power and authority to execute, deliver, consummate and perform this Agreement, and it will be binding upon Franchisee and its successors and assigns when executed.

3. Franchisee does not have any material liabilities, adverse claims, commitments or obligations of any nature as of the date of execution of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise which are not reflected as liabilities on the balance sheets of Franchisee's current financial statements, which Franchisee has furnished to Franchisor before the execution of this Agreement.

4. As of the date of execution of this Agreement, there are no actions, suits, proceedings or investigations pending or, to Franchisee's knowledge or the knowledge any of its officers, directors, principal shareholders, proprietors, partners or Controlling Principals (as applicable) after due inquiry, threatened, in any court or arbitral forum, or before any governmental agency or instrumentality, nor to the best of Franchisee's knowledge or the knowledge of any such persons or entities (after due inquiry) is there any basis for any claim, action, suit, proceeding or investigation which affects or could affect, directly or indirectly, any of Franchisee's assets, properties, rights or business; Franchisee's right to operate and use its assets, properties or rights to carry on its business; and/or which affects or could affect Franchisee's right to assume and carry out in all respects the duties, obligations and responsibilities specified in this Agreement.

5. Neither Franchisee nor any of its owners is a party to any contract, agreement, covenant not to compete or other restriction of any type which may conflict with, or be breached by, the execution, delivery, consummation and/or performance of this Agreement.

6. All of Franchisee's representations and warranties contained in this Agreement are complete, correct and accurate as of the date of execution of this Agreement and will survive any termination or expiration of this Agreement.

B. Franchisee's Acknowledgments

Franchisee acknowledges, warrants and represents to Franchisor, and Franchisor relies on such acknowledgments, warranties and representations that:

1. No representation has been made by Franchisor (or any of its employees, agents or salespersons) and relied on by Franchisee as to the future or past income, expenses, sales volume or potential profitability, earnings or income of the Franchised Business, or any other business owned by Franchisor, its affiliates or a franchisee. Franchisor makes no guaranties, promises, representations, statements or warranties that Franchisee can or will achieve any particular level or range of sales, income or other measures of performance.

Initials

2. No representation or statement has been made by Franchisor (or any of its employees, agents or salespersons) and relied on by Franchisee regarding Franchisee's anticipated income, earnings and growth or that of Franchisor or the System, or the viability of the business opportunity being offered under this Agreement.

Initials

3. Before executing this Agreement, Franchisee has had the opportunity to contact any and all of Franchisor's existing franchisees.

Initials

4. Franchisee has had the opportunity to independently investigate, analyze and construe both the business opportunity being offered under this Agreement, and the terms and provisions of this Agreement, using the services of legal counsel, accountants or other advisors (if Franchisee so elects) of its choosing. Franchisee has been advised to consult with its advisors with respect to the legal, financial and other aspects of this Agreement, the Franchised Business, and the prospects for the Franchised Business. Franchisee has either consulted with these advisors or has deliberately declined to do so.

Initials

5. No representation or statement has been made by Franchisor (or any of its employees, agents or salespersons) and relied on by Franchisee regarding Franchisee's ability to procure any required license or permit that may be necessary to the offering of one or more of the products or services contemplated to be offered by the Franchised Business.

Initials

6. Franchisee affirms that all information set forth in all applications, financial statements and submissions to Franchisor are true, complete and accurate in all respects, and Franchisee expressly acknowledges that Franchisor is relying on the truthfulness, completeness and accuracy of this information.

Initials

7. Attached hereto as Attachment E is a Franchisee Disclosure Acknowledgment Statement. Franchisee shall have received and answer the questions thereon, relating to representations that have or have not been made to Franchisee. Franchisee has initialed and executed the Statement voluntarily and attached it hereto.

Initials

8. Franchisee understands and agrees that Franchisor may manage and change the System and Franchisor's business in any manner that is not expressly prohibited by this Agreement. Whenever Franchisor has the right within this Agreement to take or withhold action or to grant or decline to Franchisee the right to take or withhold action, Franchisor may make such a decision on the basis of Franchisor's business judgment of what is in Franchisor's best interests and those of the System and the franchise network, without regard to whether other reasonable alternative decisions exist or whether Franchisor's decision adversely affects Franchisee. Absent applicable statute, Franchisor shall have no liability for such a decision and Franchisee agrees that Franchisor's decision will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, Franchisee agrees that such a covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants to Franchisor the right to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's rights and obligations hereunder.

Initials

XXXVI. SUBMISSION OF AGREEMENT

This Agreement is the entire agreement between the parties with respect to the subject matter hereof. The submission of this Agreement to the Franchisee does not constitute an offer. This Agreement will become effective only upon the execution of this Agreement by both the Franchisor and the Franchisee.

THIS AGREEMENT WILL NOT BE BINDING ON THE FRANCHISOR UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF THE FRANCHISOR. THE FRANCHISEE ACKNOWLEDGES THAT NO REPRESENTATIONS OR PROMISES WERE MADE TO THE FRANCHISEE OTHER THAN THOSE SET FORTH IN THE FRANCHISOR'S DISCLOSURE DOCUMENT, OR

THAT IF ANY OTHER REPRESENTATIONS OR PROMISES WERE MADE TO THE FRANCHISEE, THE FRANCHISEE IS NOT RELYING ON THEM. THE FRANCHISEE HAS READ ALL OF THE FOREGOING AGREEMENT AND ACCEPTS AND AGREES TO EACH AND ALL OF THE PROVISIONS, COVENANTS AND CONDITIONS OF THE FOREGOING AGREEMENT.

XXXVII. SECURITY INTEREST

A. Collateral

Franchisee grants to Franchisor a security interest ("**Security Interest**") in all of the furniture, fixtures, equipment, signage, and realty (including Franchisee's interests under all real property and personal property leases) of the Franchised Business, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Franchised Business. All items in which a security interest is granted are referred to as the "**Collateral**".

B. Indebtedness Secured

The Security Interest is to secure payment of the following (the "**Indebtedness**"):

- (1) All amounts due under this Agreement or otherwise by Franchisee;
- (2) All sums which Franchisor may, at its option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness;
- (3) All expenses, including reasonable attorneys' fees, which Franchisor incurs in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting Franchisor's rights under the Security Interest and this Agreement; and
- (4) All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of Franchisee to Franchisor or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not Franchisee executes any extension agreement or renewal instruments.

C. Additional Documents

Franchisee will from time to time as required by Franchisor join with Franchisor in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to Franchisor.

D. Possession of Collateral

Upon default and termination of Franchisee's rights under this Agreement, Franchisor shall have the immediate right to possession and use of the Collateral.

E. Franchisor's Remedies in Event of Default

Franchisee agrees that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at Franchisor's option and without notice, become due and payable immediately, and Franchisor shall then have the rights, options, duties, and remedies of a secured party under, and Franchisee shall have the rights and duties of a debtor under, the applicable Uniform Commercial Code, including, without limitation, Franchisor's right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by Franchisor in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to Franchisee pursuant to the notice provisions set forth above.

F. Special Filing as Financing Statement

This Agreement shall be deemed a Security Agreement and a Financing Statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

IN WITNESS WHEREOF, the parties hereto, by and through their respective representatives authorized to enter into and bind the respective party without further consent or authorization, have duly executed and delivered this Agreement as of the Effective Date.

FRANCHISOR
YF FRANCHISE LLC

FRANCHISEE

[Insert Name of Franchisee]

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

ATTACHMENT A

PERSONAL GUARANTY

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement, and any revisions, modifications, addenda and amendments thereto, (collectively the “**Agreement**”) dated _____, 20____ by and between YF FRANCHISE LLC, (“**Franchisor**”) and _____ (“**Franchisee**”) each of the undersigned Guarantors to this Personal Guaranty (“**Guaranty**”) agrees as follows:

1. The Guarantors do hereby jointly and severally unconditionally guaranty the full, prompt and complete performance of the Franchisee under the terms, covenants and conditions of the Agreement, including without limitation the complete and prompt payment of all indebtedness to the Franchisor under the Agreement. The word “indebtedness” is used herein in its most comprehensive sense and includes without limitation any and all advances, debts, obligations and liabilities of the Franchisee, now or hereafter incurred, either voluntarily or involuntarily, and whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, or whether recovery thereof may be now or hereafter barred by any statute of limitation or is otherwise unenforceable.
2. The obligations of the Guarantors are independent of the obligations of the Franchisee and a separate action or actions may be brought and prosecuted against any or all of the Guarantors, whether or not actions are brought against the Franchisee or whether the Franchisee is joined in any such action.
3. The Franchisor shall not be obligated to inquire into the power or authority of the Franchisee or its partners or the officers, directors, agents, members or managers acting or purporting to act on the Franchisee’s behalf and any obligation or indebtedness made or created in reliance upon the exercise of such power and authority shall be guaranteed hereunder. Where the Guarantors are corporations or partnerships it shall be conclusively presumed that the Guarantors and the partners, agents, officers and directors acting on their behalf have the express authority to bind such corporations or partnerships and that such corporations or partnerships have the express power to act as the Guarantors pursuant to this Guaranty and that such action directly promotes the business and is in the interest of such corporations or partnerships.
4. The Franchisor, its successors and assigns, may from time to time, without notice to the undersigned: (a) resort to the undersigned for payment of any of the indebtedness, whether or not it or its successors have resorted to any property securing any of the indebtedness or proceeded against any other of the undersigned or any party primarily or secondarily liable on any of the indebtedness; (b) release or compromise any indebtedness of any of the undersigned hereunder or any indebtedness of any party or parties primarily or secondarily liable on any of the indebtedness; (c) extend, renew or credit any of the indebtedness for any period (whether or not longer than the original period); (d) alter, amend or exchange any of the indebtedness; or (e) give any other form of indulgence, whether under the Agreement or otherwise.

5. The undersigned further waive presentment, demand, notice of dishonor, protest, nonpayment and all other notices whatsoever, including without limitation: notice of acceptance hereof; notice of all contracts and commitments; notice of the existence or creation of any liabilities under the Agreement and of the amount and terms thereof; and notice of all defaults, disputes or controversies between the Franchisee and the Franchisor resulting from the Agreement or otherwise, and the settlement, compromise or adjustment thereof.

6. This Guaranty shall be enforceable by and against the respective administrators, executors, successors and assigns of the Guarantors and the death of any Guarantor shall not terminate the liability of such Guarantor or limit the liability of the other Guarantors hereunder.

7. If more than one person has executed this Guaranty, the term "the undersigned" as used herein shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

8. Each Guarantor that is a business entity, retirement or investment account, or trust acknowledges and agrees that if Franchisee (or any of its affiliates) is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by such Guarantor (or on such Guarantor's account) to its owners, accountholders or beneficiaries or otherwise, for so long as such delinquency exists, subject to applicable law

IN WITNESS WHEREOF, each of the undersigned has executed this Guaranty under seal effective as of the ____ day of _____, 20__.

Signature

Signature

Printed Name

Printed Name

Home Address

Home Address

Home Telephone

Home Telephone

Business Telephone

Business Telephone

Date

Date

Consent of Spouse to Guaranty:
SPOUSES:

_____, an Individual

Date: _____

_____, an Individual

Date: _____

ATTACHMENT B

MANDATORY ADDENDUM TO LEASE AGREEMENT

THIS MANDATORY ADDENDUM TO LEASE AGREEMENT ("Addendum") is made and entered into this _____ day of _____, 20_____, by and among ("Landlord"), with its principal offices at _____; and _____ ("Tenant"), with its principal offices at _____.

WITNESSETH:

WHEREAS, the Landlord and the Tenant have executed a lease agreement dated _____, 20____, ("Lease") for the premises located at _____ ("Leased Approved Location") for use by the Tenant as a business to be operated pursuant to the Proprietary Marks and System in connection with a written Franchise Agreement dated _____, 20____ by and between YF Franchise LLC ("Franchisor") and the Tenant ("Franchise Agreement");

WHEREAS, a condition to the approval of the Tenant's specific location by the Franchisor is that the Lease for the Leased Approved Location designated for the operation of an outlet operating under the "Swensen's[®]" Proprietary Mark, contain the agreements set forth herein;

WHEREAS, the Landlord acknowledges that the Franchisor requires the modifications to the Lease set forth herein as a condition to its approving the Leased Approved Location as a site for the Franchised Business, and that the Landlord agrees to modify and amend the Lease in accordance with the terms and conditions contained herein;

WHEREAS, according to Section D of the Franchise Agreement, all right, title and interest in and to the Lease may be assigned to Franchisor upon the termination of the Franchise Agreement; and

WHEREAS, it is the intent of the parties hereto to provide Franchisor with the opportunity to preserve the leased premises as a Franchised Business in the event of any default or termination of said Lease or Franchise Agreement and to assure the Landlord that in the event Franchisor exercises its rights herein contained, any defaults of the Tenant under the Lease will be cured by Franchisor before it takes possession of the Leased Approved Location.

1. Use Clause. The Leased Approved Location shall be used for the operation of an outlet specializing in the sale of proprietary ice cream, ice cream novelties, frozen confections, milkshakes, specialty drinks, frozen desserts, and related products to the public ("Franchised Business"). If the Tenant wishes to offer the products for the Swensen's Grill & Restaurant and the Addendum granting such rights is to be executed, then the Franchised Business shall be a full-service, licensed, sit-down family style restaurant, which may provide catering and take-out services and may sell alcoholic beverages, so long as the Tenant obtains the prior written consent

and approval of all governmental authorities that have jurisdiction over premises of the Franchised Business.

The Landlord acknowledges that such use shall not violate any then existing exclusives granted to any existing tenant of the Landlord. The Landlord further acknowledges that during the term of this Lease or any extension thereof, the Landlord will not lease space within the location of the Franchised Business to a business similar to the Tenant's.

Landlord represents and warrants that the Leased Approved Location has no existing building code violations and is properly zoned for its intended use.

2. Default of Lessee under Lease. The Landlord shall mail to Franchisor copies of any notice of default or termination it gives to the Tenant concurrently with giving such notices to the Tenant. If the Tenant fails to cure any default within the period provided in the Lease, if any, the Landlord shall give Franchisor immediate written notice of such failure to cure. The Landlord shall thereupon offer to Franchisor and Franchisor shall have the right to accept an assignment of the Lease or a new lease containing the same terms and conditions of the Lease, whichever Franchisor elects. If Franchisor elects to continue the use of the Leased Approved Location under an assignment of the Lease or a new lease, it shall so notify the Landlord in writing within thirty (30) days after it has received written notice from the Landlord specifying the defaults the Tenant has failed to cure within the grace period specified in the Lease. Upon receipt of such notice from Franchisor, the Landlord shall promptly execute and deliver to Franchisor an assignment of the Lease or a new lease, whichever Franchisor requests, and shall deliver to Franchisor possession of the Leased Approved Location, free and clear of any rights of the Tenant or any third party. Franchisor, before taking possession of the Leased Approved Location, shall promptly cure the defaults specified by the Landlord in its notice to Franchisor and shall execute and deliver to the Landlord its acceptance of the assignment of the Lease or of the new lease, as the case may be.

In the event that the Franchisor elects to enter into a new lease with the Landlord, Landlord shall do so upon terms and conditions no less favorable than those contained in the Lease.

3. Termination of the Franchise Agreement. If the Franchise Agreement between Franchisor and the Tenant is terminated for any reason during the term of the Lease or any extension thereof, the Tenant, upon the written request of Franchisor, shall assign to Franchisor all of its right, title and interest in and to the Lease. If Franchisor elects to accept the assignment of the Lease from the Tenant, it shall give the Tenant and the Landlord written notice of its election to acquire the leasehold interest. The Landlord hereby consents to the assignment of the Lease from the Tenant to Franchisor, subject to the Tenant's and/or Franchisor's curing any defaults of the Tenant under the Lease before Franchisor takes possession of the Leased Approved Location. Alternatively, in the event of a termination of the Franchise Agreement, Franchisor may elect to enter into a new lease with the Landlord containing terms and conditions no less favorable than the Lease. Upon the Landlord's receipt of written notice from Franchisor advising the Landlord that Franchisor elects to enter into a new lease, the Landlord shall execute and deliver such new lease to Franchisor for its acceptance. The Landlord and the Tenant shall

deliver possession of the Leased Approved Location to Franchisor, free and clear of all rights of the Tenant or third parties, subject to Franchisor's curing any defaults of the Tenant, under the Lease, and executing an acceptance of the assignment of Lease or the new lease, as the case may be.

The Franchisor shall indemnify, defend and hold the Landlord harmless from any attempt to terminate the Lease or dispossess the Tenant from the Leased Approved Location based upon a termination of the Franchise Agreement.

4. Tenant's Agreement to Vacate Leased Approved Location. The Tenant agrees to peaceably and promptly vacate the Leased Approved Location and (subject to Franchisor's right to acquire any such property pursuant to its Franchise Agreement with the Tenant) to remove its personal property therefrom upon the termination of the Franchise Agreement or upon the Tenant's failure to timely cure all of its defaults under the Lease. Any property not removed or otherwise disposed of by the Tenant shall be deemed abandoned.

5. Delivery of Possession. If it becomes necessary for the Landlord to pursue legal action to evict the Tenant in order to deliver possession of the Leased Approved Location to the Franchisor, the Franchisor shall, at the written request of the Landlord, pay into an interest-bearing escrow account all amounts necessary to cure any default of the Tenant's, pending delivery of the Leased Approved Location to the Franchisor. If the Landlord may not legally obtain possession of the Leased Approved Location or if the Landlord is unable to deliver the Leased Approved Location to the Franchisor within six (6) months from the date the Franchisor notifies the Landlord of its election to continue the use of the Leased Approved Location, then the Franchisor shall have the right at any time thereafter to rescind its election to acquire a leasehold interest in the Leased Approved Location and to terminate the Lease or any new lease between it and the Landlord for the Leased Approved Location, whereupon all amounts deposited by the Franchisor in escrow, together with interest earned thereon, shall be returned forthwith to the Franchisor, and the Landlord shall release the Franchisor from all of its obligations under the Lease or under any new lease.

6. Amendment of Lease. The Landlord and the Tenant agree not to amend the Lease in any respect, except with the prior written consent of the Franchisor.

7. Franchisor Not a Guarantor. The Landlord acknowledges and agrees that, notwithstanding any terms or conditions contained in this Addendum or any other agreement, the Franchisor shall in no way be construed as a guarantor or surety of the Tenant's obligations under the Lease. Notwithstanding the foregoing, in the event the Franchisor becomes the Tenant by assignment of the Lease in accordance with the terms hereof or enters into a new lease with Landlord, then the Franchisor shall be liable for all of the obligations of the Tenant on its part to be performed or observed under the Lease or a new lease.

8. Document to Govern. The terms and conditions contained herein modify and supplement the Lease. Whenever any inconsistency or conflict exists between this Addendum and the Lease, the terms of this Addendum shall prevail.

9. No Hazardous Materials. The Landlord warrants and represents that no part of the Franchised Business location, including the walls, ceilings, structural steel, flooring, pipes or boilers is wrapped, insulated, fire-proofed or surfaced with any asbestos-containing materials (“ACM”) or other hazardous materials as the same may be identified from time to time by applicable federal, state or local laws or regulations (“**Hazardous Materials**”), and that no ACM materials or Hazardous Materials will be present in the Leased Approved Location as of the date Tenant takes possession thereof.

10. Assignment and Subletting. Notwithstanding anything set forth in the Lease to the contrary, the Tenant shall have the right to assign this Lease or any interest therein, or sublet the Leased Approved Location or any portion thereof without the consent of Landlord:

- (a) to any bona fide franchisee of the Franchisor; or
- (b) to the Franchisor or any successor or affiliate thereof.

11. Subordination. The Landlord will subordinate its interest in the Tenant’s equipment to any lender financing the same, and the Landlord will further cooperate in executing all required documents to recognize such subordination.

12. Waiver. Failure of Franchisor to enforce or exercise any of its rights hereunder shall not constitute a waiver of the rights hereunder or a waiver of any subsequent enforcement or exercise of its rights hereunder.

13. Amendment of Agreement. This Agreement may be amended only in writing signed by all parties hereto.

14. Notices. All notices hereunder shall be by certified mail to the addresses set forth above or to such other addresses as the parties hereto may, by written notice, designate.

15. Binding Effect. This Agreement shall be binding upon the parties hereto, their heirs, executors, successors, assigns and legal representatives.

16. Severability. If any provision of this Agreement or any part thereof is declared invalid by any court of competent jurisdiction, such act shall not affect the validity of this Agreement and the remainder of this Agreement shall remain in full force and effect according to the terms of the remaining provisions or part of provisions hereof.

17. Remedies. The rights and remedies created herein shall be deemed cumulative and no one of such rights or remedies shall be exclusive at law or in equity of the rights and remedies which Franchisor may have under this or any other agreement to which Franchisor and the Tenant are parties.

18. Attorneys’ Fees. If any action is instituted by any party to enforce any provision of this Agreement, the prevailing party shall be entitled to recover all attorneys’ fees and costs incurred in connection therewith.

19. Construction. This Agreement shall be governed by and construed in accordance with the laws of the State in which the Leased Approved Location is located.

20. Certain Acknowledgments. The Landlord and the Tenant acknowledge and agree that all interior and exterior signage and related items (collectively the “**Leased/Licensed Assets**”) are the sole property of the Franchisor. The Tenant shall have no right to pledge in any manner the Leased/Licensed Assets and the Landlord shall have no rights to place any liens on or make any other claims to the Leased/Licensed Assets.

21. Franchisor is not a party to this Agreement but is and shall be a third-party beneficiary hereunder with full rights to, at its option, enforce any provision of this Agreement that relates to or provides a benefit for it.

IN WITNESS WHEREOF, the parties hereto, by and through their respective representatives authorized to enter into and bind the respective party without further consent or authorization, have duly executed and delivered this Addendum as of this ____ day of _____, 20__.

WITNESS:

Landlord:

By:_____

Title:_____

Tenant:

ATTEST:

Secretary

By:_____

Title:_____

ATTACHMENT C

SITE SELECTION ADDENDUM

THIS SITE SELECTION ADDENDUM is made this _____ day of _____, 20____, by and between YF FRANCHISE LLC (“**Franchisor**”) and _____ (“**Franchisee**”).

WHEREAS, the Franchisor and the Franchisee are parties to a Franchise Agreement dated _____, 20____, by the terms of which the Franchisor has granted to the Franchisee the right and license to operate a Swensen’s franchise pursuant to the System and Proprietary Marks (as defined in the Franchise Agreement); and

WHEREAS, the Franchisee has selected and presented a site to the Franchisor which has been approved by the Franchisor;

NOW, THEREFORE, the parties hereto, intending to be bound, agree as follows:

1. Approved Location. The Approved Location shall be located as follows:

2. Franchisee’s Representations and Warranties. The Franchisee represents and warrants that it has negotiated, but not yet executed, a lease for the premises for the Franchised Business, a copy of which has been provided to the Franchisor for its approval, and the Franchisee warrants and represents as follows:

- a. That the initial term of the lease, or the initial term together with any renewal terms (for which rent shall be set forth in the lease), shall be for not less than _____ (____) years; and
- b. That the lessor has consented to the Franchisee’s use of the Proprietary Marks and initial signage as may be prescribed for the Franchised Business.

3. Approved Location. The Approved Location described in Paragraph 1 hereof shall constitute the site referred to in Paragraph A. of the Franchise Agreement.

4. Miscellaneous.

- a. All capitalized terms not defined herein shall have the meaning given to them in the Franchise Agreement.
- b. This Site Selection Addendum constitutes an integral part of the Franchise Agreement, and the terms of this Site Selection Addendum shall be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Site Selection Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties hereto, by and through their respective representatives authorized to enter into and bind the respective party without further consent or authorization, have duly executed and delivered this Site Selection Addendum as of this ____ day of _____, 20__.

FRANCHISOR
YF FRANCHISE, LLC

FRANCHISEE

[Insert Name of Franchisee]

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Each of the undersigned owns a Twenty Percent (20%) or greater beneficial interest in the Franchisee; each has read this Site Selection Addendum and each agrees to be individually bound by its terms.

WITNESS



ATTACHMENT D

ELECTRONIC FUNDS TRANSFER (EFT) AUTHORIZATION

FRANCHISEE INFORMATION

Franchisee Name	Store No.	Franchisee Phone No.
Franchisee Mailing Address (street, city, state, zip)		
Contact Name, Address and Phone number (if different than above)		
Employer Identification Number (if applicable)	Principal's Name and Social Security Number	

BANK ACCOUNT INFORMATION

Bank Name	Bank Account Number	Bank Routing Number [: [: 9 Characters
Bank Mailing Address (street, city, state, zip)		
Bank Phone Number		

PAYMENT

Franchisee hereby authorizes YF Franchise L.L.C., its affiliates or agents and their successors and assigns (the "Payee"), to initiate withdrawals from the Bank Account indicated on this form, and hereby authorizes the Bank to honor and charge the Bank Account for electronic funds transfers or drafts drawn on the Bank Account and payable to Payee. The amount of such charge shall be set forth in a notice from the Payee presented to the Bank on the day(s) of the week set forth in your franchise agreement (or similar agreement for the gift card program), and any other agreement you sign that authorizes us or our affiliate to debit your account for the fees, which may be modified by YF Franchise L.L.C. or its affiliates, for the payment of royalty fees, advertising fees, gift card and e-gifting program fees and funds flow, and any other fees, charges and other amounts payable to us or our affiliates for any services we provide or facilitate. The Franchisee agrees to execute such additional documents as may be reasonably requested by the Payee or the Bank to evidence the interest of this EFT Authorization. This authority shall remain in full force and effect until the Payee has received written notification from the Franchisee in such time and manner as to afford the Payee and the Bank to act on such notice. The Franchisee understands that the termination of this authorization does not relieve the Franchisee of its obligations to make payments to the Payee. Payee may assign its rights and obligations under this EFT Authorization to Payee's affiliates or agents. Payee may change its designated affiliates or agents at Payee's discretion.

Signature:	Date:
------------	-------

NOTE: FRANCHISEE MUST ATTACH A VOIDED OR COMPLETED CHECK RELATING TO THE BANK

ATTACH VOIDED OR COMPLETED CHECK HERE

ATTACHMENT E

FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

As you know, _____ (the “**Franchisor**”) and you are preparing to enter into a unit franchise agreement (“**Franchise Agreement**”) for the establishment and operation of a Business operating under the following proprietary marks: Swensen’s®, Swensen’s Ice Cream® and other related trademarks, trade names, trade dress, copyrights, logos, insignia and domain names (“**Franchised Business**”). The purpose of this Questionnaire is to determine whether any statements or promises were made to you by employees or authorized representatives of the Franchisor, or by employees or authorized representatives of a broker acting on behalf of the Franchisor (“**Broker**”) that have not been authorized, or that were not disclosed in the Disclosure Document or that may be untrue, inaccurate or misleading. The Franchisor, through the use of this document, desires to ascertain (a) that the undersigned, individually and as a representative of any legal entity established to acquire the franchise rights, fully understands and comprehends that the purchase of a franchise is a business decision, complete with its associated risks, and (b) that you are not relying upon any oral statement, representations, promises or assurances during the negotiations for the purchase of the franchise which have not been authorized by Franchisor.

In the event that you are intending to purchase an existing Franchised Business from an existing franchisee, you may have received information from the transferring franchisee, who is not an employee or representative of the Franchisor. The questions below do not apply to any communications that you had with the transferring franchisee. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Are you seeking to enter into the Franchise Agreement in connection with a purchase or transfer of an existing Franchised Business from an existing franchisee?

Yes _____ No _____

2. I had my first face-to-face meeting with a Franchisor representative on _____, 20____.

3. Have you received and personally reviewed the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

4. Do you understand all of the information contained in the Franchise Agreement, each addendum, and/or related agreement provided to you?

Yes _____ No _____

If no, what parts of the Franchise Agreement, any Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary.)

5. Have you received and personally reviewed the Franchisor's Disclosure Document that was provided to you?

Yes _____ No _____

6. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes _____ No _____

7. Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the Disclosure Document?

Yes _____ No _____

If No, what parts of the Disclosure Document and/or Addendum do you not understand? (Attach additional pages, if necessary.)

8. Have you discussed the benefits and risks of establishing and operating a Franchised Business with an attorney, accountant, or other professional advisor?

Yes _____ No _____

If No, do you wish to have more time to do so?

Yes _____ No _____

9. Do you understand that the success or failure of your Franchised Business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, location, lease terms, your management capabilities and other economic, and business factors?

Yes _____ No _____

10. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the actual or potential revenues, profits or operating costs of any particular Franchised Business operated by the Franchisor or its franchisees (or of any group of such businesses), that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

11. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the franchised business that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

12. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Franchised Business will generate, that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

13. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating the Franchised Business that is contrary to or different from the information contained in the Disclosure Document?

Yes _____ No _____

14. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchised Business?

Yes _____ No _____

15. Has any employee of a Broker or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to,

or different from, the information contained in the Disclosure Document or Franchise Agreement?

Yes _____ No _____

16. Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

17. Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today?

Yes _____ No _____

18. Have you spoken to any other franchisee(s) of this system before deciding to purchase this franchise? If so, who? _____

If you have answered No to question 9, or Yes to any one of questions 10-17, please provide a full explanation of each answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered Yes to question 9, and No to each of questions 10-17, please leave the following lines blank.

I signed the Franchise Agreement and Addendum (if any) on _____, 20____, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions. In addition, by signing this Questionnaire, you also acknowledge that:

A. You recognize and understand that business risks, which exist in connection with the purchase of any business, make the success or failure of the franchise subject to many variables, including among other things, your skills and abilities, the hours worked by you, competition, interest rates, the economy, inflation, franchise location, operation costs, lease terms and costs and the marketplace. You hereby acknowledge your awareness of and willingness to undertake these business risks.

B. You agree and state that the decision to enter into this business risk is in no manner predicated upon any oral representation, assurances, warranties, guarantees or promises made by Franchisor or any of its officers, employees or agents (including any Broker) as to the likelihood of success of the franchise. Except as contained in the Disclosure Document, you acknowledge that you have not received any information from the Franchisor or any of its officers, employees or agents (including any Broker) concerning actual, projected or forecasted franchise sales, profits or earnings. If you believe that you have received any information concerning actual, average, projected or forecasted franchise sales, profits or earnings other than those contained in the Disclosure Document, please describe those in the space provided below or write "None".

C. You further acknowledge that the President of the United States of America has issued Executive Order 13224 (the "**Executive Order**") prohibiting transactions with terrorists and terrorist organizations and that the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "**Anti-Terrorism Measures**"). The Franchisor therefore requires certain certifications that the parties with whom it deals are not directly involved in terrorism. For that reason, you hereby certify that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, is:

- (i) a person or entity listed in the Annex to the Executive Order;
 - (ii) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism;
 - (iii) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism;
- or
- (iv) owned or controlled by terrorists or sponsors of terrorism.

You further covenant that neither you nor any of your employees, agents or representatives, nor any other person or entity associated with you, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

Acknowledged this _____ day of _____, 20____.

Sign here if you are taking the franchise as an
franchise as a

INDIVIDUAL

Sign here if you are taking the

CORPORATION, LIMITED LIABILITY
COMPANY OR PARTNERSHIP

Signature

Print Name_____

Signature

Print Name_____

Signature

Print Name_____

Signature

Print Name_____

Print Name of Legal Entity

By:_____
Signature

Print Name_____

Title_____

ATTACHMENT F

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

This CONFIDENTIALITY AND NON-COMPETITION AGREEMENT ("Agreement") is made and entered into as of this _____ day of _____, 20____, by and among YF FRANCHISE, LLC, a Delaware Limited Liability Company, ("Franchisor"), _____, a _____ ("Franchisee"), and _____, a resident of _____ ("Covenantor").

WITNESSETH:

WHEREAS, pursuant to the terms of that certain Franchise Agreement between Franchisor and Franchisee dated _____, 20____ ("Franchise Agreement"), Franchisor has granted to Franchisee the right to own and operate a "Swensen's®" business ("Franchised Business") (all capitalized terms not defined herein shall have the respective meanings established in the Franchise Agreement);

WHEREAS, Covenantor is either a shareholder, partner, an officer or a director of Franchisee or is an employee of Franchisee who will have access to the Franchisor's Confidential Information (as defined below) in connection with the operation of the Franchised Business at the Approved Location (as defined in the Franchise Agreement);

WHEREAS, in consideration of the grant of the franchise for the Franchised Business to Franchisee and the employment of Covenantor (in the event Covenantor is an employee of Franchisee), as a condition precedent to allowing Covenantor to have access to the Franchisor's Confidential Information, and as a material term of the Franchise Agreement necessary to protect Franchisor's ownership interest in the Confidential Information and the Franchisee's right to use the Confidential Information in the Franchised Business, Franchisor and Franchisee require that Covenantor enter into this Agreement;

WHEREAS, to induce Franchisor to enter into the Franchise Agreement and to avoid a material breach thereof, as the case may be, Franchisor, Franchisee and Covenantor desire, and deem it to be in Covenantor's personal best interest that Covenantor enter into this Agreement; and

WHEREAS, due to the nature of Franchisor's and Franchisor's business, any use or disclosure of the Confidential Information other than in accordance with this Agreement will cause Franchisor, Franchisor and Franchisee substantial harm.

NOW, THEREFORE, to induce Franchisor to enter into the Franchise Agreement and/or to prevent Franchisor from declaring a material breach thereunder, and in consideration of the covenants and mutual agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Recitals.

The recitals stated above shall be deemed to be incorporated herein as if fully stated in this Agreement, and this Agreement shall be interpreted in light of such recitals.

2. Definition of Confidential Information.

As used herein, the term "Confidential Information" shall mean certain confidential and proprietary information and trade secrets consisting of the following categories of information and knowledge developed or to be developed or acquired by Franchisor, its Affiliates, and/or its Franchisors, multi-unit operators and franchisees ("**Confidential Information**"), including, without limitation: (a) distinctive methods, techniques, equipment, specifications, standards, policies, procedures, information, concepts and systems relating to, and knowledge of and experience in the development, operation and franchising of the Franchised Business; and (b) marketing and promotional programs for the Franchised Business.

3. Protection of Confidential Information.

Franchisor will disclose to Franchisee the Confidential Information pursuant to the Franchise Agreement. Covenantor acknowledges and agrees that Covenantor will not acquire any interest in or right to use the Confidential Information, except the right to use it strictly in accordance with the Franchise Agreement, and that the use or duplication of the Confidential Information in any other business would be detrimental to Franchisor and Franchisor and would constitute an unfair method of competition with Franchisor and other Franchised Business owners. Covenantor acknowledges and agrees that the Confidential Information is a valuable asset of Franchisor, is proprietary, includes trade secrets of Franchisor, and is disclosed to Covenantor by Franchisee solely on the condition that Covenantor agrees, and Covenantor hereby does agree, that Covenantor;

(a) will not use the Confidential Information in any other business or capacity;

(b) will maintain the absolute secrecy and confidentiality of the Confidential Information during and after the term of the Franchise Agreement;

(c) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form; and

(d) will follow all reasonable procedures prescribed from time to time by Franchisor, Franchisor and/or Franchisee to prevent unauthorized use or disclosure of or access to the Confidential Information. Notwithstanding the foregoing, nothing herein shall prevent Covenantor from continuing to use, after termination of this Agreement, any portion of the Confidential Information that has become generally known or easily accessible, other than by any person's or entity's breach of any obligation of confidentiality to Franchisor, Franchisor or Franchisee. Nothing contained herein shall be construed to prohibit Covenantor from using the Confidential Information in connection with the operation of a "Swensen's[®]" business (other than the Franchised Business) pursuant to a Franchise Agreement between Covenantor and Franchisor. Covenantor agrees to disclose to Franchisor all ideas, concepts, methods, techniques and products relating to the development and operation of the Franchised Business conceived or

developed by Covenantor during the term of this Agreement, and Franchisor shall have a perpetual, non-exclusive and worldwide right to incorporate same in the System for use in all businesses operated by Franchisor, Franchisor and other franchisees in the System. Franchisor shall have no any obligation to make any payment to Covenantor with respect to any idea, concept, method, technique or product developed or suggested by Covenantor and incorporated in the Franchised Business. Covenantor agrees that Covenantor will not use any such concept, method, technique or product without obtaining Franchisor's prior written approval.

4. Restrictive Covenant During the Term of the Franchise Agreement.

Covenantor acknowledges and agrees that Franchisor would not be able to protect the Confidential Information against unauthorized use or disclosure nor would they be able to encourage a free exchange of ideas and information among businesses if persons or entities authorized to use the Confidential Information were permitted to hold interest in or perform services for a Competitive Business. As used in this Agreement, "**Competitive Business**" means any enterprise that:

(a) is substantially similar to the business then engaged in by a substantial number of Franchised Businesses; or

(b) grants a franchise or license or establishes a joint venture, for the development and/or operation of an enterprise described in the foregoing clause (a). Covenantor further acknowledges that restrictions on his/her direct or indirect ownership of interests in a "Competitive Business" will not hinder Covenantor's activities in connection with Franchisee's performance of the Franchise Agreement or in general. Covenantor therefore agrees that during the term of the Franchise Agreement and so long as Covenantor is either a shareholder, partner, employee, officer or director of Franchisee, Covenantor shall not directly or indirectly engage in any "Competitive Business". As used in this Agreement, the phrase "directly or indirectly engage in any 'Competitive Business'" shall include, without limitation: (x) the ownership of an interest in a "Competitive Business" by Covenantor or his/her spouse; and (y) the performance of services as a director, officer, manager, employee, consultant, representative, agent or otherwise for any "Competitive Business" by Covenantor or his/her spouse. Franchisee and Covenantor acknowledge and agree that the failure of Covenantor or his/her spouse to comply with this Paragraph 4 or Paragraphs 5 or 6 below shall preclude Covenantor or his/her spouse from acquiring ownership of shares in a business which is not a "Competitive Business". The restrictions of this Paragraph shall not be 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 less than five percent (5%) of the total number of issued and outstanding shares of that class of securities.

5. Restrictive Covenant upon Transfer of Covenantor's Ownership Interest in Franchisee.

If Covenantor transfers his/her entire ownership interest in Franchisee and is not thereafter an employee, officer or director of Franchisee, Covenantor agrees that Covenantor will not directly or indirectly, for a period of two (2) years commencing on the effective date of such transfer, engage in any "Competitive Business" which is located in the Franchisee's Territory or located within a radius of twenty-five (25) miles of any Franchised Business under the System,

whether owned by Franchisor or its Affiliates, Franchisor, or any System Franchisee. As used in this Paragraph 5 and in Paragraph 6 below, the phrase “directly or indirectly engage in a ‘Competitive Business’” shall mean and include, without limitation, the performance of services as a director, officer, manager, employee, consultant, representative, agent or otherwise for any “Competitive Business” by Covenantor or his/her spouse.

6. Restrictive Covenant upon Termination or Expiration of the Franchise Agreement.

Upon the first to occur of:

- (a) termination of the Franchise Agreement;
- (b) expiration of the Franchise Agreement; or
- (c) the date as of which Covenantor is neither a shareholder, partner, employee, officer nor director of Franchisee (other than in the case of a transfer governed by Paragraph 5 above), Covenantor agrees that Covenantor will not directly or indirectly engage in a “Competitive Business” located or operating within a twenty-five (25) mile radius of any other Franchised Business for a period of two (2) years, commencing on the date of the applicable event described in clauses (a) or (b) above.

7. Surrender of Documents.

Covenantor agrees that, as of the effective date of the earlier of:

- (a) the covenant in Paragraph 5, or
- (b) the covenant in Paragraph 6, Covenantor shall immediately cease to use the Confidential Information disclosed to or otherwise learned or acquired by Covenantor, return to Franchisee (or to Franchisor if directed by Franchisor) all copies of the Confidential Information loaned or made available to Covenantor.

8. Indemnification/Costs and Attorneys’ Fees.

Covenantor agrees to indemnify and hold Franchisor and Franchisee harmless from and against any and all loss, cost, damage, liability and expense (including, without limitation, reasonable attorneys’ fees, court costs and other reasonable litigation expenses) suffered, sustained or incurred by Franchisor or Franchisee as a result of, arising out of, or in connection with any failure of performance or breach of this Agreement by Covenantor. The party or parties prevailing in any judicial proceeding in connection with this Agreement shall be entitled to reimbursement of their costs and expenses, including but not limited to, reasonable accounting, paralegal, legal, expert witness and attorneys’ fees, whether incurred prior to, in preparation for or in contemplation of the filing of such proceeding.

9. Waiver.

Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition, nor shall any

waiver or relinquishment of any right or remedy hereunder at any one or more times be deemed a waiver or relinquishment of such right or remedy at any other time or times.

10. Severability.

The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision of this Agreement and any such provision which is adjudicated to be invalid or unenforceable shall be severed from this Agreement, provided that such severance is to apply only with respect to the operation of such provisions in the particular jurisdiction in which such adjudication is made. To the extent any restriction herein is deemed unenforceable by virtue of its scope in terms of time, geography or business activity prohibited, but may be made enforceable by reducing any or all thereof, the parties agree that the same shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction where enforcement is sought.

11. Rights of Parties are Cumulative.

The rights of the parties hereunder are cumulative and no exercise or enforcement by a party hereto of any right or remedy hereunder shall preclude the exercise or enforcement by them of any other right or remedy hereunder or which they are entitled by law to enforce.

12. Benefit.

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. The parties hereby specifically acknowledge and agree that the Franchisor shall be a third party beneficiary of this Agreement, and shall have the independent right to enforce the terms of this Agreement.

13. Entire Agreement.

This Agreement contains the entire agreement among the parties hereto with respect to the subject matter hereof and all prior negotiations, agreements and understandings are merged herein. This Agreement may not be modified or rescinded except by a written agreement to such effect signed by the party against whom enforcement is sought.

14. Governing Law.

This Agreement and the rights and obligations of the parties hereunder shall be governed by and construed in accordance with the internal laws of the State of _____ exclusive of such state's choice of law or conflict of law rules.

15. Counterparts.

This Agreement may be executed in counterparts, each of which will be deemed an original.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Print name of Covenantor below:

Signature of Covenantor:

Its: _____

Franchisor:

By: _____

Its: _____

Franchisee:

By: _____

ATTACHMENT G

INSURANCE REQUIREMENTS

Set forth below are the types and minimum coverage amounts that we currently require for each Franchised Business location:

COMMERCIAL GENERAL LIABILITY:

Bodily Injured and Property Damage: \$1,000,000 per occurrence combined general;
\$2,000,000 combined aggregate.

Personal Injury and Advertising Injury: \$1,000,000 any one person or organization.

Products/Completed Operations: \$2,000,000 annual aggregate.

Fire Legal Liability: \$1,000,000 any one fire.

Water and Liquid Damage Legal Liability: \$1,000,000 any one occurrence.

PROPERTY:

Goods, fixtures, furniture, equipment, and 100% of their full replacement cost. Insurance to
other personal property located at the include coverage for loss of income and extra
Premises expenses, for the actual loss incurred, and include
coverage for Licensee's obligations to Company
and its Affiliates

OTHER:

Workers Compensation: STATUTORY

Employer's Liability: \$1,000,000 per employee, bodily injury by disease;
\$1,000,000 policy limit, bodily injury by disease;
\$1,000,000 per employee, bodily injury by accident.

Umbrella Liability: \$2,000,000 any one occurrence;
\$2,000,000 annual aggregate.

Franchisee acknowledges that these are minimum requirements; Franchisor does not represent that these coverages will be sufficient to cover all losses. Franchisee is advised to seek counsel and use its own judgment as to coverages appropriate to Franchisee's situation. Franchisee's landlord may require additional insurance, higher coverage requirements, or have specific requirements regarding additional certificate holders and/or additional insureds

ATTACHMENT H

AMENDMENT TO FRANCHISE AGREEMENT TO ADD SWENSEN'S® GRILL & RESTAURANT PRODUCTS

This Amendment to Franchise Agreement to Add Swensen's Grill & Restaurant Products (the "**Amendment**") dated _____, 20__ ("Effective Date"), to the Franchise Agreement dated _____, 20__ for the Swensen's® Franchised Business (the "**Franchise Agreement**") by and between YF Franchise LLC., a Delaware limited liability company, doing business as Swensen's ("**Franchisor**") and _____ ("**Franchisee**"), is entered into by such parties to amend the Agreement as set forth herein. To the extent this Amendment contains terms and conditions that differ from those contained in the Agreement, this Amendment shall control. The parties agree that a concept or principle provided in one Section of this Amendment shall apply and be incorporated into all other provisions of the Franchise Agreement in which the concept or principle is also applicable, notwithstanding the absence of any specific cross reference thereto. All capitalized terms not otherwise defined herein will have the same meanings ascribed to such terms in the Agreement. All other terms and conditions in the Franchise Agreement remain unchanged and in full force and effect.

1. The Franchise Agreement authorizes Franchisee to operate a Franchised Business at an Approved Location located at _____. Franchisee desires to operate the Franchised Business as a "Swensen's Grill and Restaurant" and has requested Franchisor's permission to do so. Franchisor hereby grants Franchisee's request and authorizes Franchisee to offer and sell any of the approved grill and restaurant offerings as detailed on Exhibit "1" hereto (collectively, the "**Grill & Restaurant Products**") from its Franchised Business under the terms and conditions set forth in the Franchise Agreement as supplemented and amended by this Amendment (the "**Grill & Restaurant Products Approval**"), with the Grill & Restaurant Products being deemed approved or authorized menu items at the Restaurant.
2. In consideration of Franchisor's grant herein, Section IV.A.1 of the Franchise Agreement is supplemented and amended to provide that the Initial Franchise Fee shall be \$35,000.
3. Upon receipt of this executed Amendment, Franchisee shall ensure the design and construction of the Restaurant includes adequate accommodations for the preparation and sale of the Grill & Restaurant Products. *Franchisee hereby acknowledges and agrees that the additional construction and equipment costs to build-out and equip the Restaurant to allow for the preparation and serving of the Grill & Restaurant Products shall be the sole responsibility of Franchisee.*
4. Franchisee and one (1) employee shall attend and successfully complete, to Franchisor's satisfaction, two (2) weeks of training at the location determined by Franchisor, covering the preparation and serving of the Grill & Restaurant Products. These two (2) weeks of training are in addition to the training provided for under the Franchise Agreement. Franchisor shall only provide instruction and training materials

in connection with such additional training. Franchisee shall be responsible for any and all expenses incurred in training, including, without limitation, training fees, costs of meals, entertainment, lodging, travel, laundry and wages.

5. Franchisee hereby acknowledges and agrees that all sales of Grill & Restaurant Products shall only be made from the Franchised Business, and all revenue derived therefrom shall be included within the definition of "Gross Sales" under the Franchise Agreement for purposes of sales reporting to Franchisor, and Royalty Fees and Advertising Contribution calculations and payment to Franchisor. Thus, all sales of Grill & Restaurant Products from the Restaurant shall be subject to the applicable Royalty Fees and Advertising Contributions to Franchisor in the percentages and pursuant to the timing and required payment method set forth in the Franchise Agreement.
6. Franchisee agrees that it will comply with all of the mandatory development and operating requirements contained in the Manuals that pertain to the Grill & Restaurant Products and to the operation of a Swensen's Grill and Restaurant, all of which are incorporated herein.

IN WITNESS WHEREOF, the parties hereto, by and through their respective authorized representatives, have duly executed and delivered this Amendment to the Franchise Agreement as of the Effective Date.

FRANCHISOR
YF FRANCHISE LLC

FRANCHISEE
[Insert Name of Franchisee]

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT "1" TO ATTACHMENT H

APPROVED OFFERINGS FOR SWENSEN'S RESTAURANT & GRILL

Appetizers	
Gourmet Salads	
Gourmet Burgers	
Sandwiches	
Melts	

ATTACHMENT I

OWNERSHIP INFORMATION SHEET **(applicable only if Franchisee is a business entity)**

NOTE: Franchisee's registration of trade names or entity names containing any of Franchisor's trademarks is expressly prohibited. You agree that your corporate, partnership or other entity name will not include any of Franchisor's Proprietary Marks (*i.e.*, Swensen's) or any other phrases, marks or names confusingly similar thereto in your entity name.

If Franchisee is an Entity, Franchisee represents and warrants that the following information is accurate and complete in all material respects:

(1) Licensee is a (check as applicable):

☐ corporation

☐ limited liability company

☐ general partnership

☐ limited partnership

☐ Other (specify): _____

(2) Franchisee shall provide to Franchisor concurrently with the execution of this Agreement true and accurate copies of its charter documents including Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution of this Agreement, and any amendments to the foregoing ("**Entity Documents**").

(3) Franchisee promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in Franchisee.

(4) The name and address of each of Franchisee's Owners, members, or general and limited partner:

NAME	ADDRESS	NUMBER OF SHARES / PERCENTAGE INTEREST

(5) There is set forth below the names, and addresses and titles of Franchisee's principal officers or partners who will be devoting their full time to the Business:

NAME	ADDRESS

(6) The address where Licensee's Financial Records, and Entity records (e.g., Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, etc.) are maintained is:

EXHIBIT C
LISTS OF CURRENT AND FORMER FRANCHISEES

LIST OF CURRENT FRANCHISEES AS OF AUGUST 31, 2016

Franchisee Name	Address	City	State	Zip	Phone Number
Richard Campana	1999 Hyde Street	San Francisco	CA	94109	(415) 775-6818
Salim Mitha	1586 South Dixie Highway	Coral Gables	FL	33146	(305) 661-7658
Terry Lynch	900 West Loop 250 North C	Midland	TX	79705	(432) 570-7271

**LIST OF FORMER FRANCHISEES AS OF AUGUST 31, 2016 AND FRANCHISEES
THAT HAVE NOT COMMUNICATED WITHIN THE LAST 10 WEEKS OF ISSUANCE**

[NONE]

EXHIBIT E
SAMPLE GENERAL RELEASE

YF FRANCHISE LLC

GRANT OF FRANCHISOR CONSENT AND FRANCHISEE RELEASE

YF FRANCHISE LLC, (“we,” “us,” or “our”) and the undersigned franchisee,

_____ (“you” or “your”), currently are parties to a certain Franchise Agreement (the “Franchise Agreement”) dated _____, 20____. You have asked us to take the following action or to agree to the following request: [insert as appropriate for renewal situation]

_____. We have the right under the Franchise Agreement to obtain a general release from you (and, if applicable, your owners) as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you (and, if applicable, your owners) give us the release and covenant not to sue provided below in this document. You (and, if applicable, your owners) are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

Consistent with the previous introduction, you, on your own behalf and on behalf of your successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, owners, directors, officers, principals, employees, and affiliated entities (collectively, the “Releasing Parties”), hereby forever release and discharge us and our current and former officers, directors, owners, principals, employees, agents, representatives, affiliated entities, successors, and assigns (collectively, the “Swensen’s Parties”) from any and all claims, damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, “Claims”) that you and any of the other Releasing Parties now has, ever had, or, but for this document, hereafter would or could have against any of the Swensen’s Parties, including without limitation, Claims (1) arising out of or related to the Swensen’s Parties’ obligations under the Franchise Agreement or (2) otherwise arising from or related to your and the other Releasing Parties’ relationship, from the beginning of time to the date of your signature below, with any of the Swensen’s Parties. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the Swensen’s Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity who is not bound by this paragraph.

We also are entitled to a release and covenant not to sue from your owners. By his, her, or their separate signatures below, your owners likewise grant to us the release and covenant not to sue provided above.

IF THE SWENSEN’S YOU OPERATE UNDER THE FRANCHISE AGREEMENT IS LOCATED IN CALIFORNIA OR IF YOU ARE A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY:

SECTION 1542 ACKNOWLEDGMENT. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS RELEASE THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION RELEASED BY YOU OR THE RELEASING PARTIES. YOU RECOGNIZE THAT YOU OR THE RELEASING PARTIES MAY HAVE SOME CLAIM, DEMAND, OR CAUSE OF ACTION AGAINST THE SWENSEN’S PARTIES OF WHICH YOU, HE, SHE, OR IT IS TOTALLY UNAWARE AND

UNSUSPECTING, WHICH YOU, HE, SHE, OR IT IS GIVING UP BY EXECUTING THIS RELEASE. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE YOU, HIM, HER, OR IT OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT YOU, HIM, HER, OR IT FROM ASSERTING IT AGAINST THE SWENSEN'S PARTIES. IN FURTHERANCE OF THIS INTENTION, YOU, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, EXPRESSLY WAIVE ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

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

YOU ACKNOWLEDGE AND REPRESENT THAT YOU HAVE CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS RELEASE AND THAT YOU UNDERSTAND ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENT THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this release on the date stated on the first page hereof.

YF FRANCHISE LLC

Print Name: _____

Title: _____

By: _____

Date: _____

FRANCHISEE

Print Name: _____

Title: _____

By: _____

Date: _____

FRANCHISEE OWNER(S)

Print Name: _____

Title: _____

By: _____

Date: _____

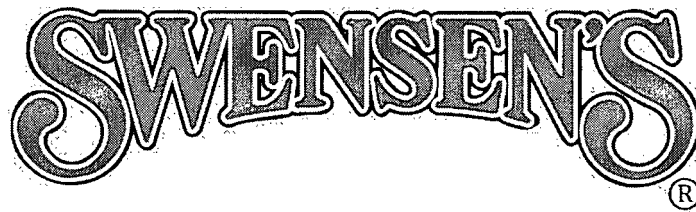
Print Name: _____

Title: _____

By: _____

Date: _____

EXHIBIT F
TABLE OF CONTENTS – OPERATIONS MANUALS



KITCHEN MANUAL

Manual #:

Issued to:

Date:

This confidential training and operations manual is the exclusive intellectual property of YF Franchise LLC.

This manual and any of the attendant handouts may not be copied or reproduced and none of the information provided herein should be shared with individuals who are not employed by YF Franchise LLC or a franchisee of YF Franchise LLC.

YF Franchise LLC confidentiality forms must be executed by all individuals who access this information and executed copies must be kept on the premises for a representative of YF Franchise LLC to access when requested.

Information contained within is designed for training purposes only. These statements have not been evaluated by the US Department of Agriculture, Food and Drug Administration.

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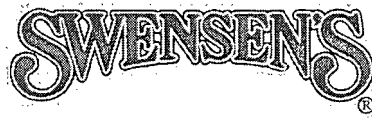
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EXHIBIT G
DEPOSIT AGREEMENT

DEPOSIT AGREEMENT

THIS DEPOSIT AGREEMENT is made and entered into on _____, 20____ by and between **YF FRANCHISE LLC**, a limited liability company organized under the laws of the State of Delaware, with its principal business address at 210 Shields Court, Markham, Ontario, Canada, L3R 8V2 (hereinafter referred to as the "**Franchisor**") and _____, a(n) _____ organized or incorporated under the laws of _____ with its principal business address at _____ (hereinafter referred to as the "**Applicant**").

WITNESSETH:

WHEREAS, pursuant to individual franchise agreements (each a "**Franchise Agreement**"), Franchisor grants qualified persons the right and license (referred to herein as a "**Franchise**") to own and operate, at a specific location identified in the Franchise Agreement, Swensen's-branded retail outlets or restaurants (a "**Swensen's Outlet**") that, in either case, specialize in the sale of proprietary ice cream, ice cream novelties, frozen confections, milkshakes, specialty drinks, frozen desserts, and other products and services; and

WHEREAS, Applicant has submitted to Franchisor an application to acquire a Franchise and desires to enter into this Agreement to preserve certain rights while it completes its due diligence regarding the acquisition of a Franchise and while Franchisor completes its due diligence regarding Applicant's qualifications;

NOW, THEREFORE, in consideration of the mutual covenants set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. **DEPOSIT.** Contemporaneously with the execution of this Deposit Agreement, Applicant has deposited with Franchisor the sum of **TEN THOUSAND AND NO/100 DOLLARS (\$10,000.00)** (the "**Deposit**"). The Deposit will be held by Franchisor in a non-interest-bearing account, to be applied or refunded as described in this Deposit Agreement.

2. **DESIGNATED TERRITORY.** Subject to the successful completion of Franchisor's assessment of Applicant's qualifications (and, if Applicant is a legal entity, the qualifications of its owners), Applicant will have the exclusive option, for a period of 90 days following the date of this Deposit Agreement (the "**Option Period**"), to acquire a Franchise within the following area or, if no description is provide below, as indicated on the map attached hereto as Exhibit A (the "**Designated Territory**"): _____

3. **ACQUISITION OF FRANCHISE.** To acquire the Franchise, Applicant and, as applicable, its owners must, before expiration of the Option Period, execute Franchisor's then-current form of Franchise Agreement and all required ancillary agreements pursuant to which Applicant would be authorized to develop, own and operate a Swensen's Outlet at a location Franchisor approves in the Designated Territory. Franchisor's then-current form of Franchise Agreement and ancillary agreements may materially differ from the forms that were attached to the Franchise Disclosure Document Franchisor provided to

Applicant prior to your execution of this Deposit Agreement. If the Franchise Agreement and all required ancillary agreements are fully and timely executed in accordance with this paragraph, Franchisor will apply the full amount of the Deposit as a credit against the initial franchise fee due and payable under and on execution of the Franchise Agreement.

If Applicant and, as applicable, its owners do not fully execute and return to Franchisor the Franchise Agreement and all required ancillary agreements before the expiration of the Option Period, then this Deposit Agreement will, automatically and without further action, expire at 5:00pm eastern time on the last day of the Option Period. The parties shall thereafter have no further rights or obligations under this Deposit Agreement except with respect to a refund of the Deposit in accordance with paragraph 4 below.

If Applicant timely provides Franchisor with written notice of its intention to sign Franchisor's then-current form of Franchise Agreement and ancillary documents, but Franchisor is unable to offer or sell franchises because of the need to amend its Franchise Disclosure Document or because a state registration of its offering has lapsed, the Option Period will be tolled until Franchisor has completed the renewal or amendment process and can properly disclose Applicant with its then-effective Franchise Disclosure Document.

4. **REFUND OF DEPOSIT.** If the Franchise Agreement and all required ancillary agreements are not fully executed by the end of the Option Period or if this Deposit Agreement is terminated prior to the end of the Option Period (as described in paragraph 5 below), Franchisor will, within 10 days following either the expiration of the Option Period or earlier termination of this Deposit Agreement refund to Applicant the entire amount of the Deposit less the actual and documented out-of-pocket expenses incurred by Franchisor in connection with Applicant's application for the Franchise. Applicant and, as applicable, its owners must, as a condition of their receipt of the refund of the Deposit, execute an acknowledgement of the termination of their rights under this Deposit Agreement and a general release (in form satisfactory to Franchisor) of all claims they might have against Franchisor, its affiliates and their respective officers, directors, owners, employees, agents, successors and assigns.

5. **TERMINATION OF THIS DEPOSIT AGREEMENT.** This Deposit Agreement may be terminated prior to the expiration of the Option Period as described in this paragraph. In the event of termination, neither party shall have any further rights or obligations under this Deposit Agreement from and after the termination, except with respect to the refund of the Deposit as provided in paragraph 4 above.

A. **Termination by Applicant.** Applicant may, without cause, withdraw its application for a Franchise and terminate this Deposit Agreement by delivering written notice of such termination to Franchisor at any time prior to the expiration of the Option Period or the execution of a Franchise Agreement hereunder.

B. **Termination by Franchisor.** Franchisor may, on written notice to Applicant, terminate this Deposit Agreement at any time prior to its execution of a Franchise Agreement with Applicant if:

- (1) Applicant or, as applicable, its owners, fail to provide information to or otherwise cooperate with Franchisor regarding its assessment of Applicant's application for a Franchise; or
- (2) Franchisor determines, in its sole discretion, that Applicant or its owners do not meet Franchisor's criteria for franchisees.

6. **NON-TRANSFERABILITY.** The rights and obligations granted to Applicant under this Deposit

Agreement are personal to Applicant and may not be transferred or assigned by will, operation of law or otherwise.

7. MISCELLANEOUS.

A. **Not a Franchise Agreement.** This Deposit Agreement is not a franchise agreement and does not grant Applicant any franchise, franchise rights, or the right to develop or operate a Swensen's Outlet.

B. **No Extension or Amendment Without Prior Written Consent.** No extension or amendment of this Deposit Agreement will be enforceable without the prior written consent of duly authorized representatives of each party.

C. **Dispute Resolution.** Notwithstanding the non-execution or pending execution of the Franchise Agreement, Franchisor and Applicant hereby adopt and will adhere to the Dispute Resolution sections of the Franchise Agreement which appears in the Franchise Disclosure Document that was provided to Applicant prior to its execution of this Deposit Agreement, the terms of which are hereby incorporated by this reference in their entirety.

D. **No Representation Regarding Suitability of Designated Territory.** This Deposit Agreement does not constitute, and Applicant will not assert that it constitutes, any representation, warranty, or guarantee by Franchisor that there are or will be suitable sites in the Designated Territory, that the Designated Territory is adequate for the purpose of operating a Swensen's Outlet, or that Applicant's operation of a Swensen's Outlet in the Designated Territory will be profitable or successful.

E. **Execution by Counterparts.** This Deposit Agreement may be executed in one or more counterparts which, when taken together, will constitute a single agreement. Signatures transmitted via fax or scanned and emailed shall be given the same force and effect as originals.

IN WITNESS WHEREOF, the parties have executed and delivered this Deposit Agreement as of the date shown in the opening paragraph on the first page hereof.

YF FRANCHISE, LLC

APPLICANT:

By: _____
Name: Aaron Serruya
Title: President

By: _____
Name: _____
Title: _____

EXHIBIT A

Designated Territory Map

(In lieu of a description in Section 2 of this Agreement, the below Territory Map shows the geographic boundaries of the Designated Territory)

EXHIBIT A

EXHIBIT H

STATE ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

**ADDITIONAL DISCLOSURES FOR THE
FRANCHISE DISCLOSURE DOCUMENT OF
YF FRANCHISE LLC**

The following are additional disclosures for the Franchise Disclosure Document of YF Franchise LLC, required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise registration and disclosure law applies to you.

CALIFORNIA

1. 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.

2. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A FRANCHISE DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF BUSINESS OVERSIGHT BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

3. OUR WEBSITE, www.swensensicecream.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT www.dbo.ca.gov.

4. The following statement is added to the end of Item 3:

Neither we, our parent, predecessor or affiliate nor any person 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. Sections 78a *et seq.*, suspending or expelling such persons from membership in that association or exchange.

5. The following paragraphs are added to the end of Item 17:

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

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

The Franchise Agreement requires binding arbitration. The arbitration will be conducted in the state in which you are located, the costs being borne as provided in the Franchise Agreement.

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

The Franchise Agreement requires you to sign a general release of claims on transfer of the Franchise Agreement and renewal of the Franchise Rights. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

EXHIBIT I

RECEIPTS

**RECEIPT
(OUR COPY)**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If YF Franchise LLC, offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, YF Franchise LLC or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. If YF Franchise LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The franchisor is YF Franchise LLC, 210 Shields Court, Markham, Ontario, Canada, L3R 8V2, Phone: (905) 479-8762. The franchise seller for this offering is:

☐ Sarah Kulbatski
YF Franchise LLC
210 Shields Court
Markham, Ontario, Canada
L3R 8V2
(905) 479-8762

☐ Simon Serruya
YF Franchise LLC
210 Shields Court
Markham, Ontario, Canada
L3R 8V2
(905) 479-8762

☐ Name of Franchise Seller: _____

Principal Business Address: _____

Telephone No.: _____

Issuance Date: May 18, 2017.

See Exhibit A for YF Franchise LLC's registered agents authorized to receive service of process.

I have received a disclosure document dated May 18, 2017 that included the following Exhibits:

Exhibit A -	State Administrators / Agents for Service of Process	Exhibit F -	Table of Contents – Operations Manuals
Exhibit B -	Franchise Agreement	Exhibit G -	Deposit Agreement
Exhibit C -	List of Franchisees	Exhibit H -	State Addendum to Franchise Disclosure Document
Exhibit D -	Financial Statements	Exhibit I -	Receipts
Exhibit E -	Sample General Release		

Date

Signature

Printed Name

Date

Signature

Printed Name

Please sign this copy of the receipt, print the date on which you received this disclosure document, and return it, by mail or facsimile, to YF Franchise LLC, 210 Shields Court, Markham, Ontario, Canada, L3R 8V2, Phone: (905) 479-8762.

**RECEIPT
(YOUR COPY)**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If YF Franchise LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to YF Franchise LLC or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. If YF Franchise LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The franchisor is YF Franchise LLC, 210 Shields Court, Markham, Ontario, Canada, L3R 8V2, Phone: (905) 479-8762. The franchise seller for this offering is:

☐ Sarah Kulbatski
YF Franchise LLC
210 Shields Court
Markham, Ontario, Canada
L3R 8V2
(905) 479-8762

☐ Simon Serruya
YF Franchise LLC
210 Shields Court
Markham, Ontario, Canada
L3R 8V2
(905) 479-8762

☐ Name of Franchise Seller: _____

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PLEASE SIGN THIS COPY OF THE RECEIPT, PRINT THE DATE ON WHICH YOU RECEIVED THIS DISCLOSURE DOCUMENT AND KEEP IT FOR YOUR RECORDS.