

FRANCHISE DISCLOSURE DOCUMENT

SUB ZERO FRANCHISING, INC.

a Utah corporation
 301 South 400 East
 American Fork, UT 84003

RECEIVED
 DEPT OF CORPORATIONS
 SAN FRANCISCO

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

The total investment necessary to begin operation of a Sub Zero standard franchised business ranges from \$155,000 to \$381,000, with \$15,000 to \$50,000 that applies only to the mobile unit option. This includes \$25,500 to \$37,000 that must be paid to us or our affiliate. The total investment necessary to begin operation of a Sub Zero area developer franchised business ranges from \$81,500 to \$139,000, plus an additional \$0.025 per resident for every resident beyond the \$50,000 minimum Area Development Fee until December 31, 2012. Starting January 1, 2013, the total investment necessary to begin operation of a Sub Zero area developer franchised business will range from \$111,500 to \$169,000, plus an additional \$.04 per resident for every resident beyond the \$80,000 minimum Area Development Fee. The minimum fee of \$50,000 plus \$0.025 (until December 31, 2012) or \$80,000 plus \$.04 (starting January 1, 2013) per resident in your Development Area must be paid to us or our 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 payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our CEO, 301 South 400 East American Fork, UT 84003, (801) 494-0960.

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

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

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

ISSUANCE DATE: October 17, 2012

STATE COVER PAGE

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

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

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

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

1. THE FRANCHISE AGREEMENT AND AREA DEVELOPER AGREEMENT REQUIRE THAT MOST DISPUTES BE SUBMITTED TO ARBITRATION IN UTAH. OUT OF STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN UTAH THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT AND AREA DEVELOPER AGREEMENT STATE THAT UTAH LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS THE LAWS IN YOUR HOME STATE. YOU MAY WANT TO COMPARE THESE LAWS.
3. THE FRANCHISEE'S SPOUSE CAN BE REQUIRED TO SIGN A SPOUSAL CONSENT AGREEING TO THE TERMS OF THE AGREEMENT, MAKING SUCH SPOUSE JOINTLY AND SEVERALLY LIABLE FOR THE OBLIGATIONS UNDER THE AGREEMENT WHICH ALSO PLACES THE SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK.
4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

Effective date: [see following page]

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