

FRANCHISE DISCLOSURE DOCUMENT

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We are in the business of offering master franchises to qualified candidates (“Master Franchisees”) for the exclusive right and regional license to offer franchises under the following Proprietary Marks: Swensen’s Grill & Ice Cream® and Swensen’s Ice Cream®, outlets to individual franchisees (“Unit Franchisees”) and individual licensees (“Licensees”) within an exclusive designated territory (“Designated Territory”). Each Unit Franchisee will operate a Swensen’s® outlet specializing in the sale of products to the public (“Franchised Business”). The Master Franchisee is expected to take on the role of franchisor within the Designated Territory, and to create an affiliate entity (“Affiliate”) for the sole purpose of buying and operating at least one Franchised Business and operating it as a model/training outlet (“Affiliate Model Outlet”). This means the Master Franchisee assumes all obligations of the Franchisor under the Unit Franchise Agreement with each Unit Franchisee and under the License Agreement with each Licensee.

We will also sell individual franchises to qualified candidates where there is not a Master Franchisee to assist them. If we sell you a franchise, you will sign our Direct Franchise Agreement.

The total investment necessary to begin operation of a Master Franchise is \$127,600 to \$5,043,500. This includes between \$100,000 to \$5,000,000 that must be paid to the franchisor and/or its affiliate, as appropriate. Please see Items 5 and 7 for additional details.

The total investment necessary to begin operation of a Swensen’s Grill & Ice Cream Restaurant (whether sold by us or a Master Franchisee) is \$864,500 to \$1,264,400. This includes between \$789,000 to \$1,080,000 that must be paid to the franchisor and/or its affiliate, as appropriate. Please see Items 5 and 7 for additional details.

The total investment necessary to begin operation of a Swensen’s Ice Cream Parlour (whether sold by us or a Master Franchisee) is \$235,850 to \$432,400. This includes between \$196,350 to \$361,500 that must be paid to the franchisor and/or its affiliate, as appropriate. Please see Items 5 and 7 for additional details.

The total investment necessary to begin operation of a Mini Outlet is \$153,700 to \$195,600. This includes between \$151,700 to \$193,100 that must be paid to the franchisor and/or its affiliate, as appropriate. Please see Items 5 and 7 for additional details.

We also offer a multi-unit operator program. Under the multi-unit operator program, you will pay us an initial fee equal to \$25,000 for the first unit you will develop, plus a deposit of \$15,000 for each additional unit you will develop in your exclusive area, and each unit will operate according to its own

Franchise Agreement. For each unit developed after the first one, we will apply a pro rata portion of the initial fee you paid under the multi-unit operator agreement toward the initial franchise fee due for that unit, and you must pay the balance of the initial franchise fee when you sign the Franchise Agreement. Your total initial investment will vary based on the number of units you will develop, own and operate. Please see Items 5 and 7 for additional details.

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 the 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 L3R 8V2 and (905) 479-8762.

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, 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.

Issuance Date: December 14, 2012

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 J 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 MASTER FRANCHISE AGREEMENT AND DIRECT FRANCHISE AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION OR LITIGATION ONLY IN TORONTO, CANADA. OUT OF STATE ARBITRATION AND/OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO LITIGATE AND/OR ARBITRATE WITH US IN TORONTO, CANADA THAN IN YOUR OWN STATE.**
2. **THE MASTER FRANCHISE AGREEMENT AND DIRECT FRANCHISE AGREEMENT STATE THAT ONTARIO LAW GOVERNS THE AGREEMENT. THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.**
3. **THE UNIT FRANCHISE AGREEMENT AND MULTI-UNIT OPERATOR AGREEMENT (TO BE SIGNED BETWEEN FRANCHISEES/MULTI-UNIT OPERATORS AND THE MASTER FRANCHISEE) REQUIRE YOU TO RESOLVE DISPUTES WITH THE MASTER FRANCHISEE BY ARBITRATION OR LITIGATION ONLY IN THE STATE WHERE THE MASTER FRANCHISEE IS HEADQUARTERED. OUT OF STATE ARBITRATION AND/OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO LITIGATE AND/OR ARBITRATE WITH THE MASTER FRANCHISEE IN ITS HOME STATE THAN IN YOUR OWN STATE.**
4. **THE UNIT FRANCHISE AGREEMENT AND MULTI-UNIT OPERATOR AGREEMENT STATE THAT THE LAW OF THE STATE WHERE THE MASTER FRANCHISEE IS HEADQUARTERED GOVERNS THE AGREEMENTS. THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.**
5. **THE FRANCHISEE WILL NOT BE GRANTED ANY EXCLUSIVE TERRITORY.**
6. **THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

We 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:
FOR USE ONLY IN THE STATE OF CALIFORNIA

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