



Zero Degrees Italian Ice, Inc., a California limited liability company, offers franchises for the operation of Zero Degrees Restaurant (“**Zero Degrees Restaurant**”) that offer freshly made coffee, teas, slushies, milkshakes, and snacks and other specialty food items. The total investment necessary to begin operation of a Zero Degrees Restaurant is **\$411,500 to \$482,500**. This includes the **\$45,000** franchise fee that must be paid to us.

If you sign an Area Development Agreement, we assign a defined area within which you must develop and operate a minimum of three (3) Zero Degrees Restaurants within a specified period of time. The total initial investment necessary to begin operations of three (3) to four (4) Zero Degrees Restaurants under an Area Development Agreement ranges from approximately \$458,500 to \$653,500. This includes the \$135,000 to \$180,000 franchise fee that must be paid to us.

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read the 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 payments to us or our affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this Disclosure Document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of receiving this Disclosure Document in a different format, contact Ken Le at 3921 E. La Palma Avenue #E, Anaheim, California 92807 and (714) 803-3628.

The terms of your written contracts with us will govern your franchise relationship. Don’t rely on this Disclosure Document alone to understand your contract. Read all of your contracts carefully. Show your contracts and this Disclosure Document to an advisor, like a lawyer or accountant. If there is any conflict or inconsistency between this Disclosure Document and your contracts, your contracts control and you should rely on your contracts.

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](http://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.

**THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS APRIL 2, 2020.**

## 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 K** 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, AND AREA DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH ZERO DEGREES ITALIAN ICE, INC. BY ARBITRATION IN ORANGE COUNTY, CALIFORNIA. OUT OF STATE DISPUTE RESOLUTION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO PARTICIPATE IN DISPUTE RESOLUTION WITH ZERO DEGREES ITALIAN ICE, INC. IN CALIFORNIA THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATE THAT CALIFORNIA LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.
4. YOUR SPOUSE MUST ALSO SIGN A PERSONAL GUARANTEE MAKING YOUR SPOUSE INDIVIDUALLY LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE AGREEMENT. THE GUARANTEE WILL PLACE YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS

**See the Next Page for State Effective Dates**

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