

JUL 29 2013

FRANCHISE DISCLOSURE DOCUMENT

FROST GELATO FRANCHISING, L L C
7131 N Oracle Rd
Tucson, Arizona 85704
Telephone (520) 797-0188
www FrostGelato com

Frost Gelato franchisees operate retail centers featuring frozen Italian gelatos, sorbets, gelato cakes, gelato confections and/or various coffee and/or other beverage products and related products ("Frost Gelato Shoppe")

The total investment necessary to begin operation of a Frost Gelato franchise is estimated to be between \$320,300 and \$777,200, including between \$190,000 and \$281,500 that must be paid to us or our affiliates

Franchisees may also choose to become an area developer ("Area Developer"), earning the right to establish and operate a certain number of Frost Gelato Shoppes in a specified area. Area Developers must sign our area development agreement (the "Area Development Agreement") at the same time as the franchise agreement. Area Developers must, in addition to purchasing a single Frost Gelato Shoppe franchise, pay an up-front development fee of \$10,000 for the second and each additional Frost Gelato Shoppe franchises which will be credited towards the initial franchise fee for each additional Frost Gelato Shoppe to be developed. The total investment necessary to begin operation of an area developer franchise will depend on the number of Frost Gelato Shoppes to be opened.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with or make payment to Frost Gelato or any of its affiliates in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Stephen Ochoa or Jeff Kaiserman at 7131 N Oracle Rd, Tucson, Arizona 85704, jeff@frostgelato.com and (520) 797-0188.

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

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

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

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STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

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

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

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

- 1 THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION / LITIGATION ONLY IN ARIZONA. OUT-OF-STATE ARBITRATION / LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN ARIZONA THAN IN YOUR OWN STATE.
- 2 THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATES THAT ARIZONA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
- 3 SPOUSES (OR IMMEDIATE FAMILY MEMBERS) MUST BE BOUND BY THE TERMS OF THE AGREEMENTS AND PERSONAL GUARANTY PLACING THEIR PERSONAL ASSETS AT RISK.
- 4 YOUR SPOUSE MUST ALSO SIGN A GUARANTY MAKING YOUR SPOUSE JOINTLY AND INDEPENDENTLY LIABLE FOR THE FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT. THIS GUARANTY PLACES YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS.
- 5 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

STATE EFFECTIVE DATES

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

The Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates

Effective Dates for States Requiring Registration and Notice Filings:

| STATE | EFFECTIVE DATE |
|--------------|----------------|
| California | Pending |
| Hawaii | Pending |
| Illinois | Pending |
| Indiana | Not Registered |
| Maryland | Pending |
| Michigan | March 12, 2013 |
| Minnesota | Pending |
| New York | Pending |
| North Dakota | Not Registered |
| Rhode Island | Not Registered |
| South Dakota | Not Registered |
| Virginia | Pending |
| Washington | Pending |
| Wisconsin | Pending |

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