

FRANCHISE DISCLOSURE DOCUMENT

RALPH'S FAMOUS ITALIAN ICES FRANCHISE CORP.

(a New York Corporation)
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Staten Island, New York 10302
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www.ralphsices.com



The franchise offered is to operate a Ralph's Famous Italian Ices shop. Ralph's Famous Italian Ices shops are retail stores, specializing in distinctive water ices, hard and soft serve ice cream, and sherbets in a variety of select flavors.

The total investment necessary to begin operation of a Ralph's Famous Italian Ices shop is \$95,250 to \$221,400. This includes \$22,000 to \$25,000 that must be paid to us or our affiliates.

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

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

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

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

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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 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. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN NEW YORK. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN NEW YORK THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT NEW YORK LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. IF WE TERMINATE YOUR FRANCHISE AGREEMENT BECAUSE YOU DEFAULT, YOU MUST PAY US LIQUIDATED DAMAGES IN AN AMOUNT EQUAL TO YOUR AVERAGE MONTHLY ROYALTY AND AD FEES DUE TO US FOR THE IMMEDIATELY PRECEDING 12 CALENDAR MONTHS MULTIPLIED BY 36 MONTHS OR THE NUMBER OF MONTHS REMAINING IN THE FRANCHISE AGREEMENT, WHICHEVER IS LESS.
4. THE FRANCHISOR RETAINS THE RIGHT TO SELL OR DISTRIBUTE, OR LICENSE OTHERS TO SELL OR DISTRIBUTE, WATER ICE, OTHER FROZEN DESSERT PRODUCTS, AND ANY OTHER PRODUCTS OR SERVICES, INCLUDING SALES MADE AT SUPERMARKETS, CONVENIENCE STORES, GROCERY STORES, MACHINES, VARIETY STORES AND THE INTERNET, AT ANY LOCATION (NOTWITHSTANDING ITS PROXIMITY TO THE APPROVED LOCATION) WHETHER LOCATED WITHIN OR OUTSIDE YOUR TERRITORY UNDER THE SAME OR DIFFERENT PROPRIETARY MARKS.
5. THE FRANCHISOR RETAINS THE RIGHT TO ACQUIRE AND OPERATE ANY BUSINESS OR STORE OF ANY KIND UNDER DIFFERENT PROPRIETARY MARKS, AT ANY LOCATION (NOTWITHSTANDING ITS PROXIMITY TO THE APPROVED LOCATION) WHETHER LOCATED WITHIN OR OUTSIDE YOUR TERRITORY.
6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date in Maryland:

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