

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
REGISTRATION DIVISION
(651) 296-2211

IN THE MATTER OF THE REGISTRATION OF:
DAIRY QUEEN FRANCHISE AGREEMENT

By DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

ORDER REINSTATING
REGISTRATION

WHEREAS, the annual report, exhibits and fee have been filed,
NOW, THEREFORE, IT IS ORDERED that the registration dated
September 7, 2011, which was canceled on April 30, 2012,
is reinstated as of the date set forth below.

A handwritten signature in black ink, reading "Mike Rothman". The signature is fluid and cursive, with the first name "Mike" and last name "Rothman" clearly distinguishable.

MIKE ROTHMAN
Commissioner
Department of Commerce
85 7th Place East, Suite 500
St Paul, MN 55101

Date: July 26, 2012

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
REGISTRATION DIVISION
(651) 296-2211

IN THE MATTER OF THE REGISTRATION OF:
DAIRY QUEEN FRANCHISE AGREEMENT

By DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

ORDER AMENDING
REGISTRATION

WHEREAS, an application to amend the registration and amendment fee have been filed,

IT IS HEREBY ORDERED that the registration dated July 26, 2012, is amended as of the date set forth below.



MIKE ROTHMAN
Commissioner
Department of Commerce
85 7th Place East, Suite 500
St Paul, MN 55101

Date: July 26, 2012

Form A
UNIFORM FRANCHISE REGISTRATION APPLICATION

State of Minnesota

File No. F-6247

Fee \$300

State of Minnesota
Dept. of Commerce
JUL 25 2012
Rec'd \$ **300**

APPLICATION FOR:

	INITIAL REGISTRATION OF AN OFFER AND SALE OF FRANCHISES
X	RENEWAL APPLICATION OR ANNUAL REPORT
	PRE-EFFECTIVE AMENDMENT
	POST-EFFECTIVE MATERIAL AMENDMENT

1. Full legal name of Franchisor:

DAIRY QUEEN MONTANA / NORTH DAKOTA LLC

2. Name of franchise offering:

DAIRY QUEEN

3. Franchisor's principal business address:

P.O. Box 9137, Missoula, MT 59807

4. Name and address of Franchisor's agent in this state authorized to receive service of process:

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198

5. The states in which this application is or will be shortly on file:

Minnesota, New York and North Dakota

7-26-12
Revised 8/9 Amos
Pye
12/31
7-26-12

6. Name, address, telephone and facsimile numbers, and email address of person to whom communications regarding this application should be directed:

Julia S. Badaliance, Paralegal
Akerman Senterfitt
750 9th Street, NW, Ste. 750, Washington, DC 20001
202-824-1762
866-268-2495 FAX
julia.badaliance@akerman.com

Certification

I certify and swear under penalty of law that I have read and know the contents of this application, including the Franchise Disclosure Document with an issuance date of 7/23, 2012 attached as an exhibit, and that all material facts stated in all those documents are accurate and those documents do not contain any material omissions. I further certify that I am duly authorized to make this certification on behalf of the Franchisor and that I do so upon my personal knowledge.

Signed at ~~Missoula, Montana~~ Minneapolis on July 20, 2012

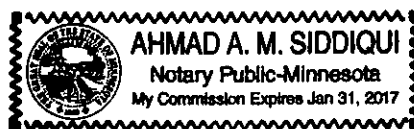
DAIRY QUEEN MONTANA / NORTH DAKOTA LLC
dba Dairy Queen of Montana and North Dakota

By: Diane M. L. Brown
Diane M. L. Brown MT DL # 100141936105
Chief Executive Officer

STATE OF ~~MONTANA~~ Minnesota)
COUNTY OF ~~MISSOULA~~ Olmsted) ss.

Personally appeared before me this 20th day of July, 2012, the above-named Diane M. L. Brown to me known to be the person who executed the foregoing application (as Chief Executive Officer of the above-named applicant) and, being first duly sworn, stated upon oath that said application, and all exhibits submitted herewith, are true and correct.

Notary Public: Ahmad Siddiqui
My Commission Expires: January 31st 2017





Akerman

Julia S. Badaliance
Paralegal

Akerman Senterfitt LLP
The Victor Building
750 9th Street, N.W., Suite 750
Washington, DC 20001
Tel: 202.393.6222
Fax: 202.393.5959

Dir: 202.824.1762
Dir Fax: 866.268.2495
julia.badaliance@akerman.com

July 24, 2012

BY FEDERAL EXPRESS

Mr. Daniel Sexton
Commerce Analyst Supervisor
Department of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101-2198

Re: DAIRY QUEEN MONTANA / NORTH DAKOTA LLC dba Dairy Queen of
Montana and North Dakota

Dear Mr. Sexton:

Enclosed is an application for renewal of franchise registration filed on behalf of Dairy Queen Montana / North Dakota, LLC for the offer of its DAIRY QUEEN franchises in the state of Minnesota.

The application consists of a check for the renewal filing fee made payable to "Minnesota State Treasurer", and the following items:

1. Uniform Franchise Registration Application.
2. Franchisor's Costs and Sources of Funds.
3. Uniform Franchise Consent to Service of Process.
4. Franchise Seller Disclosure Forms.
5. Consent of Accountants to the use of the latest audit report in the Franchise Disclosure Document.
6. A copy of the Franchise Disclosure Document, marked to show the changes.

akerman.com


BOCA RATON DALLAS DENVER FORT LAUDERDALE JACKSONVILLE LAS VEGAS LOS ANGELES MADISON MIAMI NAPLES
NEW YORK ORLANDO PALM BEACH SALT LAKE CITY TALLAHASSEE TAMPA TYSONS CORNER WASHINGTON, D.C.
WEST PALM BEACH

Mr. Daniel Sexton
July 24, 2012
Page 2

I look forward to receiving notification of an effective renewal.

Thank you.

Sincerely,

A handwritten signature in cursive script, reading "Julia S. Badalian", written in black ink. The signature is fluid and elegant, with a long, sweeping underline that extends across the width of the text.

Julia S. Badalian
Paralegal

Enclosures
DQ-MT-REG-01

Form B
FRANCHISOR'S COSTS AND SOURCE OF FUNDS

1. **Disclose the Franchisor's total costs for performing its pre-opening obligations to provide goods or services in connection with establishing each franchised business, including real estate, improvements, equipment, inventory, training and other items stated in the offering:**

Category	Costs
Real Estate	<u>\$0.00</u>
Improvements	<u>\$0.00</u>
Equipment	<u>\$0.00</u>
Inventory	<u>\$0.00</u>
Training	<u>\$3,270.00</u>
Other (describe)	<u> </u>
	<u> </u>
	<u> </u>
Totals	<u><u>\$3,270.00</u></u>

2. **State separately the sources of all required funds:**

These expenses are covered by general operating revenues, which include income from franchise fees.

Form C
UNIFORM FRANCHISE CONSENT TO SERVICE OF PROCESS

DAIRY QUEEN MONTANA / NORTH DAKOTA LLC, a limited liability company organized under the laws of Montana (the "Franchisor"), irrevocably appoints the officers of the States designated below and their successors in those offices, its attorney in those States for service of notice, process or pleading in an action or proceeding against it arising out of or in connection with the sale of franchises, or a violation of the franchise laws of that State, and consents that an action or proceeding against it may be commenced in a court of competent jurisdiction and proper venue within that State by service of process upon this officer with the same effect as if the undersigned was organized or created under the laws of that State and had lawfully been served with process in that State. We have checked below each state in which this application is or will be shortly on file, and provided a duplicate original bearing an original signature to each state.

<input type="checkbox"/> California: Commissioner of Corporations	<input checked="" type="checkbox"/> North Dakota: Securities Commissioner
<input type="checkbox"/> Hawaii: Commissioner of Securities	<input type="checkbox"/> Rhode Island: Director, Department of Business Regulation
<input type="checkbox"/> Illinois: Attorney General	<input type="checkbox"/> South Dakota: Director of the Division of Securities
<input type="checkbox"/> Indiana: Secretary of State	<input type="checkbox"/> Virginia: Clerk, Virginia State Corporation Commission
<input type="checkbox"/> Maryland: Securities Commissioner	<input type="checkbox"/> Washington: Director of Financial Institutions
<input checked="" type="checkbox"/> Minnesota: Commissioner of Commerce	<input type="checkbox"/> Wisconsin: Administrator, Division of Securities, Department of Financial Institutions
<input checked="" type="checkbox"/> New York: Secretary of State	

Please mail or send a copy of any notice, process or pleading served under this consent to:

DAIRY QUEEN MONTANA / NORTH DAKOTA LLC

P.O. Box 9137
Missoula, MT 59807

Dated: July 20, 2012

Franchisor:
DAIRY QUEEN MONTANA / NORTH
DAKOTA LLC

By: Diane M. L. Brown

Name: Diane M. L. Brown

Title: Chief Executive Officer

ACKNOWLEDGMENT

Minnesota
STATE OF MONTANA)

Olsonsted
COUNTY OF MISSOULA)

) ss.

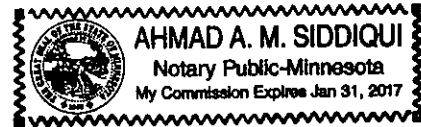
On this 20th day of July, 2012 before me Ahmad Siddiqui,
the undersigned notary, personally appeared Diane M. L. Brown, known personally to me to be
the Chief Executive Officer of the above-named company, and that she, as such officer, being
authorized so to do, executed the foregoing instrument for the purposed therein contained, by
signing the name of the company by herself as such officer.

IN WITNESS WHEREOF I have hereunto set my hand and official seal>

(NOTARIAL SEAL)

Notary Public: Ahmad Siddiqui

My Commission Expires: January 31st 2017



LEE & COMPANY

A Professional Corporation


CERTIFIED PUBLIC ACCOUNTANTS

1211 Mount Avenue
Missoula, Montana 59801
office 406.721.9919
fax 406.721.2334
www.leecompanypc.com

CONSENT OF ACCOUNTANTS

To the Members
Dairy Queen Montana/North Dakota LLC

Lee & Company, PC consents to the use in the Franchise Disclosure Document issued by DAIRY QUEEN MONTANA / NORTH DAKOTA LLC (the "Franchisor") as of our report dated June 25, 2012, relating to the financial statements of Franchisor for the period ending December 31, 2011.



Jon T. Lee, CPA
President



Missoula, Montana
June 25, 2012

FRANCHISE DISCLOSURE DOCUMENT



TERRITORY OPERATOR:

Dairy Queen Montana / North Dakota LLC
A Montana Limited Liability Company
126 E. Broadway, Suite 10
Missoula, MT 59802
(406) 214-8100
(917) 536-6291
(mailing address: P.O. Box 9137, Missoula, MT 59807)
helmer@dqmtnd.com

HEAD FRANCHISOR:

American Dairy Queen Corporation
A Delaware Corporation
7505 Metro Boulevard
Minneapolis, Minnesota 55439
(952) 830-0200
development@idq.com
www.dq.com

As a subfranchisee, you will operate a DQ Grill & Chill® or Dairy Queen®/Brazier® quick service restaurant with indoor seating offering a full approved menu of soft-serve, drink and food items, or you will operate a Dairy Queen®/Limited Brazier® store offering a full approved menu of soft-serve and drink items, and a limited approved menu of Brazier® food items.

The total investment necessary to begin operation of a DQ restaurant ranges from ~~\$774,250~~ **\$779,705** to ~~\$1,739,920~~ **\$1,739,980** or more (does not include land and non-standard improvement costs). This includes a \$27,230 initial franchise fee that must be paid to **DQ MT/ND** (see Item 5). If you are converting a unit, you will not pay an initial franchise fee, but you will pay some additional fees for goods and services provided by **DQ MT/ND**, and by ADQ and its affiliates.

This franchise disclosure document summarizes certain provisions of your operating 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, 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 to you. To discuss the availability of disclosures in different formats, contact Howard Elmer at 126 E. Broadway, Suite 10, Missoula, MT 59802, (406) 214-8100 or (917) 536-6291, helmer@dqmtnd.com.

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

Issuance Date: ~~June 21, 2011~~ **July 23, 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 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 SUBFRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

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

1. YOU MUST ARBITRATE ANY DISPUTES WITH **DQ MT/ND**. ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES.
2. YOU WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$774,250 779,705 TO \$1,739,920 1,739,980. THIS AMOUNT EXCEEDS **DQ MT/ND**'S MEMBERS' CAPITAL AS OF DECEMBER 31, ~~2010~~ 2011, WHICH IS \$368,891 459,820.
3. THERE MAY BE OTHER RISKS ABOUT THIS FRANCHISE.

Effective Dates:

Minnesota:	September 7, 2011
Montana:	June 21, 2011 <u>July 23, 2012</u>
New York:	July 5, 2011
North Dakota:	August 1, 2011

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Exhibits

- A. Agencies/Agents for Service of Process
- B. Operating Agreement and Addenda
- C. Design Services Agreement
- D. Draft Authorization Form
- E. Gift Card Participation Agreement
- F. ~~POSitouch Sales Contract~~G. Territory Operator's Subfranchisees
- ~~H~~G. Territory Operator's Former Subfranchisees
- ~~I~~H. ADQ's Franchisees
- ~~J~~I. ADQ's Former Franchisees
- ~~K~~J. Territory Operator's Financial Statements
- ~~L~~K. IDQ's Financial Statements
- ~~M~~L. Operations Manuals Tables of Contents
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2202382522982301 v21

Item 1

THE TERRITORY OPERATOR, ADQ, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, **DQ MT/ND** means Dairy Queen Montana / North Dakota LLC, the Territory Operator. "ADQ" means American Dairy Queen Corporation, the head franchisor. "You" means the person who buys the subfranchise, the subfranchisee. If you are a legal entity, "you" may also mean your owners. Certain provisions of the operating agreement will apply to your owners and will be noted in this disclosure document.

DQ MT/ND is a Montana limited liability company organized on January 23, 2003. Its mailing address is P.O. Box 9137, Missoula, MT 59807, and its principal business address is 126 East Broadway, Suite 10, Missoula, Montana 59802. **DQ MT/ND** does business as "Dairy Queen of Montana and North Dakota." **DQ MT/ND** does not do business or intend to do business under any other name.

ADQ is a Delaware corporation incorporated in 1962. ADQ's principal business address is 7505 Metro Boulevard, Minneapolis, Minnesota 55439, (952) 830-0200. ADQ does business under its corporate name and the trade names "Dairy Queen" and "DQ."

ADQ is a wholly-owned subsidiary of its parent corporation, International Dairy Queen, Inc. ("IDQ"), which is a wholly-owned subsidiary of its parent corporation Berkshire Hathaway, Inc. ("Berkshire"). IDQ's principal business address is the same as ADQ's, and Berkshire's principal business address is 1440 Kiewit Plaza, Omaha, Nebraska 68131.

MANY ITEMS OF INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT ARE STATED TWICE WHERE NECESSARY, FOR **DQ MT/ND** AND FOR ADQ. **DQ MT/ND** MUST MAKE THIS DUPLICATE DISCLOSURE, BUT **DQ MT/ND** IS AN INDEPENDENT BUSINESS FROM ADQ. **DQ MT/ND** OPERATES UNDER TERRITORY AGREEMENTS WITH ADQ THAT OBLIGATE **DQ MT/ND** TO ADHERE TO ADQ'S REQUIREMENTS. ADQ DOES NOT GUARANTEE THE PERFORMANCE OF **DQ MT/ND**'S OBLIGATIONS TO YOU. YOUR OPERATING AGREEMENT IS A CONTRACT BETWEEN YOU AND **DQ MT/ND**.

DQ MT/ND's Business. **DQ MT/ND** offers DQ Grill & Chill, Dairy Queen/Brazier and Dairy Queen/Limited Brazier subfranchises in the states of Montana and North Dakota (the "Territory") under "Dairy Queen" and "Brazier" Territory Agreements with ADQ. **DQ MT/ND** is the only entity authorized to engage in and subfranchise others to engage in operating Dairy Queen businesses in the Territory. **DQ MT/ND** administers its subfranchise system, but does not operate a business of the type being subfranchised. **DQ MT/ND** does not offer franchises or subfranchises in any other line of business. **DQ MT/ND** does not have any other business activities.

DQ MT/ND's business dates back to 1947 when W. C. "Clair" Brown purchased the Dairy Queen trademark rights for the states of Montana and North Dakota from the McCulloughs, the original Dairy Queen creators from Moline, Illinois. Clair and his wife, Muriel, were both born and grew up in North Dakota. After their marriage, they relocated to Moline, Illinois, where their son, Willis, was born.

The Browns began offering Dairy Queen franchises in Montana in August 1947 and in North Dakota in November 1947. Clair Brown was instrumental in organizing Dairy Queen at the national level and became president of the Dairy Queen National Trade Association in 1952. This early association was the forerunner of ADQ, which was formed in 1962. On Clair's death in 1962, Willis and Muriel continued as partners, with Diane, growing the system from 38 stores in 1962 to 88 stores in April 2000, when Willis unexpectedly died. Diane M. L. Brown became the majority partner in the business after the death of her husband, Willis, in April 2000. Muriel Brown died in October 2000, after which her minority interest in the business passed to a trust for the benefit of Willis and Diane's children, James Willis Brown and Christy Ann Brown.

Diane and her children, along with Howard Elmer, proudly continue working the business, now in its 3rd generation. New stores have continued to open since Willis' passing. (For current biographical information on **DQ MT/ND** personnel, see Item 2.)

DQ MT/ND's agent for service of process is disclosed in Exhibit A.

DQ MT/ND's Parents, Predecessors and Affiliates. **DQ MT/ND's** predecessors have been the partnership of Willis and Muriel Brown, the partnership of Diane M. L. Brown and Muriel Brown, and the partnership of Diane M. L. Brown and her children. **DQ MT/ND** does not have any parents or affiliates.

The Subfranchise. The DQ Grill & Chill or Dairy Queen/Brazier subfranchise is for a quick service **food** restaurant with indoor seating offering a full approved menu of soft-serve, drink and food items, **including specified Orange Julius® beverage products (when ADQ requires the offering of certain Orange Julius products beginning sometime in 2012).** The Dairy Queen/Limited Brazier subfranchise is for a store that generally is located in a shopping center, store front, office building or other similar location, and that offers a full approved menu of soft-serve and drink items, **including specified Orange Julius beverage products (when ADQ requires the offering of certain Orange Julius products beginning sometime in 2012).** and a limited approved menu of Brazier food items. The Operating Agreement included as Exhibit B (the "operating agreement") is identical for a DQ Grill & Chill restaurant, Dairy Queen/Brazier restaurant, or Dairy Queen/Limited Brazier store, except for different prescribed menus, sublicensed trademarks and continuing license fees. If you are a transferee, you must sign the then current operating agreement and a modernization addendum, if required.

ADQ owns and has its affiliates own and have registered in its name **their names** the DQ Grill & Chill, Dairy Queen and Brazier trademarks (see Item 13). However, **DQ MT/ND** (not ADQ) offers and sells DQ Grill & Chill and Dairy Queen subfranchises in the Territory. Although **DQ MT/ND** has the right to develop, and to subfranchise others to develop, DQ Grill & Chill and Dairy Queen restaurants and stores in the Territory, **DQ MT/ND** may elect to authorize ADQ to develop, or to license others to develop, DQ Grill & Chill and Dairy Queen restaurants and stores at specific locations in the Territory.

Unless used or stated otherwise in this disclosure document, the terms "Dairy Queen" and "DQ" are used interchangeably, and the term "DQ system" applies comprehensively to the DQ Grill & Chill, Dairy Queen and Brazier brands; the term "restaurant" sometimes applies comprehensively to a DQ Grill & Chill restaurant, a DQ Restaurant, a Dairy Queen/Brazier restaurant, a Dairy Queen/Limited Brazier store or a DQ restaurant; and the terms "Dairy Queen restaurants and/or stores," "Dairy Queen franchisees and/or subfranchisees," "DQ restaurants and/or stores," "Dairy Queen businesses" and "DQ businesses" apply comprehensively to DQ

Grill & Chill, Dairy Queen/Brazier, Dairy Queen/Limited Brazier and Dairy Queen soft-serve restaurants, stores, franchisees, subfranchisees and/or businesses. Also, in this disclosure document, a subfranchisee who is converting an existing Dairy Queen restaurant or store to a DQ Grill & Chill restaurant is sometimes referred to as a "Conversion Subfranchisee."

Your operating agreement is a contract between you and **DQ MT/ND**. You are a part of the national and international franchise system of DQ Grill & Chill and Dairy Queen franchisees and subfranchisees, and you must adhere to various system standards of quality and uniformity that ADQ establishes and modifies periodically, as well as standards and requirements that **DQ MT/ND** establishes and modifies periodically.

You will use ADQ's nationally recognized trademarks and service marks that are approved for your concept; have access to the distinctive operational and management attributes of the DQ system; participate in ADQ's national and regional sales promotion programs; and receive the benefits of association with a nationally recognized franchise system, including various forms of training, opening and operational assistance (see Item 11).

Market. DQ Grill & Chill, Dairy Queen and Brazier products appeal to the general public, although some products are targeted for 6-12-year-old children. DQ Grill & Chill, Dairy Queen and Brazier product sales may be more seasonal in areas of the United States with cooler climates. You will compete with other quick service and fast casual food restaurants and specialty ice cream treat outlets, specialty fruit beverage (primarily smoothies), snack food or treat establishments, including units of other regional and national chains and franchise systems. The quick service food, specialty ice cream treat and specialty ice cream treat market is fruit beverage markets are well developed and highly competitive.

Licenses and Permits. In addition to laws and regulations that apply to businesses generally, DQ Grill & Chill and Dairy Queen restaurants and stores are subject to various federal, state and local government regulations, including those relating to site location and building construction, data security, storage, food and menu labeling, preparation and sale of food products including packaging and certain ingredient restrictions (i.e. those relating to transfat) and regulations relating to dairy and meat products; and health, sanitation and safety regulations relating to food service. **DQ MT/ND** strongly encourages you to investigate these regulations before you purchase a subfranchise. It is your sole responsibility to abide by any applicable laws and regulations and to obtain and keep in place all necessary licenses and permits.

DQ MT/ND's Conversion Program. **DQ MT/ND** offers a program (the "Conversion Program") to qualifying Dairy Queen subfranchisees within the Territory to allow them to "convert" their existing Dairy Queen restaurants or stores to DQ Grill & Chill restaurants, through replacement, relocation, conversion or modernization of their facilities. Unless otherwise noted, the term "convert" means not only facility conversion, but also modernization, replacement and relocation. Whether an existing Dairy Queen restaurant or store qualifies for the Conversion Program depends on a number of factors, including: the location, type, age and condition of the facility, the type of operating agreement governing the facility, the subfranchisee's economics, and the subfranchisee's operation and compliance history.

If you operate an existing Dairy Queen restaurant or store within the Territory and meet all of **DQ MT/ND's** qualifying criteria, **DQ MT/ND** may allow you to convert your restaurant or store to a DQ Grill & Chill restaurant. If you operate an existing DQ or Brazier restaurant, **DQ**

MT/ND may allow you to convert your restaurant to a DQ Grill & Chill restaurant through the granting of trademark rights, a modified service style and a modified menu, without requiring you to sign a new operating agreement or pay any additional continuing license fees or sales promotion program fees to **DQ MT/ND** or ADQ, so long as certain minimum facility standards are met. If you operate an existing Dairy Queen/Limited Brazier store and meet all of **DQ MT/ND**'s qualifying criteria, **DQ MT/ND** may allow you to convert your store to a DQ Grill & Chill restaurant by requiring you to sign a new operating agreement.

ADQ's Parents, Predecessors and Affiliates.

ADQ is a wholly-owned subsidiary of its parent corporation, IDQ, which is a wholly-owned subsidiary of its parent corporation, Berkshire. IDQ's principal business address is the same as ADQ's, and Berkshire's principal business address is 1440 Kiewit Plaza, Omaha, Nebraska 68131. ADQ has not had any predecessors during the 10-year period immediately before the close of its most recent fiscal year.

ADQ's affiliates include the following: Dairy Queen Corporate Stores, Inc. ("DQCS"); DQ Joint Ventures Stores, Inc. ("DQJV"); DQ Wholly-Owned Stores, Inc. ("DQWO"); DQ Managed Stores, Inc. ("DQMS"); DQ Training Restaurants, LLC ("DQTR"); Unified Supply Chain, Inc. ("USCI"); Orange Julius of America ("OJA"); Karmelkorn Shoppes, Inc. ("KSI"); DQF, Inc. ("DQF"); and federal Canadian corporations Dairy Queen Canada Inc. ("DQC") and Orange Julius Canada Limited ("OJC"). ~~The principal business address for DQTR, USCI, OJA, KSI and DQF is the same as ADQ.~~ The principal business address for DQCS, DQJV, DQTR, DQWO and DQMS is 9656 Bluegrass Parkway, Suite 200, Louisville, Kentucky 40299. DQMS, USCI, OJA, KSI and DQF is the same as ADQ. The principal business address for DQC and OJC is 5045 South Service Road, Suite 3000, Burlington, Ontario, Canada L7L 5Y7.

ADQ's agents for service of process are disclosed in Exhibit A.

Concept Evolution to DQ Grill & Chill

ADQ knows that a certain level of consumer confusion is created as a result of the DQ system having many different restaurant and store types and many different menus. To reduce this consumer confusion and to improve the competitive positioning of the Dairy Queen concepts, ADQ continues the process of concept evolution to bring greater unification to its food centric concepts ~~under the DQ Grill & Chill design, trademarks, menu and business system.~~ In the past ADQ issued Dairy Queen/Brazier franchises, which are quick service food restaurants that feature the full line of approved Dairy Queen and Dairy Queen/Brazier menus of soft serve, food and drink items. In the fall of 2000, ADQ began conducting an extensive test program that ended January 2005, at which time the DQ Grill & Chill building design, trademarks and menu became the approved building design, trademarks, menu and standard for new DQ full food restaurants outside of Texas (which operate under a different trademark), and the approved building design for new food restaurants in Texas. Therefore, ADQ ceased offering new Dairy Queen/Brazier franchises.

ADQ continues to review ways to create greater unification by having existing franchisees and subfranchisees transition their locations to the DQ Grill & Chill restaurant design, trademarks, menu and business system. It is important to note that due to the existence of various programs designed to increase unification in the system, there will be DQ Grill & Chill restaurants that do not look similar to your restaurant and may not have the same design

requirements. However, except for unique circumstances, DQ Grill & Chill restaurants will have the same trademarks (including signage), menu and business system as your restaurant.

Since 2009 ADQ has offered new and existing franchisees and sublicensees a program to incorporate the Orange Julius trademarks and certain specified Orange Julius products (the "Orange Julius Business") into their restaurants under a separate addendum. In an effort to bring greater unification to the DQ system and to respond to customer demand, ADQ will begin rolling out specified Orange Julius products under a new program (the "OJ Program") to the DQ system sometime in 2012. As part of the OJ Program, restaurants that have not incorporated the Orange Julius Business must purchase additional equipment and offer certain Orange Julius products. These restaurants will not have to purchase any additional exterior signage, and the equipment costs will be lower than for the Orange Julius Business. All franchisees for new restaurants will be required to carry the specified Orange Julius products, either by waiting to offer Orange Julius products until the OJ Program is rolled out in their market, or by choosing to offer Orange Julius products before the OJ Program is rolled out to their market by purchasing the equipment currently being used in the Orange Julius Business and offering the current Orange Julius Business menu of products. Once the OJ Program is rolled out to the DQ system, ADQ will transition all DQ restaurants offering Orange Julius products under the Orange Julius Business program to the menu and products offered under the OJ Program. The change may not necessarily happen exactly when the rollout is complete.

Business of ADQ

ADQ's business includes administering its franchise system, establishing and conducting sales promotion programs for Dairy Queen, ~~DQ/Orange Julius (in connection with OJA), DQ, DQ Grill & Chill (including those with the Orange Julius Business) and Brazier products, and providing various services to its franchisees (see Items 8 and 11). In addition, since ADQ's incorporation, ADQ has operated Dairy Queen restaurants and stores on an interim basis. As of the date of this disclosure document, ADQ does not operate any company-owned DQ Grill & Chill restaurants, although, as explained further below, ADQ's affiliate, DQTR, owns and operates a~~ 2 DQ Grill & Chill restaurant, restaurants and ADQ's affiliates, DQJV and's affiliate, DQWO, currently own and operate DQ Grill & Chill and Dairy Queen/Brazier restaurants. DQCS has refranchised substantially all of the locations owned and operated by DQJV and DQWO. See below in this Item 1 for more information about this refranchising transaction.

~~From 2007 to mid-2009 in limited markets, ADQ, through an arrangement with OJA, tested the offer and sale of various Orange Julius products in one or more other DQ food concepts, including certain new and existing DQ Grill & Chill franchises and certain existing Dairy Queen/Brazier franchises, under the "OJ Test" program. Under the OJ Test, a franchisee incorporated the Orange Julius trademarks, beverage menu and business system ("Orange Julius Business") into the franchisee's DQ Grill & Chill or Dairy Queen/Brazier restaurant. ADQ has concluded the OJ Test, and is now offering a program in which qualified, new or existing DQ Grill & Chill locations (as described above) and Dairy Queen restaurants in Texas (offered through a separate disclosure document) can incorporate the Orange Julius Business into their restaurants~~ owns and operates 1 DQ Grill & Chill restaurant.

ADQ offers franchises for the operation of Dairy Queen/Limited Brazier stores, which are considerably smaller than DQ Grill & Chill restaurants and sell the full line of approved Dairy Queen soft-serve treat products and a limited number of approved food items. Dairy Queen/Limited Brazier stores also will begin to offer certain specified Orange Julius

beverage products as part of the rollout of the OJ Program. ADQ also offers franchises for the operation of DQ/Orange Julius stores (referred to in prior versions treat locations, which as of the date of this disclosure document as Dairy Queen Treat Center stores) are offered and operate under the trade name DQ/Orange Julius and which sell Dairy Queen soft-serve treat products and, Orange Julius beverage products, under an arrangement with OJA. ADQ offers the Dairy Queen/Limited Brazier and DQ/Orange Julius franchises through separate disclosure documents and a limited number of approved food items.

Although ADQ no longer offers new Dairy Queen/Brazier franchises, there are existing Dairy Queen/Brazier franchisees that were granted licenses under these franchise programs, as detailed in Item 20. In certain unique circumstances, however, ADQ may enter into a franchise agreement with an existing Dairy Queen/Brazier restaurant franchisee to allow that franchisee to continue to operate its location as a Dairy Queen/Brazier restaurant.

In the past ADQ issued Standard and Urban Territory franchises in the United States, which are both territory franchises that allow a franchisee (sometimes referred to as a "territory operator") to develop the Dairy Queen/Brazier and, Dairy Queen/Limited Brazier and now DQ Grill & Chill businesses within a defined geographical area ("territory") through subfranchising to third parties. At the time of this disclosure document, ADQ is offering existing, qualified territory operators the opportunity to subfranchise the DQ/Orange Julius and DQ Grill & Chill (including those with the Orange Julius Business) businesses through amendments to their existing agreements with ADQ. ADQ offers this opportunity to its existing territory operators through a separate franchise disclosure document, and territory operators subfranchise these businesses through franchise disclosure documents prepared and provided by them 3rd parties. ADQ occasionally acquires a territory operator's interest in various restaurant and store franchise agreements through negotiated acquisitions of territorial subfranchising rights. Also in the past, ADQ issued Dairy Queen soft-serve-only franchises (a store featuring approved Dairy Queen soft-serve treat products which may or may not sell non-system food) and Dairy Queen/Fuel Center franchises (a franchise specifically offered for locations operated in conjunction with or adjacent to a fuel dispensing and/or travel business). For those franchises no longer offered by ADQ, there are existing franchisees that were granted licenses under these franchise programs (including territory operators who continue to subfranchise).

Business of ADQ's Affiliates

KSI is the franchisor of Karmelkorn® retail outlets, although it no longer offers new franchises. Except for certain existing DQ/Orange Julius businesses that have a Karmelkorn component, the Karmelkorn program operates independently from the DQ system.

OJA sells Orange Julius franchises in the United States and other countries except Canada. OJC sells Orange Julius franchises in Canada. Orange Julius stores feature Orange Julius drinks and other specialty fruit beverages and food and snack products. Except for the DQ/Orange Julius program (which includes new DQ/Orange Julius stores and the conversion of Dairy Queen/Limited Brazier stores to DQ/offering of Orange Julius stores) and the Orange Julius Business in DQ Grill & Chill restaurants and Dairy Queen restaurants in Texas beverage products in the DQ system, the Orange Julius franchise program operates independently from the DQ system.

IDQ's business includes the limited sale of products to the various franchise systems that its subsidiaries operate (see Item 8). DQF provides various services to direct-licensed franchisees. USCI acts as the "supply chain entity" and ~~sells or~~ sources certain products and

equipment to the various franchise systems that IDQ's subsidiaries operate (see Item 8). IDQ, DQF and USCI do not and have not issued franchises for or operated restaurants or stores.

ADQ's ~~affiliates, DQJV and~~ affiliate, DQWO, which ~~are~~ is wholly-owned by DQCS, ~~own~~ owns and ~~operate~~ operates a DQ Grill & Chill and Dairy Queen/Brazier restaurants. ~~DQJV restaurant~~, DQWO and DQCS have conducted the DQ business since February 1996. ~~In June 2003, DQTR opened~~ owns and began operating a new operates 2 DQ Grill & Chill restaurant restaurants in Edina, Minnesota, 1 of which serves as a training facility for ADQ personnel, franchisees and subfranchisees. ~~DQJV, DQWO, and DQTR have entered into agreements with ADQ substantially similar to the form franchise agreement in place at the time for other franchised locations. These company-operated restaurants are disclosed in Item 20. DQJV, DQWO, DQCS and DQTR do not and have not issued franchises in any line of business.~~

As of March 28, 2011, DQCS has refranchised substantially all of the existing DQJV and DQWO affiliate-owned locations ~~in which DQJV or DQWO had ownership interests, by selling the ownership interests in these locations to a buyer who operates these locations~~ them under franchise agreements with ADQ. ~~The closing date for the sale was March 28, 2011. The disclosures contained in this disclosure document reflect the status of the business after the sale. DQCS and DQTR will continue to own and operate a limited number of DQ Grill & Chill restaurants, including the Edina location.~~

ADQ and OJA have offered a number of international franchise programs over the years under the DQ, Dairy Queen, DQ Grill & Chill and Orange Julius trademarks, including an international territory program, an international multiple unit development program and an international store program.

DQC conducted, and granted franchises to others to conduct, the Dairy Queen business in Canada since 1953. DQC holds exclusive area franchising rights in Canada through licensing agreements with ADQ, under which DQC exercises exclusive rights to license the registered DQ trademark and certain other trademarks owned by ADQ. DQC issues franchises for DQ Grill & Chill restaurants ~~(including those with the Orange Julius Business)~~, Dairy Queen/Limited Brazier stores and DQ treat locations (which as of the date of this disclosure document operate under the trade name DQ/Orange Julius stores). While DQC no longer offers Dairy Queen/Brazier and Dairy Queen soft-serve-only franchises, there are still existing franchised locations.

The following table summarizes the franchises offered by ADQ and its affiliates that were operating as of December 31, ~~2010~~ 2011. Taking into account all the various franchise programs, the DQ system includes ~~nearly 5,900~~ over 6,000 Dairy Queen restaurants and stores on an international basis.

Company	Franchise Program	Period Franchises Offered	Number of Franchises operating as of 12/31/ 40 <u>11</u>
ADQ	DQ Grill & Chill	January 2002 – Present	580 <u>755</u>
	Dairy Queen/Brazier	1962 – 2004	974 <u>865</u>
	Dairy Queen/Limited Brazier	1962 – Present	379 <u>352</u>
	DQ/Orange Julius	1987 – Present	374 <u>404</u>
	Dairy Queen Soft-Serve-Only	Over 20 years ago	345 <u>325</u>
	Dairy Queen/Fuel Center	1990 – 1998	5
	Brazier Food Service Addendum	1982 – Present	16 ⁽¹⁾
	Texas Dairy Queen	1980 – Present	565
	Standard Territory	1962 – 1981	12 ⁽²⁾
	Urban Territory	1984 – 1993	2 ⁽²⁾
	International Franchise Locations (outside the U.S. and Canada)	1971 – Present	802 <u>959</u>
KSI	Karmelkorn	1969 – 2000 2002 – 2005	12 ⁽³⁾
OJA	Orange Julius	1963 – Present	81 <u>80</u> ⁽³⁾
	International Franchise Locations (outside the U.S. and Canada)	1999 – Present	0
DQC	DQ Grill & Chill	2002 – Present	94 <u>123</u>
	Dairy Queen/Brazier	1963 – 2004	302 <u>271</u>
	Dairy Queen/Limited Brazier	1973 – Present	53 <u>52</u>
	DQ/Orange Julius	1987 – Present	82 <u>91</u>
	Dairy Queen Soft-Serve-Only	Over 20 years ago	54 <u>52</u>
OJC	Orange Julius	1977 – Present	56

Notes:

- (1) Territory operators that have a signed Brazier food service addendum to their territory agreements are authorized to offer approved food products under the Brazier and other related trademarks.
- (2) In addition to territory operators who were granted Standard Territory or Urban Territory franchises, other territory operators conduct the Dairy Queen or Dairy Queen Brazier business under older forms of franchise agreements, many of which were issued more than 30 years ago.
- (3) Included in each of these totals are 10 Orange Julius/Karmelkorn combination units. These units have separate franchise agreements for the Orange Julius and Karmelkorn concepts, but the concepts share the same store premises.
- (4) ~~Included in these totals are 106 DQ Grill & Chill restaurants and 6 Dairy Queen/Brazier restaurants that have the Orange Julius Business.~~

Item 2

BUSINESS EXPERIENCE

DQ MT/ND's Business Experience:

Chief Executive Officer: Diane M. L. Brown

Diane M. L. Brown became **DQ MT/ND's** Chief Executive Officer in January 2010. From January 2003 to December 2009, she was its President. She has been its majority partner/member since April 2000, and has been involved in **DQ MT/ND's** business since 1964, having worked closely with her husband, Willis D. Brown, for the most of these years. She became **DQ MT/ND's** Chief Financial Officer in 2006.

Early on, Diane worked at the University of Miami as an Administrative Assistant before marrying Willis. She was also a Private Legal Secretary to John J. Edman for 3 years in Chicago with Kirkland Ellis Hodgson Chaffetz & Masters, and was a business major at the University of Miami, in Coral Gables, Florida.

Chief Operating Officer: Howard-W. Elmer

Howard-W. Elmer has been **DQ MT/ND's** Chief Operating Officer since January 2010. He was its Vice President, Franchise Development & Operations from January 2006 to December 2009, was its Operations Manager from January 2003 to December 2005, and was the Operations Manager of **DQ MT/ND's** business from April 2000 to December 2002. He performed as Management Information System Director for the law firm of Ingram Yuzek Gainen Carroll & Bertolotti, LLP in New York, New York from April 1998 to April 2000. Before that, Mr. Elmer held a series of positions in New York, New York. Principally, he functioned as an Information Technology Consultant, an Inventory Analyst for Bertelsmann Music Group (BMG), and a Library Technical Assistant in the New York Public Library. Mr. Elmer holds 3 degrees, the last an M.A. from New York University, received in the early 90s.

Chief Administrative Officer: James Willis Brown

James W. Brown has been **DQ MT/ND's** Chief Administrative Officer since January 2010. He joined the family business in the summer of 2000. He manages **DQ MT/ND's** office and internal procedures. Previously, he has worked both as an employee and an independent contractor, performing Systems Administration and Computer Consulting for over 4 years.

Public Relations Manager: Christy Ann Brown

Christy Ann Brown grew up answering the phone in her dad's Dairy Queen office, stuffing envelopes, and going to Dairy Queen conventions. She worked in Missoula's Southgate Mall Dairy Queen store in high school. She graduated from the University of Washington with a B.A. in 1989 and then taught English in Japan. She has had her own business in New York City, done public relations work in Rockefeller Center for Mitsui Fudosan, and been the office manager for the Burbage Theatre in Los Angeles.

ADQ's Business Experience:

Director, Chief Executive Officer and President: John P. Gainor

John Gainor has been Chief Executive Officer, President and a Director since July 2008. Mr. Gainor was Chief Supply Chain Officer of IDQ from January 2005 to June 2008, and was Executive Vice President - Supply Chain of IDQ from September 2003 to December 2004.

Director and Chief Operating Officer - U.S.A.: ~~Charles J. Chapman III~~ Troy A. Bader

~~Charles Chapman~~ **Troy Bader** has been a Director since January 2001, March 2008 and Chief Operating Officer ~~U.S.A. since October 2005.~~ November 2011. ADQ or IDQ has employed Mr. ~~Chapman~~ **Bader** in various management positions since 2001, including ~~Chief Concept Officer from April 2004 to September 2005.~~ Executive Vice President - Franchise Development from April 2004 to December 2007, and Chief Development and Legal Officer from January 2008 to October 2011.

Director, Chief Financial Officer and Treasurer: Mark R. Vinton

Mark Vinton has been Chief Financial Officer, Treasurer, and a Director since December 2010. Before his employment by ADQ, Mr. Vinton was employed by Berkshire Hathaway Inc., in Omaha, Nebraska, from April 2002 to December 2010, where he held the position of Assistant Controller ~~from~~ since 2005.

Director and Chief Brand Officer: Michael D. Keller

~~Michael Keller has been a Director since March 2007 and Chief Brand Officer since January 2005. Mr. Keller was Executive Vice President - Marketing from August 2001 to December 2004.~~

Director, Chief Development and Legal Officer: Troy A. Bader

~~Troy Bader has been a Director since March 2008, and Chief Development and Legal Officer since January 2008. ADQ or IDQ has employed Mr. Bader in various management positions since 2001, including Executive Vice President - Franchise Development from April 2004 to December 2007.~~

Chief Supply Chain Officer of USCI: Roger L. Hubbard

Roger L. Hubbard has been Chief Supply Chain Officer of USCI since January 2009. USCI employed Mr. Hubbard as Vice President of Supply Chain Analysis from September 2004 to December 2008.

Executive Vice President and General Counsel: Shelly O'Callaghan.

Shelly O'Callaghan has been Executive Vice President and General Counsel since November 2011. Ms. O'Callaghan was Vice President and Assistant General Counsel from January 2010 to October 2011. From September 2000 to December 2009, Ms. O'Callaghan held various positions, including Vice President Legal and Assistant Secretary from January 2006 to December 2009, for Carlson Hotels Worldwide, Inc., based in Minneapolis, Minnesota.

Executive Vice President of Marketing: M. Barry Westrum

Barry Westrum has been Executive Vice President of Marketing since February 2012. Before his employment with ADQ, Mr. Westrum was based in Louisville, Kentucky as Chief Marketing Officer of KFC Corporation from January 2011 to November 2011; Chief Marketing Officer of A&W Restaurants Inc. and Long John Silver's, Inc. from November

2009 to January 2011; and Dean for the Yum! Know How and Innovation Center for Yum! Brands, Inc. from June 2008 to November 2009. From February 2007 to June 2008, Mr. Westrum was Senior Director, Brand Marketing for Taco Bell Corp. based in Irvine, California.

Executive Vice President - U.S. Operations: Daniel J. Kropp

Daniel Kropp has been Executive Vice President - U.S. Operations since November 2011. Mr. Kropp was Executive Vice President - Franchise Operations (East) from January 2010 to October 2011; Executive Vice President - Franchise Operations (Food Centric Concepts) from July 2008 until December 2009; Vice President Operations, with direct responsibility for DQ Grill & Chill operations and development operations, from February 2007 until June 2008; and Vice President Franchise Operations from January 2001 until February 2007.

Executive Vice President - Franchise Operations: Lon A. Brew

Lon Brew has been Executive Vice President - Franchise Operations for the western U.S. since January 2010. ADQ has employed Mr. Brew in various positions since 1981, including Executive Vice President - Franchise Operations (Treat Centric Concepts) from February 2007 until December 2009, and Executive Vice President - Franchise Operations from January 2001 until February 2007.

Executive Vice President - Franchise Operations: Daniel J. Kropp

~~Daniel Kropp has been Executive Vice President - Franchise Operations for the eastern U.S. since January 2010. Mr. Kropp was Executive Vice President - Franchise Operations (Food Centric Concepts) from July 2008 until December 2009; Vice President Operations, with direct responsibility for DQ Grill & Chill operations and development operations, from February 2007 until June 2008; and Vice President Franchise Operations from January 2001 until February 2007.~~Executive Vice President - Concept Support Services: Robert R. Hynick

Robert Hynick has been Executive Vice President - Franchise Operations for the eastern U.S. since December 2011. ADQ has employed Mr. Hynick in various positions since 2003, including Executive Vice President of Concept Support Services since from July 2008, was 2008 to December 2011, and Vice President of Concept Support Services from April 2006 to July 2008, and was Director of Development Operations and DQ Grill & Chill Operations from February 2003 to April 2006. 2008.

Vice President - Franchise Development: James P. Kerr

James Kerr has been Vice President - Franchise Development since August 2008. From January 2003 to July 2008, Mr. Kerr was the Senior Director of Development for Domino's Pizza, based in Ann Arbor, Michigan.

Vice President of Design, Architecture & Construction: Eric D. Lavanger

Eric Lavanger has been Vice President of Design, Architecture & Construction since April 2008. ADQ has employed Mr. Lavanger in various management positions since 1977, including Vice President - Concept Evolution from April 2004 to April 2008.

Vice President of Concept Support Services: Keith M. Correia

Keith Correia has been Vice President of Concept Support Services since November 2011. Mr. Correia was Area Vice President - Franchise Operations for the Northeast area from January 2010 through November 2011; Area Vice President - Franchise Operations, food concepts (Northeast), from July 2008 until December 2009; Director of Operations, food

concepts (Northeast), from February 2007 to June 2008; and Director of Operations (West) from August 2000 until February 2007.

Area Vice President - Franchise Operations: Lee A. Banbury

Lee Banbury has been Area Vice President - Franchise Operations for the Mid Atlantic area since January 2010. Mr. Banbury was Area Vice President - Franchise Operations, food concepts (South Central), from July 2008 until December 2009; Director of Operations, food concepts (South Central), from February 2007 to June 2008; and Director of Operations (South Central) from May 2005 to February 2007. ~~From July 1996 to May 2005, Mr. Banbury was Manager of Franchise Support Services for A&W/Long John Silver's (a division of YUM Brands) based in Louisville, Kentucky.~~

~~Area Vice President - Franchise Operations: Keith M. Correia~~

~~Keith Correia has been Area Vice President - Franchise Operations for the North East area since January 2010. Mr. Correia was Area Vice President - Franchise Operations, food concepts (Northeast), from July 2008 until December 2009; Director of Operations, food concepts (Northeast), from February 2007 to June 2008; and Director of Operations (West) from August 2000 until February 2007.~~

Area Vice President - Franchise Operations: David M. Dorn

David Dorn has been Area Vice President - Franchise Operations for the West Great Lakes area since January 2010. Mr. Dorn was Area Vice President - Franchise Operations, food concepts (Mid-Central), from January 2009 until December 2009, and was Director of Operations, food concepts (Mid-Central), from June 2005 to December 2008. ~~Mr. Dorn was employed in various operations positions with KFC Corporation (a division of YUM Brands) from August 1978 to June 2005, most recently as Director of Company Operations, based in the Warrensville, Illinois field office.~~

Area Vice President - Franchise Operations: Todd M. Kiester

Todd Kiester has been Area Vice President - Franchise Operations for the Heartland area since January 2010. Mr. Kiester was Area Vice President - Franchise Operations, food concepts (North Central), from January 2007 until December 2009, and was Director of Development Operations - Franchise Development from July 2000 until January 2007.

Area Vice President - Franchise Operations: Judy A. Munoz

Judy Munoz has been Area Vice President - Franchise Operations for the West area since January 2010. Ms. Munoz was Area Vice President - Franchise Operations, treat concepts (West), from July 2008 until December 2009; Director of Operations, treat concepts (West), from February 2007 to June 2008; and Director of Operations (Southwest) from April 2006 to February 2007. ~~Ms. Munoz was a Franchise Business Leader for Burger King Corporation, based in Miami, Florida, from June 2003 to April 2006.~~

Area Vice President - Franchise Operations: Douglas H. Pavelka

Douglas Pavelka has been Area Vice President - Franchise Operations for the Mountain area since January 2010. Mr. Pavelka was Area Vice President - Franchise Operations, food concepts (West), from February 2007 until December 2009, and was Vice President - Franchise Operations from April 1998 to February 2007.

Area Vice President - Franchise Operations: Douglas A. Phillip

Douglas Phillip has been Area Vice President - Franchise Operations for the Gulf States area since January 2010. Mr. Phillip was Area Vice President - Franchise Operations, food concepts (Texas), from February 2005 until December 2009, and was Director of Operations - Franchise Operations (South Central), from September 1998 until February 2005.

Area Vice President - Franchise Operations: Steven K. Rapuano

Steve Rapuano has been Area Vice President - Franchise Operations for the North Central area since January 2010. Mr. Rapuano was Area Vice President - Franchise Operations, treat concepts (North Central), from February 2007 until December 2009, and was Vice President Mall Operations from January 2001 until February 2007.

Area Vice President - Franchise Operations: Donald (Alan) Roark

Donald Roark has been Area Vice President - Franchise Operations for the South East area since January 2010, and was Area Vice President - Franchise Operations, food concepts (Southeast), from September 2008 until December 2009. Mr. Roark was employed from November 2001 to August 2008 in various management positions with Bruegger's Enterprises based out of Burlington, Vermont, most recently as Vice President of Franchise Operations.

Area Vice President - Franchise Operations: Michael L. Wieland

Michael Wieland has been Area Vice President - Franchise Operations for the East Great Lakes area since January 2010. Mr. Wieland was Area Vice President, treat concepts (Northeast), from July 2008 until December 2009; Director of Operations, treat concepts (Northeast), from January 2007 to June 2008; and Director of Operations (Eastern Great Lakes) from ~~January 1998~~ April 1996 to December 2006.

Director of Operations: Louis M. Romanus, Jr.

Louis Romanus has been Director of Operations for the Gulf States area since January 2010, and was Director of Operations, food concepts (Texas), from February 2006 until December 2009. ~~From May 2005 to February 2006, Mr. Romanus was a Franchise Business Leader for Burger King Corporation, based out of New Orleans, Louisiana. From April 2004 to January 2005, Mr. Romanus was President of Kentucky Pizza Huts (a franchisee of Pizza Hut, Inc.), based out of Lexington, Kentucky.~~

Item 3

LITIGATION

DQ MT/ND's Litigation

We have no litigation that is required to be disclosed in this Item.

ADQ's Litigation

Pending Cases

American Dairy Queen Corporation v. Guy A. Blume, Blume Investments, LLC and Royal Professional Solutions, LLC (United States District Court, District of Minnesota, No. 2011CV 00358, filed February 11, 2011). ADQ filed this action alleging common law extortion, defamation, breach of contract, and breach of the covenant of good faith and fair dealing; as a result of various alleged actions and statements ~~of~~ made by ADQ's franchisee, Mr. Blume. ADQ

asks has asked the court to grant declaratory and injunctive relief by: ordering Mr. Blume to pay amounts due and owing under the franchise agreements between ADQ and Mr. Blume; granting ADQ the right to terminate the franchise agreements between ADQ and Mr. Blume; enforcing the post-termination non-competition obligations in the franchise agreements; enjoining Mr. Blume from any further acts of defamation and extortion; and ordering Mr. Blume to pay ADQ's attorneys' fees and grant any other equitable relief the court deems appropriate.

~~ADQ's filing of the preceding action was followed by the filing of 3 separate but related pro se cases in Iowa federal court, which are summarized below. ADQ denies plaintiffs' claims and any liability in the cases, and intends to vigorously defend the cases, all of which are in their early stages:~~

~~Guy A. Blume, Blume Investments, LLC, and Royal Professional Solutions, LLC, Pro Se v. American Dairy Queen Corporation (United States District Court, Southern District of Iowa, Central Division, No. 4:11 CV 00178, filed April 18, 2011). In the filed Complaint, plaintiffs' sued ADQ, a territory operator, EE Sorenson LLC, and the territory operator's principal, Mr. Sorenson. Mr. Blume alleged that ADQ and Mr. Sorenson: breached contracts; engaged in fraud in the sale of a franchise under Iowa Code §§714.16, 714.3H and 714.5H; failed to provide disclosure in the sale of a franchise in violation of the Iowa Business Opportunity Act, Iowa Code §551A; violated the Iowa Competition Law under Iowa Code §553; committed the common law offenses of tortious interference with contractual relations, theft, fraud and extortion; and breached the covenant of good faith and fair dealing. Mr. Blume sought declaratory judgment, injunctive relief, actual damages of a substantial but unspecified amount, attorneys' fees, costs, disbursements and other equitable relief against all defendants. In response to the court's May 2, 2011 Pre Screening Order finding no jurisdiction, Mr. Blume filed an Amended Complaint on May 10, 2011, dismissing EE Sorensen LLC and Mr. Sorensen as defendants, naming ADQ as the sole defendant and restating the previous claims. The Amended Complaint adds claims under 18 U.S.C. § 1962 (civil RICO), 18 U.S.C. §§ 1341 and 1343 (wire and mail fraud), and 15 U.S.C. §§1 and 2 (Sherman Act) related to ADQ's requirements that franchisees purchase various supplies from approved suppliers.~~

~~John Vergamini, Pro Se vs. American Dairy Queen Corporation and Guy Blume (United States District Court, Southern District of Iowa, Central Division, No. 1:11 CV 22, filed June 14, 2011). In this action, ADQ is the franchisor, Guy Blume is the territory operator, and the plaintiff, John Vergamini, is the subfranchisee. Mr. Vergamini alleges various state and federal claims against Mr. Blume and ADQ, including all of the counts listed in Mr. Blume's case against ADQ above, many of which are copied verbatim. Depending on the specific allegation, Mr. Vergamini claims either that ADQ directly violated the law or that the territory operator violated the law or the contract between Mr. Vergamini and ADQ acquiesced in or conspired with the territory operator in that alleged misconduct.~~

~~Anthony "Tony" Clem, Pro Se vs. American Dairy Queen, EE Sorensen LLC and Edward E. Sorenson (United States District Court, Southern District of Iowa, 4:11 CV 00244, filed June 12, 2011). In this action, ADQ is the franchisor, EE Sorenson LLC is the territory operator, Mr. Sorenson is the territory operator's principal, and Anthony "Tony" Clem is a former subfranchisee of the territory operator. Mr. Clem alleges violations of many of the same state and federal statutes and common law rights against ADQ and the other defendants as Mr. Vergamini alleges in his case against ADQ and Mr. Blume. Depending on the specific allegation, Mr. Clem claims either that ADQ directly violated the law, or that the territory operator violated the law or~~

the contract between Mr. Clem and the territory operator and ADQ acquiesced in or conspired with the territory operator in that alleged misconduct.

~~Jai Ambika, Inc., Ramesh Sharma, and Universal USA, Inc. v. American Dairy Queen Corporation (United States Bankruptcy Court, Southern District of Georgia, Dublin Division, Adversary Proceeding Nos.10-03008-SDB & No.10-03009-SDB, filed July 9, 2010). Action against ADQ by the franchisee of two locations in Georgia. Plaintiff Jai Ambika's allegations against ADQ include promissory estoppel, misrepresentation, tortious interference with prospective business advantage, bad faith and mutual departure. Plaintiff Universal USA's allegations against ADQ include wrongful termination. Plaintiff Sharma's allegations against ADQ include tortious interference with prospective business advantage and violation of the automatic stay. On August 11, 2010, ADQ filed an answer and counterclaim seeking a permanent injunction based on several affirmative defenses, as well as allegations of federal trademark infringement and a covenant not to compete breach of contract. The preliminary injunction hearing was heard on November 22, 2010, and the Court granted ADQ's motion on January 7, 2011. Plaintiffs failed to comply with the Court's order by failing to close and remove trademarks from the restaurants. ADQ filed an emergency motion for order of civil contempt on January 19, 2011 to force the closure of the restaurants. Shortly thereafter, the bankruptcy proceeding was converted from Chapter 11 to Chapter 7 and the appointed Trustee filed temporary restraining orders requiring Plaintiffs to vacate all restaurants. As a result, ADQ withdrew the motion for contempt. On February 2, 2011, the Trustee removed Plaintiffs from all locations. The claims are now an asset of debtor's Chapter 7 estate and are controlled by the Trustee.~~

John Vergamini, Pro-Se vs. American Dairy Queen Corporation (United States District Court, Southern District of Iowa, Western Division, No. 1:12-CV-07, filed February 3, 2012). This action was removed to federal court by ADQ from the Iowa District Court for Pottawattamie County, Iowa, No. LACV 106819, filed January 31, 2012. Mr. Vergamini alleges in this action some of the same claims alleged in the Vergamini Case described below in the Actions Involving the Franchise Relationship section of this Item 3, which claims were dismissed by the court for failure to state a claim upon which relief could be granted. Mr. Vergamini alleges that ADQ committed fraud and violated the Iowa Business Opportunities Act and the Iowa Franchise Act by terminating the subfranchise agreement Mr. Vergamini had with Mr. Blume described above. In January 2012, ADQ terminated Mr. Blume's territory agreement for Poweshiek County, advised Mr. Vergamini that he was a direct franchisee of ADQ, and extended to Mr. Vergamini the right to remain a direct franchisee of ADQ according to the same terms and conditions under his subfranchise agreement of Mr. Blume. Mr. Vergamini did not accept the offer and terminated the franchise relationship with ADQ. ADQ denies liability for the claims and will vigorously defend the case.

Concluded Cases

~~Vijayata (Dolly) Luthra and Atul (Sunny) Luthra v. Dairy Queen Canada Inc. (Superior Court of Justice, Ontario, Canada, Court File No. 1165/01, commenced May 10, 2001). Action by owners of a terminated franchisee of a restaurant in Ancaster, Ontario against DQC for negligence, negligent and intentional misrepresentation, and violation of an alleged duty of good faith relating to: (1) construction/leasehold improvement and equipment cost estimates and gross sales estimates allegedly provided by DQC; and (2) DQC's alleged failure to identify elevation, electrical service capacity, HVAC capacity, and equipment deficiencies in the plaintiffs'~~

~~building plans. Through the action, the plaintiffs seek to recover alleged actual damages in the approximate amount of \$700,000 (Canadian Dollars); punitive damages in the amount of \$1,000,000 (Canadian Dollars); aggravated damages in the amount of \$1,000,000 (Canadian Dollars); prejudgment interest, court costs, and attorneys' fees. DQC denies the plaintiffs' claims. On August 7, 2001, the court dismissed the case and ordered the parties to proceed to arbitration if further resolution of the matter is deemed necessary by either party. Neither party commenced arbitration proceedings.~~

Dairy Queen Operators Association and Dairy Queen Operators Cooperative v. International Dairy Queen, Inc. and American Dairy Queen Corporation (Arbitration, commenced June 9, 2003). The Dairy Queen Operators' Association/Dairy Queen Operators' Cooperative ("DQOA/DQOC") initiated this first arbitration under the 2000 settlement agreement resolving litigation titled Hugh Collins, et al. v. International Dairy Queen, Inc. and American Dairy Queen Corporation (United States District Court, Middle District of Georgia, Macon Division, No. 94-95-4-MAC (WDO), commenced April 5, 1994) ("Collins"). In Collins, plaintiffs alleged ADQ's approved supplier program and procedures resulted in a violation of the Sherman Antitrust Act, a breach of contract, breach of a prior class action settlement, and breach of fiduciary duty relating to sales promotion programs. Among other things, the settlement agreement established rights, obligations, and procedures for product approval, menu control, new product development, marketing programs, and supplier and warehouse relationships.

DQOA/DQOC claimed that IDQ/ADQ had breached the Collins settlement agreement terms pertaining to the process for approval of products used in DQ® stores. IDQ/ADQ submitted a response denying any breach, along with a counter-demand in the arbitration. The counter-demand by IDQ/ADQ alleged that the DQOA/DQOC breached the Collins settlement agreement terms relating to mutual respect and other requirements. The parties arbitrated the matter in December 2003 and January 2004. The arbitrator's decision was issued April 2, 2004. The arbitrator ruled that IDQ or ADQ had failed to meet some requirements of the settlement agreement, but found that neither IDQ nor ADQ intentionally violated the agreement. No damages were awarded in the arbitration.

Treats Operating Co. v. Texas Dairy Queen Operators' Council, International Dairy Queen, Inc. and American Dairy Queen Corporation (District Court of Dallas County Texas, Case No. 04-097d-I, filed September 21, 2004). A group of franchisees commenced this action against the Texas Dairy Queen Operators' Council, IDQ, and ADQ claiming that defendants required plaintiffs to pay an improper amount of sales promotion program fees. Plaintiffs claimed that their operating agreements permit them to pay a lesser amount of sales promotion program fees than the amount charged by defendants, provided plaintiffs' Designated Market Area ("DMA") advertising program is inactive. Defendants contended that plaintiffs' DMA has been reactivated, requiring plaintiffs to pay a higher amount of sales promotion program fees. Defendants denied the allegations in plaintiffs' complaint. The parties reached a mediated settlement agreement in September 2005, resolving plaintiffs' claims. As part of that settlement, defendants agreed to modify plaintiffs' operating agreements and made a payment of \$20,000 to one of the plaintiffs.

Walsh v. American Dairy Queen Corporation, International Dairy Queen, Inc., William C. Zucco, et al. (United States District Court, Central District of Illinois, Case No. 2004-CV-03206, commenced September 15, 2004). Plaintiff, a former Dairy Queen/Brazier franchisee, brought this action against defendants, who after plaintiff amended his complaint, consisted of ADQ, IDQ, William C. Zucco (who was ADQ's Chief Legal and Administrative Officer at the time),

ADQ's President and CEO, and several other ADQ/IDQ affiliates/owners. Representing himself without legal counsel, plaintiff raised allegations of: (i) improper termination of plaintiff's franchise agreement; (ii) improper disclosure of private information regarding plaintiff; (iii) fraud and deceit relating to ADQ's denial of plaintiff's proposed transfer; and (iv) extortion of unauthorized fees and other purchase requirements. Consequently, plaintiff asserted claims of breach of contract, civil conspiracy, extortion, and violation of the Illinois Franchise Disclosure Act, federal civil rights laws and criminal laws forming the basis for sanctions under the Racketeer Influenced Corrupt Organizations Act. In addition to an unspecified amount of damages, plaintiff also sought a temporary restraining order, an injunction and declaratory relief, in protection of plaintiff's franchise rights. The defendants denied all liability for plaintiff's claims. The parties settled this case in November 2005. In return for the dismissal with prejudice of plaintiff's claims and the exchange of full and final releases, ADQ agreed to pay plaintiff the sum of \$20,000.

D.Q. (WB1) Inc., et al v. International Dairy Queen, Inc., et al. (State of New Jersey, Chancery Division, Middlesex County, No. C-255-05, commenced September 6, 2005). Plaintiffs in this action brought suit against IDQ and ADQ seeking to enjoin the termination of their franchise rights. ADQ notified plaintiffs that their franchise rights would be terminated due to plaintiffs' failure to complete ADQ's mandatory training program. Plaintiffs alleged that ADQ's proposed termination of their franchise rights violated the New Jersey Franchise Practices Act. IDQ and ADQ removed this case to federal court (United States District Court, District of New Jersey, Case No. 05-4695) and filed an answer denying liability for plaintiffs' claims. The parties settled this matter in December 2005, and entered into a formal settlement agreement in May 2006. As part of the settlement, the case was dismissed and the defendants granted plaintiffs an additional amount of time in which to complete ADQ's training program.

Gerald and Ronna Williams v. American Dairy Queen Corporation, International Dairy Queen Corporation, Dairy Queen of Southern California, and DQF, Inc. (Superior Court of California, Riverside County, Case No. 363516, commenced September 19, 2001). Action by former franchisee (comprised of two individuals) against ADQ for breach of contract, conversion, fraud and misrepresentation, and similar claims. Through their action, plaintiffs sought to recover about \$500,000 in damages allegedly caused by ADQ's refusal to proceed with a loan to plaintiffs to permit plaintiffs to relocate their DQ restaurant. Plaintiffs also sought to recover damages of \$1,000,000 in lost profits, plus punitive damages, attorneys' fees and costs. ADQ denied all liability for plaintiffs' claims. The parties settled this case in January 2006. In return for the dismissal with prejudice of plaintiffs' claims, ADQ agreed to pay plaintiffs the sum of \$35,000.

Dairy Queen Operators Association and Dairy Queen Operators Cooperative v. International Dairy Queen, Inc. and American Dairy Queen Corporation (Arbitration, commenced June 30, 2005). The DQOA/DQOC initiated the second arbitration under the 2000 settlement agreement in the Collins litigation. DQOA/DQOC claimed that IDQ/ADQ breached the Collins settlement agreement terms in three ways related to products used in DQ restaurants and stores. No damages were sought in the arbitration. The parties arbitrated the matter in December 2005. During the arbitration hearing, the arbitrator decided one of the three issues in favor of IDQ/ADQ, specifically finding that IDQ/ADQ had not breached the settlement agreement with respect to the supply of Oreos® brand cookies used in franchised DQ restaurants and stores. By a decision issued July 18, 2006, the arbitrator reaffirmed the oral ruling made during the hearing, and ruled on the two remaining claims. First, the arbitrator ruled that any "activation" of ADQ's

reserved right in the DQ Grill & Chill franchise agreements to designate single sources for certain products for new franchises in the future would violate the rights of the DQOA/DQOC under the Collins settlement agreement. Second, the arbitrator ruled that the post-Collins changes in the supply process instituted by IDQ/ADQ do not affect the rights of the DQOA/DQOC, in the event that no reasonable alternative manufacturer is available, to have IDQ/ADQ arrange to supply a particular product to DQOA/DQOC-endorsed warehouses. Following submissions by both parties, the arbitrator, in an order dated October 24, 2006, granted the DQOA/DQOC an award of \$197,391, an amount representing two-thirds of their reasonable attorneys' fees and costs.

Maness v. American Dairy Queen Corporation (Chancery Court of Lauderdale County, Tennessee, Case No. 13565, commenced July 27, 2006). Plaintiff in this action was a former Dairy Queen franchisee who refused to participate in ADQ's Colgate Palmolive cleaning program. ADQ informed its franchisees by system bulletin issued on March 1, 2005, that participation in the Colgate Palmolive cleaning program would be mandatory as of January 1, 2006. Plaintiff refused to participate, and as a result, ADQ issued a notice of default. Plaintiff then filed this lawsuit. She sought a court order stating that she was not required to follow ADQ's cleaning program, and declaring that ADQ could not terminate her franchise rights. Plaintiff also alleged that ADQ violated the Tennessee Consumer Protection Act, and sought an unspecified amount of damages in excess of \$10,000. ADQ removed this case to federal court (United States District Court for the Western District of Tennessee, Case No. 2:06-cv-2508) and filed an answer denying liability for plaintiff's claims. Plaintiff then filed a motion to remand this case back to state court. The federal court granted Plaintiff's motion and sent the case back to state court. ADQ filed a second notice of removal to remove the case to federal court (Case No. 2:07-cv-2114 BBD-tmp). The case was settled in December 2007. Under the settlement, the parties exchanged mutual releases of claims, and ADQ agreed to pay Plaintiff \$1,000 and to refrain from developing or operating a Dairy Queen location in Lauderdale County, Tennessee for 2 years after the termination of Plaintiff's franchise agreement.

Robert U. Mayfield, et al. v. American Dairy Queen Corporation (United States District Court, Western District of Texas, Austin Division, No. A07CA 468LY, filed June 13, 2007). Proposed class action commenced by 3 franchisees in the State of Texas against ADQ for declaratory judgment under 28 U.S.C. § 2201. Plaintiffs stated that the action was brought on behalf of a proposed class of franchisees operating under certain forms of franchise agreement that were entered into in the State of Texas before 1981. Plaintiffs alleged that there were about 352 members of the proposed class. Plaintiffs alleged that ADQ could not require franchisees with units governed by the franchise agreements in issue to sell Dairy Queen cakes (a required core menu item), claiming that this requirement, and any default and termination of their franchise agreements for failure to meet this requirement, would constitute a breach of contract, breach of the implied covenant of good faith and fair dealing and a violation of the Minnesota Franchise Act, Minn. Stat. § 80C.01 *et seq.* Plaintiffs also requested injunctive relief enjoining ADQ from requiring members of the proposed class to sell cakes and from terminating any of their franchise rights for failure to meet the requirement. Through the action, Plaintiffs sought to recover costs and reasonable attorneys' fees incurred. Plaintiffs and ADQ entered into an agreement to extend the time for Plaintiffs to serve the complaint in order to explore the potential, amicable resolution of the issues that gave rise to this action and the parties filed a joint motion to extend the deadline to serve the complaint. On October 6, 2008, Plaintiffs filed a notice of voluntary dismissal without prejudice of the action.

Steve Alexander and Dena Alexander v. American Dairy Queen Corporation (United States District Court for the Eastern District of Texas, Marshall Division, No. 2:09cv119, filed April 22, 2009). Plaintiffs brought suit against ADQ seeking to enjoin the termination of their franchise rights. ADQ notified Plaintiffs that their franchise rights would be terminated for violations on two Cleanliness PRIDE Check evaluations. Plaintiffs allege that ADQ's proposed termination is a breach of contract and the covenant of good faith and fair dealing. Further, Plaintiffs allege that certain statements by their ADQ-designated business consultant made ~~prior to~~before the termination were false representations or concealments of material facts. The parties settled the matter in January 2010, under which the parties exchanged mutual releases of claims, and ADQ allowed Plaintiffs to keep their franchise rights if one of the Plaintiffs successfully completes ADQ's training program.

REK Enterprises, LLC v. American Dairy Queen Corporation (American Arbitration Association, No. 52-181-00229-09, filed April 23, 2009). Action by franchisee of ADQ seeking to enjoin the termination of their franchise rights to operate the Brazier portion of their DQ location, or alternatively, a declaration that claimant could revert to selling "non-system food" at the DQ location. ADQ terminated claimant's Brazier amendment to their DQ operating agreement for failure to cure Facility PRIDE Check violations. Claimant alleged ADQ sought to unlawfully terminate REK Enterprises, LLC's ("REK") right to operate the "Brazier" portion of their DQ location, despite REK either curing or beginning to cure the deficiencies within the cure period. Claimant claimed breach of contract and the implied covenant of good faith and fair dealing, and violation of the Indiana Franchise Practices Act, Ind. Code § 23-2-2.5-1, *et seq.* The parties settled the matter in January 2010, in which the parties exchanged mutual releases of claims, and the claimant agreed to conduct a base level remodel of the DQ facility and to correct the Facility PRIDE Check deficiencies.

Actions Involving the Franchise Relationship: In its ~~most recent~~the fiscal year, ended December 31, 2011, ADQ and/or its affiliates were a party to the following actions involving the franchise relationship:

Guy A Blume, Pro-Se v. American Dairy Queen Corporation, EE Sorenson LLC, Edward E. Sorenson, Cindy Lakatos, and Oshlo Wilkinson LLC (United States District Court, Southern District of Iowa, Central Division, No. 4:11-CV-00178, filed April 18, 2011) (the "Blume Case"). EE Sorenson LLC was the territory operator for Story County, Iowa, Mr. Sorenson was the principal of EE Sorenson LLC, Oshlo Wilkinson LLC was the territory operator for Pottawattamie County, Iowa, and Cindy Lakatos was a principal of Oshlo Wilkinson LLC. Mr. Blume alleged that various defendants: breached contracts; engaged in fraud in the sale of a franchise under Iowa Code §§714.16, 714.3H and 714.5H; failed to provide disclosure in the sale of a franchise in violation of the Iowa Business Opportunity Act, Iowa Code §551A; violated Iowa Competition Law under Iowa code §553; committed the common law offenses of tortious interference with contractual relations, theft, fraud and extortion; breached the covenant of good faith and fair dealing; violated 18 U.S.C. § 1962 (civil RICO), 18 U.S.C. §§ 1341 and 1343 (wire and mail fraud), and violated 15 U.S.C. §§1 and 2 (Sherman Act) by reason of ADQ's requirements that franchisees purchase various supplies from approved suppliers. Mr. Blume sought declaratory judgment, injunctive relief, actual damages of a substantial but unspecified amount, attorneys' fees, costs, disbursements and other equitable relief against all defendants. On July 26, 2011, EE Sorenson LLC/Mr. Sorenson filed a preliminary injunction motion to close the Dairy Queen restaurant in Huxley, Iowa. On August 11, 2011, the court granted the preliminary injunction and ordered the

restaurant closed. After Mr. Blume failed to fully comply with the court's order, the court issued a finding of contempt against Mr. Blume on September 2, 2011, and the restaurant closed. ADQ filed a motion to dismiss claims related to restaurants that Mr. Blume had previously operated pursuant to direct license agreements in Johnston, Red Oak, and Audubon, Iowa, and related to a territory agreement for Poweshiek County, Iowa, on the theory that Mr. Blume had to make his claims in the Minnesota action filed above under the first-to-file rule. ADQ also moved to dismiss the claims related to the restaurants that Mr. Blume had operated as a subfranchisee of the defendant territory operator on the ground that Mr. Blume's complaint did not state a claim upon which relief could be granted. The Court granted ADQ's motion. Mr. Blume then moved the Court to vacate its order on the ground that ADQ had committed fraud on the Court, a motion the Court also denied. Finally, Mr. Blume sought leave to amend his complaint to bring ADQ back into the action, which the Court likewise denied. ADQ is no longer a party to this action.

John Vergamini, Pro-Se vs. American Dairy Queen Corporation and Guy Blume (United States District Court, Southern District of Iowa, Central Division, No. 1:11-CV-22, filed June 14, 2011) (the "Vergamini Case"). John Vergamini operated a restaurant in Grinnell, Iowa, pursuant to a subfranchise agreement issued by Mr. Blume as the territory operator for Poweshiek County, Iowa. Mr. Vergamini alleged various state and federal claims against Mr. Blume and ADQ, including all of the counts listed in the Blume Case above, many of which are copied verbatim. Depending on the specific allegation, Mr. Vergamini claimed that (1) either ADQ directly violated the law or (2) Mr. Blume violated the law or the subfranchise agreement and ADQ acquiesced to or conspired with Mr. Blume in the violation. The Court granted ADQ's motion to dismiss the claims against it on the ground that Mr. Vergamini's complaint did not state a cause of action against ADQ upon which relief could be granted. The Court then dismissed the claims against Mr. Blume on the ground that the Court no longer had federal court jurisdiction over the action.

Anthony "Tony" Clem, Pro-Se vs. American Dairy Queen, Edward E. Sorenson, EE Sorenson LLC (United States District Court, Southern District of Iowa, 4:11-CV-00244, filed June 12, 2011). In this action, ADQ was the franchisor, EE Sorenson LLC was the territory operator, Mr. Sorenson was the territory operator's principal, and Anthony "Tony" Clem was a former subfranchisee of the territory operator. Mr. Clem alleged violations of many of the same state and federal statutes and common law rights against ADQ and the other defendants as in the Vergamini Case. Depending on the specific allegation, Mr. Clem claimed that either ADQ directly violated the law, or Mr. Sorenson violated the law or the subfranchise agreement and ADQ acquiesced to or conspired with Mr. Sorenson in the violation. The Court granted ADQ's motion to dismiss the claims against it on the ground that Mr. Clem's complaint did not state a cause of action against ADQ. Mr. Clem dismissed his claim as to the other defendants and has not re-filed the action.

Oshlo Wilkinson Dairy Queen vs. Guy Blume vs. American Dairy Queen Corporation, EE Sorenson, LLC, Edward E. Sorenson, Oshlo Wilkinson Dairy Queen, LLP, Berkshire Hathaway, Brant Kahler, Brown Winnick Law Firm, Rick Crowl Jr., Stuart Tinley Peters Thorn & Hughes (United States District Court, Pottawattamie County, LACV105972, filed October 3, 2011). This action originated with Plaintiff Oshlo Wilkinson Dairy Queen, the territory operator, filing a complaint and motion for preliminary injunction against Defendant Guy Blume. Mr. Blume responded to the preliminary injunction motion and additionally filed counterclaims against several Third-Party Defendants including ADQ

and Berkshire Hathaway. Mr. Blume's allegations are similar to those alleged in Guy A Blume, Blume Investments, LLC, and Royal Professional Solutions, LLC, Pro-Se v. EE Sorenson LLC, Edward E. Sorenson, and American Dairy Queen Corporation (United States District Court, Southern District of Iowa, Central Division, No. 4:11-CV-00178, filed April 18, 2011) but also included allegations of professional misconduct by Brant Kahler, attorney for Edward E. Sorenson, and Mr. Kahler's firm Brown Winnick Law Firm, and by Rick Crowl Jr., attorney for Oshlo Wilkinson Dairy Queen, and Mr. Crowl's firm Stuart Tinley Peters Thorn & Hughes. On October 5, 2011, the court granted the motion for a preliminary injunction and ordered Blume's Dairy Queen restaurant in Shelby, Iowa closed. Mr. Blume voluntarily dismissed ADQ from the action.

Guy Blume vs. Audubon State Bank and American Dairy Queen Corporation (United States District Court, Southern District of Iowa, Central Division, #4:11-cv-496, filed October 18, 2011). In this action, ADQ was the franchisor, Mr. Blume was the franchisee, and Audubon State Bank was Mr. Blume's financial institution and held a security interest in the Audubon Dairy Queen restaurant. Mr. Blume alleged that ADQ conspired with Audubon State Bank to provide false information to him and the SBA in connection with Mr. Blume's application for credit. Alleged counts included fraud, misrepresentation, conspiracy, and a claim under 18 U.S.C § 1014 (false statements). Mr. Blume voluntarily dismissed ADQ from the action.

RICO, LLC v. International Dairy Queen, Inc. a/k/a American Dairy Queen Corporation, Ingersoll Rand, et. al. (Superior Court of New Jersey, Mercer County, No. MER-L: 1635-09, filed June 15, 2009). Plaintiff, a franchisee of a DQ Grill & Chill restaurant in Hamilton, New Jersey, alleged breach of contract and breach of IDQ's fiduciary duties by requiring the use of (i) certain contractors in the construction of the DQ Grill & Chill restaurant resulting in cost overruns and delays, and (ii) a glycol system purchased from Ingersoll Rand's subsidiary that was defective. Plaintiff also alleged defendants breached express and implied warranties that the glycol system would be fit for the purposes intended in the operation of the DQ Grill & Chill restaurant. Plaintiff sought to recover costs and fees. On December 27, 2009, ADQ terminated plaintiff's franchise agreement for failure to pay fees. IDQ and ADQ deny plaintiff's claims. As arbitration in Minnesota was required under plaintiff's franchise agreement, IDQ and ADQ filed a Motion to Stay Proceeding Pending Arbitration, which was granted on December 3, 2009. ADQ also filed a Petition to Compel Arbitration in Minnesota with the United States District Court, District of Minnesota; on January 7, 2010, the court issued an order ruling that the claims could proceed only by arbitration in Minnesota. ADQ filed a demand for arbitration on March 4, 2010 through which it sought to recover, among other things, \$262,450.75 in past due amounts owed under the Dairy Queen Operating Agreement and enforce the post-termination obligations contained in that agreement. On May 27, 2010, the arbitrator entered a preliminary injunction in favor of ADQ requiring Plaintiff to immediately cease displaying ADQ's trademarks and operating a competitive restaurant at the former DQ Grill & Chill location. On July 28, 2010, the parties reached a settlement whereby ADQ's claim for past due fees was resolved and Plaintiff would continue to operate its DQ Grill & Chill restaurant, subject to certain conditions.

Sinil Restaurants, Ltd. v. Dairy Queen Canada, Inc. (Court of Queen's Bench of Alberta, Judicial Centre Calgary, No. 1101-12453, filed September 9, 2011). Action filed by franchisee against DQC for breach of contract, misrepresentation, breach of fiduciary duty and breach of the *Franchises Act*, Alberta, RSA 2000, c.F-23 (the "Act") for DQC's failure to make arrangements with the landlord of the restaurant premise that the rights of DQC

as lessee under the prime lease be assigned to Plaintiff making Plaintiff prime tenant of the restaurant premises. Plaintiff is also seeking undisclosed damages to be determined at trial. Plaintiff has given DQC an indefinite extension to respond to the Statement of Claim while the parties negotiate a settlement. Settlement negotiations are ongoing.

Gordstone Enterprises, Ltd. v. W.T. McGinn & Associates (1980) Ltd. and Dairy Queen Canada, Inc. (Queen's Bench Judicial Center of Regina, Saskatchewan, filed 1996). Action filed by franchisee against architect/engineer, McGinn, and DQC for breach of contract and negligence due to insufficient design and construction of a solarium attached to franchisee's DQ® restaurant. Plaintiff sold the franchisee in 1998, but had to correct the solarium before the transfer could be completed. Plaintiff seeks to recover damages from DQC in the amount of \$57,100 for the cost of correcting the solarium deficiencies, \$40,912.44 due to plaintiff's inability to access the purchase amount for financing, \$3,000 for design plans, and \$14,214.62 for a refund of the transfer fee, and from McGinn, \$9,585.80 for overpayment of services, along with any interest and costs. McGinn filed a counterclaim against plaintiff for \$8,353.08 in unpaid services, and a cross-claim against DQC alleging negligence in design and drawings provided. DQC filed a cross-claim against McGinn for failing to exercise reasonable care and diligence in providing services to plaintiff. The case fell into abeyance from February 2007 until December 2009. DQC filed an application for dismissal of claim for want of prosecution on November 16, 2010 that was denied on December 22, 2010. ~~DQC will move forward with additional discovery.~~ **The matter went to pretrial on October 5, 2011 and reached a settlement whereby Defendants' DQC and McGinn paid combined damages in the amount of \$80,000 to Plaintiff. The Notice of Discontinuance was filed with the Court on November 3, 2011.**

Amir Shoar, Inc. v. American Dairy Queen Corporation, et al. (Superior Court of the State of California, County of San Diego, No. 37-2010-00086614-CU-BC-CTL, commenced March 1, 2010). Plaintiff, a former franchisee, entered into a Mutual Cancellation and Release Agreement with ADQ to provide plaintiff with the opportunity to sell plaintiff's DQ/Orange Julius franchise until December 31, 2009, subject to ADQ's approval of the buyer. Plaintiff submitted 3 potential buyers, none of which ADQ approved. Plaintiff then filed this lawsuit claiming breach of contract, breach of the implied covenant of good faith and fair dealing, intentional interference with plaintiff's prospective economic advantage, unfair business practices under California Business & Professions §17200, and discrimination under the Unruh Civil Rights Act. Plaintiff sought an unspecified amount of damages and attorney fees. ADQ denied liability for plaintiff's claims and filed a counterclaim on May 13, 2010 for trademark infringement, false advertising, breach of post-term obligations, violation of California Uniform Trade Secrets Act §3246 and violation of California Unfair Competition Law, California Business & Professions §17200. A settlement was reached in June 2010 which allowed Plaintiff to transfer the franchise rights to one of the previous potential buyers. The sale of the franchise was completed in December 2010 and Plaintiff dismissed the suit with prejudice on February 3, 2011.

~~Alfiyabanu S. Momin and Momin Shanhas, Inc. v. American Dairy Queen Corporation (Arbitration, commenced October 12, 2009). Action against ADQ by a franchisee that purchased an existing franchise and was assigned the existing franchise agreement. Claimants alleged failure to provide a franchise disclosure document, fraud, breach of contract, breach of the covenant of good faith and fair dealing, failure of ADQ to follow ADQ procedures, discrimination, failure to approve a purchaser without providing reasons, keeping the store closed, refusal to permit transfer unless franchisee signed a release, violation of MN statutes §§80C.12, 80C.13, 80C.14, MN rules §§2860.4300, 2860.4400, 2860.4500, 2860.5500, FL~~

~~statute §817.416, the Florida RICO Act, and the Florida Little FTC Act. Claimants sought damages in the amount of \$500,000, attorneys' fees, costs, waiver of the transfer fee and release requirement, and nullification of the franchise agreement. ADQ denied liability for claimants' claims and vigorously defended the claim through and including arbitration on September 13-14, 2010. ADQ prevailed on all counts and Claimant was awarded no damages.~~

Actions for Collection, Trademark Infringement and Breach of Covenant Not to Compete

~~American Dairy Queen Corporation v. M. Reza, Inc., Nasir V. Momin, Suraiya N. Momin (United States District Court, Northern District of Alabama, Middle Division, No.4:10-cv-03398-KOB, filed December 7, 2010)~~

~~American Dairy Queen Corporation v. The Estate of Hayne Simmons and Eva C. Simmons (United States District Court, District of South Carolina, Anderson Division, No. 8:10-cv-01280-RBH, filed May 19, 2010)~~

~~American Dairy Queen Corporation v. JBB Corporation, Inc., Robert E. Bovara, and Joyce A. Bovara (United States District Court, District of Ohio, Youngstown Division, No.4:10-cv-00341, filed February 12, 2010)~~

Jai Ambika, Inc., Ramesh Sharma, and Universal USA, Inc. v. American Dairy Queen Corporation (United States Bankruptcy Court, Southern District of Georgia, Dublin Division, Adversary Proceeding Nos.10-03008-SDB & No.10-03009-SDB, filed July 9, 2010). Action against ADQ by the franchisee of two locations in Georgia. Plaintiff Jai Ambika's allegations against ADQ include promissory estoppel, misrepresentation, tortious interference with prospective business advantage, bad faith and mutual departure. Plaintiff Universal USA's allegations against ADQ include wrongful termination. Plaintiff Sharma's allegations against ADQ include tortious interference with prospective business advantage and violation of the automatic stay. On August 11, 2010, ADQ filed an answer and counterclaim seeking a permanent injunction based on several affirmative defenses as well as allegations of federal trademark infringement and a covenant not to compete breach of contract. The preliminary injunction hearing was heard on November 22, 2010 and the Court granted ADQ's motion on January 7, 2011. Plaintiffs' failed to comply with the Court's order by failing to close and remove trademarks from the restaurants. DQ filed an emergency motion for order of civil contempt on January 19, 2011 to force the closure of these restaurants. Shortly thereafter, the bankruptcy proceeding was converted from Chapter 11 to Chapter 7 and the appointed Trustee filed temporary restraining orders requiring Plaintiffs to vacate all restaurants. As a result, ADQ withdrew the motion for contempt. On February 2, 2011, the Trustee removed Plaintiffs from all locations. The claims are now an asset of debtor's Chapter 7 estate and are controlled by the Trustee. Plaintiff and Defendant stipulated to a dismissal of all claims and counterclaims that was filed with the Court on June 11, 2011.

Actions

Action for Collection and Breach of Covenant Not to Compete

~~American Dairy Queen Corporation v. James Tate Enterprises, Inc. and James Tate (United States District Court, District of Minnesota, No. CASE 0:10-cv-04756-PJS-FLN, filed November 30, 2010) and - Joseph Hood (American Arbitration Association, No. Case No. 65 114 0096 11, filed June 7, 2011)~~

Action for Trademark Infringement & Failure to Maintain Store Cleanliness (Breach of Contract)

American Dairy Queen Corporation v. Marcia Morse John McMurray & Ester McMurray
(United States District Court, ~~Eastern~~**Western** District of Michigan, Southern Division ~~Missouri~~,
No. ~~24:1011~~**11**-cv-14644-AJT-VMM**00859-SOW**, filed November 22, 2010)-**August 31, 2011**)

Other than the actions described above, no litigation is required to be disclosed in this Item.

Item 4

BANKRUPTCY

DQ MT/DQ's Bankruptcies

No bankruptcy information is required to be disclosed in this Item.

ADQ's Bankruptcies

No bankruptcy information is required to be disclosed in this Item.

Item 5

INITIAL FEES

Initial Franchise Fee.

You must pay **DQ MT/ND** a \$27,230 initial franchise fee (i) in full when you sign the operating agreement; or (ii) 50% when you sign the operating agreement, and the remaining 50% before **DQ MT/ND** consents to your building plans, within 30 days after you open, or with continuing license fee payments at an agreed rate over an agreed period of time.

DQ MT/ND will return the initial franchise fee to you in full without interest if **DQ MT/ND** does not approve your application (your signed operating agreement) or you submit written notification to **DQ MT/ND** to cancel your application (your signed operating agreement) before **DQ MT/ND's** final approval of the application. The initial franchise fee is uniform, is fully earned when the operating agreement is signed, and is nonrefundable, except as described in this Item 5. **DQ MT/ND** may declare the operating agreement null and void, and may refund the initial franchise fee to you, less a cancellation fee of \$2,500, or a cancellation fee equal to **DQ MT/ND's** and ADQ's expenses, whichever is greater, in the following circumstances: (i) if you request the withdrawal of your application after **DQ MT/ND** has approved it; (ii) if your trainees, as specified in Items 11 and 15, fail to successfully complete ADQ's training program to ADQ's or **DQ MT/ND's** reasonable satisfaction; (iii) if you do not designate and **DQ MT/ND** does not approve a site for the restaurant within 90 days from the date **DQ MT/ND** approves your application; or (iv) if you have not begun construction within 180 days from the date **DQ MT/ND** approves your authorized location. In the instances described in (i) – (iv), **DQ MT/ND** has the right to cancel any agreements that have been signed with **DQ MT/ND**, without opportunity to cure. **DQ MT/ND** estimates that **DQ MT/ND's** and ADQ's expenses will range from \$1,000 to \$5,000.

In 2010, 11 ~~subfranchisees~~**2011, 1 subfranchisee** converted their units to a Grill & Chill restaurant under the Conversion Program.

Your license to use the DQ Grill & Chill, Dairy Queen and Brazier trademarks does not become effective and you may not open and operate your restaurant or store until **DQ MT/ND** notifies you that you have satisfied all of the pre-opening conditions in the operating agreement and approves the opening of the restaurant.

On-Site Pre-Opening and Opening Assistance.

DQ MT/ND will provide you with limited on-site pre-opening and opening assistance at no additional cost, subject to staff availability and **DQ MT/ND**'s discretion as to the amount of assistance necessary. **DQ MT/ND**'s assistance may include site selection assistance and visits to the site before and during opening, advice in locating a regional operator or store manager who can assist you in the preparation and opening of the site (with the expenses determined on a case-by-case basis and paid for by you), and consultation during normal business hours.

If you need or want additional on-site pre-opening and opening assistance from ADQ, ADQ may be able to provide you with that assistance, subject to staff availability and its then-current policies, for a negotiated fee based on the services to be provided. ADQ does not have a standard agreement for this type of assistance, and negotiates each situation individually. The fee is nonrefundable.

Building Plans/Design Services.

You may purchase prototypical design intent building plans for a freestanding restaurant or store from ADQ for \$3,000. This fee is nonrefundable. ADQ's standard design services agreement is attached as Exhibit C. See Items 7 and 8 for more information about your obligations to construct and equip your store according to **DQ MT/ND**'s policies, which generally conform to ADQ's designs, specifications and standards.

Equipment.

To ensure uniform quality of products and services throughout the DQ system, you must purchase or lease equipment that **DQ MT/ND** has approved. **DQ MT/ND** estimates your equipment costs will range from \$326,200 to ~~\$459,600~~ **458,000** for either a leased or an owned facility. These costs are nonrefundable. See Items 7 and 8 for more information about your obligations to equip your store according to **DQ MT/ND**'s policies and ADQ's specifications and standards.

Training.

If you pay an initial franchise fee, and if you complete initial training within 6 months after signing your operating agreement, **DQ MT/ND** will pay ADQ the initial training fee for 1 trainee. However, you must pay ADQ a \$2,850 initial training fee for the 2nd and each additional trainee. If you pay an initial franchise fee, but do not complete initial training within 6 months after signing your operating agreement, or if you do not pay an initial franchise fee (for example, if you are a transferee, also called an "assignee" in the operating agreement), you must pay ADQ a \$2,850 initial training fee for each trainee.

You must pay ADQ's initial training fees before the training begins. Initial training fees are uniform and nonrefundable. In addition to these fees, you must pay all of your trainees' travel and living expenses. See Items 6, 7, 8 and 11 for more information.

Training and Opening Inventory.

You must purchase the inventory that you and your employees will use for on-site pre-opening training. ADQ estimates the cost of the on-site pre-opening training inventory will range from ~~\$5,000~~8,000 to ~~\$8,000~~10,000. You also must purchase the inventory that you will use to open your restaurant, which **DQ MT/ND** and ADQ estimate will range from ~~\$7,500~~10,000 to \$14,500. See Items 6 and 7 for more information.

Item 6

OTHER FEES

Type of Fee	Amount (1)	Due Date	Remarks
Continuing License Fee—	4% of your Gross Sales for a DQ Grill & Chill or Dairy Queen/Brazier restaurant; 5% of your Gross Sales for a Dairy Queen/ Limited Brazier store	On or before the 10 th day of the month following the month for which the fee is due, or weekly if required.	See Notes 2, 13, 14, 15 and 16
Sales Promotion Program Fee	3% to 6% of your Gross Sales	On or before the 10 th day of the month following the month for which the fee is due, or weekly if required.	See Notes 2, 3, 13, 14, 15 and 16
Transfer Fee	\$4,500	When you submit transfer application	See Note 4
Renewal Fee	\$4,000	When you renew	See Note 5
Audit and Recordkeeping	Will vary under circumstances	When incurred	See Note 6
Termination Fee	3 ½ times the continuing license fee due in the last 12 months of operation	On termination	See Note 7
Late Fees	\$50 for each late report or payment; \$250 for each written notice	When incurred	See Note 8
Interest	Will vary under circumstances	When incurred	See Note 8
Remodeling Expenses	\$0 to \$95,000 or more each time you modernize, plus \$9,500 to \$34,000 or more for signage	When incurred	See Note 9
EPOS Software Support Program	About \$1,200-\$1,600 annually	When incurred	See Note 10
Gift Card Program	About \$150 annually	When incurred	See Note 10
Costs and Attorneys' Fees	Will vary under circumstances	When incurred	See Note 11
Management Skills Development Course	\$175 per person per day	Before attending training	See Note 12
Training Materials	\$150 to \$500	When incurred	See Note 17
Training Cancellation Fee	\$150 or \$650	On cancellation	See Note 18
Internet Connection	\$10 to \$80 per month	When incurred	See Note 19

Notes:

- (1) Except where otherwise noted, all fees are uniformly imposed, nonrefundable and are payable to **DQ MT/ND**, ADQ or one of ADQ's affiliates.
- (2) "Gross Sales" include the total revenues and receipts from the sale of all products sold by your restaurant including sales of all products under any of ADQ's trademarks as well as sales of other products, services and merchandise, whether or not identified by other brand names, and

excluding sales taxes and revenues and receipts arising directly from the sale of gift cards. Periodically, **DQ MT/ND** may reduce the continuing license fee for a limited period of time for conversions, remodels where a franchisee spends more than the amount required, hardship situations or other unique circumstances. **DQ MT/ND** also may reduce the continuing license fee in specialty captive venue locations that charge admission or require a ticket for entrance, such as airports and sports stadiums.

- (3) You must pay **DQ MT/ND** a sales promotion program fee based on your Gross Sales. **DQ MT/ND** collects this fee and currently transfers all of it to ADQ for use in ADQ's sales promotion programs. **DQ MT/ND** will notify you annually of the percentage of Gross Sales you must pay as a sales promotion program fee, unless the percentage is to remain unchanged from the preceding year. **DQ MT/ND** has the right to hold back a portion of the sales promotion program fee, instead of transferring all of the fee to ADQ, and may do so in the future. See Item 11 for more information on the sales promotion programs. Periodically, **DQ MT/ND** may reduce the sales promotion fee for other situations in specialty captive venue locations that charge admission or require a ticket for entrance, such as airports and sports stadiums.
- (4) Currently, the transfer fee is \$4,500. On January 1, 2015, and on each 5-year anniversary after January 1, 2015, the transfer fee will increase by \$500 or more. **DQ MT/ND** will return the transfer fee, less any actual expenditures or disbursements that **DQ MT/ND** incurs in processing the proposed transfer, if **DQ MT/ND** does not consent to your proposed transfer or if **DQ MT/ND** exercises its right of 1st refusal. If you attempt to transfer in violation of the operating agreement, your transfer is void and **DQ MT/ND** may either terminate the subfranchise or collect from you a transfer fee of 2 times the then-current transfer fee (See Item 17.)
- (5) The license renewal fee currently is \$4,000.
- (6) You must keep records of your Dairy Queen business. The records include daily sales, cost of sales, profit and loss statements, balance sheets and other relevant records or information, maintained in a format and methodology that **DQ MT/ND** and ADQ approve. Once collected, you must give **DQ MT/ND** and/or ADQ these records according to reporting formats, methodologies and time schedules that **DQ MT/ND** and/or ADQ establish periodically. **DQ MT/ND**, at its expense, and/or ADQ, at its expense, may evaluate, copy and audit your books. If the evaluation or audit reveals any understatement of your Gross Sales of 3% or more, **DQ MT/ND** and/or ADQ may conduct additional evaluations and/or audits of your books as **DQ MT/ND** and/or ADQ deem reasonably necessary for up to 2 more years. You must pay all professional fees, travel, and room and board expenses for the additional evaluations and/or audits.
- (7) If **DQ MT/ND** terminates the subfranchise because of your defaults, you must pay it a fee in an amount equal to 3½ times the continuing license fees due for either the last 12 months of your restaurant's active operations or the entire period your restaurant has been open, whichever is the shorter period. This fee does not apply if termination occurs before your restaurant or store opens (See Item 17).
- (8) **DQ MT/ND** may require you to pay it a late fee of up to \$50 for each delinquent report or payment. In addition, if you fail to submit required reports or to make any continuing payments to **DQ MT/ND** when due and **DQ MT/ND** or a 3rd party designated by **DQ MT/ND** sends you a written notice regarding this failure, **DQ MT/ND** may require you to pay it a service charge of up to \$250 for each written notice. A payment is delinquent if the payment is not received by **DQ MT/ND** on or before the date due, the payment is not honored by your bank, or there are insufficient funds in your account to collect the payment by a transfer of funds authorization on or after the date due. Unpaid debts owed to **DQ MT/ND** or its affiliates bear interest from the date

of accrual at the lesser of 18% or the highest rate allowed by Montana or North Dakota law (wherever your store is located).

- (9) You must modernize your building, premises, equipment, signage and grounds when you transfer any interest in the subfranchise, convert an existing restaurant or store to another type of restaurant or store in the DQ system, or when you renew your subfranchise, and no less than every 10 years or shorter period, if any, required by any lease for the premises. The modernization must conform to the standards that DQ MT/ND and/or ADQ prescribe at that time for similarly situated new DQ Grill & Chill or Dairy Queen restaurants or stores. As described in Item 1, the DQ Grill & Chill building design is now the approved building standard for all Dairy Queen full food menu restaurants. If the modernization requirement is triggered within 3 years before the expiration of a nonrenewable lease, you will not be required to modernize, unless the landlord of the restaurant or store premises requires you to modernize under the terms of the lease. Because the scope of a required modernization may vary based upon existing sales volume and may range from replacing restaurant signage to complete refurbishing or re-imaging of the restaurant, including replacing finishes, furniture, fixtures and counter area, and upgrading or replacing your computer restaurant management systems, your costs to modernize may vary, depending on your particular circumstances. You may make these payments in whole or in part to 3rd parties. Before the time you modernize your DQ Grill & Chill or Dairy Queen restaurant or store, you must submit your modernization plans to DQ MT/ND and ADQ for approval.

As of the date of this disclosure document, ADQ has in place a Modernization Program, which places a cap on the expenditures required in connection with a modernization required by the operating agreement. The maximum modernization expenditure for 2011 and 2012 is \$95,000. Beginning in 2013, the maximum modernization expenditure cap will be increased by a percentage equal to the consumer price index on an annual basis. ADQ may discontinue, modify or reset the method for calculating the maximum modernization expenditure cap, and ADQ may change or discontinue the Modernization Program, at which time the expenditure for a modernization may increase further. All modernizations must include changing signage to the current master brand logo if the location does not have the current master brand logo signage. ~~The maximum modernization expenditure for 2011 includes a credit for half the cost of changing signage to the new master brand logo; there is no credit for signage in 2012 and future years.~~ The estimated expenses provided for signage range from basic storefront signage and shared monument sign needed for a strip center location on the low end, to signage for a freestanding location on the high end (dual building signage, one pylon, a readerboard, the Grill & Chill and directional signage).

- (10) Restaurant Data Concepts, Inc. ("RDC") offers you a During the first year you own the EPOS equipment, you must purchase an approved software support program that is operated by Pinnaacle Hospitality Systems. You may incur additional charges for services outside the scope of the program. Although the software support program is not required after the first year, it is strongly recommended. See Items 8 and 11 for additional information on the POSitouch software support program for the EPOS system. ValueLink, LLC ("ValueLink") imposes fees of about 0.1% to 5% of the total sale made using an approved gift card and a service fee of generally less than \$5.00 per month associated with the required gift card program. See Item 8 for additional information on the gift card program.

If you are a Conversion Subfranchisee, you may be permitted to continue using your existing EPOS system, if it meets ADQ's minimum performance requirements.

- (11) You must pay all business debts, liens and taxes promptly when due. If you fail to do so, DQ MT/ND may pay the same and then be entitled to immediate reimbursement from you. You also must pay DQ MT/ND its costs, including collection costs, collection agency fees, reasonable attorneys' fees, court costs and other reasonable costs in obtaining injunctive relief against you or

if it is the prevailing party in any action or proceeding arising under, out of, in connection with or in relation to the operating agreement.

- (12) ADQ periodically offers optional Management Skills and Professional Development Courses for existing managers, franchisees and subfranchisees as a refresher or supplemental management training program. The tuition is currently \$175 per person per day. The courses are offered regionally, at centrally-located hotels. You must pay your trainees' salaries and any travel and living expenses.
- (13) **DQ MT/ND** may require you to report and remit actual continuing license and sales promotion program fees on a weekly basis.
- (14) **DQ MT/ND** may collect continuing license fees, sales promotion program fees and past due amounts owed by you through a surcharge method of collection program. Under this program, you must pay to suppliers of mix, meat, and/or other products and ingredients used in your subfranchised business a surcharge on all the products you purchase. **DQ MT/ND** establishes the surcharge at a reasonable rate so as to approximate the amount of continuing license and sales promotion program fees which you will be required to pay, and/or any past due amounts owed to **DQ MT/ND**. **DQ MT/ND** will perform a reconciliation of fees paid versus fees due on a monthly, tri-annual or other basis.
- (15) As an alternative to the surcharge method of collection program, **DQ MT/ND** may collect estimated continuing license and sales promotion program fees from you through a weekly prepayment program. Under this program, **DQ MT/ND** will establish a specific amount that you will prepay to it each week as an estimate of the continuing license and sales promotion program fees that will be due at the end of the month. **DQ MT/ND** will perform a reconciliation of fees paid versus fees due on a monthly, tri-annual or other basis.
- (16) **DQ MT/ND** may require you to sign an electronic transfer of funds authorization for your business bank account. A copy of **DQ MT/ND**'s current Draft Authorization Form is included as Exhibit D. The authorization permits **DQ MT/ND** to collect from your account actual and estimated amounts due and payable to it for goods or services, including continuing license and sales promotion program fees. As an alternative, **DQ MT/ND** may require you to sign an authorization to allow for some other method of payment.
- (17) ADQ may produce and **DQ MT/ND** or ADQ may require you to purchase periodically certain restaurant training materials for use with your employees. These may include DVDs, CDs, written publications, and other items.
- (18) You must pay a cancellation fee to ADQ if any trainee cancels training once scheduled. If a trainee cancels training more than 14 days before the start of the training class, you must pay a cancellation fee of \$150. If a trainee cancels training 14 or ~~less~~fewer days before the start of the training class, you must pay a cancellation fee of \$650.
- (19) This amount is paid to your Internet service provider, and will vary based on a number of factors, such as the type of Internet service provided and local market conditions. See Item 11 for further information about Internet connection requirements.

Item 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type Of Expenditure	Amount (1)	Method of Payment	When Due	To Whom Payment Is To Be Made (1)
Initial franchise fee (See Note 2)	\$27,230	Lump sum, or 50% and 50% later	When you sign the operating agreement; or 50% when you sign the operating agreement and the remaining 50% before DQ MT/ND approves your building plans, within 30 days after you open or with continuing license fee payments at an agreed rate over an agreed period of time	DQ MT/ND
Initial training fee (See Note 3)	\$2,850 (per person beyond 1 trainee) to <u>\$5,700</u>	Lump sum	Before training	This fee is covered by the initial franchise fee for 1 person, if you complete training within 12 months; ADQ
Management Training Readiness Assessment fee (See Note 3)	\$120 (per person beyond 1 trainee) <u>125 to \$250</u>	Lump sum	Before training	This fee is covered by the initial franchise fee for 1 person; 3 rd party
Cake-decorating certification course (See Note 3)	\$100 to \$250 (per person beyond 1 trainee)	Lump sum	Before training	This fee is covered by the initial franchise fee for 1 person; 3 rd party
SERVSAFE course (See Note 3)	\$200 to \$400 (per person beyond 1 trainee) <u>800</u>	Lump sum	Before training	This fee is covered by the initial franchise fee for 1 person; ADQ or 3 rd party
Travel and living expenses (See Note 4)	\$7,500 <u>15,000</u> to \$12,000 per person <u>36,000</u>	Lump sum	As incurred	3 rd parties
Building construction and leasehold improvements (See Notes 5, 6)	\$300,000 - \$450,000 or more, for leasehold improvements (leased facility) \$550,000 - \$900,000 or more, for site work and building construction, excluding the cost of land (owned facility)	Note 5	Note 5	3 rd parties

Type Of Expenditure	Amount (1)	Method of Payment	When Due	To Whom Payment Is To Be Made (1)
Building plans, design intent plans and architectural seal (See Note 7)	\$15,000 - \$30,000 or more for local building plan preparation and approval, including architectural seal (leased facility) \$15,000 - \$45,000 or more for local building plan preparation and approval, including architectural seal (owned facility)	Lump sum	As incurred	ADQ or local architect
Equipment (including signs and cash registers) (See Note 8)	\$340,000 to \$459,600 \$458,000 (leased or owned facility)	Lump sum or, if financed, down payment of 15% if leased and 25% if purchased	Usually when ordered	3 rd party suppliers
Credit card processing fees (See Note 9)	\$200 to \$2,000 to set up \$0 to \$100 per month thereafter	As arranged	When incurred	3 rd party suppliers
Training inventory (See Note 10)	\$5,000 to \$8,000 to \$10,000	Lump sum	Before opening	3 rd party suppliers or IDQ
Opening inventory (See Note 10)	\$7,500 \$10,000 to \$14,500	Lump sum	Before opening	3 rd party suppliers or IDQ
Utility deposits, business licenses and government charges (See Note 11)	\$4,000 to \$17,000	Lump sum	Before opening	3 rd party suppliers; local municipality
Insurance (See Note 12)	\$6,000 to \$20,000	As arranged	As agreed	DQF or 3 rd party
Professional fees (See Note 13)	\$1,000 to \$7,500	Lump sum	As incurred	3 rd party suppliers
Supplies and uniforms	\$150 to \$750	Monthly	As agreed	3 rd party suppliers
Additional funds (3-6 months) (See Note 14)	\$50,000 to \$195,000	As incurred	As incurred	DQ MT/ND , ADQ and its affiliates, 3 rd parties
TOTAL (See Note 15)	\$774,250 <u>\$779,705</u> to \$1,739,920 <u>\$1,739,980</u> or more (does not include land and non-standard improvement costs; at least 2 trainees are required to attend initial training; the low estimate assumes that you do not choose any optional ADQ services, leased facility costs and 2 trainees at initial training; high estimate assumes owned facility costs and 3 trainees at initial training.)			

Notes:

- (1) Except where otherwise noted, all fees that you pay to **DQ MT/ND**, ADQ and ADQ affiliates are nonrefundable. 3rd party lessors, contractors and suppliers will decide if payments to them are refundable.

The initial investment amounts in several categories will vary, depending on your building size and whether you lease or own the space or building.

- (2) The initial franchise fee is \$27,230. See Item 5 for conditions under which the initial franchise fee is refundable.
- (3) ADQ charges a \$2,850 initial training fee for each trainee who attends all 3 phases of ADQ's initial training program. The initial training fee for 1 trainee (including the SERVSAFE course, the cake decorating certification course and the Management Training Readiness Assessment ("MTRA" fee) are included in your initial franchise fee, if you complete initial training within 12 months after signing your operating agreement. You must pay ADQ a non-refundable training fee of \$2,850 for each additional trainee after the 1st trainee. The total amount of training fees will vary depending on how many persons from your restaurant or store attend ADQ's training programs, and whether or not those persons have already completed the SERVSAFE course or the cake decorating certification course. If any of your trainees has at least 3 months' previous management experience at a Dairy Queen restaurant or store, that person may be given the opportunity to test out of some or all of Phase 1 of ADQ's training program. For any person who successfully tests out of Phase 1 of the training program, the training fee will be reduced to \$1,850, covering only Phases 2 and 3 of the training program. If any of your trainees do not pass Phase 3 within 1 year after completion of Phase 2, you will need to pay an additional \$850 for that trainee to attend Phase 3.

Before attending ADQ's training programs, your trainees must take and pass the MTRA, which ADQ estimates will cost ~~\$120 per person. (Beginning January 2012, \$125 per person beyond 1 trainee.)~~. The MTRA cost for 1 trainee is covered by your initial franchise fee if you complete initial training within 12 months after signing your operating agreement. The fee for the MTRA is nonrefundable. If a trainee cancels a scheduled MTRA more than 1 business day before the scheduled MTRA, the fee will be applied to the next scheduled MTRA for that trainee. If a trainee fails to cancel at least 1 business day before the scheduled MTRA, the fee will be forfeited.

Trainees are required to successfully complete a "SERVSAFE" course and have current SERVSAFE" certification before attending ADQ's training program. ADQ estimates that the cost for your trainees to attend a "SERVSAFE" course will range from \$200 to \$400 per person. If you have paid the initial franchise fee, **DQ MT/ND** will pay for the "SERVSAFE" course for 1 trainee.

ADQ also estimates that the cost for 1 of your restaurant employees to attend a cake decorating certification course, including tuition and supplies, will range from \$100 to \$250. If you have paid the initial franchise fee, **DQ MT/ND** will pay for the cake decorating course for 1 trainee. ADQ's training, programs, the MTRA test, the "SERVSAFE" course and the cake decorating certification course are further described in Item 11.

Conversion Subfranchisee DQ Grill & Chill restaurant training: If you are a Conversion Subfranchisee, ADQ will provide a training program that is customized to address your individual training needs. Unless currently certified, each of your trainees must also successfully pass a SERVSAFE certification exam and have current SERVSAFE certifications (see Item 11) before attending the training program.

- (4) ADQ conducts its initial training program at a certified restaurant location. The actual training location will depend on a number of factors, including availability of certified restaurant locations near your restaurant and ADQ's training calendar. Further, your actual travel and living expenses will depend on a number of factors, such as the length and location of training (See Item 11), and the number of trainees taking the pre-screening test and attending the "SERVSAFE" and cake decorating certification courses. In addition, your travel and living expenses may be higher than the estimate listed above if more than 3 trainees attend ADQ's training programs.

Conversion Subfranchisee DQ Grill & Chill restaurant travel and living expenses: If you are a Conversion Subfranchisee, you must send at least 2 persons to ADQ's customized training program. ADQ generally plans to administer the training program at a DQ Grill & Chill restaurant or other location ADQ designates within your region. Therefore, ADQ estimates that the travel and living expenses for your trainees will fall within the range provided in the Item 7 table.

- (5) This estimate is for site work and building construction, but excludes the cost of land. Neither **DQ MT/ND** nor ADQ typically provide the land or building necessary for your restaurant or store. You must allow for the initial cash outlays and long term investment obligations necessary to acquire land and construct a building for your restaurant. If you purchase land, your investment for land generally will range from \$250,000 to \$800,000, depending on many variables including the size of the property and land prices in your geographic market. The cost of your site work and building construction will depend in large part on the size of the building you select and other factors. Currently, there are 2 prototypical freestanding DQ Grill & Chill building models, the GCCore47 and the GCCore76. The GCCore47 is 1,886 square feet, seats about 47, and requires a minimum lot size of 20,952 square feet. The cost of the site work and building construction for the GCCore47 generally ranges from \$550,000 to \$750,000 or more. The GCCore76 is 2,612 square feet, seats about 76, and requires a minimum lot size of 29,670 square feet. The cost of the site work and building construction for the GCCore76 generally ranges from \$550,000 to \$900,000 or more. The actual costs for site work and building construction depend on many variables, including restaurant location and lot size; site improvement costs; soil and environmental conditions; federal, state and local building codes and fees; health department requirements; local labor costs; union labor requirements; materials; interest costs; inflation and other factors. You also may choose to add approved options to your restaurant that are not required, such as adding rear storage. Acquisition costs may be beyond the ranges identified above in certain cases or localities. Down payment requirements and initial financing or commitment expenses are negotiated individually and vary too widely to be realistically predicted. Market forces will determine loan repayment totals, interest rates and payments on borrowings at the time of any transaction.
- (6) If you lease the land and/or building for your restaurant, the initial cost of leasehold improvements to a leased building may be more than the estimate, depending on many independent variables, including restaurant size, condition of existing space, demolition and landscaping, building code requirements and fees, as well as those factors listed in the paragraph above. The rental payments you make over the term of the lease, however, will likely total an amount equal to or greater than the total investment you would have made if you had purchased the land and building for your restaurant.

Payments for real property, leaseholds and construction ordinarily are not refundable, except possibly security deposits made with lessors. Investment obligations beyond the initial cash outlay requirements will be necessary and you may finance these and other obligations at your discretion. Market forces will determine loan repayment totals, interest rates and payments on borrowings at the time of any transaction.

- (7) You must construct and equip your Dairy Queen restaurant according to **DQ MT/ND's** and ADQ's specifications. **DQ MT/ND** must approve the building plans for your restaurant before you begin construction. The building plans must be full architectural, structural, mechanical, electrical, plumbing, final site and grading plan and food service drawings showing equipment layout, manufacturer and model numbers and bearing the seal of a registered architect in the state where your restaurant or store will be located. **DQ MT/ND** recommends that you submit preliminary designs for review before you prepare and submit your final building plans.

As stated in Item 5, you may purchase ADQ's prototypical design intent building plans for a freestanding Dairy Queen restaurant or store from ADQ for \$3,000. ADQ's standard design intent plans meet Minnesota Building Code requirements. You must conform the plans at your expense to local, state and federal laws and building code requirements, including the Americans With Disabilities Act. You must, at your expense, obtain an architectural seal.

If you have your building plans prepared locally, your architectural costs will range from \$15,000 to \$45,000 or more if unusual circumstances are encountered, which includes the cost of an architectural seal. **DQ MT/ND** and ADQ must approve any building plans for these types of development. **DQ MT/ND** and ADQ must approve in writing any proposed alterations to **DQ MT/ND**'s or ADQ's standard design intent building plans or previously approved building plans, taking into account market conditions. You must obtain any local building plan approval in addition to ADQ's building plan approval. Further, if your local architect makes additional revisions to ADQ's prototypical design intent plans and/or any design criteria information, those revisions will become the property of ADQ. ADQ and its affiliates may use those plans in any manner in the future.

- (8) Your investment in equipment and fixtures is highly variable for your restaurant or store. The investment depends to a great extent on the size of the building and whether you lease or own. For instance, if you own the land and/or building, equipment costs for a GCCore47 building (see Note 5 above) generally range from \$340,000 to \$350,000, while equipment costs for a GCCore76 building generally range from \$350,000 to ~~\$459,600~~ **458,000**. The investment also depends on the location of your restaurant, the anticipated traffic through the restaurant, local labor costs, current prices charged by equipment suppliers, discretionary expenditures, inflation, financing costs and similar factors beyond **DQ MT/ND**'s, ADQ's or your control. You also may choose to add some approved options to your restaurant that are not required, such as additional seating packages. These prices are subject to change.

Equipment payments generally are not refundable. Investment obligations beyond the initial cash outlay requirements will be necessary and you may finance at your discretion. Market forces will determine loan repayment totals and interest on borrowings at the time of any financing transaction.

If you are a Conversion Franchisee, the equipment costs will range from \$8,330 to \$47,330 or more, depending on the type and condition of the building, the current equipment you own, the existing menu boards and signage at your location, etc. The low end of this range assumes you are already in the food business, have substantially all of the equipment needed for the Conversion, and only need to replace signage and menu boards. The high end of this range assumes you own some food production and storage equipment, but must purchase additional pieces of equipment needed for the Conversion.

- (9) Credit card processing service providers require compliance with the Payment Card Industry ("PCI") Data Security Standard assembled by the PCI Security Standards Council. The initial cost to hire a 3rd party contractor to ensure compliance with the PCI Data Security Standard may range from \$200 to \$2,000.
- (10) You must purchase the pre-opening training and opening inventory used by you and your employees at your restaurant or store.
- (11) This amount includes utility and security deposits and business licenses. Deposits are generally refundable, but license fees are not. You may be required to submit an impact study to a local government agency to receive necessary local permits and approvals for your restaurant or store. These estimates may be significantly higher in some unique jurisdictions, where local authorities

may require fees in excess of \$100,000 for electrical, sewer/water and/or other miscellaneous connections.

- (12) You must purchase and maintain, at your sole expense, liability insurance at a minimum limit of liability that **DQ MT/ND** and/or ADQ designate periodically as may be necessary to reflect inflation, risk levels or other factors that **DQ MT/ND** and/or ADQ deem important, but not less than \$2,000,000 per occurrence, combined single limit (CSL), or any higher amount that a lessor of the premises may require. The insurance coverage must insure you, **DQ MT/ND**, **DQ MT/ND**'s affiliates, ADQ, ADQ's affiliates and any other person that **DQ MT/ND** and/or ADQ designate by name from liability for any and all damage or injury. The insurance coverage must be written with a company rated no less than "A" by AM Best Insurance Rating. In addition to liability insurance, you also must purchase and maintain any other insurance required by any agreement related to the subfranchised business or law. Examples are fire or extended coverage insurance and workers' compensation insurance. DQF, ADQ's affiliate, has made arrangements with a 3rd party insurer to make available to qualifying subfranchisees certain insurance (see Item 8). Costs for insurance vary widely depending on the value of the property, state laws governing insurance, type of construction in which the subfranchised premises are located, and amounts of insurance required. You may make these insurance payments in whole or in part to 3rd parties. If you do not purchase and maintain the required insurance coverage, **DQ MT/ND** may procure insurance coverage for you and charge the same to you, together with a reasonable fee for the expenses **DQ MT/ND** incurs in doing so, payable by you immediately on notice.
- (13) This amount is an estimate for attorneys' fees in connection with your purchase of the subfranchise and purchase or lease of the subfranchised premises.
- (14) The "Additional Funds" amount listed in this Table is an estimate, and **DQ MT/ND** cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as how much you follow **DQ MT/ND**'s and ADQ's policies, systems and procedures, your management skills and experience, your business acumen, local economic conditions, the local market for DQ Grill & Chill, Dairy Queen and Brazier products, your competition, the compensation you pay your employees, the number of employees you hire, and the sales level reached during the initial period. This estimate includes managerial salaries, rent, debt service, local advertising, taxes, freight, office, and security and/or authorized music systems. It does not include hourly labor or food costs beyond the opening inventory costs identified in the Table. You should anticipate that local lending institutions might require you to have a 20% equity position on all leasehold improvements and 25% on all equipment. You should allow for inflation, discretionary expenditures, fluctuating interest rates and other costs of financing, and local market conditions, which can be highly variable and can result in substantial, rapid and unpredictable increases in costs. You must bear any deviation or escalation in costs from the estimates in this Item 7 or estimates that **DQ MT/ND** or ADQ give during any period of the development process.
- (15) This total is an estimate of your initial investment and is based on **DQ MT/ND**'s evaluation of costs and market conditions prevailing as of the date of this disclosure document, **DQ MT/ND**'s and its predecessors' more than 60 years of experience in the business. You should review this amount carefully with a business advisor before making any decision to enter into an operating agreement. The estimates in this table are for the development of a new DQ Grill & Chill or Dairy Queen restaurant or store. If you are converting an existing building for use as a DQ Grill & Chill restaurant, you may not incur all of the expenses listed. Conversion costs may vary significantly, depending on the type and condition of the facility, the prior use of the building, and other costs that might be incurred to rectify deferred maintenance issues and/or to make other facility upgrades that are not directly related to the conversion but that are completed at the same time.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases

You must maintain and comply with **DQ MT/ND's** and ADQ's quality standards to protect the uniform image and quality of products and services throughout the DQ system.

While you are not required to purchase or lease real estate from **DQ MT/ND**, ADQ or their affiliates, **DQ MT/ND** must approve the location and type (freestanding, end-cap, etc.) of your restaurant or store (see Item 11), and **DQ MT/ND** has the right to approve the lease for the restaurant or store premises before execution. You must construct and equip your restaurant or store according to **DQ MT/ND's** and ADQ's then-current designs, specifications and standards. You must ensure that your building plans comply with the Americans With Disabilities Act and all other federal, state and local laws and regulations.

You only may use or purchase products approved by **DQ MT/ND** and ADQ that meet **DQ MT/ND's** and ADQ's specifications. For purposes of this Item 8, "products" include products, services, ingredients, supplies, signage, fixtures, furnishings, advertising and sales promotion materials, and equipment (including hardware and software for a computerized electronic point-of-sale ("EPOS") system and/or other computer systems, communications equipment or electronic services providers). Approved products must meet specifications and/or standards that **DQ MT/ND** and ADQ develop and are typically prepared, manufactured or provided by **DQ MT/ND**-approved and ADQ-approved manufacturers, suppliers or distributors. **DQ MT/ND** and ADQ periodically identify approved products for sale and use in DQ locations and have the right to periodically change the list of approved products, and to update and alter the specifications and standards for approved products.

ADQ has the right to designate a single approved manufacturer, supplier or distributor for the following products: (1) soft drinks; (2) 3rd party branded products; (3) products relating to limited time offers and special promotions; (4) equipment, including EPOS equipment and all related point-of-sale and web based software and back-office hardware and software; and (5) any product you purchase where ADQ does not receive a fee or payment from the manufacturer with respect to the sale of that product, **other than payments from vendors for marketing; and (6) the Orange Julius Flavor Enhancer powder and other proprietary powders (the powders may be referred to using other terms, including compounds), and frozen orange juice concentrate.** In addition to the products listed in (1) - (5) above, ADQ has the right to designate a single approved manufacturer, supplier or distributor for any approved products you sell or otherwise use in your store if there is an agreement in place for a "unified purchasing program." ADQ has received and offered proposals to create a unified purchasing program as a joint effort between ADQ and a cooperative association of Dairy Queen ~~DQ~~ restaurant and store operators, to benefit the entire DQ system in the United States. ADQ agrees that, for any period during which there is an agreement for a unified purchasing program, ADQ will designate as approved the manufacturers, suppliers or distributors properly selected within the structure of that program.

~~ADQ has currently designated Restaurant Data Concepts, Inc. as the sole supplier for the EPOS system that new subfranchised locations must purchase; when you purchase the POSitouch EPOS system, you must sign the POSitouch Sales Contract included in Exhibit F to~~

~~this disclosure document. If you are not opening a new subfranchised location because you are a Conversion Subfranchisee, or for other reasons: (1) you may be allowed to continue using your existing EPOS system, as further explained in Item 11, or (2) an additional supplier, Retail Data Systems of Minnesota, Inc. ("RDS"), is approved to provide EPOS systems to existing subfranchised locations. The RDS system is undergoing testing and ADQ anticipates it will become approved for new locations sometime during 2011. ADQ has also currently designated ValueLink, LLC for the gift cards and related services you must purchase. When you sign the operating agreement, you must also sign the Gift Card Participation Agreement included in Exhibit E. ADQ has the right to designate suppliers in place of or in addition to these suppliers. DQ MT/ND, ADQ and their affiliates do not derive revenue from your purchase of an EPOS system. DQ MT/ND and this supplier.~~ ADQ may also require you to periodically purchase certain restaurant training materials from ADQ. See Items 6 and 11 for more information.

DQ MT/ND estimates that the purchase or lease of equipment (including computer and EPOS system hardware and software), signage, fixtures, furnishings, products, ingredients, supplies, advertising and sales promotion materials (see Item 11 for information on advertising and sales promotion materials), and services which meet DQ MT/ND and ADQ's specifications represent about 65% to 85% of the cost to establish the franchised business (excluding land) and ~~40~~30% to 50% of the cost to operate the franchised business.

Approval of Alternate Suppliers

DQ MT/ND and ADQ have the right to approve the manufacturer, supplier or distributor of any approved products you purchase. If there is no agreement in place for a unified purchasing program, you may request approval (which must be in writing) of a specific product from an alternate manufacturer, although ADQ has the right to designate a sole supplier for those products in (1) - (56) in the "Required Purchases" section above in this Item. DQ MT/ND and ADQ only approve alternate manufacturers for products if doing so will not create an inordinate number of manufacturers of the product, and the manufacturer meets DQ MT/ND's and ADQ's then-current requirements. ADQ will not make product specifications available to you, but upon request will provide summary specifications to you to provide to a manufacturer to determine if there is an interest in producing the product. ADQ will provide a manufacturer with detailed written specifications for the product, or, if detailed written specifications are not available, ADQ will provide the manufacturer with a parameter specification or information about a comparison product for purposes of obtaining approval of the alternate manufacturer. ADQ may require you and the manufacturer to sign a non-disclosure agreement before providing information on specifications.

DQ MT/ND and ADQ use the following criteria, which may change periodically, when evaluating an alternate product or manufacturer:

- Compliance with DQ MT/ND's and ADQ's specifications
- Ability to supply a large number of restaurants and store or geographic areas
- Ability of facility to meet ADQ's requirements and accessibility for periodic evaluations
- Completion of a successful facility inspection by ADQ and/or a 3rd party auditor
- Acceptable food security plan, supplier specification, Hazard Analysis Critical Control Points "HACCP" plan, and product recall process, and allergen control program

- Manufacturer attendance at meeting with ADQ's Research & Development staff to review specifications and related procedures
- Compliance with other requirements as may be periodically implemented

DQ MT/ND and ADQ (or a 3rd party product evaluator) may charge the evaluation cost to you or the manufacturer. ADQ may also charge the manufacturer for the cost of periodic reviews of existing products and manufacturing facilities, and may require the manufacturer to submit products and make payments to 3rd-party product or facility evaluators. Fees charged are based on a schedule of fees as may be established periodically by ADQ or the 3rd-party evaluator.

The manufacturer must provide samples (ultimately from a production run), product labels, and packaging for the alternate product. ADQ or a 3rd party product evaluator will conduct an evaluation of one or more samples to determine if the manufacturer's product conforms to ADQ's specifications. The evaluation may take from 90 - 180 days or significantly more days, depending on the complexity of the product, the specifications, the comparison product, and the manufacturing process, as well as the manufacturer's ability to provide samples and any required modifications on a timely basis. Before final approval, ADQ may require that a product successfully complete a field and distribution test where the product moves through a warehouse and is used in Dairy Queen restaurants and stores, which may take an additional 30 - 60 days or more. **DQ MT/ND** or ADQ will notify you and the manufacturer of the approval or rejection of the manufacturer or product. If the manufacturer or product is not approved, **DQ MT/ND**, ADQ or a 3rd party product evaluator will notify you and the manufacturer of the basis for the decision.

The manufacturer may be required to sign a supplier agreement. The initial term of the agreement is typically 1 year or less, but ADQ may allow a longer initial term if ADQ determines the manufacturer needs additional time to recoup its investment in developing the alternate product. The term of the agreement will be automatically renewed, unless either party gives prior written notice of its desire to terminate the agreement. During the term of the agreement (including any renewal) ADQ has the right to revoke its approval if the manufacturer is in violation of any of the terms of the agreement, or if the product is discontinued for use in the DQ system.

ADQ's and Its Affiliates' Involvement in Supply Chain

IDQ is involved in the purchasing and distribution business through its wholly-owned subsidiary, Unified Supply Chain, Inc. ("USCI"). In 2004, IDQ made the commitment to reduce its average margins over an 11-year period, culminating with a maximum average margin (as defined below) of 2.5% (the "margin commitment"). This margin commitment refers to amounts received after deducting costs associated with developing and supplying products (such as tooling depreciation and rentals), technology tools, obsolete inventory and freight. IDQ/ADQ made this margin commitment on a permanent basis to benefit all existing and future franchisees and subfranchisees. Under the margin commitment, USCI receives margins between 0% and 8.5%. For 2011, 2012, the maximum average margin is 3.53.25%.

"Margin," for purposes of this Item, means the management service fee payments that USCI receives from vendors of covered products, in place of the margin that IDQ/USCI historically realized when IDQ/USCI was in the buy-sell (inventory ownership) position with respect to products used in the operations of Dairy Queen restaurants and stores.

Shortly after making the margin commitment, IDQ formed USCI to act as the “supply chain entity.” In 2005, USCI converted from a buy-sell (inventory ownership) position to a management service fee arrangement with its suppliers and distributors. USCI manages all of the components of the supply chain process, but is not in the purchase order process between distributors and vendors related to most purchases in the U.S. distribution system.

In addition, IDQ/ADQ made a commitment that should IDQ ever divest USCI, the buyer will be obligated to honor the margin commitment, unless the buyer, as a franchisee cooperative, chooses to establish a different margin structure supported by a majority of its members.

The scope of what is included in the margin commitment is food, paper, packaging, ready to decorate (“RTD”) cakes, and other products managed through the USCI authorized warehouse system in the U.S., but does not include frozen novelties or the Orange Julius Flavor Enhancer powder and additional powders used as a base for making Orange Julius drinks (which have a separate margin schedule that has been published), IDQ supply products, uniforms, and items not used in the operation of an outlet. Also, national payments from vendors for marketing will flow through the National Marketing Fund and are not in the scope of the margin commitment.

USCI obtains commitments from strategically located, independently owned warehouses to carry approved products, and to make them available to Dairy Queen restaurants and stores within a particular area. USCI may require its authorized warehouses to carry a full line of products sourced by USCI, and may require that the warehouses sell to DQ franchisees and subfranchisees only those products that are sourced by USCI. Some products sourced and managed in the supply chain by USCI are the only approved products of their type because of a lack of franchisee and subfranchisee requests for approval of an alternate supplier, the lack of incentives for others to engage in the supply or distribution of the product, or for other similar reasons.

An independent accounting firm annually reviews certain performance measures of USCI and USCI shares this information with the Supply Chain Advisory Council (“SCAC”), which is further described in Item 20.

In 2005, IDQ sold its equipment and smallwares business (which includes replacement parts and cake decorating items) to N. Wasserstrom & Sons, Inc. (“Wasserstrom”), of Columbus, Ohio. IDQ sold this business for a purchase price consisting of an up-front amount paid over 18 months plus periodic payments over time, which are based on performance. Beyond the purchase price, IDQ will not receive management service fees, distribution fees, or other payments from Wasserstrom in its role as a distributor for 10 years after the sale. Wasserstrom is the only “IDQ endorsed” company responsible for purchasing, warehousing and distributing equipment and smallwares to DQ franchisees and subfranchisees in the U.S., although DQ franchisees and subfranchisees may continue to purchase approved equipment and smallwares from alternate distributors. Wasserstrom may also purchase, warehouse and distribute equipment for Dairy Queen restaurants and stores outside the U.S. IDQ, in conjunction with Wasserstrom, provides technical support to franchisees and subfranchisees for equipment.

ADQ and/or its affiliates may sell advertising and sales promotion materials, and other food and non-food products used in the franchised business to franchisees and subfranchisees to authorized warehouses, or otherwise for use in the DQ system.

Revenue Derived from Suppliers

In ~~2010~~,**2011**, DQ MT/ND had no revenues from subfranchisees' required purchases and leases from **DQ MT/ND**, or from ADQ.

IDQ and/or its affiliates receive fees or payments from some 3rd party suppliers that may or may not be reasonably related to services IDQ and/or its affiliates provide to such suppliers. Some arrangements with 3rd party suppliers require IDQ and/or its affiliates to perform services, such as administrative, technical, quality assurance, advisory, data collection, customer service, or promotion forecasting services. Presently, IDQ and its affiliates receive fees and payments from 3rd party suppliers ranging from 0% to 10% of each supplier's sales to franchisees, subfranchisees and/or warehouses in the U.S. of the following items which are used in the operation of Dairy Queen restaurants or stores: products, services, ingredients, supplies, equipment, signage, fixtures, furnishings, advertising and sales promotion materials. These fees and payments are calculated as a percentage and paid as a percentage or as a flat fee amount. This range, and the amounts listed below, may be adjusted in the future. **Also, warehouses authorized by USCI pay a fee to USCI of up to ½ of 1% of their gross sales to DQ restaurants and stores.**

For the following items, IDQ used to be in a buy/sell position, but now receives management service fee payments from manufacturers for products sold to distributors, franchisees and subfranchisees in the U.S.:

- Equipment and smallwares. IDQ receives fees of up to 1% of sales.
- Uniforms. IDQ receives fees of up to 10% of sales.
- Manufactured novelties. In ~~2011~~,**2012**, service fee payments to IDQ relating to the sale of manufactured novelties will not exceed an average margin of ~~102~~%.
- Orange Julius proprietary powders. In ~~2011~~,**2012**, service fee payments to IDQ relating to the sale of Orange Julius proprietary powders will not exceed an average margin of ~~102~~%.

IDQ and its affiliates may receive fees and payments from 3rd party suppliers in greater amounts with respect to items not used in the operation of Dairy Queen restaurants or stores, such as items sold under a merchandise licensing program or similar arrangement. For example, ADQ may grant a license to a manufacturer to allow it to place ADQ's trademarks on sportswear or advertising specialty products. Fee and payment arrangements in foreign countries may be different than arrangements in the U.S.

During the ~~2010~~**2011** fiscal year, IDQ derived revenues of \$~~33,054,147~~**32,202,917** from the net sale of products, marketing kits, real estate finance and rental income, insurance marketing fees, service fees, and interest income from equipment and fixture finance programs. This amount equaled ~~1520~~% of IDQ's total revenues of \$~~223,193,666~~,**158,414,875**, based on IDQ's Consolidated Statement of Income for the year ended December 31, ~~2010~~,**2011**, although the interest income is not recognized as revenue on the Statement of Income. Consolidated financial statements are included in this disclosure document as Exhibit ~~LK~~, and include the accounts of IDQ and its subsidiaries described in Item 1. The revenues reflect purchases by DQ, Orange Julius and Karmelkorn franchisees.

In addition to the revenues described above, ADQ and/or its affiliates receive payments from some 3rd party suppliers which are accounted for as national or DMA advertising fund receipts (see Item 11 for information on sales promotion activities). These payments may be

percentage payments based on sales to franchisees and ~~subfranchisees~~sublicensees, lump sums, reimbursements, or other similar types of payment. In 2010,2011, the amount of such payments received by ADQ and/or its affiliates totaled about \$3,476,128,2,792,941, which included \$1,506,124930,391 from various 3rd party vendors and \$1,970,0041,862,550 from soft drink vendors. As of the date of this disclosure document, ADQ anticipates that ADQ and/or its affiliates will receive similar amounts from 3rd party suppliers in ~~2011~~.2012.

Ownership Interest in Suppliers.

As of December 31, 2010,2011, there is no approved supplier in which any officer of **DQ MT/ND** owned an interest. Some **DQ MT/ND** officers do own shares of Berkshire, although no officer owns an interest in the individual subsidiaries. Depending on Berkshire's portfolio, certain subsidiaries may supply products or services to the DQ system.

As of December 31, 2010,2011, some ADQ officers owned an interest in the following companies that supply products or services to ADQ's franchisees and subfranchisees: 3M, C.H. Robinson Worldwide, Inc., Coca-Cola USA, Ecolab,Kay Chemical Co. and General Mills; ~~Nestle USA and Wells Fargo.~~ Each of these entities is publicly traded. As noted in Item 1, ADQ's parent company is IDQ, which is a wholly-owned subsidiary of Berkshire, a holding company owning a large number of subsidiaries engaged in diverse businesses. ADQ officers may own shares of Berkshire, although officers do not own interests in the individual subsidiaries. Depending on Berkshire's portfolio, certain subsidiaries may supply products or services to the DQ system.

IDQ is the parent company of OJA, the supplier of Orange Julius proprietary powders and concentrates.

Negotiated Prices. ADQ and/or its affiliates negotiate purchase and sale arrangements (including price terms) with suppliers and distributors that benefit the DQ system, which may include national account programs for products and services. However, ADQ and/or its affiliates do not negotiate on behalf of individual franchisees or subfranchisees.

Insurance. The operating agreement requires you to purchase and maintain liability insurance at a minimum limit of liability that **DQ MT/ND** and/or ADQ designate periodically, as described in Item 7. In addition to liability insurance, you also must purchase and maintain any other insurance required by law or by any agreement related to the subfranchised business. You must furnish **DQ MT/ND** with copies of all insurance certificates. DQF has made arrangements with a 3rd party insurer to make certain insurance, including liability insurance, available to qualifying subfranchisees.

Material Benefits. **DQ MT/ND** and ADQ provide no material benefit (such as renewal or granting additional subfranchise rights) based on your purchase of particular products or services or use of particular suppliers, but one of the obligations under your operating agreement is that you use products and services approved by **DQ MT/ND** and ADQ. **DQ MT/ND** does not discriminate against you based on your use of designated or approved suppliers.

Lease Addendum. If you enter into a direct lease for your restaurant or store premises, **DQ MT/ND** has the right to approve the lease before execution. The lease must contain the Lease Addendum, a copy of which is included as an addendum to the operating agreement. If **DQ MT/ND** is the prime lessee of the franchised premises, **DQ MT/ND** may sublease the premises to you.

Additional Subfranchise. **DQ MT/ND** considers a number of factors when determining whether you might qualify for an additional subfranchise, including your compliance with your operating agreement, support of its programs and compliance with its policies, such as the requirements described in this Item 8.

Cooperatives. There are 1 or more purchasing or distribution cooperatives in the DQ system that may be involved in the distribution of certain products used in the subfranchised business. One cooperative is the Dairy Queen Operators' Cooperative (DQOC), which is affiliated with the Dairy Queen Operators' Association (DQOA) (see www.dqoa-dqoc.com).

Item 9

SUBFRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the operating and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation		Section in Operating or Other Agreement	Disclosure Document Item
A.	Site selection and acquisition/lease	2	5, 7, & 11
b.	Pre-opening purchases/lease	2, 6A-D, Lease Addendum	5, 7, & 8
c.	Site development and other pre-opening requirements	5A, Design Services Agreement	5, 7, & 11
d.	Initial and ongoing training	7A-B 7D-E & 11	5 & 11
e.	Opening	2A, 7F	5 & 11
f.	Fees	9A-J	5, 6 & 7
g.	Compliance with standards/policies/Operating Manual	5, 6I & 6L; Appendices A & B	11 & 16
h.	Trademarks and proprietary information	1H & 3; Appendix A	13 & 14
i.	Restrictions on products/services offered	6; Appendix B	8, 11 & 16
j.	Warranty and customer service requirements	Not applicable	Not applicable
k.	Territorial development and sales quotas	Not applicable	Not applicable
l.	Ongoing product/service purchases	6A-E & 6L	8 & 11
m.	Maintenance/appearance/remodeling requirements	5A-E	6 & 11
n.	Insurance	10B	5, 6 & 8
o.	Advertising	8 & 9C	5, 6, 7 & 11
p.	Indemnification	10B	Not applicable
q.	Owner's participation/management/staffing	1A, 1D & 7A-C	11 & 15
r.	Records/reports	9D & 9H-J	6
s.	Inspections/audits	9I	6
t.	Transfer	11	6 & 17
u.	Renewal	4B	17
v.	Post-termination obligations	14	17
w.	Non-competition covenants	10D & 14C	17
x.	Dispute resolution	3D, 12 & 15H-I	17

Item 10

FINANCING

You may be eligible for expedited and streamlined SBA loan processing through the SBA's Franchise Registry Program, www.franchiseregistry.com. For more information regarding the SBA's Franchise Registry Program, visit their website at www.franchiseregistry.com.

Neither **DQ MT/ND** nor any agent or affiliate offers direct or indirect financing to you, guarantees any of your notes, leases or obligations.

~~**DQ MT/ND** does not know whether you will be able to obtain financing for all or part of your investment and, if so, the terms of the financing. **DQ MT/ND** does not receive direct or indirect payments for placing financing.~~

ADQ does not offer direct or indirect financing to you. You must obtain necessary financing through 3rd parties. Neither ADQ nor its affiliates finance any part of the initial franchise fee. Neither ADQ nor its affiliates will offer site acquisition, equipment or leasehold financing services to you for the establishment of your subfranchised business.

ADQ periodically arranges with 3rd party finance companies or banks to make financing programs available to you. These arrangements ordinarily involve no more than putting you in contact with sources of available financing. There is no assurance that financing will be offered in any particular instance. If financing is offered, the financial institution independently establishes the amount, terms, interest rate and duration. Neither **DQ MT/ND**, ADQ nor any of their affiliates receive any payments in exchange for these referrals or the placement of any financing. It is solely your responsibility to locate and obtain, on whatever terms you can arrange, any required financing.

Item 11

TERRITORY OPERATOR'S AND ADQ'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, neither **DQ MT/ND nor ADQ are required to provide any assistance to you.**

Pre-Opening Assistance. Before you open your restaurant:

- (1) **DQ MT/ND** or ADQ will make available to you, through the ADQ website or otherwise, ADQ's confidential management resource guides and product preparation materials. You must keep these items confidential and return them on termination of the operating agreement (Section 6B and 14A of operating agreement).
- (2) **DQ MT/ND** or ADQ will make available to you, through the ADQ website or otherwise, confidential lists of approved equipment, signage, fixtures and furnishings (Sections 5A and 6**CD** of operating agreement).
- (3) ADQ will provide the mandatory training program described below (Section 7B of operating agreement).
- (4) **DQ MT/ND** will approve or disapprove your design and restaurant location as described under Site Selection in this Item 11, and will assist you in selecting and evaluating the location for your Dairy Queen restaurant or store and determining the type of restaurant or store appropriate for your market (freestanding, end-cap, etc.) (Section 9A of operating agreement).

- (5) **DQ MT/ND** will provide limited pre-opening and opening assistance (Section 7F of operating agreement).

Ongoing Assistance. During the operation of your restaurant:

- (1) **DQ MT/ND** or ADQ will periodically furnish or make available to you, through the ADQ website or otherwise, updated and revised material for your copy of ADQ's confidential restaurant management resource guides (Section 6H of operating agreement).
- (2) **DQ MT/ND** and ADQ will periodically furnish or make available to you, through the ADQ website or otherwise, updated confidential lists of approved supplies, ingredients, equipment, signage, and services periodically and a confidential list of approved products of approved manufacturers or distributors to assist you in purchasing approved products (Section 6E of operating agreement).
- (3) **DQ MT/ND** or ADQ will periodically furnish or make available to you, through the ADQ website or otherwise, various in-restaurant training materials for training your employees (Section 7D of operating agreement).
- (4) **DQ MT/ND** or ADQ will periodically conduct or sponsor various meetings, seminars and conventions for you and other subfranchisees (Section 7E of operating agreement).
- (5) **DQ MT/ND** or ADQ will periodically establish and conduct various advertising and sales promotion programs using revenues from the sales promotion program fee (Section 8A of operating agreement).
- (6) **DQ MT/ND** will consult with you and evaluate your restaurant or store to assist you in operating in compliance with its operating policies, which generally conform to ADQ's policies.

Advertising and Marketing

DQ MT/ND and ADQ establish and conduct sales promotion activities primarily for the promotion of the DQ system, brands and products. ADQ establishes sales promotion activities for the promotion of DQ Grill & Chill restaurants, which may be entirely different from the activities relating to other Dairy Queen restaurants and stores. ADQ does not have any fiduciary obligations to franchisees and subfranchisees with respect to the funds, nor does ADQ have any obligations to spend any amount on sales promotion in the area or territory where you are located, for a particular component or type of DQ business or for any individual store. ADQ owns and administers all sales promotion program fees paid to it.

Fees. ADQ's sales promotion activities are funded by the sales promotion program fees you must pay for the DQ related products you sell in your restaurant or store, as described in Item 6. Depending on the rate of sales promotion program fees you pay, a portion or all of the sales promotion program fees you pay will go to the national marketing fund ("NMF") and a portion of your sales promotion program fees may go toward regional or Designated TV Market Area ("DMA") level sales promotion activities. A portion of the fees you pay may also go toward "pooled" accounts for the benefit of DQ Grill & Chill locations. Finally, a portion of your sales promotion program fees may go toward activities at an individual store level. ADQ has the

right to establish and periodically change how the sales promotion program fees are allocated and spent, with or without notice to you.

You must pay a sales promotion program fee of 3% to 6% of Gross Sales as described in Item 6. Other subfranchisees pay greater, lesser or no sales promotion program fees. Company-operated restaurants and stores will pay the sales promotion program fee on the same basis as similar subfranchisees for the DMA in which those restaurants and stores are located as described in Item 6.

ADQ receives a portion of the sales promotion program fee payments made by franchisees and subfranchisees to compensate ADQ for the sales promotion, marketing and administrative services that ADQ provides (the "management fee"). Currently, the management fee is computed as 7% of the sales promotion program fee payments received from direct licensed franchisees who must pay sales promotion program fees. ADQ takes no management fee on sales promotion program fees above 3% of gross sales. For those subfranchisees that pay sales promotion program fees to territory operators, the territory operators remit 3.5% to ADQ and may retain a portion of the management fee, depending on the arrangement with the subfranchisees. In addition, ADQ takes 7% of all outside vendor payments received from agreements negotiated by ADQ. As a voluntary corporate contribution, 1/7 of ADQ's total management fees for DQ are currently credited on an annual basis to the national marketing program budget for use as ADQ designates. **DQ MT/ND** may receive a portion of the management fee.

Sales Promotion Activities-ADQ. Sales promotion activities may be national, regional or local in scope. ADQ's marketing department is responsible for the development of the sales promotion activities for all DQ brands, including system marketing calendars ("SMCs"). **ADQ will consult with OJA regarding the development of sales promotion activities for Orange Julius products in the DQ system.** The SMCs, and the creative and/or sales promotion materials created in support of the SMCs, are designed to increase consumer awareness of Dairy Queen products and promotions, build the customer base, increase customer visit frequency, and/or build the DQ brand overall. The SMCs consist of promotions and events designed to allow the DQ system, on a market by market and/or national basis as determined by ADQ, to convey a uniform marketing message. The SMCs are used as the foundation for media plans in the DQ system. Other sales promotion activities include creative materials, tie-in promotions, new product introductions, and system promotions. ADQ uses various forms of media to promote the DQ system, brand and products, which may include broadcast or cable television, radio, glossy newspaper inserts, ads in newspapers/ shoppers, magazines, billboards, various in-restaurant materials, exterior merchandising, various local restaurant marketing materials, the Internet, and new forms of media depending on the objectives. ADQ currently uses a national advertising agency to assist it in the strategic development, production and placement of many of the national media activities. ADQ also currently uses regional advertising agencies in connection with regional and local media placement and other sales promotion activities.

Currently, ADQ's regional sales promotion activities are carried out based on a DMA concept. A DMA is a geographic area of counties in which consumers within the area view a majority of their TV viewing via the home market stations also within that geographic area. There are currently 210 DMAs in the U.S. The DMA is determined by an independent research and ratings service called Nielsen Media Research, which conducts research on consumer TV viewing patterns in each county in the United States. All of the counties (and therefore all of the Dairy Queen restaurants and stores within these counties) that share the same TV influence are

grouped into the same DMA. ADQ has the right to discontinue use of the DMA system for determining regional boundaries, or may determine that 2 or more DMAs will be grouped together for purposes of regional sales promotion activities.

ADQ may also spend sales promotion program fees by component or type of Dairy Queen restaurant or store. ~~ADQ has been refining the marketing funding formula for DQ Grill & Chill restaurants, and ADQ periodically communicates this formula and program to DQ Grill & Chill restaurant operators. For example, ADQ has developed and currently has in place a system for DQ Grill & Chill marketing pooled funds managed by ADQ, for the use of sales promotion program fees after national, DMA, local or other marketing programs (as applicable) and expenses have been funded. These pooled funds may be spent by ADQ in a, by local market or DMA market or region, and may also be spent by ADQ or~~ for concept-wide DQ Grill & Chill specific marketing, production, materials and, programs and promotions. Further, ADQ or its advertising agency may develop and plan a grand opening or other local sales marketing program after the opening of a DQ Grill & Chill restaurant. ADQ has the right to develop other specialized marketing pools or programs in the future. Finally, ADQ may also set aside some of the sales promotion program fees paid by individual restaurants to be spent by those individual restaurants at the local level, in accordance with a reimbursement program or online credit system. ADQ has the right to determine the allocation of sales promotion program fees, materials and activities as between national, regional, local, or individual store efforts, and this allocation can change with or without notice to you.

You may use only the sales promotion or other advertising materials that **DQ MT/ND** and ADQ furnish or make available to you, or such other materials as **DQ MT/ND** and ADQ approve for use in your sales promotion activities. **DQ MT/ND** and ADQ will not unreasonably withhold approval of any sales promotion or other advertising materials that you propose to use, as long as your materials are factually accurate, current, in good condition, in good taste and of like quality to sales promotion and other advertising materials **DQ MT/ND** and ADQ furnish or make available to you, and as long as your materials accurately depict the DQ products and ADQ's trademarks. ADQ owns and has the right to use any sales promotion or other advertising materials, ideas, concepts or programs developed by you. You are not required by ADQ to participate in any formal local or regional advertising cooperative.

Sales Promotion Activities – Territory Operator. You must pay **DQ MT/ND** a sales promotion program fee of 3-6% of Gross Sales, as described in Item 6. **DQ MT/ND** may change this percentage in the future. Except as described below, **DQ MT/ND** collects this fee and currently passes all of it on to ADQ to manage. **DQ MT/ND** reserves the right to retain the sales promotion program fees, and to manage the fees in a wholly different way than ADQ. **DQ MT/ND** or ADQ may change these practices in the future at **DQ MT/ND's** or ADQ's option.

DQ MT/ND does not use any portion of the sales promotion program fee for advertising principally directed at the sale of subfranchises.

If your restaurant or store is located within a 3-mile radius of an interstate highway exit, has U.S. highway frontage or is within a 3-mile radius of a U.S. highway, you must participate in roadside advertising, either through a state sponsored or approved roadside signage program which provides tourist-oriented directional signs or through billboard advertising, the choice of advertising method to be at **DQ MT/ND's** discretion. **DQ MT/ND** will not unreasonably withhold approval of the advertising materials that you propose to use for roadside advertising, so long as your materials meet the requirements and specifications of the applicable signage or

billboard program, are professionally designed, factually accurate, state approved (if required), current, in good condition, in good taste and of like quality to advertising materials that **DQ MT/ND** or ADQ furnish or make available to you. **DQ MT/ND** and ADQ own and have the right to use any advertising materials, ideas, concepts or programs developed by you.

National Marketing FundsFund. ADQ's national sales promotion activities administered on a national scale (including point of sale materials are administered through a dedicated NMF. Sales promotion program fees are used at the national level through the NMF to develop and pay for the production of creative and other materials to support the SMCs, and also to fund national media (for DQ products) and various other sales promotion activities at the national level, as well as other activities within the overall DQ system. The NMF is funded principally from an allocation of the gross sales promotion program fees paid by participating restaurants and stores. The percentage allocated to the NMF may vary between restaurants and stores and between markets. ADQ has the right to establish and periodically change the amount of sales promotion program fees that are allocated to an NMF with or without notice to you.

Sales promotion and other advertising and merchandising materials produced by the NMF are, by design, licensed only to current NMF participating restaurants and stores, and may not be transferred to or used in any way by or in non-NMF participating restaurants and stores. This means that if a subfranchisee owns both participating-NMF and non-participating-NMF restaurants and/or stores, NMF materials may only be displayed in those Dairy Queen restaurants and stores paying the NMF fee.

Advisory Council. The Franchise Advisory Council (the "FAC") advises ADQ on marketing, advertising and other matters, but solely in an advisory capacity. As of the date of this disclosure document, the FAC is comprised of members that are chosen or elected in the following manner: (1) DMA chairpersons (elected by franchisees) from each of 10 U.S. regions elect 1 DMA chairperson to serve as the region's representative on the FAC; (2) the Canadian Franchise Advisory Council ("CFAC"), elected by Canadian franchisees, selects 2 representatives from the CFAC to represent the east and west regions of Canada; (3) 3 territory operator representatives chosen by members of the DQ Territory Operators Organization ("DQ TOO") or the board of the DQ TOO, which is elected by territory operators; (4) 3 representatives chosen by the DQ/Orange Julius adjunct committee (2 U.S. and 1 Canadian); and (5) in years that the TDQOC elects to participate in the NMF, the TDQOC (which is elected by Texas franchisees) will choose 1 representative, and ADQ will use sales promotion program fees to pay all travel and lodging expenses for the TDQOC's representative. The TDQOC has chosen not to participate in the NMF for 2011, 2012. ADQ has the power to form, change, or dissolve the FAC (or any of its adjunct committees), and has the right to change how franchisee membership (on the FAC or any adjunct committee) is determined.

Use of Funds. The accounting for the funds used for DQ national and DMA activities and materials is "reviewed" by an independent national accounting firm on an annual basis, ~~and the statement of contributions, expenditures and balance is currently provided to DQ franchisees.~~ This "review" consists principally of applying analytical procedures to the financial data and of making inquiries of persons responsible for financial and accounting matters. ~~The accounting for the funds used for DMA or regional activities are "reviewed" by an independent national accounting firm on an annual basis, and ADQ currently makes available to DQ franchisees and subfranchisees who participate in the DMA sales promotion activities a statement of contributions, expenditures and balance of the DMA activities overall and of the specific DMA~~

or region ADQ currently provides to DQ licensees and sublicensees a copy of the statement of contributions, expenditures and balance for both the national and DMA (consolidated) funds along with the Independent Accountants' Review Report. Each franchisee also receives a statement of contributions, expenditures and balance for the specific DMA in which the franchisee or subfranchisee participates its restaurant or store is located. In addition, each DMA can request that an audit of its DMA activities be conducted at the expense of that DMA. Currently, ADQ convenes a committee from the FAC annually to conduct its own review of the annual accounting for the marketing funds.

Use of the combined sales promotion payments from all types of Dairy Queen restaurants and stores in the most recently concluded fiscal year ~~2010~~2011 is as follows:

Percentage spent on Production	<u>1513</u>	%
Percentage spent on Media Placement	<u>7679</u>	%
Percentage spent on Administrative Expenses	<u>4</u>	%
Percentage spent on Other ⁽¹⁾	<u>54</u>	%
TOTAL	<u>100</u>	%

(1) Includes amounts spent on audits, the Children's Miracle Network, certain point-of-sale items, research and FAC expenses.

The above percentages vary, of course, if you calculate the allocations at the individual restaurant or store level or by area or group of restaurants or stores, or by type of DQ business.

Except as described in this paragraph, sales promotion program fees that are not spent in any fiscal year will be carried over for future use. In addition to its other programs, ADQ has the right to offer a local reimbursement or online credit program to certain franchisees or subfranchisees if ADQ determines that the reimbursement is warranted for a particular restaurant or store. The availability of such a program for a restaurant or store may be for a variable period of time and a variable amount of money, again depending on the circumstances with respect to that restaurant or store. If ADQ establishes such a program for your restaurant or store, you may request reimbursement (or online credit, depending on the system available) of all eligible types of local media, promotions and promotional items you purchase up to the amount that has been determined by ADQ for your restaurant or store. Unreimbursed funds at the end of the applicable period will not be carried over for future use by the particular franchisee, but will be used for other sales promotion activities in the DQ system as determined by ADQ.

Sales promotion program fees will not be used by ADQ for advertising principally directed at the sale of franchises.

Electronic Cash Registers; Computer Systems. You must purchase, install and maintain an electronic point-of-sale ("EPOS") system at your restaurant or store, as designated by DQ MT/ND and ADQ. ~~You must purchase a new POSitouch EPOS system ("POSitouch") from RDC if~~ If you are opening a new restaurant or store, and must sign the POSitouch Sales Contract included in Exhibit D you must purchase either a POSitouch EPOS system from Restaurant Data Concepts, Inc. or an Xpient EPOS system from Retail Data Systems of Minnesota, Inc. In rare circumstances, DQ MT/ND and ADQ may approve an alternate EPOS system for your particular location. ~~ADQ estimates the~~ The estimated cost to purchase a ~~POSitouch~~ an EPOS system, including all software, peripherals, back office workstation, and installation (which includes software support program for the first year) will range from \$25,660 to \$29,000. If you are not opening a new subfranchised location, because you are a Conversion Subfranchisee or for

other reasons: (1) you may be allowed to continue using your existing EPOS system if it meets DQ MT/ND's and ADQ's then-current minimum performance requirements, or (2) ~~an additional supplier, RDS, is approved to provide the Xpient EPOS system to existing sublicensed locations.~~ While the RDS Xpient EPOS system is currently only approved for existing locations, ADQ anticipates it will become approved for new locations sometime during 2011.

~~POSitouch~~The EPOS system is an electronic cash and credit management system, which provides an interface for processing customer orders, collecting and managing information about the nature of sales transactions, providing permanent financial records of those transactions, and providing time and attendance functionality for your employees. ~~POSitouch~~The EPOS system will collect and report to **DQ MT/ND** and ADQ a variety of information including overall sales, sales levels by item, item menu pricing, product movement statistics, individual unit and category sales data (including by flavor and size), various financial information to prepare restaurant reports, and time and attendance information for employee payroll calculations. To enable **DQ MT/ND's** and ADQ's access, you must install one DSL or cable/broadband Internet connection, or other necessary communication access device, that is exclusively designated and permanently connected to your EPOS system and any required Computer Systems. There are no contractual limitations on **DQ MT/ND's** and ADQ's right to access the information generated by your EPOS system or any required Computer Systems, although **DQ MT/ND** or ADQ may choose not to poll information from all restaurants and stores.

Neither **DQ MT/ND**, ADQ, any affiliate, nor any 3rd party is required to provide to you ongoing maintenance, repairs, upgrades or updates to you. You must make periodic upgrades and updates to the EPOS system, and there are no contractual limitations on the frequency and cost of this requirement. An optional maintenance program is offered to you at a price currently averaging 3% to 4% (for the first year) of the list price for the ~~POSitouch~~EPOS system equipment, and such maintenance services generally include parts and labor during normal business hours. ~~You must make periodic upgrades and updates to the POSitouch software, and there are no contractual limitations on the frequency and cost of this requirement. During the 1st~~During the first year you own the ~~POSitouch~~EPOS system equipment, you must purchase an approved software support program ~~on an ongoing basis. Though, Although~~ the software support program is not required after the ~~1st~~first year, it is strongly recommended. The annual cost of this software support program is about \$1,200 to \$1,600, ~~though~~although you may incur additional charges for services outside the scope of this program.

You must purchase and maintain a monthly subscription service for credit card processing from a provider that has the capability to work with POSitouch or Xpient (or the existing EPOS system if you are a Conversion Subfranchisee). The cost for these services is about 2% to 4% of the total amount of each sale made using an approved credit card. Depending on the credit card processing service provider that you choose, you may be required to install and maintain ~~1one~~ additional phone line. Credit card processing service providers require compliance with the ~~Payment Card Industry~~ ("PCI") Data Security Standard assembled by the PCI Security Standards Council. ADQ estimates that the initial cost to hire a 3rd party contractor to ensure compliance with the PCI Data Security Standard may range from \$200 to \$2,000, with a monthly fee of up to \$100.

You must participate in a system-wide gift card program, and initially must sign the Gift Card Participation Agreement attached as Exhibit E. As part of the gift card processing services, you will need to purchase and maintain a monthly subscription service for gift card processing from a provider that has the capability to work with POSitouch or Xpient. ADQ currently

anticipates that you will pay a transactional fee ranging from about 0.1% to 5% of the total amount of each sale made using an approved gift card. You also must pay the service provider a nominal (generally less than \$5.00) monthly maintenance and support fee. These costs are in addition to any costs you incur in purchasing gift cards for your restaurant or store.

Although **DQ MT/ND** and ADQ do not do so at the time of this disclosure document, **DQ MT/ND** and ADQ may require in the future that you install computer systems (in addition to what is described in the previous paragraphs), including hardware and software, or other existing or future communication or data storage systems (collectively "Computer Systems"), to assist you in the operation of your restaurant or store with such functions as preparing reports, organizing inventory, communicating via e-mail, e-training and accessing the Internet. You must pay all costs associated with any Computer Systems **DQ MT/ND** and ADQ require you to install, including those relating to software licenses, training, on-going support and upgrades. **DQ MT/ND** and ADQ estimate the cost for a Computer System that may be required in the future will be between \$1,000 and \$2,500 or more.

Whether or not **DQ MT/ND** and ADQ require you to install any Computer Systems, you must have, at all times, access to the Internet and an active e-mail account on the Internet, and provide **DQ MT/ND** and ADQ with your e-mail address.

Site Selection. You must locate and obtain a site for your restaurant or store which meets **DQ MT/ND's** standards and criteria and that is acceptable to **DQ MT/ND** within 90 days after the date you sign the operating agreement. If you already have a potential site for a Dairy Queen restaurant or store, you may propose the location to **DQ MT/ND**. **DQ MT/ND** may consent to the site after **DQ MT/ND** has evaluated it. If you do not have a proposed site, **DQ MT/ND** will furnish you with general site selection and evaluation criteria.

Each proposed site must receive **DQ MT/ND's** written consent. This is true even if **DQ MT/ND** or ADQ identify a site (as described below). The general site selection and evaluation criteria that you should consider include traffic patterns, ease of ingress and egress, competition, traffic generators, local marketing support, physical attractiveness of the facility, daytime population, size and cost of property, demographic surveys and buyer behavior information, signage and design requirements or restrictions, and similar factors. You must obtain **DQ MT/ND's** and ADQ's approval of the building plans before beginning construction of the restaurant or store. In certain circumstances, **DQ MT/ND** or ADQ may identify a site for a restaurant or store and may assist in purchase or lease negotiations. You are under no obligation to accept the proposed site. **DQ MT/ND** or ADQ's identification of, consent to or acceptance of a site for a restaurant or store does not constitute a guarantee, recommendation, assurance or endorsement as to the success of the site or your restaurant or store. **DQ MT/ND's** or ADQ's consent indicates only that **DQ MT/ND** or ADQ believes that the particular site falls within our or ADQ's criteria as of the time period encompassing the evaluation. Application of site criteria that have been effective for other sites does not predict the potential success of any specific site.

From the time you submit a site to **DQ MT/ND** for approval, **DQ MT/ND** will generally respond within 60 days, or less, depending on the status of negotiations to secure the site, the level of **DQ MT/ND's** or ADQ's involvement in the identification of the site, and other factors. If **DQ MT/ND** and you are unable to agree to a site within 90 days of the date you sign the operating agreement, **DQ MT/ND** has the right to declare the operating agreement null and void and to refund your deposit, including your initial franchise fee, less a cancellation fee of \$2,500 or **DQ MT/ND's** and ADQ's expenses, whichever is greater.

Development Time. If you are developing a restaurant or store through new construction, the typical length of time between **DQ MT/ND's** acceptance of the operating agreement and the opening of your business varies from 6 to 12 months. This period can be longer or shorter depending on the time of year, how quickly your site is identified and secured, availability of financing, municipality approval process, local construction delays, how soon your managers and control people attend training or other factors.

You must then open your business within 270 days after you designate and **DQ MT/ND** approves the location for the business, unless **DQ MT/ND** authorizes in writing an extension of time.

If you are a Conversion Subfranchisee, the length of time necessary for the conversion of your Dairy Queen restaurant or store to a DQ Grill & Chill restaurant will vary depending on the location, type of facility, the amount of work required for the conversion, how soon you can be scheduled for training and other factors. **DQ MT/ND** estimates that it will typically take 1 to 3 weeks to convert a design-only Dairy Queen/Brazier restaurant to a DQ Grill & Chill restaurant, and 2 to 6 months to convert a non-design-only Dairy Queen/Brazier restaurant to a DQ Grill & Chill restaurant.

You should not expend funds or make any other commitment in connection with the subfranchise and should not resign from existing employment, relocate or take any similar action until **DQ MT/ND's** final acceptance of your application and written approval of the subfranchise.

Training. There are currently 4 required components to training: (1) the MTRA; (2) SERVSAFE certification; (3) ADQ's training program, which is made up of 3 Phases; and (4) a cake decorating certification course. Unless otherwise stated, at least 2 people from each DQ Grill & Chill restaurant, Dairy Queen/Brazier restaurant or Dairy Queen/Limited Brazier store you develop, including your designated manager and 1 assistant manager (defined in Item 15 and referred to as your "trainees"), must attend all training components. **DQ MT/ND** also may provide you with provide additional training at it option, including additional EPOS training. Other franchisees or subfranchisees may have different requirements. ADQ's training program is summarized in the tables below. ADQ has the right to periodically alter the training program.

ADQ's TRAINING PROGRAM ⁽¹⁾

Subject ⁽²⁾	Hours of Classroom Training	Hours of On-The-Job Training	Location ⁽³⁾
Product & Equipment Training (Phase 1) ⁽⁴⁾			
Restaurant Operations (product preparation, equipment, shift positions work experience)	0 hours	116 hours	At a DQ Grill & Chill restaurant
Customer Service	0 hours	3 hours	
Sanitation	4 hours	2 hours	
Safety	8 hours	2 hours	
Systems & Management Training (Phase 2)			
Restaurant Operations (shift positions, customer service, managing shifts, management function modules)	0 hours	104 hours	At a DQ Grill & Chill restaurant
Financial Management (recordkeeping, controllables, cash management)	0 hours	8 hours	
Marketing	0 hours	2 hours	

Subject ⁽²⁾	Hours of Classroom Training	Hours of On-The-Job Training	Location ⁽³⁾
Register/Back Office System	0 hours	8 hours	
People, PRIDE and Profit Training (Phase 3)			
Facility Management (service profit chain, DQ Capability Model function)	4 hours	0 hours	Classroom in Minneapolis, MN, or other location ADQ designates
Human Resource Management (interviewing, training, supervising, retaining, coaching, evaluating, labor laws)	7 hours	0 hours	
Customer Service/PRIDE/Speed of Service/Local Marketing	5 hours	0 hours	
Situational Leadership	8 hours	0 hours	
Goals/Conflict Management/ Time Management	4 hours	0 hours	
Profitability Management (cost of goods sold, recordkeeping, labor cash management, controllables)	8 hours	0 hours	
Total:	48 hours	245 hours	

- (1) Product & Equipment Training (Phase 1) is scheduled as close to the projected date of your opening as is reasonably possible, and lasts about 2½ weeks. Systems & Management Training (Phase 2) typically begins shortly after your trainees complete Phase 1, must be completed within 6 months before your opening, and lasts about 2½ weeks. People, PRIDE and Profit Training (Phase 3) occurs within 6 months of opening, and lasts about 5 days. Beginning in January 2012, you must complete People, PRIDE and Profit Training (Phase 3) last about 5 days and must be completed before opening. If your trainees do not pass Phase 3 within 1 year after completion of Phase 2, you will need to pay an additional \$850 per person for your trainees to attend Phase 3.
- (2) The instructional materials used are reference material packets, workbooks, hands-on demonstrations and practice in the training location, reviews, lectures, DVDs, exams, classroom discussion, and product tests. Phases 1 and 2 are taught by restaurant training specialists, and Phase 3 is taught by an ADQ field training consultant.
- (3) Phases 1 and 2 occur in DQ locations certified and designated by ADQ and owned by either franchisees or ADQ's affiliates. Phase 3 occurs in ADQ's corporate headquarters or another location designated by ADQ.
- (4) If a trainee has at least 3 months previous experience as a manager of another Dairy Queen restaurant or store, that individual may be given the opportunity to test out of some or all of Phase 1; see Item 7 for further details.

Your trainees must successfully complete each Phase of ADQ's training program to **DQ MT/ND's** and ADQ's satisfaction. ADQ will evaluate your trainees based on attendance, participation, presentations, progress in the training program, leadership, and other similar factors. Trainees who fail to fulfill these standards, or who violate ADQ's code of conduct for the training program, may not be allowed to complete ADQ's training program. You will not be allowed to open and operate your restaurant or store until all trainees complete ADQ's training program.

~~Charles Chapman~~**Daniel Kropp** oversees all of ADQ's training programs and has done so in his capacity as ~~Chief Operating Officer since October 2005~~**Executive Vice President, U.S. Operations since November 2011**. ADQ or IDQ has employed Mr. ~~Chapman~~**Kropp** in

various management positions since ~~2001~~1996. As of the date of this disclosure document, ADQ's training department consists of a Director of Training and ~~56~~ field training consultants, who have experience ranging from ~~910~~ to ~~2728~~ years, and 45 restaurant training specialists who may be ADQ's or a franchisee's employees. Although experience varies among restaurant training specialists, all are required to successfully complete ADQ's certified trainer training program.

Before attending ADQ's training program, your trainees must pass the MTRA, which is administered at a location designated by **DQ MT/ND**. The MTRA measures leadership, customer service, decision-making, prioritizing and business math, and may be modified by ADQ at any time. If a trainee fails the MTRA, the test may be repeated after 30 days; if the trainee fails the MTRA on the second attempt, the test may be repeated after 1 year. No trainee may repeat the MTRA more than 3 times. Your trainees must also have current SERVSAFE certification, which will only be recognized by ADQ if received through a course that is part of or equivalent to the National Restaurant Association's SERVSAFE program. SERVSAFE courses are offered online, as well as at various universities, vocational schools and community colleges.

Before the opening of your restaurant or store, at least 1 of your employees must become a "certified cake decorator" by attending and successfully completing a cake decorating certification course. This course is offered at various technical colleges, vocational schools, specialty department stores and other similar locations.

You must pay for ADQ's training program (either through the Initial Franchise Fee or otherwise, depending on your circumstances) before sending any trainees to the training program. You must pay any training fees, costs, travel, living expenses, salaries, benefits and other expenses associated with sending your trainees to ADQ's training program, the MTRA, a SERVSAFE course, and a cake decorating certification course; see Item 7 for an estimate.

If you receive a default notice and the default relates, in whole or in part, to your failure to meet any operational standards, **DQ MT/ND** has the right to require you to comply with additional training requirements at your expense and at the then-current training fees as a condition of curing the default.

At least 1 of your control persons, at your expense, must attend all meetings **DQ MT/ND** and/or ADQ hold or sponsor in your area or region, including all DMA or other marketing area meetings for the marketing area in which your restaurant or store is located, and all meetings relating to new products or product preparation procedures, new DQ system programs, new operational procedures or programs, training, restaurant management, financial management, sales or sales promotion, or similar topics.

Manuals. **DQ MT/ND** and ADQ will furnish or make available to you, through the ADQ website or otherwise, ADQ's restaurant management resource guides ("manuals"). The manuals contain certain standards, procedures, techniques and management systems; some of which you must follow and some of which are optional. The manuals contain proprietary information and you must keep this information confidential as stated in Item 14 of this disclosure document. The tables of contents for the manuals as of December 31, ~~2010~~2011 are disclosed in Exhibit ML.

Item 12

TERRITORY

Rights under Operating Agreement. You are granted the right to operate a single restaurant or store at an authorized location that **DQ MT/ND** has consented to in writing. You are not granted any minimum area or territory. If condemnation of the subfranchised premises or the exercise of a relocation right by your landlord requires you to relocate your restaurant or store, you are free to relocate within a radius of 500 meters of your authorized location, provided that the new restaurant or store is under construction within 180 days after you discontinue operating, and open and operating within 120 days after construction begins, all subject to **DQ MT/ND's** prior written consent and the other relocation standards contained in the operating agreement and any applicable lease (see Item 9).

You do not have any options, rights of first refusal or similar rights to acquire additional subfranchises within any particular territory. You will not receive an exclusive territory. You may face competition from other subfranchisees, from **DQ MT/ND** or its affiliates, or from other channels of distribution or brands that **DQ MT/ND** controls. You must operate a restaurant or store at an authorized location only, which **DQ MT/ND** has approved in writing.

You should have no expectation that the economic and demographic factors that exist at the location at the time you open your restaurant or store will remain constant. You are not granted a protected territory within which **DQ MT/ND** agrees not to issue subfranchises or operate competing businesses or any right to exclude, control or impose conditions on the location or development of future restaurants or stores at any time. In addition, you are not granted any right to sell products and menu items identified by the DQ Grill & Chill or Dairy Queen and Brazier trademarks (i) at any location other than your restaurant or store, or (ii) through resale or any other channels or methods of distribution, including the Internet (or any similar form of electronic commerce developed in the future) and pre-packaged retail sales. There is no minimum sales quota that you must achieve.

DQ MT/ND's, ADQ's and its Affiliates' Rights. Subject to any rights explicitly granted to you in a written agreement, and to any prohibitions in **DQ MT/ND's** Territory Agreement with ADQ: (1) **DQ MT/ND**, ADQ and its affiliates may issue competing subfranchises and franchises or operate competing company-owned businesses under the DQ Grill & Chill, Dairy Queen, Brazier, DQ Orange Julius, DQ and/or other trademarks of ADQ or its affiliates, or any other trademarks for or at any type of location, as determined by **DQ MT/ND**, ADQ or their affiliates, near your authorized location; and (2) you do not have any right to exclude, control or impose conditions on the location or development of future restaurants or stores franchised by others, or owned and operated by **DQ MT/ND**, ADQ or its affiliates. For example, if your authorized location is located adjacent to a shopping mall or center, **DQ MT/ND** or ADQ can operate or franchise another location within the shopping mall or center (similarly, if your authorized location is in a shopping mall or center, **DQ MT/ND** or ADQ can operate or franchise a location adjacent to the shopping mall or center). Sales and customer patterns for a restaurant or store at any particular time are subject to change for many reasons, including **DQ MT/ND's** or ADQ's on-going development of restaurants and stores, and these patterns do not represent any continuing franchisee entitlement or expectation. Without limiting the above, **DQ MT/ND** or ADQ may operate or franchise a restaurant or store outside of **DQ MT/ND's** Territory but still near your authorized location.

DQ MT/ND is periodically called on to decide whether to grant a franchise for a new restaurant or store in proximity to an existing restaurant or store. Except for certain rights granted in older operating agreements, **DQ MT/ND** does not as a rule grant a protected territory to any subfranchisee. Instead, under each operating agreement, **DQ MT/ND** grants to a subfranchisee the right to operate a restaurant or store at a particular location only, and makes no commitment to abstain from establishing a new restaurant or store in proximity to the existing restaurant or store. Nevertheless, there may be circumstances under which **DQ MT/ND**, acting within its exclusive and absolute right, may choose not to establish a new restaurant or store in proximity to an existing restaurant or store.

Outside of **DQ MT/ND's** Territory, ADQ has its own development and site clearance policies for franchises that it issues, which may differ from **DQ MT/ND's** current and future policies. In addition, certain franchisees and subfranchisees have older operating agreements with protected territories, and certain other territory operators have their own development and site clearance policies when developing new restaurants or stores in proximity to existing restaurants or stores that may differ from **DQ MT/ND's** policies.

ADQ may not issue competing franchises or operate competing company-owned businesses operating under the DQ Grill & Chill, DQ, Dairy Queen, Brazier, and/or other related ADQ trademarks in **DQ MT/ND's** Territory, without **DQ MT/ND's** prior approval. However, ADQ affiliates, such as OJA and KSI, may issue franchises or operate competing company-owned businesses under other trademarks, such as the Orange Julius and Karmelkorn trademarks, for or at any locations, including locations near your authorized location, as determined by ADQ's affiliates. ADQ and its affiliates, including OJA and KSI, also may distribute products and services in **DQ MT/ND's** Territory through other channels and methods of distribution using other trademarks, including the Orange Julius and Karmelkorn trademarks. **DQ MT/ND** and ADQ and its affiliates, with **DQ MT/ND's** prior approval, also have the right to distribute products and services through other channels and methods of distribution such as the Internet (or similar form of electronic commerce developed in the future), catalog sales, telemarketing or other direct marketing and pre-packaged retail sales using the Dairy Queen, DQ, DQ/Orange Julius, DQ Grill & Chill, Brazier and/or other ADQ or its affiliates' trademarks, or any other trademarks, without any compensation to franchisees or subfranchisees.

DQ MT/ND, ADQ and its affiliates have the right to issue franchises or subfranchises or operate competing company-owned businesses under any new or different trademarks, service marks, trade names and commercial symbols other than the DQ Grill & Chill, Dairy Queen, DQ, or any other trademarks for or at any locations.

There are no territorial or customer restrictions on your sales from your restaurant or store, and you are not required to compensate other franchisees or subfranchisees, nor are you entitled to receive compensation from other franchisees or subfranchisees, from **DQ MT/ND** or from ADQ based on sales from a restaurant or store.

As described in Item 1, ADQ offers franchises under different trademarks that sell some, but not all, products similar to those you will offer in your restaurant or store. ADQ offers single and multiple unit DQ Grill & Chill and Dairy Queen restaurant franchises in Texas under the DQ trademarks. The Dairy Queen restaurants in Texas have substantially the same soft-serve and other treats menu as a DQ Grill & Chill restaurant, but with a food menu different than the DQ Grill & Chill menu. ADQ issues franchises for the operation of Dairy Queen/Limited Brazier stores, which are considerably smaller than a DQ Grill & Chill restaurant and sell the full line of

approved Dairy Queen soft-serve and other treats products and a limited number of approved food items. ADQ also issues single and multiple unit franchises for the operation of DQ/Orange Julius stores which carry the current Dairy Queen soft-serve and other treats menu, and current Orange Julius beverage menu, ~~under an arrangement with OJA~~, and certain additional treat and snack products.

Neither ADQ nor its affiliates own or operate any Dairy Queen/Limited Brazier stores, Texas Dairy Queen restaurants or DQ/Orange Julius stores. The Dairy Queen/Limited Brazier, Texas DQ restaurant and DQ/Orange Julius franchises currently offered by ADQ are all site-only franchises with no territory rights granted to franchisees (although certain Texas DQ restaurant franchisees or DQ/Orange Julius franchisees may have development areas under development agreements). However, there are no territorial or customer restrictions on these franchisees' sales from their stores or restaurants. **DQ MT/ND** is responsible for supporting its subfranchisees, and ADQ and OJA each are responsible for supporting their franchisees. The principal business address for ADQ and OJA is 7505 Metro Boulevard, Minneapolis, Minnesota 55439, and the companies have their combined training facilities and offices at that address.

Although **DQ MT/ND** currently offers its existing subfranchisees a Conversion Program, **DQ MT/ND** may change or discontinue this program in the future. You are not granted an exclusive or protected territory, and you do not have any options, rights of first refusal or similar rights to acquire additional subfranchises in any particular territory.

Item 13

TRADEMARKS

DQ MT/ND grants you the non-exclusive right to use the DQ Grill & Chill, Dairy Queen and Brazier trademarks, as well as other trademarks, service marks, trade names and commercial symbols (collectively, "trademarks"). The chart below lists the principal trademarks that you are licensed to use, all of which are listed in the Principal Register of the United States Patent & Trademark Office ("PTO") except as otherwise noted. ADQ also claims common law trademark rights for all of its trademarks. ADQ has filed or intends to file all required affidavits and renewals for the trademarks listed on the chart below.

Principal Trademarks	U.S. Reg. No.	Principal/ Supplemental Register	Date of Registration
DAIRY QUEEN	728,894	Principal	03/20/62
DQ GRILL & CHILL	2,592,944	Principal	07/09/02
GRILL & CHILL	2,592,943	Principal	07/09/02
DQ	3,211,469	Principal	02/20/07
DQ IN ELLIPSE LOGO	3,046,169	Principal	01/17/06
<u>ORANGE JULIUS</u>	<u>3247123</u>	<u>Principal</u>	<u>05/29/07</u>
<u>ORANGE JULIUS LOGO</u>	<u>3624481</u>	<u>Principal</u>	<u>05/19/09</u>

Appendix A to your operating agreement identifies the trademarks that you are licensed to use, which includes the trademarks above and other ADQ trademarks. **~~DQ MT/ND~~ You will**

be licensed to use the Orange Julius trademarks when ADQ begins requiring you to offer Orange Julius products as part of the Orange Julius Program sometime in 2012. We and ADQ may periodically change your Appendix A through a modified appendix, system bulletin or otherwise in writing, any of which may be communicated electronically. Your use of the ADQ trademarks and any goodwill is to ADQ's exclusive benefit, and you retain no rights in the ADQ trademarks other than a license to use the trademarks during the term of your operating agreement. You retain no rights in the trademarks on termination of your operating agreement. You may not make any changes or substitutions of any kind in or to the use of the trademarks unless ADQ directs in writing.

There are no currently effective material determinations by the PTO, any Trademark Trial and Appeal Board, or any state trademark administrator, nor are there any pending interference, infringement, opposition or cancellation proceedings or material litigation, involving any of the principal trademarks in any manner that is material to the subfranchised business. There are no decided infringement, cancellation or opposition proceedings in which **DQ MT/ND** or ADQ unsuccessfully fought to prevent registration of another trademark to protect the trademarks.

There are currently no effective agreements that significantly limit the rights of **DQ MT/ND** or ADQ to use or license the use of any trademarks in any manner material to the subfranchised business. Neither **DQ MT/ND** nor ADQ know of any superior rights or infringing uses that could materially affect your use of the principal trademarks.

Neither **DQ MT/ND** nor ADQ are obligated to protect your right to use the trademarks listed in this Item or to protect you against infringement or unfair competition claims arising out of your use of the trademarks, or to participate in your defense or indemnify you. ADQ may control any litigation related to the trademarks and has the right to decide to pursue or settle any infringement actions related to the trademarks. You must promptly notify **DQ MT/ND** and ADQ if you become aware of any infringement or unauthorized use of the trademarks. You must cooperate with any action that **DQ MT/ND** or ADQ undertake; however, **DQ MT/ND** and ADQ are not required by the operating agreement to take affirmative action, such as filing a lawsuit, when notified of such uses. If ADQ determines that a claim by a party that its rights to use the trademarks are superior and requires changes or substitutions to the trademarks, you must immediately make the changes or substitutions required by ADQ at your expense. You do not have any rights under the operating agreement if ADQ requires you to modify or discontinue using a trademark.

Minn. Stat. Sec. 80C, Subd. 1(g) requires that **DQ MT/ND** and ADQ protect your right to use the trademarks or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding your use of the trademarks. **DQ MT/ND** and ADQ will do so if you were using the trademarks in accordance with the operating agreement and **DQ MT/ND's** and ADQ's instructions, you promptly notify **DQ MT/ND** and ADQ of any such claims and you tender the defense of the claim to **DQ MT/ND** and ADQ.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or copyrights currently registered or pending patent applications that are material to the subfranchises offered by **DQ MT/ND**, although ADQ claims copyright

ownership and protection for the manuals and for various sales promotional and other materials published periodically.

There are no currently effective determinations of the Copyright Office (Library of Congress), PTO, Board of Patent Appeals and Interferences, or any court, or any pending infringement, opposition or cancellation proceeding or any pending material litigation involving any patents or copyrights. There are currently no agreements in effect that significantly limit ADQ's rights to use or license the use of any patents or copyrights in any manner material to the subfranchise. There are no infringing uses actually known to **DQ MT/ND** or ADQ that could materially affect your use of the patents or copyrights.

Neither **DQ MT/ND** nor ADQ is obligated to protect you against infringement or unfair competition claims arising out of your use of any patents or copyrights, or to participate in your defense or indemnify you. ADQ may control any litigation related to any patents and copyrights and may decide to pursue or settle any infringement actions related to the patents or copyrights. You must notify **DQ MT/ND** and ADQ promptly of any infringement or unauthorized use of the patents and copyrights of which you become aware and cooperate with any action that ADQ undertakes; however **DQ MT/ND** and ADQ are not required by the operating agreement to take affirmative action when notified of such uses. You do not have any rights under the operating agreement if ADQ requires you to modify or discontinue using any subject matter covered by a patent or copyright.

You must keep all proprietary information confidential during and after the term of the operating agreement, including the manuals and product preparation materials. You must not duplicate or disseminate any proprietary information to any party other than your employees who need to know this proprietary information, and you must comply with all changes to the manuals at your cost. On termination of your operating agreement, you must return all proprietary information to **DQ MT/ND** or ADQ, including all copies of the manuals and the product preparation materials then in your possession or control or previously disseminated to your employees, and all other copyright material. You must notify **DQ MT/ND** and ADQ immediately if you learn about an unauthorized use of proprietary information; however **DQ MT/ND** and ADQ are not required by the operating agreement to take any action, and have the right to determine the appropriate response to any unauthorized use of proprietary information.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE SUBFRANCHISED BUSINESS

If you are an individual, **DQ MT/ND** does not require, but strongly encourages, you to participate personally in the on-premises operation of the subfranchised restaurant or store. However, you must have a manager ("designated manager"), and 2 assistant managers for a DQ Grill & Chill restaurant (as those terms are defined in Section 7A of the operating agreement). If you are a Brazier or Limited Brazier subfranchisee, you must have a designated manager and 1 assistant manager. Your designated manager and assistant managers must personally invest their full time and attention and devote their best efforts to the on-premises general management of the day-to-day operations of the restaurant or store, and must meet **DQ MT/ND's** prior restaurant or retail management experience requirements. Neither your designated manager nor any of your assistant managers may participate in the active operation or management of any business other than the restaurant or store.

You must also designate at least 1 person who is responsible for actively directing your business affairs regarding the restaurant or store and overseeing the general management of the day-to-day operation of the restaurant or store (“control person”). You must identify your control person(s) and your designated manager in the ownership and management addendum attached to the operating agreement (the “Ownership Addendum”), and thereafter notify **DQ MT/ND** in writing of any change in such control person(s) or designated manager. A control person and designated manager may be the same individual, provided the individual fulfills both roles. Your control person(s), designated manager and assistant managers must attend and successfully complete all required training, described in Item 11

Any new or replacement designated manager must meet **DQ MT/ND**’s then-current prior restaurant or retail management experience requirements.

If you are a legal entity, each individual who owns at least a 10% interest in you is considered a principal owner and must sign the personal undertaking and guarantee attached to the operating agreement. You must identify your principal owner(s) in the Ownership Addendum and, thereafter, notify **DQ MT/ND** in writing of any change in the principal owner(s). These people agree to discharge all obligations of the subfranchisee under the operating agreement and are bound by all its terms and conditions, including maintaining confidentiality of proprietary information described in Item 14 and abiding by the non-compete covenants described in Item 17.

Item 16

RESTRICTIONS ON WHAT THE SUBFRANCHISEE MAY SELL

You must offer and sell only those goods and services that **DQ MT/ND** and/or ADQ have approved (see Items 8 and 9). In addition, you may offer and sell these approved goods and services only from your restaurant or store (see Item 12). Your failure to comply with these requirements or to meet product quality standards may result in termination of your operating agreement (see Item 17).

You must offer the required menu items that **DQ MT/ND** and/or ADQ designate for your business. **DQ MT/ND** and/or ADQ may determine the authorized menu for your restaurant or store, based on **DQ MT/ND** and/or ADQ’s evaluation of various factors, including customs or circumstances of a particular site or location, density of population, population of trade area, existing business practices, lease restrictions, and any other condition that **DQ MT/ND** and/or ADQ consider important to the operation of your restaurant. There are no limits on **DQ MT/ND** and/or ADQ’s right to make modifications to the approved menu periodically through the manuals, by appendices to the operating agreement, by system bulletins or otherwise in writing, any of which may be communicated electronically. Appendix B of the operating agreement contains sample menus, the contents of which are current as of the date indicated on the Appendix. These menus may or may not be the same as the menu you will be required to use in your restaurant, and the menus will be modified throughout the term of your operating agreement, as indicated above. **DQ MT/ND** and/or ADQ may require you to be certified for specialized training and equipment or pledge additional funds if you want to carry optional menu items. Other restaurants and stores may carry different menu items than you carry in your restaurant or store.

You must not sell, offer for sale or otherwise handle alcoholic or intoxicating beverages or controlled substances on the restaurant or store premises. You must not have or use or permit the presence or use of video game machines, vending machines, coin-operated or electronic devices or machines on the restaurant or store premises. You must not offer, sell, use or participate in any lottery or gambling device of any nature at or from the restaurant or store premises. Your restaurant or store must be smoke-free for all customers and employees, and you must post signs on all doors and throughout the restaurant or store that announce the smoke-free policy. No part of the property on which your restaurant is located may be used for the operation of a casino or for any other purpose related to gambling (except that any separate facility, such as a convenience store, on the property may sell lottery tickets). If, while your restaurant is in operation, any part of the property on which it is located is to be converted to being used for the operation of a casino or for any other purpose related to gambling, you must notify **DQ MT/ND** in writing of the conversion within 30 days after becoming aware of it, and you must relocate the restaurant to another authorized location, within 300 days after receiving any written notice from **DQ MT/ND** requiring the relocation, in accordance with the radius, suitability, non-infringement and reasonable distance conditions set forth in subparagraph 5.D of the operating agreement and other relevant conditions in the operating agreement.

You must be open for business each week for minimum hours and days as stated in the manuals.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists important provisions of the subfranchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

	Provision	Section in Operating Agreement	Summary
a.	Length of the subfranchise term	4A	Term is 20 years or the term of the lease of the restaurant or store premises, whichever is shorter
b.	Renewal or extension of the term	4B	Renewal for 1 additional term of 10 years or the term of the renewed lease, whichever is shorter

	Provision	Section in Operating Agreement	Summary
c.	Requirements for you to renew or extend	4B	<p>Your lease has been renewed; you give DQ MT/ND written notice of your decision to renew at least 3 months but not more than 6 months before the end of the initial term; you sign DQ MT/ND's then-current form of renewal operating agreement, except that the continuing license fee will remain 4% of Gross Sales for a DQ Grill & Chill or Dairy Queen/Brazier restaurant and 5% of Gross Sales for a Dairy Queen/Limited Brazier store, and the sales promotion program fee will be not less than 3% nor more than 6% of Gross Sales; you have complied with Section 5E regarding your restaurant or store facility; you are in good standing with DQ MT/ND; if leasing, you have written proof of your ability to remain in possession of the restaurant or store premises throughout the renewal period; and you pay DQ MT/ND a renewal fee (see Item 6)</p> <p>If you seek to renew your subfranchise at the expiration of the initial term or any renewal term, you may be asked to sign a new operating agreement that contains terms and conditions materially different from those in your previous operating agreement</p>
d.	Termination by you	13C	You may terminate the subfranchise before the expiration of its term only for a material breach by DQ MT/ND , provided you give written notice of the breach and allow DQ MT/ND 30 days to cure such breach and, if not cured, wait 60 days from the original notice of breach before terminating the subfranchise
e.	Termination by DQ MT/ND without cause	None	
f.	Termination by DQ MT/ND with cause	13A & 13B	DQ MT/ND can terminate the subfranchise before the expiration of its initial term only if you default
g.	"Cause" defined – curable defaults	13A & B	You have 7 days to cure the making and submission of false reports, failure to submit the lease before execution (if applicable), non-submission of reports, non-payment of amounts due and owing, failure to abide by DQ MT/ND's or ADQ's standards and requirements in connection with the operation of your business, the filing of voluntary or involuntary bankruptcy by or against you, failure to meet any requirements or specifications established by DQ MT/ND and/or ADQ , and any other default not listed in h below
h.	"Cause" defined – non-curable defaults	13A and B	Non-curable defaults: You do not select and/or DQ MT/ND does not approve a site within 90 days of approval of your application; you do not begin construction within 180 days of DQ MT/ND's approval of your location; your trainees fail to comply with all training requirements; abandonment, insolvency, unapproved assignments or transfers, conviction of offense directly related to subfranchised business, intentionally understating or underreporting Gross Sales or other fees, 3 defaults within a 12-month period even if cured, and failure to cure within 24 hours of notice thereof a default which materially impairs the goodwill associated with any of ADQ's trademarks
i.	Your obligations on termination/ non-renewal	13B & 14	Obligations include complete de-identification and payment of amounts due and, in the case of a termination of the subfranchise, payment of a termination fee (also see r below)

	Provision	Section in Operating Agreement	Summary
j.	Assignment of contract by DQ MT/ND	11G	No restriction on DQ MT/ND's right to assign
k.	"Transfer" by you - definition	11A	Includes any transfer of your interest in the operating agreement or in the business conducted thereunder or any ownership change thereof listed in Section 11A
l.	DQ MT/ND's approval of transfer by subfranchisee	11B	DQ MT/ND must approve all transfers, but will not unreasonably withhold approval
m.	Conditions for DQ MT/ND's approval of transfer	11B-D	Transferee meets all of DQ MT/ND's then-current requirements for transferees, all amounts you owe are paid, required facility improvements made, training arranged, required guarantees signed, necessary financial reports and other data on subfranchised business prepared, release signed by you (for claims except those arising under the Minnesota Franchise Act), then-current transfer fee paid, and then-current agreement signed by transferee (also see r below)
n.	DQ MT/ND's right of first refusal to acquire your business	11F	DQ MT/ND (or, at DQ MT/ND's option, a qualified 3 rd party designated by DQ MT/ND) can match any offer for your subfranchise and business assets (including any leasehold interests) and, in the case of a proposed stock sale, DQ MT/ND (or, at DQ MT/ND's option, a qualified 3 rd party designated by DQ MT/ND) can purchase your subfranchise and business assets at a price determined by an appraiser, unless you and DQ MT/ND (or DQ MT/ND's designated buyer) agree otherwise. Appraiser fees and expenses will be shared equally by both parties
o.	DQ MT/ND's option to purchase your business	14B	On termination, DQ MT/ND may purchase or designate a 3 rd party that will purchase all or any portion of the assets of your restaurant, including the land, building, equipment, fixtures, signs, furnishings, supplies, leasehold improvements and inventory of your restaurant or store. Qualified appraiser will determine price which will be the reasonable fair market value of the assets based on their continuing use in, as, and for the operation of a restaurant or store. Appraiser fees and expenses will be shared equally by both parties
p.	Your death or disability	11E	You can transfer your subfranchise to your heir or successor in interest under Section 11, and if transferee is your spouse or child, no transfer fee is required
q.	Non-competition covenants during the term of the subfranchise	10D	No direct or indirect involvement in the operation of any quick service restaurant that serves hamburgers but does not serve alcohol, or any restaurant or business that generates more than 10% of its revenue from sales of ice cream, yogurt, frozen custard, soft serve or other frozen treats, other than one authorized in any Dairy Queen operating agreement
r.	Non-competition covenants after the subfranchise is terminated or expires	14C	No direct or indirect involvement in a competing business for 1 year within 500 meters of your restaurant
s.	Modification of the agreement	15D	No modifications generally, but DQ MT/ND and/or ADQ may periodically change manuals, list of authorized trademarks and menu at DQ MT/ND's and/or ADQ's option
t.	Integration/ merger clause	15B	Only the terms of the operating agreement and its addenda are binding (subject to state law). Any representations or promises outside of this disclosure document and the operating agreement may not be enforceable

	Provision	Section in Operating Agreement	Summary
u.	Dispute resolution by arbitration or mediation	12A	Any dispute must be arbitrated in the capital of Montana if the facility is in that state, in the capital of North Dakota if the facility is in that state, or at any other place that is mutually agreeable to you and DQ MT/ND
v.	Choice of forum	12A	Any arbitration, action for injunction relief or action by DQ MT/ND or ADQ to enforce the operating agreement will take place in the capital of the state in which your restaurant is located, unless you and DQ MT/ND agree otherwise
w.	Choice of law	15H	The law of the state where your restaurant is located applies (subject to state law).

Item 18

PUBLIC FIGURES

Neither **DQ MT/ND** nor ADQ use any public figure to promote the franchise or subfranchise. No public figure is involved in the actual management or control of **DQ MT/ND** or of ADQ.

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor or subfranchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets if there is a reasonable basis for the information, and if the information is included in this disclosure document. Financial performance information that differs from any included in this Item 19 may be given only if: (1) a franchisor or subfranchisor provides the actual records of an existing outlet that you are considering buying; or (2) a franchisor or subfranchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Neither **DQ MT/ND** nor ADQ make any representations about a subfranchisee's future financial performance or the past financial performance of company-owned or franchised outlets. **DQ MT/ND** also does not authorize its employees or representatives to make such representations either orally or in writing. If you are purchasing an existing outlet, however, **DQ MT/ND** may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to **DQ MT/ND**'s management by contacting Howard Elmer at 126 E. Broadway, Suite 10, Missoula, Montana 59802, (406) 214-8100, the Federal Trade Commission and any appropriate state regulatory agencies.

Item 20

OUTLETS AND SUBFRANCHISEE AND FRANCHISEE INFORMATION

TERRITORY OPERATOR

TABLE NO. 1

Systemwide Outlet Summary For Years ~~2008~~2009 to ~~2010~~2011

Outlet Type	Year	Outlets At Start Of Year	Outlets At End Of Year	Net Change
Subfranchised	2008 <u>2009</u>	75	75 <u>74</u>	0 <u>-1</u>
	2009	75	74	-1
	2010	74	72	-2
	<u>2010</u>	<u>74</u>	<u>72</u>	<u>-2</u>
	<u>2011</u>	<u>72</u>	<u>72</u>	<u>0</u>
Company- Owned	2008 <u>2009</u>	0	0	0
	2009 <u>2010</u>	0	0	0
	2010 <u>2011</u>	0	0	0
Total Outlets	2008 <u>2009</u>	75	75 <u>74</u>	0 <u>-1</u>
	2009	75	74	-1
	2010	74	72	-2
	<u>2010</u>	<u>74</u>	<u>72</u>	<u>-2</u>
	<u>2011</u>	<u>72</u>	<u>72</u>	<u>0</u>

TABLE NO. 2

**Transfers of Outlets From Subfranchisees to New Owners (Other Than Subfranchisor or
An Affiliate) For Years ~~2008~~2009 to ~~2010~~2011**

State	Year	Number Of Transfers
Montana	2008 <u>2009</u>	1 <u>0</u>
	2009	0
	2010	0
	<u>2011</u>	<u>1</u>
North Dakota	2008 <u>2009</u>	0
	2009	0
	2010	2
	<u>2011</u>	<u>2</u>
Totals	2008 <u>2009</u>	1 <u>0</u>
	2009	0
	2010	2
	<u>2011</u>	<u>3</u>

TABLE NO. 3

Status of Subfranchised Outlets For Years ~~2008~~2009 to ~~2010~~2011

State	Year	Outlets At Start Of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations – Other Reasons	Outlets At End Of Year
MT	2008 2009	41 42	1 0	0	0	0	0 1	42 41
	2009 2010	42 41	0	0	0	0	1 0	41
	2010 2011	41	0	0 1	0	0	0	41 40
ND	2008 2009	34 33	0 1	0	0	0	1	33
	2009	33	1	0	0	0	1	33
	2010	33	0	1	0	0	1*	31
	2011	31	1	0	0	0	0	32
Totals	2008 2009	75	1	0	0	0	1 2	75 74
	2009	75	1	0	0	0	2	74
	2010	74	0	1	0	0	1*	72
	2011	72	1	1	0	0	0	72

* In 2010, we amended our territory agreement with ADQ, allowing ADQ to oversee 1 of our ND outlets. The ND outlet did not cease operations, but it is no longer a part of our system. The outlet operates under a direct license from ADQ.

TABLE NO. 4

Status of Company-Owned Outlets For Years ~~2008~~2009 to ~~2010~~2011

State	Year	Outlets At Start Of Year	Outlets Opened	Outlets Re-Acquired From Franchisees	Outlets Closed	Outlets Sold To Franchisees	Outlets At End Of Year
MT and ND	2008 2009	0	0	0	0	0	0
	2009 2010	0	0	0	0	0	0
	2010 2011	0	0	0	0	0	0
Totals	2008 2009	0	0	0	0	0	0
	2009 2010	0	0	0	0	0	0
	2010 2011	0	0	0	0	0	0

TABLE NO. 5

Projected Openings as of December 31, ~~2010~~2011

State	Franchise Agreements Signed But Outlets Not Open as of 12/31/ 2011	Projected New Franchised Outlets In The Current Fiscal Year (2011 <u>2012</u>)	Projected New Company-Owned Outlets In The Current Fiscal Year (2011 <u>2012</u>)
Montana	0	1	0
North Dakota	0	1	0
TOTALS	0	2	0

Exhibit ~~GF~~ contains the names of all current subfranchisees, and the addresses and telephone numbers of their outlets, as of December 31, ~~2010~~2011.

Exhibit ~~HG~~ contains the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every subfranchisee who had an outlet terminated, cancelled, not renewed (1 termination), or otherwise voluntarily or involuntarily ceased to do business under an operating agreement during **DQ MT/ND**'s most recently completed fiscal year (~~1 subfranchisee ceased operations for other reasons~~3 subfranchisees transferred), or who had not communicated with **DQ MT/ND** within 10 weeks of the date of this disclosure document (none). If you buy this subfranchise, your contact information may be disclosed to other buyers when you leave the DQ system.

During the last 3 fiscal years, **DQ MT/ND** has not signed any confidentiality clauses with current or former subfranchisees which would restrict them from speaking openly with you about their experience with **DQ MT/ND**.

Note: The numbers in the following tables are given to **DQ MT/ND** by **ADQ** and **DQ MT/ND** has not independently verified these numbers.

DQ Grill & Chill® Direct-Licensed Outlets
Systemwide Outlet Summary
For years ~~2008~~Years 2009 to ~~2010~~2011⁽¹⁾

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2008 <u>2009</u>	159 <u>292</u>	292 <u>393</u>	+133 <u>101</u>
	2009	292	393	+101
	2010	393	580	+187
	<u>2011</u>	<u>580</u>	<u>755</u>	<u>+175</u>
Company-Owned	2008 <u>2009</u>	54 <u>61</u>	61 <u>67</u>	+7 <u>6</u>
	2009	61	67	+6
	2010	67	61	-6
	<u>2011</u>	<u>61</u>	<u>3</u>	<u>-58</u>
Total Outlets	2008 <u>2009</u>	213 <u>353</u>	353 <u>460</u>	+140 <u>107</u>
	2009	353	460	+107
	2010	460	641	+181

	<u>2011</u>	<u>641</u>	<u>758</u>	<u>+117</u>
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- (1) The totals do not include Dairy Queen®/Brazier® restaurants, Texas Restaurants, subfranchised outlets operating under agreements with territory operators ("subfranchised restaurants"), or outlets for other franchise programs described in Item 1. ~~Included in the total are~~

~~DQ Grill & Chill® restaurants that have incorporated the Orange Julius® Business, which are identified in the list of DQ Grill & Chill® locations in Exhibit L.~~ **DQ Grill & Chill® Direct- Licensed Outlets**

Transfers~~Transfer~~ of Outlets from Franchisees to New Owners (other than the Franchisor)

For years ~~20082009~~ to ~~20102011~~

State	Year	Number of Transfers
Alabama	2008 <u>2009</u>	0
	2009	0
	2010	2
	<u>2010</u>	<u>2</u>
	<u>2011</u>	<u>1</u>
California	2008 <u>2009</u>	0
	<u>2010</u>	<u>1</u>
	<u>2011</u>	<u>0</u>
<u>Colorado</u>	2009	0
	2010	1 <u>0</u>
Florida	2008 <u>2011</u>	2 <u>1</u>
	2009	0
	2010	0
<u>Delaware</u>	<u>2011</u>	<u>1</u>
Georgia	2008 <u>2009</u>	1 <u>3</u>
	2009	3
	2010	7
	<u>2011</u>	<u>6</u>
Illinois	2008 <u>2009</u>	1
	2009	4
	2010	3
	<u>2011</u>	<u>6</u>
Indiana	2008 <u>2009</u>	3
	2009	3
	2010	3
	<u>2011</u>	<u>7</u>
Iowa	2008 <u>2009</u>	1 <u>0</u>
	2009	0
	2010	1
	<u>2011</u>	<u>2</u>
Kentucky	2008 <u>2009</u>	2 <u>1</u>
	2009	1

State	Year	Number of Transfers
<u>Maryland</u>	2010	14
	<u>2011</u>	<u>53</u>
	<u>2009</u>	<u>0</u>
	<u>2010</u>	<u>0</u>
Michigan	<u>2011</u>	<u>1</u>
	2008 <u>2009</u>	0
	2009	0
	2010	1
Minnesota	<u>2011</u>	<u>0</u>
	2008 <u>2009</u>	10
	2009	0
	2010	4
Missouri	<u>2011</u>	<u>5</u>
	2008 <u>2009</u>	35
	2009	5
	2010	1
North Carolina	<u>2011</u>	<u>3</u>
	2008 <u>2009</u>	20
	2009	0
	2010	0
<u>Pennsylvania</u>	2008 <u>2011</u>	1
	2009	0
	2010	0
	<u>2011</u>	<u>1</u>
Tennessee	<u>2011</u>	<u>1</u>
	2008 <u>2009</u>	0
	2009	0
	2010	3
<u>Wisconsin</u>	2008 <u>2011</u>	21
	2009	0
	<u>2010</u>	<u>0</u>
	<u>2011</u>	<u>1</u>
<u>Washington</u>	2010	2
	<u>2009</u>	<u>0</u>
	<u>2010</u>	<u>2</u>
	<u>2011</u>	<u>1</u>
TOTALS	2008 <u>2009</u>	19 <u>13</u>
	2009	13
	2010	42
	<u>2011</u>	<u>91</u>

DQ Grill & Chill® Direct-Licensed Outlets
Status of Franchised Outlets
For years 2008 to 2011

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Alabama	2008 <u>2009</u>	0 <u>1</u>	1 <u>4</u> ⁽²⁾					1 <u>5</u>
	2009 <u>2010</u>	1 <u>4</u>	4 <u>9</u> ⁽²⁾					5 <u>14</u>
	2010 <u>2011</u>	5 <u>14</u>	9 <u>6</u> ⁽²⁾					14 <u>20</u>
	2011 <u>2012</u>	14 <u>23</u>	6 <u>1</u>					20 <u>3</u>
Alaska	2008 <u>2009</u>	2 <u>3</u>	3 <u>1</u>					3 <u>4</u>
	2009 <u>2010</u>	3 <u>3</u>	1 <u>1</u>					4 <u>4</u>
	2010 <u>2011</u>	3 <u>4</u>	1 <u>2</u>					4 <u>6</u>
	2011 <u>2012</u>	4 <u>2</u>	2 <u>2</u> ⁽¹⁾					6 <u>4</u>
Arizona	2008 <u>2009</u>	1 <u>2</u>	1 <u>1</u> ⁽⁴⁾					2 <u>2</u>
	2009 <u>2010</u>	2 <u>2</u>	2 <u>2</u> ⁽¹⁾					2 <u>4</u>
	2010 <u>2011</u>	2 <u>4</u>	2 <u>3</u> ⁽¹⁾					4 <u>7</u>
Arkansas	2008 <u>2009</u>	1 <u>2</u>	1 <u>1</u> ⁽⁴⁾					2 <u>2</u>
	2009 <u>2010</u>	2 <u>2</u>	2 <u>2</u> ⁽¹⁾					2 <u>4</u>
	2010 <u>2011</u>	2 <u>4</u>	2 <u>3</u> ⁽²⁾					4 <u>7</u>
	2011 <u>2012</u>	4 <u>2</u>	3 <u>2</u> ⁽¹⁾					7 <u>4</u>
California	2008 <u>2009</u>	1 <u>2</u>	1 <u>2</u> ⁽¹⁾					2 <u>4</u>
	2009 <u>2010</u>	2 <u>4</u>	2 <u>2</u> ⁽¹⁾					4 <u>6</u>
	2010 <u>2011</u>	4 <u>6</u>	5 <u>5</u> ⁽²⁾⁽¹⁾⁽³⁾⁽⁴⁾	<u>1</u>				6 <u>10</u>
Colorado	2008 <u>2009</u>	4 <u>6</u>	2 <u>3</u> ⁽²⁾⁽¹⁾					6 <u>9</u>
	2009 <u>2010</u>	6 <u>9</u>	3 <u>3</u> ⁽¹⁾					9 <u>12</u>
	2010 <u>2011</u>	9 <u>12</u>	3 <u>3</u> ⁽¹⁾					12 <u>15</u>
Connecticut	2008 <u>2009</u>	2 <u>2</u>	2 <u>1</u> ⁽¹⁾					2 <u>3</u>
	2009 <u>2010</u>	2 <u>2</u>	1 <u>1</u> ⁽¹⁾					3 <u>4</u>
	2010 <u>2011</u>	2 <u>3</u>	1 <u>1</u> ⁽¹⁾					3 <u>4</u>
Delaware	2008 <u>2009</u>	1 <u>3</u>	2 <u>2</u> ⁽²⁾⁽³⁾					3 <u>4</u>
	2009 <u>2010</u>	3 <u>3</u>	2 <u>2</u> ⁽²⁾⁽³⁾					4 <u>5</u>
	2010 <u>2011</u>	3 <u>4</u>	2 <u>3</u> ⁽¹⁾					5 <u>6</u>
Florida	2008 <u>2009</u>	1 <u>6</u> <u>18</u>	4 <u>3</u> ⁽²⁾⁽⁴⁾	<u>2</u>				1 <u>8</u> <u>21</u>
	2009 <u>2010</u>	18 <u>21</u>	3 <u>8</u> ⁽²⁾					21 <u>29</u>
	2010 <u>2011</u>	21 <u>29</u>	8 <u>5</u> ⁽¹⁾					29 <u>34</u>
	2011 <u>2012</u>	29 <u>52</u>	5 <u>10</u> ⁽²⁾					34 <u>67</u>
Georgia	2008 <u>2009</u>	5 <u>22</u>	17 <u>10</u> ⁽²⁾					22 <u>32</u>
	2009 <u>2010</u>	22 <u>32</u>	10 <u>19</u> ⁽²⁾					32 <u>51</u>
	2010 <u>2011</u>	32 <u>51</u>	19 <u>16</u> ⁽²⁾					51 <u>67</u>
	2011 <u>2012</u>	51 <u>41</u>	16 <u>10</u> ⁽¹⁾	<u>1</u>			<u>1</u>	67 <u>41</u> <u>2</u>
Idaho	2008 <u>2009</u>	0 <u>4</u>	4 <u>10</u> ⁽¹⁾	<u>1</u>			<u>1</u>	4 <u>12</u>

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2009	4	4 ⁽⁺⁾	1			1	12
	2010	12	1 ⁽¹⁾					13
	2011	13						13
Illinois	20082009	830	2212 ⁽²¹⁾					3042
	2009	30	12 ⁽⁺⁾					42
	2010	42	19 ⁽²⁾					61
	2011	61	11 ⁽²⁾					72
Indiana	20082009	1329	1611 ⁽²⁾					2940
	20092010	2940	1116 ⁽²⁾⁽⁵⁾					4056
	20102011	4056	1617 ⁽²⁾ (65)(2)					5673
Iowa	20082009	13	21 ⁽¹⁾					34
	2009	3	1 ⁽⁺⁾					4
	2010	4	4 ⁽¹⁾					8
	2011	8	2 ⁽¹⁾					10
Kansas	20082009	15	45 ⁽¹⁾					510
	2009	5	5 ⁽⁺⁾					10
	2010	10	4					14
	2011	14	4 ⁽¹⁾					18
Kentucky	20082009	2632	73 ⁽²¹⁾	1				3235
	2009	32	3 ⁽⁺⁾					35
	2010	35	12 ⁽²⁾ (65)					47
	2011	47	55 ⁽²⁾⁽⁵⁾	2				100
Louisiana	20082009	01	2 ⁽¹⁾					13
	2009	1	2 ⁽⁺⁾					3
	2010	3	2 ⁽¹⁾					5
	2011	5	2 ⁽²⁾					7
Maryland	20082009	1	1					12
	20092010	12	1					23
	20102011	23	1					34
Massachusetts	20082009	1						1
	2009	1						1
	2010	1	4 ⁽²⁾					5
	2011	5	1 ⁽¹⁾					6
Michigan	20082009	57	2 ⁽⁺⁾					7
	2009	7						7
	2010	7	5 ⁽²⁾⁽⁵⁾	1				11
	2011	11						11

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Minnesota	2008 <u>2009</u>	16 <u>26</u>	10 <u>7</u> ⁽¹⁾					26 <u>33</u>
	2009	26	7 ⁽¹⁾					33
	2010	33	26 ⁽²⁾	1				58
	2011	58	5 ⁽²⁾			1		62
Mississippi	2008 <u>2009</u>	23	1					3
	2009	3						3
	2010	3	3 ⁽¹⁾					6
	2011	6	2					8
Missouri	2008 <u>2009</u>	14 <u>29</u>	15 <u>6</u> ⁽²⁾	1				29 <u>34</u>
	2009	29	6 ⁽¹⁾	1				34
	2010	34	8 ⁽²⁾	1				41
	2011	41	8 ⁽²⁾					49
Nebraska	2008 <u>2009</u>	2	1					23
	2009	2	1					3
	2010	3	9 ⁽¹⁾					12
	2011	12						12
Nevada	2008 <u>2009</u>	0 <u>1</u>	1 <u>2</u> ⁽¹⁾					1 <u>3</u>
	2009 <u>2010</u>	1 <u>3</u>	2 ⁽¹⁾					3
	2010 <u>2011</u>	3						3
New Hampshire	2008 <u>2009</u>	0						0
	2009	0						0
	2010	0	1					1
	2011	1						1
New Jersey	2008 <u>2009</u>	1						1
	2009 <u>2010</u>	1						1
	2010 <u>2011</u>	1						1
New Mexico	2008 <u>2009</u>	0 <u>4</u>	4 <u>1</u> ⁽²⁾					4 <u>5</u>
	2009	4	1					5
	2010	5						5
	2011	5	3 ⁽¹⁾					8
New York	2008 <u>2009</u>	0 <u>2</u>	2 ⁽²⁾					2
	2009 <u>2010</u>	2						2
	2010 <u>2011</u>	2	1 ⁽¹⁾					23
North Carolina	2008 <u>2009</u>	2 <u>4</u>	2 <u>1</u> ⁽²⁾					4 <u>5</u>
	2009	4	1 ⁽¹⁾					5
	2010	5	4 ⁽²⁾					9
	2011	9	4 ⁽¹⁾					13
Ohio	2008 <u>2009</u>	2	1					23

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2009	2	4					3
	2010	3	2 ⁽²⁾				1 ⁽⁷⁾	4
	2011	4	5 ⁽²⁾					9
Oklahoma	20082009	0	1 ⁽¹⁾					01
	20092010	01	4 ⁽⁴⁾					1
	20102011	1						1
Pennsylvania	20082009	46	23 ⁽²¹⁾					69
	2009	6	3 ⁽⁴⁾					9
	2010	9	4 ⁽¹⁾					13
	2011	13	1 ⁽¹⁾					14
South Carolina	20082009	13	2					3
	2009	3						3
	2010	3	3 ⁽¹⁾					6
	2011	6	1 ⁽¹⁾					7
South Dakota	20082009	0	1 ⁽¹⁾					01
	2009	0	4 ⁽⁴⁾					4
	2010	1	3 ⁽¹⁾					4
	2011	4						4
Tennessee	20082009	911	3 ⁽⁴²⁾	4				1414
	2009	11	3 ⁽²⁾					14
	2010	14	3 ^{(1) (65)}					17
	2011	17	4 ⁽²⁾					21
Washington	20082009	34	1 ⁽¹⁾					45
	20092010	45	1 ⁽¹⁾					56
	20102011	56	13 ⁽⁴²⁾					69
West Virginia	20082009	1	7 ⁽¹⁾					18
	2009	4	7 ⁽⁴⁾					8
	2010	8	1	1				8
	2011	8	4 ⁽²⁾					12
Wisconsin	20082009	1319	62 ⁽¹⁾					1921
	2009	19	2 ⁽⁴⁾					21
	2010	21	11 ⁽²⁾					32
	2011	32	2 ⁽¹⁾					34
Wyoming	20082009	0						0
	20092010	0	1 ⁽¹⁾					01
	20102011	01	1 ⁽¹⁾					12
Totals	20082009	159292	137104	42	0	0	01	292393

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2009	292	104	2	0	0	1	393
	2010	393	192	4	0	0	1	580
	2011	580	179	3	0	1	0	755

- (1) These openings are all Dairy Queen®/Brazier® outlets that changed to DQ Grill & Chill® outlets.
- (2) The following openings are Dairy Queen®/Brazier® outlets that changed to DQ Grill & Chill® outlets: ~~three in Alabama in 2009, eight in Alabama in 2010, one in Colorado in 2008, one in Delaware in 2008, two in Florida in 2008, two in Florida in 2009, sixteen in Georgia in 2008, nine in Georgia in 2009, eighteen in Georgia in 2010, twenty one in Illinois in 2008, sixteen in Illinois in 2010, fourteen in Indiana in 2008, ten in Indiana in 2009, eleven in Indiana in 2010, six in Kentucky in 2008, five in Kentucky in 2010, three~~ outlets: 3 in Alabama in 2009, 8 in Alabama in 2010, 4 in Alabama in 2011, 2 in Arkansas in 2011, 2 in California in 2011, 2 in Florida in 2009, 3 in Florida in 2011, 9 in Georgia in 2009, 18 in Georgia in 2010, 13 in Georgia in 2011, 16 in Illinois in 2010, 10 in Illinois in 2011, 10 in Indiana in 2009, 11 in Indiana in 2010, 7 in Indiana in 2011, 5 in Kentucky in 2010, 3 in Kentucky in 2011, 1 in Louisiana in 2011, 3 in Massachusetts in 2010, three 5 in Michigan in 2010, twenty four in Minnesota in 2010, fourteen in Missouri in 2008, seven in Missouri in 2010, three in New Mexico in 2008, one in New York in 2008, one in North Carolina in 2008, two in North Carolina in 2010, one in Ohio in 2010, one in Pennsylvania in 2008, one 24 in Minnesota in 2010, 4 in Minnesota in 2011, 7 in Missouri in 2010, 6 in Missouri in 2011, 2 in North Carolina in 2010, 1 in Ohio in 2010, 4 in Ohio in 2011, 1 in Tennessee in 2009, ten 1 in Tennessee in 2011, 2 in Washington in 2011, 3 in West Virginia in 2011, 10 in Wisconsin in 2010.
- (3) The following openings are Dairy Queen®/Limited Brazier® outlets that converted to DQ Grill & Chill® outlets: ~~one~~ 1 in Delaware California in 2008-2011.
- (4) The following openings are DQ®/Orange Julius® outlets that converted to DQ Grill & Chill® outlets: ~~one~~ 1 in Florida California in 2008-2011.
- (5) ~~The following openings are territory operator subfranchised non-system food outlets that converted to DQ Grill & Chill® outlets: two in Michigan in 2010.~~ (6) As part of the process of divesting company-owned locations, as further described in Item 1, DQJV and DQWO sold ~~its~~ their interest in ~~nine~~ 67 company-owned DQ Grill & Chill® locations; ~~these outlets; the following~~ locations are now franchised locations instead of company-owned locations: ~~two~~ 2 in Indiana in 2010, ~~six~~ 7 in Indiana in 2011, 6 in Kentucky in 2010, one in Tennessee in 2010 (the Tennessee location converted from a Dairy Queen®/Brazier® to a DQ Grill & Chill® location in January 2010). 752 in Kentucky in 2011.
- (6) This closing is an outlet that was temporarily assigned to ADQ for the ~~OJ Test~~ a test program and has been assigned back to the territory operator.
- (7) The following openings are non-system food outlets that converted to DQ Grill & Chill outlets: 1 in Indiana in 2011.

DQ Grill & Chill® Direct-Licensed Outlets
Status of Company-Owned Outlets
For years ~~2008~~ Years 2009 to 2010 2011⁽²⁾

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Indiana	2008 <u>2009</u>	82	1				9
	2009	9					9
	2010	9				2	7
	2011	7				7	0
Kentucky	2008 <u>2009</u>	45 <u>51</u>	76 ⁽¹⁾		1		51 <u>57</u>
	2009	51	6 ⁽¹⁾				57
	2010	57	2 ⁽¹⁾			6	53
	2011	53				52	1
Minnesota	2008 <u>2009</u>	1					1
	2009 <u>2010</u>	1					1
	2010 <u>2011</u>	1		1			1 <u>2</u>
Totals	2008 <u>2009</u>	54 <u>61</u>	86	0	10	0	61 <u>67</u>
	2009	61	6	0	0	0	67
	2010	67	2	0	0	8	61
	2011	61	1	0	0	52	3

- (1) The following openings were Dairy Queen®/Brazier® outlets that changed to DQ Grill & Chill® outlets: ~~five in Indiana in 2008, six in Kentucky in 2008, five~~ 5 in Kentucky in 2009, ~~one~~ 1 in Kentucky in 2010.
- (2) As part of the process of divesting company-owned locations, as further described in Item 1, DQJV and DQWO sold ~~its~~their interest in ~~nine~~67 company-owned DQ Grill & Chill® locations; ~~these outlets; the following~~ locations are now franchised locations instead of company-owned locations: ~~two in Indiana in 2010, six in Kentucky in 2010, one in Tennessee in 2010 (the Tennessee location converted from a Dairy Queen®/Brazier® to a DQ Grill & Chill® location in January 2010 and was sold in November 2010). After the divestiture referenced in Item 1 is complete, the total number of company-owned DQ Grill & Chill® outlets will not exceed two locations.~~ DQ Grill & Chill® 2 in Indiana in 2010, 7 in Indiana in 2011, 6 in Kentucky in 2010, 52 in Kentucky in 2011.

DQ Grill & Chill Direct-Licensed Outlets
Projected Openings⁽¹⁾
As Of December 31, 2010 2011

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In The Next Fiscal Year
Alabama		2	

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In The Next Fiscal Year
<u>Arkansas</u>		<u>1</u>	
California		4 <u>3</u>	
Colorado		4 <u>2</u>	
Florida		<u>3</u> 1	
Georgia		<u>2</u> 3	
Illinois	<u>1</u>	<u>2</u> 3	
Indiana		<u>2</u> 3	
<u>Kentucky</u>		<u>2</u>	
Louisiana		3	
Maryland	4	1	
<u>Massachusetts</u>		<u>1</u>	
Minnesota	2	2	1
Mississippi		<u>2</u> 1	
Missouri		1	
<u>Nebraska</u>		<u>2</u>	
<u>New York</u>		<u>2</u>	
North Carolina	2	2	
Ohio		4 <u>2</u>	
<u>Oklahoma</u>		<u>1</u>	
<u>Rhode Island</u>		<u>1</u>	
<u>South Carolina</u>		<u>1</u>	
<u>South Dakota</u>		<u>1</u>	
Tennessee		<u>3</u> 1	
Texas	4	2	
Washington	4	4 <u>2</u>	
<u>West Virginia</u>		<u>1</u>	
<u>Wyoming</u>		<u>1</u>	
Total	<u>7</u> 1	<u>3</u> 4 <u>6</u>	1

- (1) — Of the ~~31~~ projected new DQ Grill & Chill® direct licensed outlets opening in 2011, ADQ anticipates that 20 locations will incorporate the Orange Julius® Business.

**Dairy Queen®/Brazier® Direct-Licensed Outlets
Systemwide Outlet Summary
For years 2008 to 2010 ⁽¹⁾**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2008	1427	1288	-139
	2009	1288	1154	-134
	2010	1154	974	-180
Company Owned	2008	17	9	-8
	2009	9	4	-5
	2010	4	1	-3
Total Outlets	2008	1444	1297	-147
	2009	1297	1158	-139
	2010	1158	975	-183

- (1) — The numbers for each year include Dairy Queen®/Brazier® Fuel Center restaurants, but not Texas Restaurants, subfranchised restaurants, or outlets for other franchise programs described in Item 1. Included in the total are Dairy Queen®/Brazier® restaurants that have incorporated the Orange Julius® Business, which are identified in the list of Dairy Queen®/Brazier® locations in Exhibit L. After the divestiture referenced in Item 1 is complete, there will no longer be any company-owned Dairy Queen®/Brazier® outlets.

**Dairy Queen®/Brazier® Direct-Licensed Outlets
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2008 to 2010**

State	Year	Number of Transfers
Alabama	2008	15
	2009	8
	2010	2
Arizona	2008	1
	2009	1
	2010	0
Arkansas	2008	1
	2009	0
	2010	0
California	2008	0
	2009	1
	2010	3
Colorado	2008	2
	2009	1
	2010	1

State	Year	Number of Transfers
Florida	2008	3
	2009	3
	2010	4
Georgia	2008	10
	2009	7
	2010	3
Idaho	2008	1
	2009	0
	2010	0
Illinois	2008	4
	2009	7
	2010	3
Indiana	2008	3
	2009	1
	2010	3
Iowa	2008	8
	2009	0
	2010	1
Kansas	2008	1
	2009	1
	2010	1
Kentucky	2008	2
	2009	0
	2010	1
Louisiana	2008	7
	2009	0
	2010	3
Massachusetts	2008	0
	2009	1
	2010	0
Michigan	2008	0
	2009	0
	2010	2
Minnesota	2008	17
	2009	3
	2010	1
Mississippi	2008	1
	2009	0
	2010	2

State	Year	Number of Transfers
Missouri	2008	3
	2009	4
	2010	8
Nebraska	2008	4
	2009	2
	2010	0
North Carolina	2008	1
	2009	3
	2010	1
Ohio	2008	2
	2009	0
	2010	0
Oklahoma	2008	1
	2009	1
	2010	0
Pennsylvania	2008	2
	2009	0
	2010	0
South Carolina	2008	0
	2009	2
	2010	1
Tennessee	2008	2
	2009	0
	2010	0
Washington	2008	1
	2009	2
	2010	1
West Virginia	2008	2
	2009	1
	2010	2
Wisconsin	2008	9
	2009	2
	2010	1
TOTAL	2008	103
	2009	51
	2010	44

Dairy Queen®/Brazier® Direct-Licensed Outlets
Status of Franchised Outlets
For years 2008 to 2010

State	Year	Outlets at Start of Year	Outlets Opened	Termi- nations	Non- Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Alabama	2008	52		2				50
	2009	50		7			3 ⁽⁺⁾	40
	2010	40		2	1		8 ⁽⁺⁾	29
Alaska	2008	1						1
	2009	1						1
	2010	1						1
Arizona	2008	34		1			1 ⁽⁺⁾	32
	2009	32		1				31
	2010	31		2				29
Arkansas	2008	11		1			1 ⁽⁺⁾	9
	2009	9		1				8
	2010	8					2 ⁽⁺⁾	6
California	2008	52		2			1 ⁽⁺⁾	49
	2009	49					2 ⁽⁺⁾	47
	2010	47		1	1		2 ⁽⁺⁾	43
Colorado	2008	29					1 ⁽⁺⁾	28
	2009	28					3 ⁽⁺⁾	25
	2010	25					3 ⁽⁺⁾	22
Connecticut	2008	7						7
	2009	7						7
	2010	7						7
Delaware	2008	8					1 ⁽⁺⁾	7
	2009	7						7
	2010	7						7
Florida	2008	41		1			2 ⁽⁺⁾	38
	2009	38		1			2 ⁽⁺⁾	35
	2010	35					8 ⁽⁺⁾	27
Georgia	2008	151		6			16 ⁽⁺⁾	129
	2009	129		5			8 ⁽⁺⁾	116
	2010	116		3			18 ⁽⁺⁾	95
Idaho	2008	22					4 ⁽⁺⁾	18
	2009	18	1	1			10 ⁽⁺⁾	8
	2010	8		1			1 ⁽⁺⁾	6

State	Year	Outlets at Start of Year	Outlets Opened	Termi- nations	Non- Renewals	Reacquired by Franchisor	Ceased Operations —Other Reasons	Outlets at End of the Year
Illinois	2008	129		2			22 ⁽²⁾⁽³⁾	105
	2009	105		5			11 ⁽¹⁾	89
	2010	89					15 ⁽¹⁾	74
Indiana	2008	128		4			14 ⁽¹⁾	110
	2009	110		5			10 ⁽¹⁾	95
	2010	95	4 ⁽⁸⁾⁽⁹⁾				11 ⁽¹⁾	88
Iowa	2008	24					2 ⁽¹⁾	22
	2009	22					1 ⁽¹⁾	21
	2010	21		1			4 ⁽¹⁾	16
Kansas	2008	53		3			4 ⁽¹⁾	46
	2009	46		2			5 ⁽¹⁾	39
	2010	39					4 ⁽¹⁾	35
Kentucky	2008	37		3			7 ⁽²⁾	27
	2009	27		4			3 ⁽¹⁾	20
	2010	20		1			5 ⁽¹⁾	14
Louisiana	2008	26						26
	2009	26		1			2 ⁽¹⁾	23
	2010	23					3 ⁽²⁾	20
Maine	2008	10					1 ⁽¹⁾	9
	2009	9					1 ⁽¹⁾	8
	2010	8						8
Maryland	2008	5						5
	2009	5						5
	2010	5						5
Massachusetts	2008	7						7
	2009	7						7
	2010	7					3 ⁽¹⁾	4
Michigan	2008	34		1			2 ⁽¹⁾	31
	2009	31		1				30
	2010	30		1			4 ⁽²⁾	25
Minnesota	2008	133	1 ⁽⁶⁾	1			10 ⁽¹⁾	123
	2009	123		1			7 ⁽¹⁾	115
	2010	115		1			24 ⁽¹⁾	90
Mississippi	2008	10						10
	2009	10						10
	2010	10					3 ⁽¹⁾	7

State	Year	Outlets at Start of Year	Outlets Opened	Termi- nations	Non- Renewals	Reacquired by Franchisor	Ceased Operations —Other Reasons	Outlets-at End of the Year
Missouri	2008	87		6			14 ⁽⁺⁾	67
	2009	67					6 ⁽⁺⁾	61
	2010	61			1		7 ⁽⁺⁾	53
Nebraska	2008	21		1				20
	2009	20						20
	2010	20	1 ^{(S)(9)}				9 ⁽⁺⁾	12
Nevada	2008	6					1 ⁽⁺⁾	5
	2009	5					2 ⁽⁺⁾	3
	2010	3						3
New Hampshire	2008	3						3
	2009	3						3
	2010	3						3
New Mexico	2008	31		1			3 ⁽⁺⁾	27
	2009	27		1			1 ⁽⁺⁾	25
	2010	25		1				24
New York	2008	8		1			1 ⁽⁺⁾	6
	2009	6						6
	2010	6						6
North Carolina	2008	17		2			1 ⁽⁺⁾	14
	2009	14		1			1 ⁽⁺⁾	12
	2010	12					3 ⁽²⁾	9
Ohio	2008	33	1	1				33
	2009	33		1				32
	2010	32					2 ⁽²⁾⁽⁺⁾	30
Oklahoma	2008	6						6
	2009	6	1 ⁽⁺⁾				1 ⁽⁺⁾	6
	2010	6		1				5
Oregon	2008	4						4
	2009	4						4
	2010	4						4
Pennsylvania	2008	23					1 ⁽⁺⁾	22
	2009	22					3 ⁽⁺⁾	19
	2010	19		1			4 ⁽⁺⁾	14
South Carolina	2008	7						7
	2009	7						7
	2010	7		1			3 ⁽⁺⁾	3

State	Year	Outlets at-Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations—Other Reasons	Outlets-at End-of the Year
South Dakota	2008	5						5
	2009	5					1 ⁽¹⁾	4
	2010	4					3 ⁽¹⁾	1
Tennessee	2008	27		1			3 ⁽¹⁾	23
	2009	23		1			1 ⁽¹⁾	21
	2010	21	1 ⁽⁷⁾	2			2 ⁽²⁾⁽⁶⁾	18
Washington	2008	30					1 ⁽¹⁾	29
	2009	29		1			1 ⁽¹⁾	27
	2010	27					1 ⁽¹⁾	26
West Virginia	2008	49					1	48
	2009	48					7 ⁽¹⁾	41
	2010	41						41
Wisconsin	2008	58	23 ⁽⁵⁾	2			6 ⁽¹⁾	73
	2009	73		2			2 ⁽¹⁾	69
	2010	69		1			10 ⁽¹⁾	58
Wyoming	2008	8		1				7
	2009	7						7
	2010	7					1 ⁽¹⁾	6
TOTALS	2008	1427	25	43	0	0	121	1288
	2009	1288	2	42	0	0	94	1154
	2010	1154	8	20	3	0	165	974

(1) — These closings are all Dairy Queen®/Brazier® outlets that changed to DQ Grill & Chill® outlets.

(2) — The following closings are Dairy Queen®/Brazier® outlets that changed to DQ Grill & Chill® outlets: twenty-one in Illinois in 2008, six in Kentucky in 2008, two in Louisiana in 2010, three in Michigan in 2010, two in North Carolina in 2010, one in Ohio in 2010, one in Pennsylvania in 2009, one in Tennessee in 2010, seven in Wisconsin in 2009.

(3) — The following closings are Dairy Queen®/Brazier® outlets that changed to Dairy Queen®/Limited Brazier® outlets: one in Illinois in 2008.

(4) — The following closings are Dairy Queen®/Brazier® outlets that converted to DQ®/Orange Julius® outlets: one in Maine in 2009, one in Ohio in 2010.

(5) — These openings were territory operator subfranchised outlets in which ADQ acquired the territory operator's subfranchisor rights in the restaurant franchise agreements: twenty-three in Wisconsin in 2008, one in Nebraska in 2010.

(6) — The following openings are Dairy Queen®/Limited Brazier® outlets that converted to Dairy Queen®/Brazier® outlets: one in Minnesota in 2008.

- (7) — The following openings are Dairy Queen® soft-serve only outlets that converted to Dairy Queen®/Brazier® outlets: one in Oklahoma in 2009, one in Tennessee in 2010.
- (8) — The following openings were NSF outlets that changed to Dairy Queen®/Brazier® outlets: three in Indiana in 2010, in Nebraska in 2010.
- (9) — As part of the process of divesting company-owned locations, as further described in Item 1, DQJV sold its interest in two Dairy Queen®/Brazier locations; these locations are now franchised locations instead of company-owned locations: one in Indiana in 2010, one in Tennessee in 2010 (the Tennessee location converted from a Dairy Queen®/Brazier® to a DQ Grill & Chill® location in January 2010 and was sold in November 2010); these locations are now franchise locations instead of a company-owned locations.

Dairy Queen®/Brazier® Direct-Licensed Outlets
Status of Company-Owned Outlets
For years 2008 to 2010⁽²⁾

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Indiana	2008	3			2		1
	2009	1					1
	2010	1				1 ⁽²⁾	0
Kentucky	2008	13			6 ⁽¹⁾		7
	2009	7			5 ⁽¹⁾		2
	2010	2			1 ⁽¹⁾		1
Tennessee	2008	1					1
	2009	1					1
	2010	1				1	0
Totals	2008	17	0	0	8	0	9
	2009	9	0	0	5	0	4
	2010	4	0	0	1	2	1

- (1) — These closings are all Dairy Queen®/Brazier® outlets that changed to DQ Grill & Chill® outlets.
- (2) — As part of the process of divesting company-owned locations, as further described in Item 1, DQJV sold its interest in two Dairy Queen®/Brazier locations; these locations are now franchised locations instead of company-owned locations: one in Indiana in 2010, one in Tennessee in 2010 (the Tennessee location converted from a Dairy Queen®/Brazier® to a DQ Grill & Chill® location in January 2010 and was sold in November 2010); these locations are now franchise locations instead of a company-owned locations.

Dairy Queen®/Brazier® Direct-Licensed Outlets
Projected Openings
As Of December 31, 2010

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In The Next Fiscal Year
Total	0	0	0

**Texas DQ® Restaurant Direct-Licensed Outlets
Systemwide Outlet Summary
For years 2008 to 2010⁽¹⁾**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2008	567	565	-2
	2009	565	565	0
	2010	565	565	0
Company-Owned	2008	0	0	0
	2009	0	0	0
	2010	0	0	0
Total Outlets	2008	567	565	-2
	2009	565	565	0
	2010	565	565	0

(1) In 1980, ADQ acquired the Texas territory operator's subfranchisor rights in over 900 subfranchised Dairy Queen® restaurants, none of which carry the Dairy Queen®/Brazier® or DQ Grill & Chill® food lines because of various arrangements. The majority of the Texas Restaurants have a non-system food called "Texas Country Food."

**Texas DQ® Restaurant Direct-Licensed Outlets
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2008 to 2010**

State	Year	Number of Transfers
Texas	2008	49
	2009	54
	2010	44
Total	2008	49
	2009	54
	2010	44

**Texas DQ® Restaurant Direct-Licensed Outlets
Status of Franchised Outlets
For years 2008 to 2010**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations—Other Reasons	Outlets at End of the Year
Texas	2008	568	2	4	1			565
	2009	565	5	4			1	565
	2010	565	3	2	1			565
Totals	2008	568	2	4	1	0	0	565
	2009	565	5	4	0	0	1	565
	2010	565	3	2	1	0	0	565

Texas DQ® Restaurant Direct-Licensed Outlets
Status of Company-Owned Outlets
For years 2008 to 2010

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Totals	2008	0	0	0	0	0	0
	2009	0	0	0	0	0	0
	2010	0	0	0	0	0	0

Texas DQ® Restaurant Direct-Licensed Outlets
Projected Openings
As Of December 31, 2010

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In The Next Fiscal Year
Texas	1	2	
Totals	1	2	0

The information provided below regarding subfranchised outlets is provided by territory operators and is not independently verified by ADQ.

DQ Grill & Chill® Subfranchised Territory Operator Outlets
Systemwide Outlet Summary
For years ~~2008~~ 2009 to ~~2010~~ 2011

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2008 2009	433	337 2	+293 9
	2009	33	72	+39
	2010	72	143	+71
	2011	143	184	+41
Company-Owned	2008 2009	0	0	0
	2009 2010	0	0	0
	2010 2011	0	0	0
Total Outlets	2008 2009	433	337 2	+293 9
	2009	33	72	+39
	2010	72	143	+71
	2011	143	184	+41

DQ Grill & Chill® Subfranchised Territory Operator Outlets
TransfersTransfer of Outlets from Franchisees to New Owners (other than the Franchisor)
For years ~~2008~~2009 to ~~2010~~2011

State	Year	Number of Transfers
<u>Florida</u>	2009	<u>0</u>
	2010	<u>0</u>
	2011	<u>1</u>
<u>Kentucky</u>	2009	<u>0</u>
	2010	<u>0</u>
	2011	<u>1</u>
<u>Missouri</u>	2009	<u>0</u>
	2010	<u>0</u>
	2011	<u>1</u>
<u>Nevada</u>	2009	<u>0</u>
	2010	<u>0</u>
	2011	<u>1</u>
North Carolina	2008 <u>2009</u>	0 <u>1</u>
	2009	<u>1</u>
	2010	<u>0</u>
	2011	<u>0</u>
<u>North Dakota</u>	2009	<u>0</u>
	2010	<u>0</u>
	2011	<u>1</u>
Ohio	2008 <u>2009</u>	0 <u>4</u>
	2009	<u>4</u>
	2010	<u>1</u>
	2011	<u>1</u>
Oregon	2008 <u>2009</u>	2 <u>0</u>
	2010	<u>2</u>
	2011	<u>1</u>
<u>Pennsylvania</u>	2009	<u>0</u>
	2010	<u>0</u>
	2011	<u>2</u>
	2009	<u>0</u>
	2010	<u>2</u>
South Dakota	2008 <u>2009</u>	0 <u>2</u>
	2009 <u>2010</u>	2 <u>0</u>
	2010 <u>2011</u>	0 <u>2</u>
Tennessee	2008 <u>2009</u>	<u>0</u>
	2010	<u>1</u>
	2011	<u>1</u>
<u>Wisconsin</u>	2009	<u>0</u>

State	Year	Number of Transfers
	2010	0
	2011	1
	2009	0
	2010	1
TOTALS	2008 2009	27
	2009	7
	2010	4
	2011	13

DQ Grill & Chill® Subfranchised Territory Operator Outlets
Status of Franchised Outlets
For years ~~2008~~Years 2009 to 20102011

State	Year	Outlets at Start of Year	Outlets Opened	Termination ns	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Arkansas	2008 2009	0	1					0 1
	2009 2010	0 1	1					1
	2010 2011	1						1
Florida	2008 2009	0	1 ⁽³⁾					0 1
	2009	0	1 ⁽³⁾					1
	2010	1	1 ⁽¹⁾					2
	2011	2						2
Georgia	2008 2009	0 2	2 ⁽⁴⁾					2
	2009	2						2
	2010	2	4 ⁽¹⁾					6
	2011	6						6
Illinois	2008 2009	0						0
	2009	0						0
	2010	0	2 ⁽¹⁾					2
	2011	2						2
Iowa	2008 2009	0	1 ⁽¹⁾					0 1
	2009	0	1 ⁽⁴⁾					1
	2010	1						1
	2011	1	1 ⁽¹⁾					2
Kentucky	2008 2009	0						0
	2009	0						0
	2010	0	2 ⁽¹⁾					2
	2011	2	1 ⁽¹⁾					3
Michigan	2008 2009	0	1 ⁽¹⁾					0 1
	2009 2010	0 1	1 ⁽⁴⁾					1

State	Year	Outlets at Start of Year	Outlets Opened	Terminated Franchises	Non- Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2010 <u>2011</u>	<u>1</u>						<u>1</u>
Missouri	<u>2009</u>	<u>0</u>						<u>0</u>
	<u>2010</u>	<u>0</u>						<u>0</u>
	<u>2011</u>	<u>0</u>	<u>1⁽¹⁾</u>					<u>1</u>
Montana	2008 <u>2009</u>	14	<u>3⁽⁴⁾</u>					<u>4</u>
	<u>2009</u>	<u>4</u>						<u>4</u>
	<u>2010</u>	<u>4</u>	<u>6⁽¹⁾</u>					<u>10</u>
	<u>2011</u>	<u>10</u>						<u>10</u>
Nebraska	2008 <u>2009</u>	<u>0</u>	<u>2⁽¹⁾</u>					<u>2</u>
	<u>2009</u>	<u>0</u>	<u>2⁽⁴⁾</u>					<u>2</u>
	<u>2010</u>	<u>2</u>						<u>2</u>
	<u>2011</u>	<u>2</u>						<u>2</u>
Nevada	2008 <u>2009</u>	<u>0</u>	<u>1⁽³⁾</u>					<u>1</u>
	2009 <u>2010</u>	0 <u>1</u>	<u>1⁽³⁾</u>					<u>1</u>
	2010 <u>2011</u>	1 <u>2</u>	<u>1⁽⁵⁾</u>					<u>2</u>
New Mexico	2008 <u>2009</u>	<u>0</u>						<u>0</u>
	<u>2009</u>	<u>0</u>						<u>0</u>
	<u>2010</u>	<u>0</u>	<u>1⁽¹⁾</u>					<u>1</u>
	<u>2011</u>	<u>1</u>						<u>1</u>
North Carolina	2008 <u>2009</u>	0 <u>2</u>	<u>2⁽⁴⁾</u>					<u>2</u>
	<u>2009</u>	<u>2</u>						<u>2</u>
	<u>2010</u>	<u>2</u>	<u>1</u>					<u>3</u>
	<u>2011</u>	<u>3</u>	<u>1⁽¹⁾</u>					<u>4</u>
North Dakota	2008 <u>2009</u>	<u>0</u>	<u>2⁽¹⁾</u>					<u>2</u>
	<u>2009</u>	<u>0</u>	<u>2⁽⁴⁾</u>					<u>2</u>
	<u>2010</u>	<u>2</u>	<u>6⁽¹⁾</u>					<u>8</u>
	<u>2011</u>	<u>8</u>	<u>2⁽¹⁾</u>					<u>10</u>
Ohio	2008 <u>2009</u>	14	<u>39⁽¹⁾</u>					<u>41</u>
	<u>2009</u>	<u>4</u>	<u>9⁽⁴⁾</u>					<u>13</u>
	<u>2010</u>	<u>13</u>	<u>11⁽¹⁾⁽³⁾⁽⁴⁾</u>					<u>24</u>
	<u>2011</u>	<u>24</u>	<u>8⁽¹⁾⁽³⁾</u>	<u>1</u>				<u>31</u>
Oregon	2008 <u>2009</u>	0 <u>12</u>	<u>12⁽⁴³⁾</u>					<u>12</u>
	<u>2009</u>	<u>12</u>	<u>2⁽⁴⁾</u>					<u>14</u>
	<u>2010</u>	<u>14</u>	<u>5⁽¹⁾</u>					<u>19</u>
	<u>2011</u>	<u>19</u>	<u>10⁽¹⁾</u>					<u>29</u>
Pennsylvania	2008 <u>2009</u>	0 <u>1</u>	<u>12⁽²⁾</u>					<u>13</u>

State	Year	Outlets at Start of Year	Outlets Opened	Terminated Franchises	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Florida								
	2009	1	2 ⁽²⁾					3
	2010	3	7 ⁽¹⁾					10
	2011	10	3 ⁽¹⁾⁽³⁾					13
South Carolina								
	20082009	0	1					01
	20092010	01	1					12
	20102011	12	1					2
South Dakota								
	20082009	14	36 ⁽¹⁾					410
	2009	4	6 ⁽⁴⁾					10
	2010	10	1 ⁽¹⁾					11
	2011	11	2 ⁽¹⁾⁽⁶⁾					13
Tennessee								
	20082009	01	1					12
	2009	1	1					2
	2010	2	2 ⁽¹⁾					4
	2011	4	2 ⁽¹⁾					6
Utah								
	2009	0						0
	2010	0						0
	2011	0	2					2
Virginia								
	20082009	01	6 ⁽¹⁾					17
	2009	1	6 ⁽⁴⁾					7
	2010	7	11 ⁽¹⁾					18
	2011	18	6 ⁽¹⁾					24
Washington								
	20082009	01	13 ⁽¹⁾					14
	2009	1	3 ⁽⁴⁾					4
	2010	4	9 ⁽¹⁾					13
	2011	13	2 ⁽¹⁾					15
Wisconsin								
	20082009	1						1
	2009	1						1
	2010	1						1
Total	20082011	41	29	0	0	0	0	331
Total	2009	33	39	0	0	0	0	72
	2010	72	71	0	0	0	0	143
	2011	143	42	1	0	0	0	184

- (1) The following openings are Dairy Queen®/Brazier® outlets that changed to DQ Grill & Chill® outlets: ~~one~~1 in Florida in 2010, ~~one~~1 in Georgia in 2008, ~~four~~4 in Georgia in 2010, ~~two~~2 in Illinois in 2010, ~~one~~1 in Iowa in 2009, ~~two~~1 in Iowa in 2011, 2 in Kentucky in 2010, ~~one~~1 in

Kentucky in 2011, 1 in Michigan in 2009, ~~two~~1 in ~~Montana~~Missouri in 2008, ~~six~~2011, 6 in Montana in 2010, ~~two~~2 in Nebraska in 2009, ~~one~~1 in New Mexico in 2010, ~~one~~1 in North Carolina in 2008, ~~one~~2011, 1 in North Dakota in 2009, ~~six~~6 in North Dakota in 2010, ~~three~~ in Ohio in 2008, ~~eight~~1 in North Dakota in 2011, 8 in Ohio in 2009, ~~eight~~8 in Ohio in 2010, ~~twelve~~ in Oregon in 2008, ~~five~~7 in Ohio in 2011, 5 in Oregon in 2010, ~~seven~~10 in Oregon in 2011, 7 in Pennsylvania in 2010, ~~three~~ in South Dakota in 2008, ~~six~~2 in Pennsylvania in 2011, 6 in South Dakota in 2009, ~~one~~1 in South Dakota in 2010, ~~two~~1 in South Dakota in 2011, 2 in Tennessee in 2010, ~~one~~ in Virginia in 2008, ~~ten~~2 in Tennessee in 2011, 10 in Virginia in 2010, ~~one~~ in Washington in 2008, ~~three~~3 in Virginia in 2011, 3 in Washington in 2009, ~~nine~~ in Washington in 2010, ~~9~~2 in Washington in 2011, 2 in Washington in 2011.

- (2) The following openings are Dairy Queen® soft-serve only outlets that converted to DQ Grill & Chill® outlets: ~~one in Pennsylvania in 2008, one~~1 in Pennsylvania in 2009.
- (3) These following openings are Dairy Queen®/Limited Brazier® outlets that converted to DQ Grill & Chill® outlets: ~~one~~1 in Florida in 2009, ~~one~~1 in Nevada in 2009, ~~one~~1 in Ohio in 2010, ~~two~~1 in Ohio in 2011, 2 in Oregon in 2009, ~~2009, 1~~in Pennsylvania in 2011,
- (4) This closing is an outlet that was temporarily assigned to ADQ for the ~~OJ Test~~test program and has been assigned back to the territory operator.

DQ Grill & Chill® (5) These following openings are DQ/Orange Julius outlets that converted to DQ Grill & Chill outlets: 1 in Nevada in 2011

(6) The following openings are non-system food outlets that converted to DQ Grill & Chill outlets: 1 in South Dakota in 2011.

**Subfranchised Territory Operator Outlets
Status of Company-Owned Outlets
For years ~~2008~~2009 to 2010~~2011~~**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Totals	2008 <u>2009</u>	0	0	0	0	0	0
	2009 <u>2010</u>	0	0	0	0	0	0
	2010 <u>2011</u>	0	0	0	0	0	0

**DQ Grill & Chill® Subfranchised Territory Operator Outlets
Projected Openings
As Of December 31, ~~2010~~2011⁽¹⁾**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In The Next Fiscal Year
Totals	--	--	--

- (1) Territory operators are not contractually required to provide ADQ with information for their projected openings. Therefore, we are unable to provide this information.

Dairy Queen®/Brazier® Subfranchised Territory Operator Restaurants Direct-Licensed Outlets

Systemwide Outlet Summary
For years ~~2008~~ 2009 to ~~2010~~ 2011⁽¹⁾

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2008 2009	705 1288	637 1154	-68 134
	2009	637	599	-38
	2010	599 1154	525 974	-74 180
	2011	974	865	-109
Company-Owned	2008 2009	0 2	0 4	0 -5
	2009	0	0	0
	2010	0 4	0 1	0 -3
	2011	1	0	-1
Total Outlets	2008 2009	705 1297	637 1158	-68 139
	2009	637	599	-38
	2010	599 1158	525 975	-74 183
	2011	975	865	-110

(1) The numbers for each year include Dairy Queen®/Brazier® Fuel Center restaurants, but not Texas Restaurants, subfranchised restaurants, or outlets for other franchise programs described in Item 1.

Dairy Queen®/Brazier® Subfranchised Territory Operator Direct-Licensed Outlets
Transfers~~Transfer~~ of Outlets from Franchisees to New Owners (other than the Franchisor)
For years ~~2008~~ 2009 to ~~2010~~ 2011

State	Year	Number of Transfers
<u>Alabama</u>	<u>2009</u>	<u>8</u>
	<u>2010</u>	<u>2</u>
	<u>2011</u>	<u>0</u>
<u>Arizona</u>	<u>2009</u>	<u>1</u>
	<u>2010</u>	<u>0</u>
	<u>2011</u>	<u>0</u>
<u>California</u>	<u>2009</u>	<u>1</u>
	<u>2010</u>	<u>3</u>
	<u>2011</u>	<u>3</u>
<u>Colorado</u>	<u>2009</u>	<u>1</u>
	<u>2010</u>	<u>1</u>
	<u>2011</u>	<u>0</u>
<u>Florida</u>	<u>2009</u>	<u>3</u>
	<u>2010</u>	<u>4</u>
	<u>2011</u>	<u>1</u>
<u>Georgia</u>	<u>2009</u>	<u>7</u>
	<u>2010</u>	<u>3</u>
	<u>2011</u>	<u>6</u>
<u>Illinois</u>	<u>2009</u>	<u>7</u>

<u>State</u>	<u>Year</u>	<u>Number of Transfers</u>
	<u>2010</u>	<u>3</u>
	<u>2011</u>	<u>4</u>
<u>Indiana</u>	<u>2009</u>	<u>1</u>
	<u>2010</u>	<u>3</u>
	<u>2011</u>	<u>2</u>
<u>Iowa</u>	<u>2009</u>	<u>0</u>
	<u>2010</u>	<u>1</u>
	<u>2011</u>	<u>1</u>
<u>Kansas</u>	<u>2009</u>	<u>1</u>
	<u>2010</u>	<u>1</u>
	<u>2011</u>	<u>1</u>
<u>Kentucky</u>	<u>2009</u>	<u>0</u>
	<u>2010</u>	<u>1</u>
	<u>2011</u>	<u>0</u>
<u>Louisiana</u>	<u>2009</u>	<u>0</u>
	<u>2010</u>	<u>3</u>
	<u>2011</u>	<u>0</u>
<u>Massachusetts</u>	<u>2009</u>	<u>1</u>
	<u>2010</u>	<u>0</u>
	<u>2011</u>	<u>1</u>
<u>Michigan</u>	<u>2009</u>	<u>0</u>
	<u>2010</u>	<u>2</u>
	<u>2011</u>	<u>1</u>
<u>Minnesota</u>	<u>2009</u>	<u>3</u>
	<u>2010</u>	<u>1</u>
	<u>2011</u>	<u>7</u>
<u>Mississippi</u>	<u>2009</u>	<u>0</u>
	<u>2010</u>	<u>2</u>
	<u>2011</u>	<u>1</u>
<u>Missouri</u>	<u>2009</u>	<u>4</u>
	<u>2010</u>	<u>8</u>
	<u>2011</u>	<u>1</u>
<u>Nebraska</u>	<u>2009</u>	<u>2</u>
	<u>2010</u>	<u>0</u>
	<u>2011</u>	<u>0</u>
<u>New Mexico</u>	<u>2009</u>	<u>0</u>
	<u>2010</u>	<u>0</u>
	<u>2011</u>	<u>1</u>
<u>North Carolina</u>	<u>2009</u>	<u>3</u>
	<u>2010</u>	<u>1</u>
	<u>2011</u>	<u>0</u>

<u>State</u>	<u>Year</u>	<u>Number of Transfers</u>
<u>Oklahoma</u>	<u>2009</u>	<u>1</u>
	<u>2010</u>	<u>0</u>
	<u>2011</u>	<u>0</u>
<u>Pennsylvania</u>	<u>2009</u>	<u>0</u>
	<u>2010</u>	<u>0</u>
	<u>2011</u>	<u>2</u>
<u>South Carolina</u>	<u>2009</u>	<u>2</u>
	<u>2010</u>	<u>1</u>
	<u>2011</u>	<u>0</u>
<u>Washington</u>	<u>2009</u>	<u>2</u>
	<u>2010</u>	<u>1</u>
	<u>2011</u>	<u>1</u>
<u>West Virginia</u>	<u>2009</u>	<u>1</u>
	<u>2010</u>	<u>2</u>
	<u>2011</u>	<u>0</u>
<u>Wisconsin</u>	<u>2009</u>	<u>2</u>
	<u>2010</u>	<u>1</u>
	<u>2011</u>	<u>1</u>
<u>Wyoming</u>	<u>2009</u>	<u>0</u>
	<u>2010</u>	<u>0</u>
	<u>2011</u>	<u>1</u>
<u>TOTAL</u>	<u>2009</u>	<u>51</u>
	<u>2010</u>	<u>44</u>
	<u>2011</u>	<u>35</u>

Dairy Queen/Brazier Direct-Licensed Outlets
Status of Franchised Outlets
For Years 2009 to 2011

<u>State</u>	<u>Year</u>	<u>Outlets at Start of Year</u>	<u>Outlets Opened</u>	<u>Terminations</u>	<u>Non-Renewals</u>	<u>Reacquired by Franchisor</u>	<u>Ceased Operations - Other Reasons</u>	<u>Outlets at End of the Year</u>
<u>Alabama</u>	<u>2009</u>	<u>50</u>		<u>7</u>			<u>3⁽¹⁾</u>	<u>40</u>
	<u>2010</u>	<u>40</u>		<u>2</u>	<u>1</u>		<u>8⁽¹⁾</u>	<u>29</u>
	<u>2011</u>	<u>29</u>		<u>1</u>			<u>4⁽¹⁾</u>	<u>24</u>
<u>Alaska</u>	<u>2009</u>	<u>1</u>						<u>1</u>
	<u>2010</u>	<u>1</u>						<u>1</u>
	<u>2011</u>	<u>1</u>						<u>1</u>
<u>Arizona</u>	<u>2009</u>	<u>32</u>		<u>1</u>				<u>31</u>
	<u>2010</u>	<u>31</u>		<u>2</u>				<u>29</u>
	<u>2011</u>	<u>29</u>		<u>1</u>			<u>2⁽¹⁾</u>	<u>26</u>
<u>Arkansas</u>	<u>2009</u>	<u>9</u>		<u>1</u>				<u>8</u>

<u>State</u>	<u>Year</u>	<u>Outlets at Start of Year</u>	<u>Outlets Opene d</u>	<u>Termi na- tions</u>	<u>Non- Renewal s</u>	<u>Reacquire d by Franchiso r</u>	<u>Ceased Operation s - Other Reasons</u>	<u>Outlets at End of the Year</u>
	<u>2010</u>	<u>8</u>					<u>2⁽¹⁾</u>	<u>6</u>
	<u>2011</u>	<u>6</u>					<u>2⁽¹⁾</u>	<u>4</u>
<u>California</u>	<u>2009</u>	<u>49</u>					<u>2⁽¹⁾</u>	<u>47</u>
	<u>2010</u>	<u>47</u>		<u>1</u>	<u>1</u>		<u>2⁽¹⁾</u>	<u>43</u>
	<u>2011</u>	<u>43</u>			<u>1</u>		<u>2⁽¹⁾</u>	<u>40</u>
<u>Colorado</u>	<u>2009</u>	<u>28</u>					<u>3⁽¹⁾</u>	<u>25</u>
	<u>2010</u>	<u>25</u>					<u>3⁽¹⁾</u>	<u>22</u>
	<u>2011</u>	<u>22</u>					<u>3⁽¹⁾</u>	<u>19</u>
<u>Connecticut</u>	<u>2009</u>	<u>7</u>						<u>7</u>
	<u>2010</u>	<u>7</u>						<u>7</u>
	<u>2011</u>	<u>7</u>					<u>1⁽¹⁾</u>	<u>6</u>
<u>Delaware</u>	<u>2009</u>	<u>7</u>						<u>7</u>
	<u>2010</u>	<u>7</u>						<u>7</u>
	<u>2011</u>	<u>7</u>					<u>1⁽¹⁾</u>	<u>6</u>
<u>Florida</u>	<u>2009</u>	<u>38</u>		<u>1</u>			<u>2⁽¹⁾</u>	<u>35</u>
	<u>2010</u>	<u>35</u>					<u>8⁽¹⁾</u>	<u>27</u>
	<u>2011</u>	<u>27</u>		<u>1</u>			<u>3⁽¹⁾</u>	<u>23</u>
<u>Georgia</u>	<u>2009</u>	<u>129</u>		<u>5</u>			<u>8⁽¹⁾</u>	<u>116</u>
	<u>2010</u>	<u>116</u>		<u>3</u>			<u>18⁽¹⁾</u>	<u>95</u>
	<u>2011</u>	<u>95</u>		<u>2</u>			<u>13⁽¹⁾</u>	<u>80</u>
<u>Idaho</u>	<u>2009</u>	<u>18</u>	<u>1</u>	<u>1</u>			<u>10⁽¹⁾</u>	<u>8</u>
	<u>2010</u>	<u>8</u>		<u>1</u>			<u>1⁽¹⁾</u>	<u>6</u>
	<u>2011</u>	<u>6</u>						<u>6</u>
<u>Illinois</u>	<u>2009</u>	<u>105</u>		<u>5</u>			<u>11⁽¹⁾</u>	<u>89</u>
	<u>2010</u>	<u>89</u>					<u>15⁽¹⁾</u>	<u>74</u>
	<u>2011</u>	<u>74</u>	<u>1⁽⁵⁾</u>	<u>4</u>			<u>10⁽¹⁾</u>	<u>61</u>
<u>Indiana</u>	<u>2009</u>	<u>110</u>		<u>5</u>			<u>10⁽¹⁾</u>	<u>95</u>
	<u>2010</u>	<u>95</u>	<u>4⁽⁷⁾</u>				<u>11⁽¹⁾⁽⁸⁾</u>	<u>88</u>
	<u>2011</u>	<u>88</u>		<u>1</u>			<u>8⁽²⁾⁽³⁾</u>	<u>79</u>
<u>Iowa</u>	<u>2009</u>	<u>22</u>					<u>1⁽¹⁾</u>	<u>21</u>
	<u>2010</u>	<u>21</u>		<u>1</u>			<u>4⁽¹⁾</u>	<u>16</u>
	<u>2011</u>	<u>16</u>		<u>2</u>			<u>2⁽¹⁾</u>	<u>12</u>
<u>Kansas</u>	<u>2009</u>	<u>46</u>		<u>2</u>			<u>5⁽¹⁾</u>	<u>39</u>
	<u>2010</u>	<u>39</u>					<u>4⁽¹⁾</u>	<u>35</u>
	<u>2011</u>	<u>35</u>					<u>4⁽¹⁾</u>	<u>31</u>
<u>Kentucky</u>	<u>2009</u>	<u>27</u>		<u>4</u>			<u>3⁽¹⁾</u>	<u>20</u>
	<u>2010</u>	<u>20</u>		<u>1</u>			<u>5⁽¹⁾</u>	<u>14</u>
	<u>2011</u>	<u>14</u>	<u>1⁽⁸⁾</u>				<u>3⁽¹⁾</u>	<u>12</u>
<u>Louisiana</u>	<u>2009</u>	<u>26</u>		<u>1</u>			<u>2⁽¹⁾</u>	<u>23</u>

<u>State</u>	<u>Year</u>	<u>Outlets at Start of Year</u>	<u>Outlets Opened</u>	<u>Termi- na- tions</u>	<u>Non- Renewal s</u>	<u>Reacquire d by Franchiso r</u>	<u>Ceased Operation s - Other Reasons</u>	<u>Outlets at End of the Year</u>
<u>Maine</u>	<u>2010</u>	<u>23</u>					<u>3⁽²⁾</u>	<u>20</u>
	<u>2011</u>	<u>20</u>		<u>3</u>			<u>1⁽¹⁾</u>	<u>16</u>
	<u>2009</u>	<u>9</u>					<u>1⁽³⁾</u>	<u>8</u>
<u>Maryland</u>	<u>2010</u>	<u>8</u>						<u>8</u>
	<u>2011</u>	<u>8</u>						<u>8</u>
	<u>2009</u>	<u>5</u>						<u>5</u>
<u>Massachusetts</u>	<u>2010</u>	<u>5</u>						<u>5</u>
	<u>2011</u>	<u>5</u>						<u>5</u>
	<u>2009</u>	<u>7</u>						<u>7</u>
<u>Michigan</u>	<u>2010</u>	<u>7</u>					<u>3⁽¹⁾</u>	<u>4</u>
	<u>2011</u>	<u>4</u>					<u>1⁽¹⁾</u>	<u>3</u>
	<u>2009</u>	<u>31</u>		<u>1</u>				<u>30</u>
<u>Minnesota</u>	<u>2010</u>	<u>30</u>	<u>0</u>	<u>1</u>			<u>4⁽²⁾</u>	<u>25</u>
	<u>2011</u>	<u>25</u>		<u>1</u>				<u>24</u>
	<u>2009</u>	<u>123</u>		<u>1</u>			<u>7⁽¹⁾</u>	<u>115</u>
<u>Mississippi</u>	<u>2010</u>	<u>115</u>		<u>1</u>			<u>24⁽¹⁾</u>	<u>90</u>
	<u>2011</u>	<u>90</u>	<u>1⁽⁶⁾</u>	<u>1</u>			<u>5⁽²⁾</u>	<u>85</u>
	<u>2009</u>	<u>10</u>						<u>10</u>
<u>Missouri</u>	<u>2010</u>	<u>10</u>					<u>3⁽¹⁾</u>	<u>7</u>
	<u>2011</u>	<u>7</u>						<u>7</u>
	<u>2009</u>	<u>67</u>					<u>6⁽¹⁾</u>	<u>61</u>
<u>Nebraska</u>	<u>2010</u>	<u>61</u>			<u>1</u>		<u>7⁽¹⁾</u>	<u>53</u>
	<u>2011</u>	<u>53</u>		<u>1</u>	<u>1</u>		<u>6⁽¹⁾</u>	<u>45</u>
	<u>2009</u>	<u>20</u>						<u>20</u>
<u>Nevada</u>	<u>2010</u>	<u>20</u>	<u>1⁽⁴⁾</u>				<u>9⁽¹⁾</u>	<u>12</u>
	<u>2011</u>	<u>12</u>	<u>1⁽⁴⁾</u>					<u>13</u>
	<u>2009</u>	<u>5</u>					<u>2⁽¹⁾</u>	<u>3</u>
<u>New Hampshire</u>	<u>2010</u>	<u>3</u>						<u>3</u>
	<u>2011</u>	<u>3</u>						<u>3</u>
	<u>2009</u>	<u>3</u>						<u>3</u>
<u>New Mexico</u>	<u>2010</u>	<u>3</u>						<u>3</u>
	<u>2011</u>	<u>3</u>						<u>3</u>
	<u>2009</u>	<u>27</u>		<u>1</u>			<u>1⁽¹⁾</u>	<u>25</u>
<u>New York</u>	<u>2010</u>	<u>25</u>		<u>1</u>				<u>24</u>
	<u>2011</u>	<u>24</u>					<u>3⁽¹⁾</u>	<u>21</u>
	<u>2009</u>	<u>6</u>						<u>6</u>
<u>North Carolina</u>	<u>2010</u>	<u>6</u>						<u>6</u>
	<u>2011</u>	<u>6</u>					<u>1⁽¹⁾</u>	<u>5</u>
	<u>2009</u>	<u>14</u>		<u>1</u>			<u>1⁽¹⁾</u>	<u>12</u>

<u>State</u>	<u>Year</u>	<u>Outlets at Start of Year</u>	<u>Outlets Opened</u>	<u>Termi- na- tions</u>	<u>Non- Renewal s</u>	<u>Reacquire d by Franchiso r</u>	<u>Ceased Operation s - Other Reasons</u>	<u>Outlets at End of the Year</u>
	<u>2010</u>	<u>12</u>					<u>3⁽²⁾</u>	<u>9</u>
	<u>2011</u>	<u>9</u>					<u>2⁽¹⁾</u>	<u>7</u>
<u>Ohio</u>	<u>2009</u>	<u>33</u>		<u>1</u>				<u>32</u>
	<u>2010</u>	<u>32</u>					<u>2⁽²⁾⁽³⁾</u>	<u>30</u>
	<u>2011</u>	<u>30</u>		<u>1</u>			<u>4⁽¹⁾</u>	<u>25</u>
<u>Oklahoma</u>	<u>2009</u>	<u>6</u>	<u>1⁽⁶⁾</u>				<u>1⁽¹⁾</u>	<u>6</u>
	<u>2010</u>	<u>6</u>		<u>1</u>				<u>5</u>
	<u>2011</u>	<u>5</u>						<u>5</u>
<u>Oregon</u>	<u>2009</u>	<u>4</u>						<u>4</u>
	<u>2010</u>	<u>4</u>						<u>4</u>
	<u>2011</u>	<u>4</u>						<u>4</u>
<u>Pennsylvania</u>	<u>2009</u>	<u>22</u>					<u>3⁽¹⁾</u>	<u>19</u>
	<u>2010</u>	<u>19</u>		<u>1</u>			<u>4⁽¹⁾</u>	<u>14</u>
	<u>2011</u>	<u>14</u>					<u>1⁽¹⁾</u>	<u>13</u>
<u>South Carolina</u>	<u>2009</u>	<u>7</u>						<u>7</u>
	<u>2010</u>	<u>7</u>		<u>1</u>			<u>3⁽¹⁾</u>	<u>3</u>
	<u>2011</u>	<u>3</u>					<u>1⁽¹⁾</u>	<u>2</u>
<u>South Dakota</u>	<u>2009</u>	<u>5</u>					<u>1⁽¹⁾</u>	<u>4</u>
	<u>2010</u>	<u>4</u>					<u>3⁽¹⁾</u>	<u>1</u>
	<u>2011</u>	<u>1</u>						<u>1</u>
<u>Tennessee</u>	<u>2009</u>	<u>23</u>		<u>1</u>			<u>1⁽¹⁾</u>	<u>21</u>
	<u>2010</u>	<u>21</u>	<u>1⁽⁶⁾</u>	<u>2</u>			<u>2⁽²⁾⁽⁸⁾</u>	<u>18</u>
	<u>2011</u>	<u>18</u>	<u>2⁽⁶⁾⁽⁷⁾</u>	<u>1</u>			<u>1</u>	<u>18</u>
<u>Washington</u>	<u>2009</u>	<u>29</u>		<u>1</u>			<u>1⁽¹⁾</u>	<u>27</u>
	<u>2010</u>	<u>27</u>					<u>1⁽¹⁾</u>	<u>26</u>
	<u>2011</u>	<u>26</u>					<u>2⁽¹⁾</u>	<u>24</u>
<u>West Virginia</u>	<u>2009</u>	<u>48</u>					<u>7⁽¹⁾</u>	<u>41</u>
	<u>2010</u>	<u>41</u>						<u>41</u>
	<u>2011</u>	<u>41</u>		<u>1</u>			<u>3⁽¹⁾</u>	<u>37</u>
<u>Wisconsin</u>	<u>2009</u>	<u>73</u>		<u>2</u>			<u>2⁽¹⁾</u>	<u>69</u>
	<u>2010</u>	<u>69</u>		<u>1</u>			<u>10⁽¹⁾</u>	<u>58</u>
	<u>2011</u>	<u>58</u>					<u>2⁽¹⁾</u>	<u>56</u>
<u>Wyoming</u>	<u>2009</u>	<u>7</u>						<u>7</u>
	<u>2010</u>	<u>7</u>					<u>1⁽¹⁾</u>	<u>6</u>
	<u>2011</u>	<u>6</u>					<u>1⁽¹⁾</u>	<u>5</u>
<u>TOTALS</u>	<u>2009</u>	<u>1288</u>	<u>2</u>	<u>42</u>	<u>0</u>	<u>0</u>	<u>94</u>	<u>1154</u>
	<u>2010</u>	<u>1154</u>	<u>8</u>	<u>20</u>	<u>3</u>	<u>0</u>	<u>165</u>	<u>974</u>
	<u>2011</u>	<u>974</u>	<u>6</u>	<u>21</u>	<u>2</u>	<u>0</u>	<u>92</u>	<u>865</u>

- (1) These closings are all Dairy Queen/Brazier outlets that changed to DQ Grill & Chill outlets.
- (2) The following closings are Dairy Queen/Brazier outlets that changed to DQ Grill & Chill outlets: 7 in Indiana in 2011, 2 in Louisiana in 2010, 3 in Michigan in 2010, 4 in Minnesota in 2011, 2 in North Carolina in 2010, 1 in Ohio in 2010, 1 in Pennsylvania in 2009, 1 in Tennessee in 2010, 7 in Wisconsin in 2009.
- (3) The following closings are Dairy Queen/Brazier outlets that converted to DQ/Orange Julius outlets: 1 in Indiana in 2010, 1 in Maine in 2009, 1 in Ohio in 2010.
- (4) These openings were territory operator subfranchised outlets in which ADQ acquired the territory operator's subfranchisor rights in the restaurant franchise agreements: 1 in Nebraska in 2010, 1 in Nebraska in 2011.
- (5) The following openings are Dairy Queen/Limited Brazier outlets that converted to Dairy Queen/Brazier outlets: 1 in Illinois in 2011.
- (6) The following openings are Dairy Queen soft-serve only outlets that converted to Dairy Queen/Brazier outlets: 1 in Minnesota in 2011, 1 in Oklahoma in 2009, 1 in Tennessee in 2010, 1 in Tennessee in 2011.
- (7) The following openings were NSF outlets that changed to Dairy Queen/Brazier outlets: 3 in Indiana in 2010, in Nebraska in 2010, 1 in Tennessee in 2011.
- (8) As part of the process of divesting company-owned locations, as further described in Item 1, DQWO and DQJV sold their interest in three Dairy Queen/Brazier locations; these locations are now franchised locations instead of company-owned locations: 1 in Indiana in 2010, 1 in Kentucky in 2011, 1 in Tennessee in 2010.

Dairy Queen/Brazier Direct-Licensed Outlets
Status of Company-Owned Outlets
For Years 2009 to 2011⁽²⁾

<u>State</u>	<u>Year</u>	<u>Outlets at Start of Year</u>	<u>Outlets Opened</u>	<u>Outlets Reacquire d from Franchisee</u>	<u>Outlets Closed</u>	<u>Outlets Sold to Franchise e</u>	<u>Outlets at End of the Year</u>
<u>Indiana</u>	<u>2009</u>	<u>1</u>					<u>1</u>
	<u>2010</u>	<u>1</u>				<u>1⁽²⁾</u>	<u>0</u>
	<u>2011</u>	<u>0</u>					<u>0</u>
<u>Kentucky</u>	<u>2009</u>	<u>7</u>			<u>5⁽¹⁾</u>		<u>2</u>
	<u>2010</u>	<u>2</u>			<u>1⁽¹⁾</u>		<u>1</u>
	<u>2011</u>	<u>1</u>				<u>1⁽²⁾</u>	<u>0</u>
<u>Tennessee</u>	<u>2009</u>	<u>1</u>					<u>1</u>
	<u>2010</u>	<u>1</u>				<u>1⁽²⁾</u>	<u>0</u>
	<u>2011</u>	<u>0</u>					<u>0</u>
<u>Totals</u>	<u>2009</u>	<u>9</u>	<u>0</u>	<u>0</u>	<u>5</u>	<u>0</u>	<u>4</u>
	<u>2010</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>2</u>	<u>1</u>
	<u>2011</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>

(1) These closings are all Dairy Queen/Brazier outlets that changed to DQ Grill & Chill outlets.

(2) As part of the process of divesting company-owned locations, as further described in Item 1, DQWO and DQJV sold their interest in 3 Dairy Queen/Brazier locations; these locations are now franchised locations instead of company-owned locations: 1 in Indiana in 2010, 1 in Kentucky in 2011, 1 in Tennessee in 2010.

Dairy Queen/Brazier Direct-Licensed Outlets

Projected Openings

As Of December 31, 2011

<u>State</u>	<u>Franchise Agreements Signed But Outlet Not Opened</u>	<u>Projected New Franchised Outlets In The Next Fiscal Year</u>	<u>Projected New Company-Owned Outlets In The Next Fiscal Year</u>
<u>Total</u>	<u>0</u>	<u>0</u>	<u>0</u>

The information provided below regarding subfranchised outlets is provided by territory operators and is not independently verified by ADQ.

Dairy Queen/Brazier Subfranchised Territory Operator Outlets

Systemwide Outlet Summary

For Years 2009 to 2011

<u>Outlet Type</u>	<u>Year</u>	<u>Outlets at the Start of the Year</u>	<u>Outlets at the End of the Year</u>	<u>Net Change</u>
<u>Franchised</u>	<u>2009</u>	<u>637</u>	<u>599</u>	<u>-38</u>
	<u>2010</u>	<u>599</u>	<u>525</u>	<u>-74</u>
	<u>2011</u>	<u>525</u>	<u>482</u>	<u>-43</u>
<u>Company-Owned</u>	<u>2009</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2010</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2011</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Total Outlets</u>	<u>2009</u>	<u>637</u>	<u>599</u>	<u>-38</u>
	<u>2010</u>	<u>599</u>	<u>525</u>	<u>-74</u>
	<u>2011</u>	<u>525</u>	<u>482</u>	<u>-43</u>

Dairy Queen/Brazier Subfranchised Territory Operator Outlets

Transfer of Outlets from Franchisees to New Owners (other than the Franchisor)

For Years 2009 to 2011

<u>State</u>	<u>Year</u>	<u>Number of Transfers</u>
<u>Arizona</u>	<u>20082009</u>	<u>1</u>
	<u>2010</u>	<u>0</u>
	<u>20092011</u>	<u>10</u>
	<u>2010</u>	<u>0</u>
<u>Florida</u>	<u>2008</u>	<u>0</u>
<u>Arkansas</u>	<u>2009</u>	<u>10</u>
	<u>2010</u>	<u>10</u>

State	Year	Number of Transfers
	<u>2011</u>	<u>1</u>
<u>Florida</u>	<u>2009</u>	<u>1</u>
	<u>2010</u>	<u>1</u>
	<u>2011</u>	<u>0</u>
Georgia	2008 <u>2009</u>	14
	2009	4
	2010	2
Iowa	2008 <u>2011</u>	02
	2009	4
	2010	0
Montana	2008	4
<u>Indiana</u>	2009	0
	2010	0
Nebraska	2008 <u>2011</u>	1
<u>Iowa</u>	<u>2009</u>	<u>1</u>
	<u>2010</u>	<u>0</u>
	2009 <u>2011</u>	3
	2010	0
New Jersey	2008	4
<u>Montana</u>	2009	0
	2010	0
	<u>2011</u>	<u>1</u>
<u>Nebraska</u>	<u>2009</u>	<u>3</u>
	<u>2010</u>	<u>0</u>
	<u>2011</u>	<u>0</u>
<u>Nevada</u>	<u>2009</u>	<u>0</u>
	<u>2010</u>	<u>0</u>
	<u>2011</u>	<u>1</u>
New Mexico	2008 <u>2009</u>	2
	2009	2
	2010	0
	<u>2011</u>	<u>1</u>
North Dakota	2008 <u>2009</u>	1
	2009	4
	2010	0
	<u>2011</u>	<u>0</u>
Ohio	2008 <u>2009</u>	57
	2009	7
	2010	2
	<u>2011</u>	<u>1</u>
Oregon	2008 <u>2009</u>	31

State	Year	Number of Transfers
	2009	4
	2010	6
	<u>2011</u>	<u>3</u>
	2008 <u>2009</u>	13
Pennsylvania	2009	3
	2010	4
	<u>2011</u>	<u>3</u>
	2008 <u>2009</u>	0
South Dakota	2009	0
	2010	2
	<u>2011</u>	<u>1</u>
	2008 <u>2009</u>	12
Tennessee	2009	2
	2010	1
	<u>2011</u>	<u>1</u>
	2008 <u>2009</u>	13
Utah	2009	3
	2010	0
	<u>2011</u>	<u>0</u>
	2008 <u>2009</u>	41
Virginia	2009	4
	2010	3
	<u>2011</u>	<u>3</u>
	2008 <u>2009</u>	23
Washington	2009	3
	2010	10
	<u>2011</u>	<u>4</u>
	2008 <u>2011</u>	4
Wisconsin	2009	0
	2010	0
	<u>2011</u>	<u>29</u>
	2008 <u>2009</u>	33
Total	2009	33
	2010	31
	<u>2011</u>	<u>26</u>
	2008 <u>2009</u>	29

Dairy Queen®/Brazier® Subfranchised Territory Operator Outlets
Status of Franchised Outlets
For years ~~2008~~ Years 2009 to 2010 2011

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Arizona	2008 2009	26 24		1			1 2 ⁽³⁾	24 21
	2009	24		1			2 ⁽⁴⁾	21
	2010	21		1				20
	<u>2011</u>	<u>20</u>						<u>20</u>
Arkansas	2008 2009	32	1	2				2
	2009	2						2
	2010	2						2
	<u>2011</u>	<u>2</u>						<u>2</u>
California	2008 2009	1						1
	2009	1						1
	2010	1						1
	<u>2011</u>	<u>1</u>						<u>1</u>
Colorado	2008 2009	3						3
	2009	3						3
	2010	3						3
	<u>2011</u>	<u>3</u>						<u>3</u>
Florida	2008 2009	9		<u>1</u>				<u>9</u> 8
	2009	9		1				8
	2010	8					1	7
	<u>2011</u>	<u>7</u>						<u>7</u>
Georgia	2008 2009	28 27	1	1			1 2 ⁽²⁾	27 26
	2009	27		1				26
	2010	26					4 ⁽²⁾	22
	<u>2011</u>	<u>22</u>		<u>2</u>				<u>20</u>
Illinois	2008 2009	2						2
	2009	2						2
	2010	2					2 ⁽²⁾	0
	<u>2011</u>	<u>0</u>						<u>0</u>
Indiana	2008 2009	3						3
	2009	3						3
	2010	3						3
	<u>2011</u>	<u>3</u>						<u>3</u>
Iowa	2008 2009	16		<u>1</u>			1 2 ⁽²⁾	16 14
	2009	16		1			1 ⁽²⁾	14
	2010	14						14
	<u>2011</u>	<u>14</u>					<u>1</u> 2 ⁽²⁾	<u>13</u>

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Kansas	2008 <u>2009</u>	3		<u>1</u>				<u>32</u>
	2009	3		4				2
	2010	2		1				1
	<u>2011</u>	<u>1</u>						<u>1</u>
Kentucky	2008 <u>2009</u>	5						5
	2009	5						5
	2010	5		1			2 ⁽²⁾	2
	<u>2011</u>	<u>2</u>					<u>1</u> ⁽²⁾	<u>1</u>
Michigan	2008 <u>2009</u>	2					<u>1</u> ⁽²⁾	<u>21</u>
	2009	2					4 ⁽²⁾	4
	2010	1						1
	<u>2011</u>	<u>1</u>						<u>1</u>
Missouri	2008 <u>2009</u>	1						1
	2009	4						4
	2010	1						1
	<u>2011</u>	<u>1</u>					<u>1</u> ⁽²⁾	<u>0</u>
Montana	2008 <u>2009</u>	29 <u>27</u>					2 ⁽²⁾	27
	2009	27						27
	2010	27					6 ⁽²⁾	21
	<u>2011</u>	<u>21</u>		<u>1</u>				<u>20</u>
Nebraska	2008 <u>2009</u>	13					2 ⁽²⁾	13 <u>11</u>
	2009 <u>2010</u>	13 <u>11</u>					2 ⁽²⁾	11
	2010 <u>2011</u>	11						11
Nevada	2008 <u>2009</u>	4						4
	2009	4						4
	2010	4						4
	<u>2011</u>	<u>4</u>						<u>4</u>
New Jersey	2008 <u>2009</u>	10 <u>8</u>		2				8
	2009	8						8
	2010	8						8
	<u>2011</u>	<u>8</u>		<u>1</u>				<u>7</u>
New Mexico	2008 <u>2009</u>	8						8
	2009	8						8
	2010	8					1 ⁽²⁾	7
	<u>2011</u>	<u>7</u>						<u>7</u>
North Carolina	2008 <u>2009</u>	<u>97</u>		4			4 ⁽²⁾	7

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2009	7						7
	2010	7						7
	2011	7					1 ⁽²⁾	6
North Dakota	20082009	2423		+			1 ⁽²⁾	2322
Ohio	2009	23					1 ⁽²⁾	22
	2010	22		1			6 ⁽²⁾	15
	20082011	12315		10			4 ⁽¹⁾ 1 ⁽²⁾	10914
Ohio	2009	109	5				8 ⁽²⁾	106
	2010	106		2			8 ⁽²⁾	96
	2011	96					8 ⁽²⁾⁽⁴⁾	88
Oregon	20082009	8977		1			122 ⁽²⁾	7774
	2009	77		+			2 ⁽²⁾	74
	2010	74					5 ⁽²⁾	69
	2011	69	1 ⁽¹⁾				10	60
Pennsylvania	20082009	7976	1	31			1 ⁽³⁾	7675
	2009	76	+	+			1 ⁽³⁾	75
	2010	75					8 ⁽²⁾⁽³⁾	67
	2011	67		2			3 ⁽²⁾⁽³⁾	62
South Carolina	20082009	32			+			2
	2009	2						2
	2010	2						2
	2011	2						2
South Dakota	20082009	2825		1			36 ⁽²⁾	2518
	2009	25		+			6 ⁽²⁾	18
	2010	18					1 ⁽²⁾	17
	2011	17					1 ⁽²⁾	16
Tennessee	20082009	13	2	2				13
	20092010	13					2 ⁽²⁾	1311
	20102011	1311		1			2 ⁽²⁾	118
Utah	20082009	1617	+	1				1716
	2009	17		+				16
	2010	16		1				15
	2011	15						15
Virginia	20082009	6665		12			6 ⁽²⁾	6557
	2009	65		2			6 ⁽²⁾	57
	2010	57		1			10 ⁽²⁾	46

State	Year	Outlets at Start of Year	Outlets Opened	Terminationstions	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Washington	2011	46		2			3⁽²⁾	41
	2008 2009	60 59	1	1			13 3⁽²⁾	59 56
	2009	59					3 ⁽²⁾	56
	2010	56					9 ⁽²⁾	47
	2011	47		1			2⁽²⁾	44
West Virginia	2008 2009	3						3
	2009	3						3
	2010	3		1				2
	2011	2						2
Wisconsin	2008 2009	26 3					23 ⁽⁴⁾	3
	2009	3						3
	2010	3						3
	2011	3						3
Totals	2008 2009	705 637	6	25 11	10	0	48 33	637 599
	2009	637	6	11	0	0	33	599
	2010	599	0	9	0	0	65	525
	2011	525	1	10	0	0	34	482

- (1) ~~ADQ acquired various territory operators' subfranchisor's rights in the franchise agreements for the following outlets, and these outlets are now included in the~~
The following openings are non-system food outlets that converted to Dairy Queen®/Brazier® Direct Licensed Outlet tables above: one in Ohio in 2008, twenty-three in Wisconsin in 2008, **Brazier outlets: 1 in Oregon in 2011.**
- (2) The following closings are Dairy Queen®/Brazier® outlets that changed to DQ Grill & Chill® outlets: ~~one~~**1** in Florida in 2010, ~~one~~ in Georgia in 2008, ~~four~~**4** in Georgia in 2010, ~~two~~**2** in Illinois in 2010, ~~one~~**1** in Iowa in 2009, ~~two~~**1 in Iowa in 2011, 2** in Kentucky in 2010, ~~one~~**1 in Kentucky in 2011, 1** in Michigan in 2009, ~~two~~**1 in Missouri** in 2008, ~~six~~**2011, 6** in Montana in 2010, ~~two~~**2** in Nebraska in 2009, ~~one~~**1** in New Mexico in 2010, ~~one~~**1** in North Carolina in 2008, ~~one~~**2011, 1** in North Dakota in 2009, ~~six~~**6** in North Dakota in 2010, ~~three~~ in Ohio in 2008, ~~eight~~ in Ohio in 2009, ~~eight~~ in Ohio in 2010, ~~twelve~~ in Oregon in 2008, ~~two~~ in Oregon in 2009, ~~five~~ in Oregon in 2010, ~~seven~~**1 in North Dakota in 2011, 8 in Ohio in 2009, 8 in Ohio in 2010, 7 in Ohio in 2011, 2 in Oregon in 2009, 5 in Oregon in 2010, 7** in Pennsylvania in 2010; ~~three~~**2** in South Dakota in 2008, ~~six~~**Pennsylvania in 2011, 6** in South Dakota in 2009, ~~one~~**1** in South Dakota in 2010, ~~two~~**1 in South Dakota in 2011, 2** in Tennessee in 2010, ~~six~~**2 in Tennessee in 2011, 6** in Virginia in 2009, ~~ten~~**10** in Virginia in 2010, ~~one~~ in Washington in 2008, ~~three~~**3 in Virginia in 2011, 3** in Washington in 2009, ~~nine~~ in Washington in 2010, ~~9~~ **in Washington in 2010, 2 in Washington in 2011.**

- (3) These following closings are Dairy Queen®/Brazier® outlets that converted to Dairy Queen®/Limited Brazier® outlets: one in Arizona in 2008, one in Arizona in 2009, one in Pennsylvania in 2009, one in Pennsylvania in 2010, 1 in Arizona in 2009, 1 in Pennsylvania in 2009, 1 in Pennsylvania in 2010, 1 in Pennsylvania in 2011.
- (4) These following closings are Dairy Queen/Brazier outlets that converted to DQ/Orange Julius outlets: 1 in Ohio in 2011.

**Dairy Queen®/Brazier® Subfranchised Territory Operator Outlets
Status of Company-Owned Outlets
For years ~~2008~~2009 to ~~2010~~2011**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Totals	2008 2009	0	0	0	0	0	0
	2009 2010	0	0	0	0	0	0
	2010 2011	0	0	0	0	0	0

**Dairy Queen®/Brazier® Subfranchised Territory Operator Outlets
Projected Openings
As Of December 31, ~~2010~~2011⁽¹⁾**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In The Next Fiscal Year
Totals	--	--	--

- (1) Territory operators are not contractually required to provide ADQ with information for their projected openings. Therefore, we are unable to provide this information.

**Texas DQ Restaurant Direct-Licensed Outlets
Systemwide Outlet Summary
For Years 2009 to 2011⁽¹⁾**

<u>Outlet Type</u>	<u>Year</u>	<u>Outlets at the Start of the Year</u>	<u>Outlets at the End of the Year</u>	<u>Net Change</u>
<u>Franchised</u>	<u>2009</u>	<u>565</u>	<u>565</u>	<u>0</u>
	<u>2010</u>	<u>565</u>	<u>565</u>	<u>0</u>
	<u>2011</u>	<u>565</u>	<u>565</u>	<u>0</u>
<u>Company-Owned</u>	<u>2009</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2010</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2011</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Total Outlets</u>	<u>2009</u>	<u>565</u>	<u>565</u>	<u>0</u>
	<u>2010</u>	<u>565</u>	<u>565</u>	<u>0</u>
	<u>2011</u>	<u>565</u>	<u>565</u>	<u>0</u>

- (1) In 1980, ADQ acquired the Texas territory operator's subfranchisor rights in over 900 subfranchised Dairy Queen restaurants, none of which carry the Dairy Queen/Brazier or

DQ Grill & Chill food lines because of various arrangements. The majority of the Texas Restaurants have a non-system food called "Texas Country Food."

Texas DQ Restaurant Direct-Licensed Outlets
Transfer of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2009 to 2011

<u>State</u>	<u>Year</u>	<u>Number of Transfers</u>
<u>Texas</u>	<u>2009</u>	<u>54</u>
	<u>2010</u>	<u>44</u>
	<u>2011</u>	<u>26</u>
<u>Total</u>	<u>2009</u>	<u>54</u>
	<u>2010</u>	<u>44</u>
	<u>2011</u>	<u>26</u>

Texas DQ Restaurant Direct-Licensed Outlets
Status of Franchised Outlets
For Years 2009 to 2011

<u>State</u>	<u>Year</u>	<u>Outlets at Start of Year</u>	<u>Outlets Opened</u>	<u>Terminations</u>	<u>Non-Renewals</u>	<u>Reacquired by Franchisor</u>	<u>Ceased Operations - Other Reasons</u>	<u>Outlets at End of the Year</u>
<u>Texas</u>	<u>2009</u>	<u>565</u>	<u>5</u>	<u>4</u>			<u>1</u>	<u>565</u>
	<u>2010</u>	<u>565</u>	<u>3</u>	<u>2</u>	<u>1</u>			<u>565</u>
	<u>2011</u>	<u>565</u>	<u>6</u>	<u>6</u>				<u>565</u>
<u>Totals</u>	<u>2009</u>	<u>565</u>	<u>5</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>565</u>
	<u>2010</u>	<u>565</u>	<u>3</u>	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>565</u>
	<u>2011</u>	<u>565</u>	<u>6</u>	<u>6</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>565</u>

Texas DQ Restaurant Direct-Licensed Outlets
Status of Company-Owned Outlets
For years 2009 to 2011

<u>State</u>	<u>Year</u>	<u>Outlets at Start of Year</u>	<u>Outlets Opened</u>	<u>Outlets Reacquired from Franchisee</u>	<u>Outlets Closed</u>	<u>Outlets Sold to Franchisee</u>	<u>Outlets at End of the Year</u>
<u>Totals</u>	<u>2009</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2010</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2011</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Texas DQ Restaurant Direct-Licensed Outlets
Projected Openings
As Of December 31, 2011

<u>State</u>	<u>Franchise Agreements Signed But Outlet Not Opened</u>	<u>Projected New Franchised Outlets In The Next Fiscal Year</u>	<u>Projected New Company-Owned Outlets In The Next Fiscal Year</u>
<u>Texas</u>	<u>2</u>	<u>8</u>	
<u>Totals</u>	<u>2</u>	<u>8</u>	<u>0</u>

States not listed in the tables above had no activity of the kind described. Except as noted in this Item, neither ADQ nor any of its affiliates operate any company-owned outlets substantially similar to that offered under this disclosure document. In addition, no person listed in Item 2, their immediate families or any business entities owned by them operate any company-owned outlets.

Included as Exhibit ~~II~~ **III** is a list of ADQ's DQ Grill & Chill, Dairy Queen/Brazier and Dairy Queen/Limited Brazier franchises in Minnesota.

Included in this disclosure document as Exhibit ~~II~~ **III** is a list of all franchisees who have had a DQ Grill & Chill, Dairy Queen/Brazier or Dairy Queen/Limited Brazier franchise terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the operating agreement (including transfers) during the most recently completed fiscal year or who have not communicated with ADQ during the 10 weeks preceding December 31, ~~2010~~ **2011**. This list does not include those ADQ franchisees who close their seasonal restaurants for part of the year and may have done so before December 31, ~~2010~~ **2011** or those franchisees with old operating agreements who are not required to pay fees or submit restaurant reports to ADQ. These franchisees continue to do business under their operating agreements.

If you buy this subfranchise, your contact information may be disclosed to other buyers when you leave the DQ system.

In some instances, during the last 3 fiscal years, current and former franchisees of ADQ have signed provisions restricting their ability to speak openly about their experience with the DQ system. You may want to speak with current and former franchisees, but be aware that not all franchisees will be able to communicate with you about certain aspects of a dispute or their experience with ADQ.

The Franchise Advisory Council ("FAC") is sponsored by ADQ. You can reach the organization at 7505 Metro Boulevard, P.O. Box 390286, Minneapolis, MN 55439, ADQ contact: ~~Michael Keller~~ **Barry Westrum**, (952) 830-0200, ~~michael.keller~~ **barry.westrum** @idq.com (no website dedicated to council). ADQ also sponsors the Supply Chain Advisory Council ("SCAC"), currently with all members elected by franchisees, although ADQ may appoint an "at large" member. The business address for the SCAC is the same as for the FAC, and the ADQ contact is Roger Hubbard, (952) 830-0200, roger.hubbard@idq.com (no website dedicated to council). ~~No~~ **The following independent franchisee organization has organizations have asked to be included in this disclosure document as of the date of this disclosure document:**
Dairy Queen Operator's Association, Inc., 1719 Lake Drive West, Chanhassen, MN 55317,

dgoa@dgoa-dgoc.com, www.dgoa-dgoc.com, Phone: (952) 556-5511, and Texas Dairy Queen Operators Council, 2120 Forum Parkway, Bedford, TX 76021, Telephone: 817-283-2616, E-mail: lnewell@dgtxas.com, Website: www.dgtxas.com.

Item 21

FINANCIAL STATEMENTS

DQ MT/ND and **ADQ** are independent business organizations and neither is responsible for the financial condition or financial statements of the other. **DQ MT/ND** does not guarantee **ADQ**'s performance to you. Neither **ADQ** nor **IDQ** guarantees **DQ MT/ND**'s performance to you.

The following audited financial statements of **DQ MT/ND** are included as Exhibit ~~K~~**J**: balance sheets as of December 31, 2010, ~~2009~~**2011, 2010** and 2008,~~2009~~, and statements of operations, stockholders' equity and cash flows for the years ending December 31, 2010, ~~2009~~**2011, 2010** and 2008,~~2009~~, together with the report of independent auditors.

The following audited financial statements of **IDQ** are included as Exhibit ~~L~~**K**: Consolidated balance sheets at December 31, 2010~~2011~~ and ~~2009~~**2010** and related consolidated statements of income, stockholder's equity and cash flows for each of the years ended December 31, 2010, ~~2009~~**2011, 2010** and 2008,~~2009~~, together with the report of independent auditors.

The financial statements of **IDQ** are the consolidated financial statements of **IDQ**, the parent corporation of **ADQ** and its other subsidiaries. **ADQ**'s separate financial statements are not included in this disclosure document.

Item 22

CONTRACTS

This disclosure document includes a sample of the following contracts:

Exhibit B - Operating Agreement and Addenda
Exhibit C - Design Services Agreement
Exhibit D - Draft Authorization Form
Exhibit E - Gift Card Participation Agreement
~~Exhibit F - POSitouch Sales Contract~~

Item 23

RECEIPTS

Exhibit ~~N~~**M** includes detachable documents acknowledging your receipt of this disclosure document.

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

- (1) Item 1 of this disclosure document is modified to include the following paragraph:

The Head Franchisor does not guarantee performance by **DQ MT/ND** of its subfranchise obligations. **DQ MT/ND** does not guarantee performance by the Head Franchisor of its franchise obligations. However, the territorial subfranchising contracts between Head Franchisor and **DQ MT/ND** provide that, upon termination of the territorial subfranchising contracts, all right, title and interest of **DQ MT/ND** in and to the contracts and as subfranchisor in and to subfranchise agreements issued under the contracts shall become the property of Head Franchisor, **DQ MT/ND** 's right and license to conduct the subfranchising business described in the contracts shall revert to Head Franchisor, and Head Franchisor shall assume **DQ MT/ND** 's obligations under the subfranchise agreements from the dates of termination.

- (2) Item 3 of this disclosure document is modified to include the following language:

Other than as stated in this Item 3, neither **DQ MT/ND**, Head Franchisor, nor any individual listed in Item 2, have pending any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) alleging a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations, except as follows:

Other than as stated in this Item 3, neither **DQ MT/ND**, Head Franchisor nor any individual listed in Item 2 have been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded nolo contendere to a misdemeanor charge or been held liable in a civil action by final judgment or been the subject of a material complaint or other legal proceeding where such misdemeanor conviction or charge or civil action, complaint or other legal proceeding involved violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations.

Other than stated in this Item 3, neither **DQ MT/ND**, Head Franchisor nor any individual listed in Item 2 are subject to any injunctive or restrictive order or decree relating to franchises or under any Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency.

- (3) Item 4 of this disclosure document is modified to include the following paragraph:

Other than as stated in this Item 4, during the 10-year period immediately preceding the date of this disclosure document, neither **DQ MT/ND**, Head Franchisor, nor any of their predecessors, nor any person identified in Item 2 above, has been adjudged bankrupt or reorganized due to insolvency or been a principal officer of any company or a general partner in any partnership that was

adjudged bankrupt or reorganized due to insolvency during or within 1 year after the period that such officer of ours held such position in such company or partnership, and no such bankruptcy or reorganization proceeding has been commenced.

- (4) Item 5 of this disclosure document is modified to include the following paragraph:

Initial franchise fees are used to defray costs incurred by DQ MT/ND in connection with the sale of franchises. Any funds not expended are retained for DQ MT/ND's general operating and administrative expenses.

- (5) Item 17, Summary column for (d), is modified to include the following sentence:

You may also terminate on any grounds available by law.

- (6) Items 17 of this disclosure document, the summary column of part (j), is modified to include the following language:

However, no transfer or assignment will be made except to a person who, in DQ MT/ND's good faith judgment, is willing and able to assume its obligations under the operating agreement.

NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

- (1) Item 17(c) is amended to add the following:

Any release signed as a condition of renewal will not apply to any claims you may have under the North Dakota Franchise Investment Law.

- (2) Item 17(i) is amended to add the following:

Liquidated damages (termination fee) will not apply to North Dakota franchisees.

- (3) Item 17(r) is modified to add:

Non-competition covenants after the franchise is terminated or expires are unenforceable in North Dakota.

EXHIBIT A

AGENCIES/AGENTS FOR SERVICE OF PROCESS

**AGENCIES/AGENTS
FOR SERVICE OF PROCESS**

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as **DQ MT/ND**'s and ADQ's agents for service of process (to the extent that **DQ MT/ND** and ADQ are registered in their states). **DQ MT/ND** operates only in Minnesota, Montana, New York and North Dakota.

State	State Agency	Agent for Service of Process
CALIFORNIA	California Corporations Commissioner Department of Corporations 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	California Corporations Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-4026	Minnesota Commissioner of Commerce
MONTANA	Not Applicable	Diane M. L. Brown 126 E. Broadway, Suite 10 Missoula, MT 59807-0000
NEW YORK	New York State Department of Law Bureau of Investor Protection and Securities 120 Broadway, 23 rd Floor New York, NY 10271 (212) 416-8211	Secretary of State State of New York 41 State Street Albany, NY 11231

State	State Agency	Agent for Service of Process
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5 th Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Department of Revenue and Regulation Division of Securities 445 East Capitol Avenue Pierre, SD 57501-3185 (605) 773-4823	Director of South Dakota Division of Securities
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT B

OPERATING AGREEMENT AND ADDENDA

OPERATING AGREEMENT

Authorized Location:

Street

City

State

Zip Code

Effective Date:

(to be completed by Territory Operator)

Expiration Date:

(to be completed by Territory Operator)

Confidential

(DQ G&C T.O. Subf Agmt) 4/4/12

® Reg. U.S. Pat. and TM. Off. American Dairy Queen Corporation

DQ OF MT/ND-06140712

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OPERATING AGREEMENT

This Agreement is entered into this _____ day of _____, _____, between **DAIRY QUEEN MONTANA / NORTH DAKOTA LLC**, of 126 East Broadway, Suite 10, Missoula, Missoula County, Montana 59802 (herein referred to as "Territory Operator"), and _____ of the city of _____, county of _____, and state of _____ (herein referred to as "Licensee").

RECITALS

WHEREAS, American Dairy Queen Corporation (herein referred to as "Company") and its predecessors and affiliates have expended considerable time, effort, skill and financial resources in developing the "System" (as defined in subparagraph 1.G); and,

WHEREAS, Company ~~is the owner of~~ owns or licenses from its affiliates the "Trademarks" (as defined in subparagraph 1.H), including the DQ Grill & Chill®, DQ®, Brazier® and Dairy Queen® trademarks and other trademarks used in connection with the System; and,

WHEREAS, Territory Operator is a licensee of Company in certain geographical areas, including the territory which includes the Authorized Location (as described in Paragraph 2) and is authorized to enter into sublicense agreements pursuant to that certain Dairy Queen® Territory Agreement (herein referred to as "Territory Agreement") entered into in 1968 by and between Company and Territory Operator; and,

WHEREAS, Territory Operator's sublicense rights include the right to license others, in accordance with the terms of the Territory Agreement, to use certain of the Trademarks in connection with the System; and

WHEREAS, Licensee desires to obtain the right to develop and operate one "Restaurant" (as defined in subparagraph 1.F) using the System; and

WHEREAS, Territory Operator is willing to grant Licensee the authority to develop and operate a Restaurant at the Authorized Location, but solely under the terms and conditions set forth herein which Company and Territory Operator believe necessary in order to protect the valuable Trademarks; and

WHEREAS, Licensee acknowledges that such terms and conditions are necessary and/or appropriate in order to protect the Trademarks and the goodwill associated therewith, and Licensee is willing to operate a Restaurant pursuant to such terms and conditions.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and considerations set forth herein, the parties hereby agree as follows:

DEFINITIONS

1. For purposes of this Agreement, the terms set forth below shall have the following definitions:

A. "Control Person" shall mean an individual who has the authority to, and does in fact, actively direct the business affairs of Licensee in regard to the Restaurant and is responsible for overseeing the general management of the day-to-day operations of the Restaurant. Unless Licensee notifies Territory Operator otherwise in writing, a Control Person who does not have an ownership interest in Licensee shall be deemed to have authority to sign on behalf of Licensee on all contracts and commercial documents. If the named Licensee is one or more individuals, each such individual shall be deemed to be a Control Person of Licensee. Licensee's Control Person(s) are identified on the Ownership and Management Addendum attached to this Agreement, **and Licensee will notify Territory Operator of any change in such Control Person(s).**

B. "Designated Manager" shall mean an individual designated by Licensee who (i) personally invests his or her full time and attention and devotes his or her best efforts to the on-premises general management of the day-to-day operations of the Restaurant, (ii) meets Territory Operator's prior restaurant or retail management experience requirements, and (iii) does not participate in the active operation or management of any business other than the Restaurant. Licensee's Designated Manager also may be a Control Person or Principal Owner.

C. "Gross Sales" shall include the total revenues and receipts from the sale of all products sold by Licensee's Restaurant including, but not limited to, sales of all products under any of the Trademarks as well as sales of other products, services and merchandise, whether or not identified by other brand names, and excluding sales taxes and revenues and receipts arising directly from Licensee's sale of gift cards.

D. "Menu" shall mean the Menu attached hereto as Appendix B, as it may from time to time be modified and changed by Company.

E. "Principal Owner" shall mean any person or entity who directly or indirectly owns a 10% or greater interest in Licensee. If any corporation or other entity other than a partnership is a Principal Owner, a "Principal Owner" shall also mean each shareholder or owner of a 10% or greater interest in such corporation or other entity. If any partnership is a Principal Owner, a "Principal Owner" shall also mean each general partner of such partnership and, if such general partner is an entity, each owner of a 10% or greater interest in such general partner. If the named Licensee is one or more individuals, each such individual shall be deemed to be a Principal Owner of Licensee. Licensee's Principal Owner(s) are identified on the Ownership and Management Addendum attached to this Agreement.

F. "Restaurant" shall mean Licensee's DQ Grill & Chill® restaurant, DQ® restaurant, Dairy Queen®/Brazier® restaurant, Dairy Queen®/Limited Brazier® store or Dairy Queen® store developed and operated pursuant to this Agreement.

G. "System" shall mean the DQ® system which consists of the sale of distinctive dairy products, beverages, food products and other products and services under Company's Trademarks utilizing certain distinctive types of facilities, equipment (including, without limitation, the EPOS System and any required Computer Systems described in subparagraph 6.DE), supplies, ingredients, secret and confidential formulas, business techniques, methods, procedures, standards and specifications together with

sales promotion programs, as the same may be modified and improved from time to time by Company.

H. "Trademarks" shall mean the trademarks, service marks, trade names and commercial symbols set forth on Appendix A, as they may from time to time be modified and changed by Company, including the DQ Grill & Chill®, Brazier®, DQ®, and Dairy Queen® trademarks and service marks which have been registered in the United States and elsewhere. Licensee acknowledges and agrees that Licensee is authorized to use only the Trademarks for the type of restaurant or store that is authorized to be operated under this Agreement.

GRANT OF LICENSE

2. The following provisions shall control with respect to the license granted hereunder:

A. Authorized Location. Territory Operator hereby grants to Licensee, subject to the terms and conditions of this Agreement, the right and license to establish and operate a retail Restaurant identified by the Trademarks authorized for use by Licensee hereunder (or such other marks as may be directed by Company) located at _____

_____ (herein referred to as the "Authorized Location"). In the event Licensee requests the withdrawal of Licensee's franchise application after Territory Operator has approved the application, or in the event an Authorized Location is not designated on the date Licensee signs this Agreement and is not designated by Licensee and approved by Territory Operator within 90 days after the date Territory Operator approves Licensee's franchise application, or in the event Licensee does not cause the Restaurant to be under construction within 180 days after the date the Authorized Location is designated, Territory Operator has the right to declare this Agreement and any other agreements Licensee has signed with Territory Operator null and void without giving Licensee an opportunity to cure, and to return to Licensee all deposits, including the initial franchise fee, after deducting a cancellation fee of \$2,500, or Territory Operator's and Company's actual expenses incurred in connection with processing Licensee's application and providing services for Licensee's benefit, whichever is greater. Licensee hereby accepts said license and undertakes the obligation to operate the Restaurant using the System and in compliance with Territory Operator's and Company's standards. Licensee further agrees that Licensee shall cause the Restaurant to be open and operating within 270 days after the date the Authorized Location is designated, unless an extension of time is authorized in writing by Territory Operator, and thereafter maintained and operated at the Authorized Location under Licensee's active and continuous supervision and management and upon the standards and requirements hereinafter provided.

B. Pre-Opening Conditions. While this Agreement becomes effective in accordance with subparagraph 15.O hereof, Licensee acknowledges and agrees that the license to use the Trademarks that is granted under this Agreement is not effective and Licensee does not have the right to, and shall not, open or commence operation of the Restaurant at the Authorized Location until Territory Operator notifies Licensee that Company has

consented to the Agreement and Licensee has satisfied all of the pre-opening conditions in this Agreement. Neither Territory Operator nor Company shall be liable for any damages arising out of Licensee's failure to open the Restaurant by a particular date.

C. Nonexclusivity. The grant given herein is limited to the right to operate one Restaurant at the Authorized Location only, and does not include (i) an exclusive area or protected territory within which Territory Operator, Company or their affiliates agree not to issue competing franchises or operate competing businesses, (ii) any right to sell products and menu items identified by the Trademarks at any location other than the Authorized Location or through any other channels or methods of distribution, including the Internet (or any other existing or future form of electronic commerce) and pre-packaged retail sales, (iii) any right to sell products and menu items identified by the Trademarks to any person or entity for resale or further distribution, or (iv) any right to exclude, control or impose conditions on the location or development of future restaurants or stores at any time. Territory Operator and its affiliates, and Company and its affiliates, with Territory Operator's prior approval, have the right to issue competing franchises or operate competing businesses for or at locations, as determined by Territory Operator or Company or their affiliates, near Licensee's Authorized Location. These locations may include freestanding buildings and facilities, strip centers, shopping malls and shopping centers, and other similar locations. These locations also may include office buildings, transportation terminals, sports facilities, parks and recreation areas, airports, hotels, hospitals, college and university student unions, dormitories and food service areas, and other non-traditional locations. For example, if Licensee's Authorized Location is located adjacent to a shopping mall or shopping center, these locations include the shopping mall or shopping center. If Licensee's Authorized Location is located within a shopping mall or shopping center, these locations include sites adjacent to the shopping mall or shopping center. In addition, Territory Operator and its affiliates, and Company and its affiliates with Territory Operator's prior approval, have the right to distribute products identified by the Trademarks, or any other trademarks, service marks, trade names and commercial symbols, through any distribution channels or methods, including the Internet (or any other or existing or future form of electronic commerce) and pre-packaged retail sales, which periodically may be established or licensed by Territory Operator or its affiliates, or by Company or its affiliates with Territory Operator's prior approval. Licensee has no rights to sublicense pursuant to this Agreement.

TRADEMARK STANDARDS AND REQUIREMENTS

3. Licensee hereby acknowledges and agrees that the Trademarks are the exclusive property of Company and that Licensee's right to use the Trademarks is specifically conditioned upon the following terms and conditions:

A. Trademark Ownership. Territory Operator is the licensee of the right to use certain of the Trademarks in the territory that includes the Authorized Location. The Trademarks are valuable property owned or licensed by Company, and Company ~~is or its affiliates are~~ the exclusive ~~owner~~ owners of all right, title and interest in and to the Trademarks and all past, present or future goodwill of the Restaurant and of the business conducted at the Authorized Location that is associated with or attributable to the Trademarks. Licensee's use of the Trademarks shall inure to the benefit of Company or

its affiliates. Licensee disclaims all right, title and interest in or to such goodwill and the Trademarks and acknowledges and agrees that such goodwill and the Trademarks are the exclusive property of Company or its affiliates. Licensee shall not, during or after the term of this Agreement, engage in any conduct directly or indirectly which would infringe upon, harm or contest the rights of Company or its affiliates in any of the Trademarks or the goodwill associated with the Trademarks.

B. Trademark Use. Licensee shall not use, or permit the use of, any trademarks, trade names or service marks in connection with the Restaurant except those set forth in Appendix A or except as otherwise directed in writing by Company. Licensee shall use the Trademarks only in connection with such products and services as may be specified by Company and only in the form and manner prescribed by Company in writing. Licensee shall comply with all trademark, trade name and service mark notice marking requirements. Licensee shall conduct Licensee's business in accordance with Company's System standards and requirements pertaining to quality and production, ingredients, signage, facility and equipment, cleanliness, maintenance and appearance, service standards, method of operation and sales promotion. Licensee shall use the Trademarks only in association with products and services approved by Company and which meet Company's standards or requirements with respect to quality, mode and condition of storage, production and sale, and portion and packaging. Licensee shall implement and abide by the requirements and recommendations of Company and Territory Operator directed to enhancing substantial System uniformity in the matters described in this subparagraph.

C. Restaurant Identification. Licensee shall not use the words "DQ Grill & Chill," "DQ," "Dairy Queen," "Brazier," or any of the other Trademarks as part of its corporate or partnership name. Licensee shall prominently identify the Restaurant with 1 or more of the Trademarks as specified by Territory Operator or Company, and with no other mark or words whatsoever, as the trade name of the Restaurant, unless Company or Territory Operator otherwise directs. The use of any additional words with the Trademarks must have the prior written consent of Company. In addition, Licensee shall not register or use any domain names that include the words "Dairy Queen," "DQ Grill & Chill," "DQ," "Brazier" or any of the other Trademarks. Licensee may use the Trademarks, however, on various materials, such as business cards, stationery and checks, provided Licensee (i) accurately depicts the Trademarks on the materials, (ii) includes a statement on the materials indicating that the business is independently owned and operated by Licensee, (iii) does not use the Trademarks in connection with any other trademarks, trade names or service marks unless specifically approved by Company in writing prior to such use, and (iv) makes available to Company or Territory Operator, upon its request, a copy of any materials depicting the Trademarks. Licensee shall post a prominent sign in the Restaurant identifying Licensee as a DQ Grill & Chill® or Dairy Queen® franchisee in such format as may be reasonably acceptable to Territory Operator and Company, including but not limited to, an acknowledgment that the Restaurant is independently owned and operated by Licensee and the Trademarks are owned by Company and used by Licensee under a license issued by Territory Operator.

D. Litigation. In the event any person or entity improperly uses or infringes the Trademarks, Company shall control all litigation and shall have the right to determine whether suit shall be instituted, prosecuted or settled, the terms of settlement, and

whether any other action shall be taken. Licensee shall promptly notify Territory Operator and Company of any such use or infringement of which Licensee is aware. Licensee shall promptly inform Territory Operator and Company of any claim arising out of Licensee's use of any Trademark and shall cooperate with any action undertaken by Company in respect thereof.

E. Substitutions. If there is a claim by any party that its rights to use any of the Trademarks are superior and if Company determines that such claim is legally meritorious, then upon receiving written notice from Company, Licensee will, at its expense, immediately make such changes and use such substitutions to the Trademarks as may be required by Company. Licensee will not make any changes or substitutions whatsoever in or to the use of the Trademarks unless directed by Company in writing.

TERM AND RENEWAL

4. The following provisions shall control with respect to the term and renewal of this Agreement:

A. Term. The term of this Agreement shall be the shorter of (i) 20 years, (ii) the initial term of the lease of the Restaurant premises, or (iii) in the event Licensee shall operate the Restaurant subject to an existing lease as of the Effective Date of this Agreement, the remainder of the current term of the existing lease of the Restaurant premises, unless this Agreement is sooner terminated by either party in accordance with Paragraph 13. The term commences upon the earlier of (i) the Effective Date of this Agreement, or (ii) the date Licensee opens or commences operations of the Restaurant. Licensee acknowledges and agrees, however, that Territory Operator may modify the commencement and expiration dates of the term of this Agreement by means of the Commencement and Expiration Dates Addendum attached hereto in order to take into account any time between the Effective Date and the opening of the Authorized Location or the commencement and expiration dates of any lease for the Restaurant premises.

B. Renewal Term and Conditions of Renewal. If the Restaurant's lease has been renewed or Licensee otherwise has the right to maintain possession of the Restaurant premises, Licensee may renew its license for one additional renewal term of the shorter of (i) 10 years, or (ii) for the initial term of the renewed lease or such shorter period that Licensee has the right to maintain possession of the Restaurant premises; provided that: (i) Licensee has given Territory Operator written notice of its decision to renew at least 3 months but not more than 6 months prior to the end of the term; (ii) Licensee signs Territory Operator's then-current form of operating agreement, (which operating agreement shall be modified to reflect that it is a renewal term with no additional renewal rights), except that the continuing license fee shall remain at 4% of Gross Sales for a DQ Grill & Chill®, DQ® or Dairy Queen®/Brazier® restaurant and 5% of Gross Sales for a Dairy Queen®/Limited Brazier® store, and the sales promotion program fee shall be not less than 3% nor more than 6% of Gross Sales; (iii) Licensee has complied with the provisions of subparagraph 5.E; (iv) Licensee is in good standing, including, without limitation, Licensee is not in default of any agreement pertaining to the license granted herein and has satisfied all monetary obligations on a timely basis; (v) if leasing or subleasing, Licensee has provided written proof of its ability to remain in possession of

the premises throughout the renewal period; and (vi) Licensee pays to Territory Operator a license renewal fee (currently \$4,000).

FACILITY STANDARDS AND MAINTENANCE

5. Licensee acknowledges and agrees that Company and/or Territory Operator have the right to promulgate, from time to time, quality standards regarding the business operations of DQ Grill & Chill® and Dairy Queen® restaurants and stores to protect the distinction, goodwill and uniformity symbolized by the Trademarks and the System. Accordingly, Licensee agrees to maintain and comply with Company's and Territory Operator's quality standards and agrees to the following terms and conditions:

A. Restaurant Facility. The Restaurant shall be constructed and equipped in accordance with Company's and Territory Operator's current approved specifications and standards pertaining to equipment, inventory, signage, fixtures, location, accessory features, and design and layout of the building and site. Licensee shall not commence construction of the Restaurant, nor lease or purchase a location for the development of the Restaurant, until Licensee has received the written consent of Territory Operator to Licensee's site and building plans and the location. Licensee must fully complete the construction of the Restaurant in accordance with the approved building plans and otherwise satisfy all building plan and site work requirements without any unauthorized alterations prior to the opening of the Restaurant. Territory Operator, in its sole discretion, may consent or not consent to any proposed building plans or location, and makes no guarantees concerning the success of the Restaurant located at any location consented to by Territory Operator. In the event that Licensee enters into a direct lease with the landlord for the Restaurant premises, Licensee must provide the lease and all lease exhibits to Territory Operator and receive Territory Operator's prior approval of the lease before Licensee executes it. Licensee's lease must contain the Lease Addendum attached hereto. Licensee shall provide Territory Operator a copy of the lease and Lease Addendum within 5 days of their execution. Licensee is responsible for obtaining all necessary permits, licenses and architectural seals, and in all other respects complying with applicable legal requirements relating to the site, building, signage, equipment, fixtures and furnishings, including, but not limited to, the Americans With Disabilities Act. Licensee shall be furnished with lists of approved signage, equipment, fixtures and furnishings. Licensee shall not use the Restaurant premises or Authorized Location for any purpose other than the operation of the Restaurant during the term of this Agreement. After the expiration or termination of this Agreement, Licensee shall not use the Restaurant premises or Authorized Location in violation of subparagraph 14.C of this Agreement.

B. Future Alteration. Any replacement, reconstruction, addition or modification in building, site, interior or exterior decor or image, equipment or signage of the Restaurant to be made after Company's and Territory Operator's consents are granted for the initial plans, whether at the request of Licensee or of Company or Territory Operator, shall be made in accordance with specifications which have received the prior written consents of Company and Territory Operator. Licensee shall not commence such replacement, reconstruction, addition or modification, until Licensee has received the written consents of Company and Territory Operator to Licensee's revised building plans. Company owns

and has the right to use (and to permit others to use) any alterations or improvements made by (or on behalf of) Licensee, to the building plans.

C. Maintenance. The building, premises, signage, equipment, fixtures and furnishings employed in the operation of Licensee's Restaurant shall be maintained in accordance with requirements established periodically by Company and Territory Operator and any reasonable schedules prepared by Territory Operator based upon periodic evaluations of the premises by Territory Operator's representatives. Within a period of 90 days after the receipt of any particular report prepared following such an evaluation, Licensee shall effect the items of maintenance designated therein including, but not limited to, the repair of defective items and/or the replacement of irreparable or obsolete items of equipment and signage.

D. Relocation. Should it become necessary, on account of the condemnation of the Authorized Location or the exercise of a relocation right by Licensee's landlord, if Licensee leases the Authorized Location, or for some other reason approved by Territory Operator, to relocate the Restaurant, Territory Operator shall grant Licensee authority to do so at a site acceptable to Territory Operator within a radius of 500 meters of the Authorized Location that is reasonably suited for a Restaurant, that does not infringe on the rights of any other licensee or sublicensee of Territory Operator or Company, and that is reasonably distant from other DQ Grill & Chill® restaurants and Dairy Queen® restaurants and stores; provided that the new Restaurant is under construction within 180 days after Licensee's discontinuing operation of the Restaurant at the Authorized Location and open and operating within 120 days after construction commences, all in accordance with the current standards of Company and Territory Operator at that time.

E. Modernization or Replacement. Licensee shall effect such items of modernization, refurbishing and/or replacement of the site, building, premises, equipment, signage, fixtures and furnishings as may be reasonably necessary to permit the same to reasonably conform to the standards then prescribed by Company and Territory Operator for similarly situated new DQ Grill & Chill® or Dairy Queen® restaurants and stores (i) as a condition to each and every transfer of any interest in this Agreement or the business conducted hereunder (as described in Paragraph 11); (ii) as a condition of the renewal of the license granted under this Agreement (as described in subparagraph 4.B); and (iii) no less than every 10 years or shorter period, if any, required by any lease for the premises, provided, if this last requirement is triggered within 3 years prior to the expiration of a nonrenewable lease, Licensee shall not be required to effect the same, unless the landlord of the Restaurant premises requires Licensee to modernize under the terms of the lease. Licensee acknowledges and agrees that the requirements of this subparagraph 5.E are both reasonable and necessary to ensure continued public acceptance and patronage of DQ Grill & Chill and Dairy Queen® restaurants and stores and to avoid deterioration or obsolescence in connection with the operation of the business.

F. Lease. To the extent that Territory Operator or Company assists Licensee with any lease negotiations, Licensee agrees and acknowledges that neither Territory Operator, nor Company, nor any of their affiliates, have made any representations or warranties to Licensee with respect to whether Territory Operator's or Company's negotiation with the landlord will be successful, nor that the Leased Premises will be ready for occupancy or

opening by any specified date. Licensee agrees and acknowledges that neither Territory Operator nor Company, nor any of their affiliates, shall be responsible or liable to Licensee for damages arising out of any failure by Territory Operator, Company or any of their affiliates to obtain the landlord's agreement to enter into a lease, the landlord's failure to enter into a lease with Licensee, or the failure of the Leased Premises to be ready for occupancy or opening by any specified date.

PRODUCTS AND OPERATIONS STANDARDS AND REQUIREMENTS

6. The following provisions shall control with respect to products and operations:

A. Authorized Product Line. Licensee's business operated hereunder shall be confined to the preparation and sale of only such products as from time to time are designated and approved by Company for sale by Licensee's type of Restaurant. Licensee shall offer for sale from the Restaurant all items and only those items listed on the Menu. Company has the right to make modifications to the Menu from time to time, including the addition of breakfast items if agreed to by Territory Operator, and Licensee agrees to comply with any such modifications. Licensee shall not offer or sell any other product or service at the Authorized Location without the prior written consent of Company. Specifically, but without limiting the foregoing, alcoholic or intoxicating beverages or controlled substances shall not be sold or offered for sale or otherwise handled upon the Restaurant premises, and Licensee shall not have or use, or permit the presence or use of, video game machines or vending machines or any like coin-operated or electronic device or machine upon the Restaurant premises. Licensee shall not offer, sell, use or participate in, or permit the offer, sale, use or participation in, any lottery or gambling device of any nature at or from the Restaurant premises. Furthermore, Licensee's Restaurant shall be smoke-free for all customers and employees, and Licensee shall post signs on all doors and throughout the Restaurant premises that announce the smoke-free policy. No part of the property on which Licensee's Restaurant is located may be used for the operation of a casino or for any other purpose related to gambling (except that any separate facility, such as a convenience store, on the property may sell lottery tickets). If, while Licensee's Restaurant is in operation, any part of the property on which it is located is to be converted to being used for the operation of a casino or for any other purpose related to gambling, Licensee shall notify Territory Operator in writing of such conversion within 30 days after becoming aware of it, and Licensee shall relocate the Restaurant to another Authorized Location, within 180 days after receiving any written notice from Territory Operator requiring the relocation, in accordance with the radius, suitability, non-infringement and reasonable distance conditions set forth in subparagraph 5.D and other relevant conditions in this Agreement.

B. Authorized Ingredients and Supplies. Licensee shall use in the operation of the Restaurant and in the preparation of products only such ingredients, recipes, formulas and supplies as are specified by Company and shall prepare products in such portions, sizes, appearance and packaging as specified by Company in Company's most current Restaurant operations materials and resource guides (collectively, the "Manuals"), product preparation materials or otherwise in writing. Licensee shall secure, at Licensee's expense, all necessary permits or approvals for the use and sale of all products, supplies and ingredients in and from the Restaurant. A copy of the current Manuals and product preparation materials will be supplied or made available to Licensee by Territory

Operator prior to opening of the Restaurant. Licensee acknowledges and agrees that these may be changed periodically by Company and that Licensee is obligated to conform to the requirements as so changed. Licensee also acknowledges and agrees that Territory Operator and Company have the right to make the Manuals and all product preparation materials, and any future additions or changes thereto, available to Licensee only through a web site or other online communication systems (as described in subparagraph 6.JK). All supplies, including cones, cups, containers, eating utensils, and napkins, and all other customer service materials of all descriptions and types shall meet the reasonable standards of uniformity and quality as now or hereafter are set by Company.

C. Orange Julius® Flavor Enhancer. The Orange Julius® Flavor Enhancer powder (the "Julius Flavor® Enhancer") and all other proprietary powders and products used in the preparation of Orange Julius trademarked drinks (including the coconut almond Julius® Smoothy Booster powder (the "Booster") and any future powders) are secret formulas. Their composition or formula will not be, and specifically is not required to be, disclosed to Licensee. Licensee shall not resell (at retail or otherwise), make, manufacture, alter, adulterate or dilute the powders, or any substitute therefor, or similar products and shall maintain in secrecy any information it may acquire with respect thereto. Licensee shall purchase exclusively from Company's designated supplier (which may include Company or an affiliate) the Julius® Flavor Enhancer and additional proprietary powders (such as the Booster) used as a base for making Orange Julius® products. Licensee also must purchase the frozen orange juice concentrate used for Orange Julius® products from one of Company's designated warehouses. Company may refer to the various Orange Julius® powders by other terms, including compounds.

D. Approved Products, Services and Equipment. Company and Territory Operator will furnish to Licensee from time to time lists of approved products (including the ingredients of approved products), approved services and approved equipment (including an approved menu board system (dine in and drive-thru, if applicable)). Licensee may use only approved products (including the ingredients of approved products), approved services and approved equipment (including an approved menu board system) in the Restaurant as set forth in the approved products, services and equipment lists, as they may be amended by Company from time to time. Company and Territory Operator have the right to approve the manufacturer, supplier and/or distributor of any approved products (or the ingredients of any approved products), approved services and any approved equipment. **ALTHOUGH APPROVED BY COMPANY AND TERRITORY OPERATOR, COMPANY AND TERRITORY OPERATOR MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO PRODUCTS (INCLUDING INGREDIENTS), SERVICES, EQUIPMENT (INCLUDING WITHOUT LIMITATION THE EPOS SYSTEM, ANY REQUIRED COMPUTER SYSTEMS AND ANY MENU BOARD SYSTEM), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS.**

Company and Territory Operator have the right to approve the manufacturer, supplier and/or distributor of any approved products (or the ingredients of any approved products), approved services and any approved equipment. Except as specifically described below, Company and Territory Operator also have the right to designate a

single approved manufacturer, supplier and/or distributor of any approved products (or the ingredients of any approved products), services and any approved equipment. Under all circumstances and notwithstanding the provisions below, Company and Territory Operator have the right to designate a single approved manufacturer, supplier and/or distributor of:

1. soft drink products;
2. third party branded products for use in Licensee's Restaurant;
3. products relating to limited time offers and special promotions;
4. equipment, including but not limited to the EPOS System and the Computer Systems described in subparagraph 6.~~DE~~, and all related software and back-office hardware and software; and
5. any product, ingredient, service or equipment where Company does not receive any fee or payment with respect to the sale of that product, ingredient, service or equipment, other than payments from vendors for marketing; and
6. the Orange Julius® Flavor Enhancer, other proprietary Orange Julius powders, and frozen orange juice concentrate.

For products, services and equipment not described in items (1) - (~~56~~) above, and as long as there is not in place an agreement for a "unified purchasing program" as defined in the next paragraph, Licensee may make written request for approval of a specific product, service or piece of equipment of an additional, qualified manufacturer, supplier or alternate distributor, pursuant to Company's then current policies and procedures.

Company has entertained and offered proposals to enter into an agreement that would create a "unified purchasing program" as a joint effort between Company and a cooperative association of DQ® restaurant and store operators to benefit the entire DQ® system in the United States. Company agrees that for any period during which there is an agreement in place for a "unified purchasing program" as described above, Company will designate as approved for the System the manufacturers, suppliers and/or distributors properly selected within the structure of that program.

~~DE~~. EPOS System, Computer Systems and Internet Access. Licensee shall purchase, install and maintain, at its expense, a new electronic point-of-sale cash register system (the "EPOS System") meeting standards and specifications established by Company, as modified from time to time in response to business, operations and marketing conditions. In addition to the EPOS System, Licensee shall purchase, install and maintain, at its expense, any computer systems, including without limitation both hardware and software, or other existing or future communication or data storage systems (collectively "Computer Systems"), designated by Company which meet standards and specifications established by Company, as modified from time to time in response to business, operations and marketing conditions. Licensee shall purchase the EPOS System and any required Computer Systems from a source or sources designated by Company. Company has the right to designate a single source from whom Licensee must purchase the EPOS System or any required Computer Systems, any components thereof or associated service. Licensee agrees to allow Company and Territory Operator access to Licensee's EPOS System and any required Computer Systems, and the data and information they collect and store, at such times and in such a manner as Company or Territory Operator designates from time to time. Licensee also agrees to purchase, install and maintain a

minimum of one DSL or cable/broadband Internet connection and (if required by Company or Territory Operator) one additional phone line or other future required communication access device that are exclusively designated and permanently connected to the EPOS System and any required Computer Systems. If Licensee's Restaurant is in an area without DSL or cable/broadband Internet access, Company or Territory Operator has the right to require Licensee to install either a satellite connection, up to three additional phone lines, or any other communication access device or devices as are necessary to enable Company or Territory Operator to communicate with Licensee's Restaurant on the same basis as with other newly built restaurants. Company or Territory Operator has the right to designate the specifications of any future required communication access device. In addition, without limiting any provision in this subparagraph, Licensee agrees that at all times Licensee shall have access to the Internet through an established service provider and maintain an active e-mail account on the Internet, and keep Company and Territory Operator informed of the e-mail address for such account.

EE. Serving and Promotional Items. All sales promotion materials, customer goodwill items, cartons, containers, wrappers and paper goods, eating and serving utensils, and customer convenience items (including napkins, baby bibs and disposal containers) used in the sales promotion, sale and distribution of products covered by this Agreement shall, where practicable, contain one or more of the Trademarks and indicate that it is produced and sold under the authority of Company and shall be subject to approval by Territory Operator or Company before being used.

FG. Health and Sanitation. Licensee's Restaurant shall be operated and maintained at all times in compliance with any and all applicable health and sanitary standards prescribed by governmental authority. Licensee also shall comply with any higher standards that Territory Operator or Company prescribes. In addition to complying with such standards, if the Restaurant shall be subject to any sanitary, health or safety inspection by any governmental authorities under which it may be rated in one or more than one classification, it shall be maintained and operated so as to be rated in the highest available health and sanitary classification with respect to each governmental agency inspecting the same. In the event Licensee fails to be rated in the highest classification or receives any notice that it is not in compliance with all applicable health and sanitary standards, it shall immediately notify Territory Operator of such failure or noncompliance.

GH. Evaluations. Company, Territory Operator or an authorized representative of either has the right to enter Licensee's Restaurant at all reasonable times during the business day for the purpose of making periodic evaluations and to ascertain if the provisions of this Agreement are being observed by Licensee, to inspect and evaluate Licensee's Restaurant, building, land and equipment, and to test, sample, inspect and evaluate Licensee's supplies, ingredients and products, as well as the storage, preparation and formulation thereof and the conditions of sanitation and cleanliness in the storage, production, handling and serving thereof.

HI. Period of Operation. Subject to any contrary requirements of local law, Licensee's Restaurant shall be opened to the public and operated at least 12 hours each day of the year; provided however, that if Licensee's Restaurant is located within a mall or building which prescribes operating hours, the Restaurant shall be open during the

prescribed operating hours of the mall or building. Any variance from this provision must be authorized in writing by Territory Operator. Notwithstanding the above, Licensee acknowledges and agrees that Company and Territory Operator have the right to require Licensee to offer breakfast items from the Restaurant (as described in subparagraph 6.A) and, in such case, subject to any contrary requirements of local law, Territory Operator has the right to require Licensee's Restaurant to be opened to the public and operated for more than 12 hours each day of the year to accommodate the offer and sale of the breakfast items. Licensee acknowledges and agrees that if the Restaurant is closed for a period of 10 consecutive days or more without the prior written consent of Territory Operator, such closure shall constitute voluntary abandonment of the franchise by Licensee and Territory Operator has the right, in addition to other remedies provided for herein, to terminate this Agreement and the franchise operated hereunder. Acts of God, actions of the elements, lockouts, strikes, wars, riots, civil commotion and acts of government preventing Licensee temporarily from complying with the foregoing shall suspend compliance therewith for the duration of such interference, except as may be specifically provided for elsewhere in this Agreement. In the event Licensee's Restaurant is destroyed or damaged, Licensee shall repair the destroyed or damaged Restaurant at the Authorized Location in accordance with the then current standards of Company and Territory Operator, and reopen the repaired Restaurant within 270 days of the date of occurrence of its destruction or damage.

IJ. **Operating Procedures.** Licensee shall adopt and use as Licensee's continuing operational routine the required standards, procedures, techniques and management systems described in the Manuals relating to product preparation, menu, storage, uniforms, financial management, equipment, facility maintenance and sanitation. Company will revise the Manuals and these standards, procedures, techniques and management systems set forth therein periodically to meet changing conditions of retail operation in the best interest of all restaurants and stores operating under the Trademarks. During and after the term of this Agreement, Licensee and its Control Persons, Designated Managers and Principal Owners shall keep strictly confidential the Manuals, product preparation materials, marketing and promotional materials and their respective contents, as well as any other proprietary information that Territory Operator or Company discloses to Licensee in connection with Licensee's operation of its Restaurant. Licensee and its Control Persons, Designated Managers and Principal Owners shall not duplicate, disclose or disseminate such confidential information to any third party other than, during the term of this Agreement, those of Licensee's employees who need to know such information. Further, Licensee shall promptly notify Territory Operator of any claim or litigation in which Licensee is involved that arises from the operation of Licensee's Restaurant or business. Without limiting any other provision in this Agreement, Company and its affiliates have the perpetual right to own and use and to authorize other DQ Grill & Chill® or Dairy Queen® restaurants and stores to use, and Licensee will fully and promptly disclose to Company, all ideas, plans, improvements, concepts, formulas, recipes, methods and techniques relating to the development or operation of a DQ Grill & Chill® or Dairy Queen® restaurant or store or any similar business conceived or developed by Licensee or Licensee's employees during the term of this Agreement. Licensee may not test, offer, or sell any new products without Company's prior written consent.

JK. **Participation in Web Site or Other Online Communication Systems.** Company has the right to require Licensee, at Licensee's expense, to participate in a DQ Grill &

Chill® or Dairy Queen® web site or other online communication systems. Company has the right to determine the content and use of any web sites or other online communication systems and will establish the rules under which licensees will participate. Company retains all rights relating to any web site or other online communication systems and may alter or terminate the site or systems. Licensee's general conduct on any web site or other online communication systems, specifically its use of the Trademarks, domain names or any advertising, is subject to the provisions of this Agreement. Licensee acknowledges that certain information obtained through its participation in the web site or other online communication systems may be considered confidential information, including access codes and identification codes. Licensee's right to participate in any web site or other online communication systems or otherwise use the Trademarks or System on the Internet terminates when this Agreement expires or terminates.

KL. Payment Methods. Without limiting any other provision in this Agreement, including subparagraph 6.D.E, Licensee must allow its customers to pay for products by credit card, gift card, and/or other means or method of payment (electronic or otherwise) as Company designates from time to time. Licensee must purchase and maintain such subscription or other service contracts necessary to facilitate payment by any means or method of payment designated by Company. Company has the right to designate a single supplier to administer and support all aspects of the Company's gift card program, including without limitation for the production of gift cards and the electronic processing of gift card transactions. Licensee must sign the form of gift card participation agreement designated periodically by Company.

LM. System Modifications. Licensee acknowledges and agrees that Company has the right to modify, add to or rescind any requirement, standard or specification prescribed by Company under this Agreement, including without limitation those relating to product preparation and storage equipment and all other equipment, to adapt the System to changing conditions and competitive circumstances. Licensee further acknowledges and agrees that Territory Operator has the right to modify, add to or rescind any requirement, standard or specification prescribed by Territory Operator and approved by Company under this Agreement, including without limitation those relating to product preparation and storage equipment and all other equipment, to adapt the System to changing conditions and competitive circumstances. Licensee shall be required to comply with these modifications, additions or rescissions at its expense.

PERSONNEL AND SUPERVISION STANDARDS

7. The following provisions and conditions shall control with respect to personnel, training and supervision:

A. **Supervision.** Licensee shall have a Designated Manager at all times during the term of this Agreement. Licensee shall identify its Designated Manager on the Ownership and Management Addendum attached to this Agreement and, thereafter, notify Territory Operator in writing of any change in such Designated Manager. In addition to the Designated Manager, if Licensee operates a DQ Grill & Chill® restaurant, Licensee shall have at least two assistant managers at all times during the term of this Agreement. If Licensee operates a Brazier® or DQ® restaurant, or a Limited Brazier® or Dairy Queen® store, in addition to the Designated Manager, Licensee shall have at least one assistant manager at all times during the term of this Agreement. A Designated Manager and an

assistant manager shall each be an individual who (i) personally invests his or her full time and attention and devotes his or her best efforts to the on-premises general management of the day-to-day operations of the Restaurant, (ii) meets Territory Operator's prior restaurant or retail management experience requirements, and (iii) does not participate in the active operation or management of any business other than the Restaurant. Licensee's Designated Manager and its assistant managers shall attend and successfully complete all required training, as set forth in subparagraph 7.B. In addition, any new or replacement Designated Manager or assistant manager shall meet Territory Operator's then current prior restaurant or retail management experience requirements, or have successfully completed all required training.

B. Training. Licensee shall, at Licensee's expense, comply with all of the training requirements prescribed by Company and/or Territory Operator for the Restaurant to be developed under this Agreement. In the event Licensee fails to comply with the training requirements prescribed by Company and/or Territory Operator to the reasonable satisfaction of Company and Territory Operator, Territory Operator has the right within 30 days thereafter to declare this Agreement null and void, whereupon all deposits, including the initial franchise fee, shall be returned to Licensee after deducting a cancellation fee of the greater of (i) \$2,500, or (ii) Territory Operator's and Company's actual expenses incurred in connection with processing Licensee's application and providing services for Licensee's benefit, including any training programs. ~~In addition, in~~ All training required by Territory Operator or Company must be completed within 6 months prior to the opening of the Restaurant. In addition to all pre-opening training requirements, Licensee must at all times during the term of this Agreement, meet Territory Operator's and Company's ongoing training requirements, and under no circumstances shall Licensee permit management of the Restaurant's operations on a regular basis by a person who has not successfully completed to the reasonable satisfaction of Territory Operator and Company, all applicable training required by Territory Operator and/or Company. In the event that Licensee is given notice of default as set forth in subparagraphs 13.A and B and the default relates, in whole or in part, to failure of Licensee to meet any operational standards, Territory Operator has the right to require as a condition of curing said default that Licensee, at Licensee's expense, comply with the additional training requirements prescribed by Territory Operator and/or Company. ~~All training required by Territory Operator or Company must be completed within 6 months prior to the opening of the Restaurant. Under no circumstances shall Licensee permit management of the Restaurant's operations on a regular basis by a person who has not successfully completed to the reasonable satisfaction of Territory Operator and Company, all applicable training required by Territory Operator and/or Company.~~

C. Staffing. Licensee shall require all Licensee's employees to work in clean uniforms approved by Company and Territory Operator, but furnished at the cost of Licensee or the employees, as Licensee may determine. No employee of Licensee shall be deemed to be an employee of Territory Operator or Company for any purpose whatsoever.

D. Internal Training Program. Company or Territory Operator has the right to periodically make available for purchase at a reasonable cost by Licensee an in-restaurant

training program. Licensee may purchase Company's in-restaurant training program and any updates thereto for the training of Restaurant employees.

E. Attendance at Meetings. At least one of Licensee's Control Persons, at Licensee's expense, shall attend all meetings Company or Territory Operator may hold or sponsor in Licensee's area or region including, without limitation, all DMA (Designated Market Area) or other marketing area meetings for the marketing area in which the Restaurant is located, and all meetings relating to new products or product preparation procedures, new System programs, new operational procedures or programs, training, restaurant management, financial management, sales or sales promotion, or similar topics. If none of Licensee's Control Persons is able to attend any such meeting, Licensee or its Control Person shall so notify Company and Territory Operator prior to the meeting and shall cause a substitute person from Licensee's operations acceptable to Company and Territory Operator to attend and represent Licensee at such meeting. Territory Operator further strongly recommends that key employees of Licensee also attend such meetings.

F. Pre-Opening and Opening Assistance. Territory Operator shall provide Licensee with limited pre-opening and opening assistance, subject to staff availability and Territory Operator's discretion as to the amount of assistance necessary. The cost of such assistance shall be included as part of any initial franchise fee paid by Licensee.

SALES PROMOTION ACTIVITIES

8. Licensee agrees to actively promote Licensee's Restaurant, to abide by all of Company's and Territory Operator's advertising requirements and to comply with the following provisions:

A. Sales Promotion Activities and Payment of Administration Expenses. Company and/or Territory Operator have the right periodically to establish, organize and prescribe sales promotion activities, and Licensee agrees to pay to Territory Operator a sales promotion program fee as set forth in subparagraph 9.C. Licensee acknowledges and agrees that Company and/or Territory Operator have had in the past, and will have in the future, the right to determine how such sales promotion program fees will be spent, including the selection of promotional materials and programs, and that Company, Territory Operator and their affiliates have no fiduciary obligation to DQ Grill & Chill® or Dairy Queen® licensees with respect to the sales promotion activities or expenditures of those fees; provided, however, that Company and Territory Operator shall make a good faith effort to expend such fees in the general best interests of the DQ® brand or system or one or more components thereof. Licensee acknowledges and agrees that Company and Territory Operator have the right to compensate themselves and/or their affiliates for the expense of administering and promoting such sales promotion activities. Licensee further acknowledges and agrees that Licensee will pay the sales promotion program fee provided herein notwithstanding the payment by other licensees of Company, other sublicensees of Territory Operator, or other sublicensees, of greater, lesser or no sales promotion program fees. Company and/or Territory Operator shall annually advise Licensee of the receipts and expenditures of the fees collected in respect to said sales promotion activities. Company and Territory Operator are not required to audit the sales promotion receipts and expenditures or any portion thereof.

B. Approved Materials. Licensee shall use only the sales promotion or other advertising materials that Company or Territory Operator has approved, including those furnished or made available to Licensee by Company or Territory Operator. Examples of sales promotion and other advertising materials that Company or Territory Operator must approve prior to Licensee's use include: indoor or drive-thru menu board transparencies, counter mats, counter mat inserts, posters, billboard paper or vinyl, newspaper inserts, lawn sleeves/signs, banners, drive-thru menu board toppers, register toppers, window cling signs, cake freezer merchandising door headers, stanchions/display point-of-purchase, TV creative, radio creative, electronic media of any kind (including web based), tourist-oriented-directional signs and direct mail. Company or Territory Operator will not unreasonably withhold approval of any sales promotions or other advertising materials that Licensee proposes to use, as long as Licensee's materials meet the specifications and standards of the applicable advertising program, are professionally designed, factually accurate, current, in good condition, in good taste, of like quality to sales promotions and other advertising materials Company furnishes or makes available to Licensee, and accurately depict the products and Trademarks. Licensee shall use sales promotions and other advertising materials, including without limitation, point-of-sale posters, product containers and wrappers that depict any of the Trademarks, only in connection with Licensee's sale of approved Menu items at the Restaurant. Company may make available at a reasonable cost to Licensee annually or at other reasonable intervals, and when made available Licensee shall purchase sales promotion materials prepared by Company containing new point-of-sale and other promotional materials; however, the cost of these sales promotion materials may be included from time to time as determined by Company in the sales promotion program fee described in subparagraph 9.C. Licensee shall not at any time transfer these materials, or any other sales promotion or advertising materials that Company or Territory Operator furnish or make available to Licensee, to any third party or allow a third party to use them, without Company's and Territory Operator's prior written consent. Sales promotion and other advertising materials produced by the National Marketing Fund ("NMF") administered by Company are, by design, licensed only to current NMF participating DQ Grill & Chill® and Dairy Queen® restaurants and stores and may not be transferred to or used in any way by or in non-NMF participating DQ Grill & Chill® and Dairy Queen® restaurants and stores. Company and Territory Operator own and have the right to use (and to permit others to use) any sales promotion or other advertising materials, ideas, concepts or programs developed by Licensee, although Licensee's use of these items must be approved by Company and Territory Operator.

C. Roadside Signage Programs. If Licensee's Restaurant is located within a 3-mile radius of an interstate highway exit, has U.S. highway frontage or is within a 3-mile radius of a U.S. highway, Licensee must participate in roadside advertising, either through a state sponsored or approved roadside signage program which provides tourist-oriented directional signs or through billboard advertising, the choice of advertising method to be at ~~DQ MT/ND~~Territory Operator's discretion.

FEES, REPORTING AND AUDIT RIGHTS

9. Licensee shall pay the fees described below and comply with the following provisions:

A. Initial Franchise Fee. Licensee shall pay \$27,230 to Territory Operator as an initial franchise fee: (i) in full on the date of execution of this Agreement; or (ii) 50% on the date of execution of this Agreement, and the remaining 50% before Territory Operator consents to Licensee's building plans for the Restaurant (if it is new), within 30 days after the opening of the Restaurant, or with continuing license fee payments at an agreed rate over an agreed period of time. The initial franchise fee is intended in part to compensate Territory Operator for expenses incurred and services rendered in processing Licensee's application and assisting Licensee to establish and open the Restaurant. A portion of said fee may be remitted to Company for Company's expenses and services in connection with Licensee.

B. Continuing License Fee. In addition to the initial franchise fee, during the full term of this Agreement, and in consideration of the rights licensed hereunder, Licensee shall pay monthly to Territory Operator as a continuing license fee an amount equal to 4% of Gross Sales for a DQ Grill & Chill® or Dairy Queen®/Brazier® restaurant or 5% of Gross Sales for a Dairy Queen®/Limited Brazier® store. A portion of said fee may be remitted to Company for Company's expenses and services in connection with Licensee.

C. Sales Promotion Program Fee. Licensee shall pay monthly to Territory Operator a sales promotion program fee. All or a portion of said fee may be remitted to Company. The fee is not held by Territory Operator or by Company (if remitted to Company) in trust, and becomes the property of Territory Operator or of Company (if remitted to Company) to be spent in accordance with Paragraph 8 of this Agreement. The sales promotion program fee shall be an amount equal to not less than 3% nor more than 6% of Gross Sales. Company or Territory Operator shall notify Licensee annually of the exact percentage to be paid by Licensee as a sales promotion program fee, except for any year in which the percentage is to remain unchanged from the preceding year.

Company establishes the percentage of Gross Sales to be paid as a sales promotion program fee annually in the following manner: Company determines the highest percentage which could be charged by Company under each DQ Grill & Chill® or Dairy Queen® restaurant or store operating agreement as modified by any advertising pledges made by the operator. For example, if a restaurant or store operating agreement states that sales promotion program fee is payable at 4% of Gross Sales, but the operator pledges to pay a total sales promotion program fee of 5% of Gross Sales, then for purposes of Company's determination, that operating agreement is considered an agreement which could require the payment of 5% of Gross Sales as a sales promotion program fee. Company shall treat this Agreement as a 6% agreement because 6% is the highest percentage Company has the right to charge Licensee as a sales promotion program fee hereunder. After the level of highest participation percentage of each directly-licensed and sublicensed DQ Grill & Chill® or Dairy Queen® operator in the relevant market area (as determined by Company) participating in Company's Dairy Queen® sales promotion program is so determined, if the majority of the operating agreements executed by said operators, for example, would permit Company to establish the percentage of Gross Sales

to be paid as a sales promotion program fee at 6%, Company has the right to establish the percentage to be paid as a sales promotion program fee at any level up to and including 6% of Gross Sales.

D. Computations and Remittances. All amounts due and owing hereunder, except the initial franchise fee, shall be computed at the end of each month's operation and remittance for the same shall be made to Territory Operator on or before the tenth day of the following month accompanied by the reports required by subparagraph 9.J of this Agreement. The computation of said amounts shall be certified by Licensee in the manner and form specified by Territory Operator, and Licensee shall supply to Territory Operator such supporting or supplementary materials as Territory Operator reasonably requires to verify the accuracy of such remittances. Licensee waives any and all existing and future claims and offsets against any amounts due hereunder, which amounts shall be paid when due. Territory Operator and Company shall be entitled to apply or cause to be applied against amounts due to either of them or any of their respective affiliates any amounts which may from time to time be held by either of them or their respective affiliates on Licensee's behalf or be owed to Licensee by Territory Operator or Company or their respective affiliates. Notwithstanding the foregoing, Territory Operator has the right to require Licensee to compute and remit to Territory Operator and its affiliates all amounts due and owing hereunder, except the initial franchise fee, on a weekly basis. Licensee acknowledges and agrees that Territory Operator has the right to impose the weekly fee requirement described in this subparagraph on Licensee regardless of whether Territory Operator or Company impose the same requirement on other DQ Grill & Chill® or Dairy Queen® licensees or sublicensees.

E. Electronic Transfer of Funds. Territory Operator has the right to require Licensee to sign electronic transfer of funds authorizations, and/or such other documents as Territory Operator designates from time to time, to authorize and direct Licensee's bank or financial institution to transfer either electronically or through some other method of payment designated by Territory Operator, directly to the account of Territory Operator or its affiliates and to charge to the account of Licensee all amounts due to Territory Operator and/or its affiliates from Licensee. Licensee's authorizations shall permit Territory Operator and/or its affiliates to designate the amount to be transferred from Licensee's account. If Territory Operator requires payment through the electronic transfer of funds or through some other method of payment, Licensee shall thereafter maintain a balance in its account sufficient to allow Territory Operator and its affiliates to collect the amounts owed to them when due. Licensee shall be responsible for any penalties, fines or other similar expenses associated with the transfer of funds described in this subparagraph. Licensee acknowledges and agrees that Territory Operator has the right to require Licensee to pay either by electronic transfer of funds or through some other method of payment designated by Territory Operator, as described in this subparagraph, regardless of whether Territory Operator imposes the same requirement on other DQ Grill & Chill® or Dairy Queen® sublicensees.

F. Interest Charges; Service Charges; Late Fees. Any and all amounts owing to Territory Operator or its affiliates by Licensee hereunder shall bear interest at the rate of 18% per annum or the maximum contract rate of interest permitted by governing law, whichever is less, from and after the date of accrual thereof. In addition to interest charges on late continuing license fee and sales promotion program fee payments,

Territory Operator has the right to require Licensee to pay to Territory Operator a service charge of up to \$50 for each delinquent report or payment owed to Territory Operator under this Agreement. In addition, if Licensee fails to submit required reports or to make continuing license fee or sales promotion program fee payments when due, and if Territory Operator or a third party designated by Territory Operator sends written notice regarding Licensee's failure to comply with Licensee's reporting and/or payment obligations under this Agreement, Territory Operator has the right to require Licensee to pay to Territory Operator a service charge of up to \$250 for each written notice. A payment shall be deemed delinquent for any of the following reasons: (i) the payment is not received by Territory Operator on or before the date due; (ii) the payment is received by Territory Operator on or before the date due, but is not honored by Licensee's bank or financial institution; or (iii) if Licensee is required to pay by electronic transfer of funds or some other method of payment as described in subparagraph 9.E above, there are insufficient funds in Licensee's bank account to collect the payment by a transfer of funds on or after the date due. The service charge is not interest or a penalty. It is only to compensate Territory Operator for increased administrative and management costs due to late payment.

G. Surcharge Method of Collection Program. Territory Operator may require Licensee to pay at the time of purchase to suppliers of mix, meat and/or other products and ingredients used in the conduct of the business of the Restaurant a surcharge on all units of such commodities purchased by Licensee. Said surcharge shall be established by Territory Operator at a reasonable rate so as to approximate the amount of continuing license and sales promotion program fees which will be payable by Licensee and/or any past due amounts owed by Licensee to Territory Operator. Said surcharge shall be paid to said supplier or suppliers for the account of Territory Operator and be regarded by the parties as a method of collection of said continuing license and sales promotion program fees and past due amounts. The amounts so collected shall be credited at the end of each month's operations by Territory Operator against the continuing license and sales promotion program fees due from Licensee to Territory Operator, and the past due amounts owed by Licensee to Territory Operator. Territory Operator shall submit to Licensee, on a monthly or quarterly basis as selected by Territory Operator, a reconciliation of Licensee's continuing license and sales promotion program fees account and other accounts setting forth the credits to Licensee's accounts from amounts collected for Territory Operator by suppliers through the aforesaid surcharge method of collection program. Should Licensee fail to submit reports in accordance with subparagraph 9.J and notwithstanding other provisions set forth in subparagraph 9.J, Territory Operator may make said reconciliation in conformance with Territory Operator's determination as to amounts due, and Territory Operator's reconciliation shall be conclusive as to the amounts due Territory Operator from Licensee unless within a period of 14 days after mailing of said reconciliation to Licensee by Territory Operator, Licensee provides evidence in a form satisfactory to Territory Operator of the correct amounts due. Licensee shall pay within 10 days after mailing of notice to Licensee by Territory Operator such amounts, if any, determined to be owed pursuant to Territory Operator's reconciliation. If Territory Operator determines that Licensee has overpaid continuing license or sales promotion program fees or past due amounts on the surcharge basis, Territory Operator shall remit to Licensee an amount equal to the excess fees and past due amounts collected at the time the monthly or quarterly reconciliation is provided Licensee.

H. Weekly Prepayment Program. Territory Operator has the right to require Licensee to prepay continuing license and sales promotion program fees on a weekly basis pursuant to a prepayment program. Under the prepayment program, Territory Operator shall establish a reasonable estimate of the amount of continuing license and sales promotion program fees Licensee will pay to Territory Operator each month pursuant to this Agreement. Based on said estimate, Territory Operator shall then establish a specific amount that Licensee shall be required to prepay to Territory Operator each week. Territory Operator shall credit all prepayment amounts it receives from Licensee against the continuing license and sales promotion program fees actually due from Licensee to Territory Operator at the end of each month's operations. Territory Operator shall submit to Licensee, on a monthly or quarterly basis as selected by Territory Operator, a reconciliation of Licensee's continuing license and sales promotion program fees account setting forth the credits to Licensee's account from amounts collected by Territory Operator through the aforesaid prepayment program. Should Licensee fail to submit reports in accordance with subparagraph 9.J and notwithstanding other provisions set forth in subparagraph 9.J, Territory Operator has the right to make said reconciliation in conformance with Territory Operator's determination as to amounts due, and Territory Operator's reconciliation shall be conclusive as to the amounts due Territory Operator from Licensee unless within a period of 14 days after mailing of said reconciliation to Licensee by Territory Operator, Licensee provides evidence in a form satisfactory to Territory Operator of the correct amounts due. Licensee shall pay within 10 days after mailing of notice to Licensee by Territory Operator such amounts, if any, determined to be owed pursuant to Territory Operator's reconciliation. If Territory Operator determines that Licensee has overpaid continuing license or sales promotion program fees, Territory Operator shall remit to Licensee an amount equal to the excess fees collected at the time the monthly or quarterly reconciliation is provided Licensee. Territory Operator shall collect all weekly prepayments and any amounts due to Territory Operator after Territory Operator's reconciliation through either an electronic transfer of funds from Licensee's bank account or through some other method of collection designated by Territory Operator, as further described in subparagraph 9.E. Territory Operator has the right from time to time to revise the amount that Licensee is required to prepay to Territory Operator each week if Territory Operator determines that said amount is too low or too high as compared to the actual continuing license and sales promotion program fees due to Territory Operator from Licensee each month.

I. Financial Planning and Management. Licensee agrees to employ sound financial management and planning practices in connection with the Restaurant and the business operated hereunder. Licensee shall keep such books and records and submit such reports as Territory Operator periodically requires, including, but not limited to, a monthly profit plan, monthly balance sheet and monthly statement of profit and loss, records of prices and special sales, check registers, and purchase records, sales summaries and inventories, all of which accurately reflect the operations and condition of Licensee's business operated hereunder. Books, records and reports shall be compiled, kept and submitted to Territory Operator on such forms and using such methods of bookkeeping and accounting as Company or Territory Operator periodically may prescribe. Licensee shall record daily all sales on a cash register tape or similar device and preserve the same for not less than 36 months. The records that Licensee is required to keep for its DQ Grill & Chill® or Dairy Queen® business shall include, but not be limited to, detailed daily sales, cost of sales, and other relevant records or information maintained in an electronic media format

and methodology approved by Company. Licensee shall provide this information to Company and/or Territory Operator according to reporting formats, methodologies and time schedules established by Company and/or Territory Operator from time to time. Licensee also is required to allow Company electronic and manual access to any and all records relating to Licensee's DQ Grill & Chill® or Dairy Queen® business. To facilitate the maintenance of this information in an appropriate manner, Licensee agrees to purchase, install and maintain the EPOS System and any required Computer Systems in accordance with subparagraph 6.DE.

J. Reports and Audits. Within 10 days after the end of each month, Licensee shall submit to Territory Operator a report with respect to the preceding calendar month in the form, format and manner (including electronic submission), and with the content, as Territory Operator or Company periodically prescribe. The report shall include, but not be limited to, the following information for the preceding month: (i) amount of gross receipts of the Restaurant, amount of sales tax thereon, Gross Sales and the computation of the continuing license fee and the sales promotion program fee; and (ii) the total volume of mix, weight of meat and, as specified periodically by Territory Operator, quantities of other commodities purchased and the sources from which each were obtained. Further, Licensee must submit to Territory Operator a monthly profit and loss statement for the restaurant, in a format designated by Territory Operator or Company (which will include such items as a summary of Licensee's cost of goods, utilities, labor, rent and other material cost items), by the 20th day of the following month. Finally, if requested by Territory Operator to verify Licensee's Gross Sales, Licensee shall submit to Territory Operator copies of Licensee's most recent sales tax return and all such books and records as may be required by Territory Operator under Territory Operator's audit policies published from time to time. Notwithstanding the foregoing, Territory Operator has the right to require Licensee to submit to Territory Operator weekly reports which contain all or a portion of the information described in the preceding sentence. Licensee acknowledges and agrees that Territory Operator has the right to impose this requirement on Licensee regardless of whether Territory Operator or Company imposes the same requirement on other DQ Grill & Chill® or Dairy Queen® licensees or sublicensees. Territory Operator and Company or the authorized representative of either has the right at all times during the business day to enter the premises where Licensee's books and records relative to the Restaurant are kept and to evaluate, copy and audit such books and records. In addition to or in lieu of an on-site audit, Territory Operator and Company each have the right to require that Licensee provide to Territory Operator and Company, at Licensee's sole expense, copies of Licensee's books and records as requested by Territory Operator and/or Company. In the event that any such evaluation or audit (regardless of whether conducted on-site or off-site) reveals an understatement of Licensee's Gross Sales of 3% or more, in addition to any of the other rights Territory Operator and Company may have, Territory Operator and Company each have the right to conduct further periodic audits and/or evaluations (both on-site and/or off-site) of Licensee's books and records as Territory Operator and/or Company reasonably deem necessary for up to 2 years thereafter. Licensee shall reimburse Territory Operator and Company for their reasonable expenses incurred in connection with such further audits and/or evaluations, including, without limitation, professional fees, and travel, room and board expenses, copying costs and postage directly related thereto. Furthermore, if Licensee intentionally understates or underreports Gross Sales, continuing license fees or sales promotion program fees at any time, or if a subsequent audit or evaluation

conducted within the 2-year period reveals any understatement or variance of 3% or more, in addition to any other remedies provided for in this Agreement, at law or in equity, Territory Operator has the right to terminate this Agreement immediately. In order to verify the information supplied by Licensee, Territory Operator has the right to reconstruct Licensee's sales through the inventory extension method or any other reasonable method of analyzing and reconstructing sales. **Any fees payable on the variance between reported and reconstructed sales under this paragraph 9 will be due immediately.** Licensee agrees to accept any such reconstruction of sales unless Licensee provides evidence in a form satisfactory to Territory Operator of Licensee's sales within a period of 14 days from the date of notice of understatement or variance. Territory Operator and Company have the right to use in any appropriate manner all reports, data and other information Licensee submits to Territory Operator or Company, or Territory Operator or Company obtains through review of Licensee's books and records or by accessing Licensee's EPOS System or any required Computer Systems, which relate to the operation of the Restaurant. Specifically, Territory Operator and Company have the right to share said reports, data and other information with third parties, including, but not limited to, consultants and existing and potential franchisees and sublicensees.

LICENSEE'S OTHER OBLIGATIONS

10. Licensee agrees to comply with the following terms and conditions:

A. **Payment of Debts.** Licensee agrees to pay promptly when due: (i) all payments, obligations, assessments and taxes due and payable to Territory Operator and its affiliates, vendors, suppliers, lessors, federal, state or local governments, or creditors in connection with Licensee's business; (ii) all liens and encumbrances of every kind and character created or placed upon or against any of said property; and (iii) all accounts and other indebtedness of every kind incurred by Licensee in the conduct of said business. In the event Licensee should default in making any such payment, Territory Operator shall be authorized, but not required, to pay the same on Licensee's behalf and Licensee covenants promptly to reimburse Territory Operator on demand for any such payment.

B. **Liability, Insurance and Indemnity.** Licensee hereby waives all claims against Territory Operator and Company for damages to property or injuries to persons arising out of the operation of Licensee's business. Licensee shall fully protect, indemnify and defend Territory Operator and Company and the affiliates of either and hold them harmless from and against any and all claims, demands, damages, and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to Licensee's business operated under this Agreement (regardless of cause or any concurrent or contributing fault or negligence of Territory Operator or Company) or any breach or failure to comply with the terms and conditions of this Agreement. Licensee further agrees to purchase and maintain in full force and effect, at Licensee's expense, liability insurance at a minimum limit of liability designated periodically by Territory Operator and Company, but not less than \$2,000,000 per occurrence, combined single limit (CSL), or such higher amount as a lessor of the Restaurant premises may require, insuring Licensee, Territory Operator, Territory Operator's affiliates, Company, Company's affiliates and any other person or entity designated by Territory Operator or Company by name from liability for any and all such

damage and injury, and must be written with a company rated no less than "A" by AM Best Insurance Rating. Licensee further agrees to deliver to Territory Operator periodically or at Territory Operator's request a proper certificate of insurance evidencing the existence of such insurance coverage and Licensee's compliance with the provisions of this subparagraph. Said certificate shall name Territory Operator, Company and their affiliates as additional insureds thereunder and provide that Territory Operator and Company will be given 30 days' prior written notice of material change in or termination or cancellation of the policy. Said insurance coverage shall commence as of the date Licensee commences operating the Restaurant or as of the date the Authorized Location is first identified as a site on which a DQ Grill & Chill® or Dairy Queen® restaurant or store will be operated, whichever is the earlier date. In addition, Licensee shall purchase and maintain workers' compensation insurance and all additional insurance that may be required by law or other agreement related to Licensee's business. If Licensee does not procure and maintain the insurance coverage required by this Agreement, Territory Operator has the right, but not the obligation, to procure insurance coverage for Licensee and charge same to Licensee, together with a reasonable fee for the expenses Territory Operator incurs in doing so, payable by Licensee immediately upon notice.

C. Compliance with Law. Licensee shall at all times maintain Licensee's business premises and conduct Licensee's business operations in compliance with all applicable laws, regulations, codes and ordinances. Licensee acknowledges that Licensee is an independent business and responsible for control and management of its business, including, but not limited to, such matters as determining the prices at which Licensee will offer and sell approved products, hiring and discharging Licensee's employees and setting and paying wages and benefits of Licensee's employees; and Licensee acknowledges that neither Company nor Territory Operator shall have any power, responsibility or liability in respect to such pricing, hiring, discharging, setting and paying of wages or related matters. Further, Licensee has had an opportunity to obtain legal advice regarding, and currently complies with, all applicable legal requirements that prohibit unfair, fraudulent or corrupt business practices, including U.S. and other legal requirements that are designed to combat terrorism and terrorist activities. In addition, neither Licensee nor any holder of an ownership interest in Licensee is named as a "specially designated national" or "blocked person" as designated by the United States Department of the Treasury's Office of Foreign Assets Control.

D. Conflict of Interest. During the term of this Agreement, neither (i) Licensee, (ii) any Principal Owner, (iii) any Control Person, (iv) any Designated Manager, nor (v) any officer or director of a Principal Owner owning a 50% or greater interest in Licensee shall, without Company's and Territory Operator's prior written consent, directly or indirectly operate or permit to be operated or hold any interest in any quick service restaurant that serves hamburgers but does not serve alcohol or any restaurant or business that generates more than 10% of its revenue from sales of ice cream, yogurt, frozen custard, soft serve or other frozen treats, other than one authorized by this Agreement or any other agreement issued or approved by Company and Territory Operator.

TRANSFER OF FRANCHISE

11. Licensee agrees that the following provisions shall govern any transfer or proposed transfer:

A. Transfers. This Agreement is entered into by Territory Operator with specific reliance upon the financial qualifications of Licensee and Licensee's Principal Owner(s) and the personal experience, skills and managerial and financial qualifications of Licensee's Control Person(s) as being essential to the satisfactory operation of the business licensed hereunder. Consequently, neither Licensee's interest in this Agreement nor in the business conducted hereunder shall be transferred or assigned to or assumed by any other person or entity (the "assignee"), in whole or in part, unless Licensee shall have first tendered to Territory Operator the right of first refusal to acquire this Agreement in accordance with subparagraph 11.F, and if Territory Operator does not exercise such right, unless the prior written consent of Territory Operator is obtained, the transfer fee provided for in subparagraph 11.C is paid, and the transfer conditions described in subparagraph 11.D are satisfied. Any sale (including installment sale), lease, pledge, management agreement, contract for deed, option agreement, assignment, bequest, gift or otherwise, or any arrangement pursuant to which Licensee turns over all or part of the daily operation of the business licensed hereunder to a person or entity who shares in the losses and/or profits of the business in a manner other than as an employee shall be considered a transfer for purposes of this Agreement. Specifically, but without limiting the generality of the foregoing, the following events shall constitute a transfer:

1. Any change in the percentage of Licensee owned, directly or indirectly, by any Principal Owner(s) (including any addition or deletion of any person or entity who qualifies as a Principal Owner) which results in a change in 49% or more of the ownership of Licensee or any series of changes in the percentage of Licensee owned, directly or indirectly, by any Principal Owner(s) (including any addition or deletion of any person or entity who qualifies as a Principal Owner) which results within a period of 3 years in any change in 49% or more of the ownership of Licensee.

2. Any change in the percentage of a Principal Owner who owns 25% or more of Licensee which results in a change in 49% or more of said Principal Owner or any series of changes in such a Principal Owner which results within a period of 3 years in any change of 49% or more of the ownership of said Principal Owner.

3. Any change in the general partner of a Licensee which is a partnership or any change in the general partner of a Principal Owner who owns 25% or more of Licensee.

4. For purposes of this subparagraph 11.A, a pledge or seizure of any ownership interests in Licensee or in any Principal Owner who owns 25% or more of Licensee, that affects the

ownership of 49% or more of said Licensee or Principal Owner, which has not been approved in advance in writing by Territory Operator.

In the event of Licensee's insolvency or the filing of any petition by or against Licensee under any provisions of any bankruptcy or insolvency law, if Licensee's legal representative, successor, receiver or trustee desires to succeed to Licensee's interest in this Agreement or the business conducted hereunder, such person first shall so notify Territory Operator, shall tender the right of first refusal provided for in subparagraph 11.F. and, if Territory Operator does not exercise such right, shall apply for and obtain Territory Operator's consent to the transfer, pay the transfer fee provided for in subparagraph 11.C, and satisfy the transfer conditions described in subparagraph 11.D. In addition, Licensee or the assignee shall pay attorneys' fees and costs incurred by Territory Operator and Company in any bankruptcy or insolvency proceeding pertaining to Licensee.

B. Consent to Transfer. Territory Operator's consent to transfer hereunder shall not be unreasonably withheld, provided Territory Operator determines that all of the conditions described in this Paragraph 11 have been satisfied. Any change in any person designated by Licensee as a Control Person which does not otherwise constitute a transfer under this Paragraph 11 shall be subject to the prior written consent of Territory Operator. If, however, Territory Operator consents to such change of Control Person, Licensee shall not be required to tender the right of first refusal under subparagraph 11.F or pay the transfer fee under subparagraph 11.C. Application for Territory Operator's consent to a transfer and tender of the right of first refusal provided for in subparagraph 11.F, shall be made by submission of Territory Operator's form of application for consent to transfer, which shall be accompanied by the documents (including a copy of the proposed purchase or other transfer agreement) or other information required therein. The application shall indicate whether Licensee or a Principal Owner proposes to retain a security interest in the property to be transferred. No security interest shall be retained or created, however, without Territory Operator's prior written consent and except upon conditions acceptable to Territory Operator. Any agreement used in connection with a transfer shall be subject to the prior written approval of Territory Operator, which approval shall not be withheld unreasonably. Licensee immediately shall notify Territory Operator and Company of any proposed transfer hereunder and promptly shall submit to Territory Operator the application for consent to transfer. Any attempted transfer by Licensee without Territory Operator's prior written consent or otherwise not in compliance with the terms of this Agreement shall be void and shall provide Territory Operator with the right to elect either to default and terminate this Agreement or to collect from Licensee and the guarantors, a transfer fee equal to two times the transfer fee provided for in subparagraph 11.C.

C. Transfer Fee. Together with the application for consent of the transfer, as defined in subparagraph 11.B, Licensee shall pay to Territory Operator a transfer fee in the amount of \$4,500 as a fee for the evaluation of the proposed assignee, furnishing one copy of the Manuals, and for any and all other expenses incurred and services rendered by Territory Operator in effecting the transfer. Territory Operator has the right, effective January 1, 2015, and on each 5-year anniversary thereafter, to increase the transfer fee by \$500 or more. If Territory Operator exercises Territory Operator's right of first refusal or

Territory Operator declines to give consent to a proposed transfer, Territory Operator shall return to Licensee the transfer fee, less any actual expenditures or disbursements made by Territory Operator in direct connection with evaluating or processing the proposed transfer, together with an itemized statement of any such costs for which Territory Operator reimburses itself from the transfer fee. The transfer fee is not refundable in whole or in part under any circumstances except as expressly stated in this Agreement. Territory Operator shall waive the transfer fee set forth in this subparagraph 11.C in the event of a transfer described in subparagraph 11.E.

D. Conditions of Transfer. Territory Operator's consent to any proposed transfer, whether to an individual, a corporation, a partnership or any other entity, is conditioned upon the following:

1. Assignee Requirements. The assignee must meet all of Territory Operator's then-current requirements for assignees, including, without limitation, those relating to financial position and management and operational experience.
2. Payment of Amounts Owed. All amounts owed by Licensee to Territory Operator, Company or the affiliates of either, Licensee's suppliers or any landlord for the Restaurant premises and Authorized Location, or upon which Territory Operator, Company or the affiliates of either have any contingent liability shall be paid in full.
3. Reports. Licensee shall have provided all required reports to Territory Operator in accordance with subparagraphs 9.I and J.
4. Modernization. Licensee shall have complied with the provisions of subparagraph 5.E.
5. Guarantee. In the case of an installment sale for which Territory Operator has consented to Licensee or any Principal Owner retaining a security interest or other financial interest in this Agreement or the business operated thereunder, Licensee or such Principal Owner, and the guarantors, shall be obligated to guarantee the performance under this Agreement until the final close of the installment sale or the termination of such interest, as the case may be.
6. General Release. Licensee, each Principal Owner, and each guarantor, shall sign a general release of all claims arising out of or relating to this Agreement, the Restaurant, or the parties' business relationship, in the form designated by Company or Territory Operator, releasing Company and Territory Operator and their affiliates.
7. Training. The assignee must, at Licensee's or assignee's expense, comply with the training requirements of subparagraph 7.B.
8. Financial Reports and Data. Territory Operator has the right to require Licensee to prepare and furnish to assignee and Territory Operator such financial reports and other data relating to the Restaurant and its

operations as Territory Operator deems reasonably necessary or appropriate for assignee and Territory Operator to evaluate the Restaurant and the proposed transfer. Licensee agrees that Territory Operator has the right to confer with proposed assignees and furnish them with information concerning the Restaurant and proposed transfer without being held liable to Licensee, except for intentional misstatements made to any such assignee. Any such information furnished by Territory Operator to proposed assignees is for the sole purpose of permitting the assignees to evaluate the Restaurant and proposed transfer and shall not be construed in any manner or form whatsoever as financial performance representations or claims of success or failure.

9. Operating Agreement. The assignee must sign Territory Operator's then-current form of operating agreement, including a Modernization Addendum, if required by Territory Operator.

10. Insurance. The assignee must deliver to Territory Operator a proper certificate of insurance evidencing the existence of the insurance coverage required under subparagraph 10.B or, if applicable, the insurance coverage required under Territory Operator's then-current operating agreement.

11. Other Conditions. Licensee shall have complied with any other conditions that Territory Operator reasonably requires from time to time as part of its transfer procedures.

E. Death, Disability or Incapacity. If any individual who is a Principal Owner or Control Person dies or becomes disabled or incapacitated and the decedent's or disabled or incapacitated person's heir or successor-in-interest wishes to continue as a Principal Owner or Control Person hereunder, such person or entity shall apply for Territory Operator's consent thereto under subparagraph 11.B, comply with the training requirements of subparagraph 7.B, pay the applicable transfer fee under subparagraph 11.C, and satisfy the transfer conditions under subparagraph 11.D, as in any other case of a proposed transfer. If the assignee of the decedent or disabled or incapacitated person is the spouse or child of such person, no transfer fee shall be payable to Territory Operator.

F. Right of First Refusal. If Licensee proposes to transfer or assign this Agreement or Licensee's interest herein or in the business conducted hereunder, in whole or in part, to any third party, including, without limitation, any transfer contemplated by subparagraph 11.E or any transfer described in subparagraph 11.A, Licensee first shall offer to sell to Territory Operator Licensee's said interest as provided herein. In the event of a bona fide offer from such third party, Licensee shall obtain from the third party offeror and deliver to Territory Operator a statement in writing, signed by the offeror and by Licensee, of the terms of the offer. In the event the proposed transfer results from a change in control of Licensee or a Principal Owner under subparagraphs 11.A.1 through 11.A.4, or Licensee's insolvency or the filing of any petition by or against Licensee under any provisions of any bankruptcy or insolvency law, Licensee first shall offer to sell to Territory Operator Licensee's interest in this Agreement and the land, building, equipment, furniture and fixtures, and leasehold interest used in the operation of

Licensee's Restaurant. Unless otherwise agreed to in writing by Territory Operator and Licensee, the purchase price for Territory Operator's purchase of assets in the event of a transfer that occurs by a change in control or insolvency or bankruptcy filing shall be established by a qualified appraiser selected by the parties. In addition, unless otherwise agreed to in writing by Territory Operator and Licensee, the transaction documents, which will be prepared by Territory Operator, will be those customary for this type of transaction and shall include representations and warranties then customary for this type of transaction. If the parties cannot agree upon the selection of such an appraiser, one shall be appointed by a Judge of the United States District Court for the District in which the Authorized Location is located upon petition of either party. Regardless of whether an appraiser is selected by the parties or appointed, Territory Operator and Licensee shall each pay one-half of the appraiser's fees and expenses. Licensee or Licensee's legal representative shall deliver to Territory Operator a statement in writing incorporating the appraiser's report. Territory Operator then shall have 30 days from Territory Operator's receipt of the statement setting forth the third party offer or the appraiser's report to accept the offer by delivering written notice of acceptance to Licensee. Territory Operator's acceptance of any right of first refusal shall be on the same price and terms set forth in the statement delivered to Territory Operator; provided, however, Territory Operator has the right to substitute equivalent cash for any noncash consideration included in the offer. If Territory Operator fails to accept the offer within the 30 day period, Licensee shall be free for 60 days after such period to effect the disposition described in the statement delivered to Territory Operator provided such transfer is in accordance with this Paragraph 11. Licensee shall effect no other sale or assignment of Licensee, this Agreement or the business conducted hereunder without first offering the same to Territory Operator in accordance with this subparagraph 11.F. With respect to any assignment or transfer subject to this subparagraph 11.F, Territory Operator has the right (at Territory Operator's option, upon written notice to Licensee) to assign to a third party all of Territory Operator's rights under this subparagraph.

G. Transfer by Territory Operator. Territory Operator has the right to sell or assign, in whole or in part, its interest in this Agreement. In addition, Licensee acknowledges and agrees that upon the expiration or termination of the Territory Agreement, all right, title and interest of Territory Operator in and to this Agreement at Company's election may become the property of Company.

DISPUTE RESOLUTION

12. The following provisions shall apply with respect to dispute resolution:

A. Arbitration. Except as qualified below, any dispute between Licensee and Territory Operator, Company and/or any of their affiliates arising under, out of, in connection with or in relation to this Agreement, any lease or sublease for the Restaurant or Authorized Location, the parties' relationship or the DQ Grill & Chill® or Dairy Queen® business shall be submitted to binding arbitration under the authority of the Federal Arbitration Act and shall be arbitrated in accordance with the then current rules and procedures and under the auspices of the American Arbitration Association. Any arbitration shall be on an individual basis and not consolidated with any other proceeding. The arbitration shall take place in the capital of the state in which the Authorized Location of Licensee is located, or at such other place as may be mutually agreeable to

the parties. The decision of the arbitrators shall be final and binding on all parties to the dispute; however, the arbitrators may not under any circumstances: (i) stay the effectiveness of any pending termination of this Agreement; (ii) assess punitive or exemplary damages; or (iii) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance set by Territory Operator or Company. A judgment may be entered upon the arbitration award by any state or federal court in Minnesota or the state of the Authorized Location.

B. Injunctive Relief. Notwithstanding subparagraph 12.A above, Licensee recognizes that the Restaurant is one of a large number of restaurants and stores identified by the Trademarks and similarly situated and selling to the public similar products, and hence the failure on the part of a single licensee to comply with the terms of its agreement could cause irreparable damage to Territory Operator, Company and/or to some or all other licensees of Territory Operator. Therefore, it is mutually agreed that in the event of a breach or threatened breach of any of the terms of this Agreement by Licensee, Territory Operator or Company shall forthwith be entitled to an injunction restraining such breach and/or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by the arbitrators. Similarly, it is mutually agreed that in the event of a breach or threatened breach of any of the terms of this Agreement by Territory Operator or Company, Licensee shall forthwith be entitled to an injunction restraining such breach and/or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by the arbitrators. The foregoing equitable remedies shall be in addition to, and not in lieu of, all other remedies or rights which the parties might otherwise have by virtue of any breach of this Agreement by the other party. Finally, Company and Territory Operator and their affiliates have the right to commence a civil action against Licensee or take other appropriate action to compel Licensee's compliance with trademark standards and requirements to protect the goodwill of the Trademarks.

C. Collection Costs, Including Collection Agency and Attorneys' Fees. The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement, any lease or sublease for the Restaurant or Authorized Location, or the DQ Grill & Chill® or Dairy Queen® business shall be entitled to recover all collection costs, including collection agency fees, its reasonable attorneys' fees, its court costs and other reasonable costs.

DEFAULT AND TERMINATION

13. The following provisions shall apply with respect to default and termination:

A. Defaults. Licensee shall be in default hereunder if Territory Operator determines that Licensee or any Principal Owner or guarantor has breached any of the terms of this Agreement or any other agreement between Licensee and Territory Operator or its affiliates, which without limiting the generality of the foregoing shall include making any false report to Territory Operator, failure to submit to Territory Operator the lease (if applicable) for the Authorized Location before execution, failure to submit any required

report, intentionally understating or underreporting or failure to pay when due any amounts required to be paid to Territory Operator or Company or the affiliates of either whether pursuant to this Agreement or otherwise or to any third party as required by this Agreement, conviction of Licensee, a Principal Owner, or a guarantor of any felony or misdemeanor which brings or tends to bring any of the Trademarks into disrepute or impairs or tends to impair the goodwill of any of the Trademarks, failure to abide by Company's and Territory Operator's standards and requirements in connection with the operation of Licensee's business, failure to use the genuine Orange Julius® Flavor Enhancer or any other proprietary powder undiluted and unadulterated in any manner whatsoever in the preparation and sale of Orange Julius® drinks, any attempt by Licensee to analyze the Orange Julius® powder or any other proprietary powder to determine the formula thereof, any attempt by Licensee to divulge to any third person any information which Licensee may acquire with respect to the Orange Julius® Flavor Enhancer or any other proprietary powder, filing of tax or other liens which may affect this Agreement, or voluntary or involuntary bankruptcy by or against Licensee or any Principal Owner or guarantor, insolvency, making an assignment for the benefit of creditors or any similar voluntary or involuntary arrangement for the disposition of assets for the benefit of creditors, or failure to meet any requirements or specifications established by Company or Territory Operator with respect to product quality, physical property, conditions of equipment or materials used, products manufactured, Menu, or use of approved products, packaging or promotional materials. In addition, the following events shall be construed as Licensee's voluntary abandonment of this Agreement and the business operated hereunder and subject to the termination provisions of subparagraph 13.B: (i) Licensee's loss of the right to occupy the Restaurant premises; (ii) Licensee's failure to pay to Territory Operator, Company or the affiliates or designees of either any past due amount owed within 7 days of Territory Operator's written notice of default thereof; (iii) Licensee's failure to repair and reopen for operation its destroyed or damaged Restaurant at the Authorized Location within 270 days of the date of occurrence of such destruction or damage (as described in subparagraph 6.H); and (iv) Licensee's failure to relocate and reopen in accordance with and within the time periods and conditions set forth in subparagraph 5.D.

B. Termination by Territory Operator. Territory Operator has the right to terminate this Agreement in accordance with the following provisions:

1. Termination After Opportunity to Cure. Except as otherwise provided in this subparagraph 13.B: (i) Licensee will have 7 days from the date of a written notice of default to cure any default under this Agreement; (ii) Licensee's failure to cure a default within the 7-day period will provide Territory Operator with good cause to terminate this Agreement; (iii) the termination will be accomplished by mailing or delivering to Licensee written notice of termination that will identify the grounds for the termination; and (iv) the termination will be effective 60 days after the date of the written notice of termination.

2. Immediate Termination With No Opportunity to Cure. In the event any of the following defaults occurs, Licensee will have no right or opportunity to cure the default and this Agreement will terminate effective immediately on Territory Operator's issuance of written notice of

termination: voluntary abandonment of this Agreement or the licensed premises by Licensee, insolvency of Licensee or a Principal Owner or guarantor, Licensee's or a Principal Owner's or guarantor's making an assignment or entering into any similar arrangement for the benefit of creditors, conviction of Licensee or any Principal Owners, Control Persons, Designated Managers or guarantors of an offense directly related to the business conducted hereunder, intentionally understating or underreporting Gross Sales, continuing license fees or sales promotion program fees, or any default by Licensee which is the third default within any 12-month consecutive period.

3. Immediate Termination After 24 Hours to Cure. In the event that a default under this Agreement occurs that materially impairs the goodwill associated with any of the Trademarks (for example, failing to maintain required minimum temperatures for DQ® mix or other temperature sensitive products or ingredients or improper cooking procedures used for hamburger patties): (i) Licensee will have 24 hours after Territory Operator provides written notice of the default to cure the default; and (ii) the termination will be effective immediately upon Territory Operator's issuance of written notice of termination.

4. Termination Fee. Upon Territory Operator's termination of this Agreement in accordance with the terms of this subparagraph 13.B, Licensee shall pay to Territory Operator within 30 days of the date of the termination an amount equal to 3½ times the continuing license fees payable to Territory Operator in respect to the last 12 months of the Restaurant's active operations or the entire period the Restaurant has been open for business, whichever is the shorter period, as compensation to Territory Operator for anticipated and reasonably estimated lost profits. This subparagraph 13.B.4 is not applicable to any termination or cancellation of an operating agreement for an Authorized Location that did not open.

5. Effect of Other Laws. The provisions of any valid, applicable law or regulation prescribing permissible grounds, cure rights or minimum periods of notice for termination of this franchise shall supersede any provision of this Agreement that is less favorable to Licensee than such law or regulation.

C. Termination by Licensee. Licensee may terminate this Agreement as a result of a breach by Territory Operator of a material provision of this Agreement provided that: (i) Licensee provides Territory Operator with written notice of the breach that identifies the grounds for the breach; and (ii) Territory Operator fails to cure the breach within 30 days after Territory Operator's receipt of the written notice. If Territory Operator fails to cure the breach, the termination will be effective 60 days after Territory Operator's receipt of Licensee's written notice of breach. Licensee's termination of this Agreement under this Paragraph will not release or modify Licensee's Post-Term obligations under Paragraph 14 of this Agreement.

POST-TERM OBLIGATIONS

14. Upon the expiration or termination of this Agreement:

A. Reversion of Rights; Discontinuation of Trademark Use. All rights of Licensee to the use of the Trademarks and all other rights and licenses granted herein and the right and license to conduct business under the Trademarks at the Authorized Location shall revert to Territory Operator without further act or deed of any party. All right, title and interest of Licensee in, to and under this Agreement shall become the property of Territory Operator. Licensee shall immediately cease all use and display of the Trademarks and of any material copyrighted by Company (including, without limitation, the Manuals and the product preparation materials) and of all or any portion of point-of-sale materials or other sales promotion or advertising materials furnished, made available or approved by Company or Territory Operator. Licensee shall pay all sums due to Territory Operator, Company, the affiliates of either or their designees. In addition, Licensee shall pay all sums Licensee owes to third parties which have been guaranteed by Territory Operator, Company or any of their affiliates. Licensee shall immediately return to Territory Operator all copies of the Manuals and product preparation materials then in Licensee's possession or control or previously disseminated to Licensee's employees. Licensee shall promptly and in any event within 20 days, at Licensee's expense, remove or obliterate all Restaurant signage, displays, photos or (subject to subparagraph 14.B) any other materials in Licensee's possession at the Authorized Location or elsewhere that bear any of the Trademarks or names or material confusingly similar to the Trademarks and so alter the appearance of the Restaurant, including, but not limited to, removal or substantial modification of its distinctive roof, chimney and awnings as to differentiate the Restaurant unmistakably from duly licensed restaurants and stores identified by the Trademarks, and removal of the Alpolic® composite exterior panels from the exterior of the Restaurant. If, however, Licensee refuses to comply with the provisions of the preceding sentence within 20 days, Territory Operator or Company has the right to enter the Authorized Location and remove all Restaurant signage, displays, photos or any other materials in Licensee's possession at the Authorized Location or elsewhere that bear any of the Trademarks or names or material confusingly similar to the Trademarks, and Licensee shall reimburse Territory Operator or Company for Territory Operator's or Company's costs incurred in connection therewith. Notwithstanding the foregoing, in the event of expiration or termination of this Agreement, Licensee shall remain liable for its obligations pursuant to any applicable lease or sublease for the Restaurant premises and Authorized Location and its other applicable obligations pursuant to this Agreement or any other agreement between Licensee and Territory Operator, Company or Company's affiliates.

B. Purchase Option. Territory Operator has the right to purchase or designate a third party that will purchase all or any portion of the assets of Licensee's Restaurant that are owned by Licensee or any of Licensee's affiliates including, without limitation, the land, building, equipment, fixtures, signage, furnishings, supplies, leasehold, leasehold improvements, and inventory of the Restaurant at a price determined by a qualified appraiser selected with the consent of both parties, provided Territory Operator gives Licensee written notice of Territory Operator's preliminary intent to exercise its purchase rights under this Paragraph within 30 days after the date of the expiration or termination of this Agreement. The price determined by the appraiser shall be the reasonable fair

market value of the assets based on their continuing use in, as, and for the operation of a DQ Grill & Chill® or Dairy Queen® restaurant or store and the appraiser shall designate a price for each category of asset (e.g., land, building, equipment, fixtures, etc.). If the parties cannot agree upon the selection of an appraiser, one shall be appointed by a Judge of the United States District Court for the District in which the Authorized Location is located upon petition of either party. Within 45 days after Territory Operator's receipt of the appraisal report, Territory Operator or its designated purchaser shall identify the assets, if any, that it intends to purchase at the price designated for those assets in the appraisal report. Territory Operator or its designated purchaser and Licensee shall then proceed to complete and close the purchase of the identified assets, and to prepare and execute purchase and sale documents customary for the assets being purchased, in a commercially reasonable time and manner. Regardless of whether an appraiser is selected by the parties or appointed, Territory Operator and Licensee shall each pay one-half of the appraiser's fees and expenses. Territory Operator has the right to reduce the price it pays for any assets it purchases under this Paragraph by an amount equal to any unpaid portion of the termination fee due under subparagraph 13.B.4 of this Agreement. Territory Operator's interest hereunder in the assets of the Restaurant that are owned by Licensee or Licensee's affiliates shall constitute a lien thereon and shall not be impaired or terminated by the sale or other transfer of any of those assets to a third party. Upon Territory Operator's or its designated purchaser's exercise of the purchase option and tender of payment, Licensee agrees to sell and deliver, and cause its affiliates to sell and deliver, the purchased assets to Territory Operator or its designated purchaser, free and clear of all encumbrances, and to execute and deliver, and cause its affiliates to execute and deliver, to Territory Operator or its designated purchaser a bill of sale therefore and/or such other documents as may be commercially reasonable and customary to effectuate the sale and transfer of the assets being purchased.

C. Noncompetition; Claims. Neither Licensee nor any of Licensee's Control Persons or Principal Owners shall directly or indirectly (which includes, but is not limited to, acting as a lessor, lessee, officer, director, partner, employee, consultant, shareholder or lender) own, operate, lease, engage in, conduct, have any interest in, or assist any other person or entity to engage in, any competitive business within 500 meters of the Authorized Location that existed immediately prior to expiration or termination for a period of one year after the date of expiration or termination by either party with or without cause. Furthermore, Licensee and its Control Persons and Principal Owners shall comply with the confidentiality and nondisclosure provisions of subparagraph 6.1J of this Agreement. Any claim arising out of or relating to this Agreement, the relationship of the parties, Territory Operator's operation of its DQ Grill & Chill® or Dairy Queen® business, Company's operation of the DQ® system, or Licensee's operation of the Restaurant will be barred unless filed before the expiration of the earlier of: (1) the time period for bringing an action under any applicable state or federal statute of limitations; (2) one year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; or (3) two years after the first act or omission giving rise to an alleged claim. Claims of Territory Operator or Company for the underreporting of Gross Sales, for indemnification, or for claims related to Company's rights under any of the Trademarks shall be subject only to the applicable state or federal statute of limitations.

GENERAL PROVISIONS

15. The parties hereby agree to the following provisions:

A. Severability. Should one or more clauses of this Agreement be held to be void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses shall be deemed to be separable in such jurisdiction and the remainder of this Agreement shall be deemed to be valid and in full force and effect and the terms of this Agreement shall be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses. It is the intent and expectation of each of the parties that each provision of this Agreement will be honored, carried out and enforced as written. Consequently, each of the parties agrees that any provision of this Agreement sought to be enforced in any proceeding hereunder shall, at the election of the party seeking enforcement and notwithstanding the availability of an adequate remedy at law, be enforced by specific performance or any other equitable remedy.

B. Waiver/Integration. No waiver by Territory Operator of any breach by Licensee, nor any delay or failure by Territory Operator to enforce any provision of this Agreement, shall be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce Territory Operator's rights with respect to that or any other or subsequent breach. Subject to Territory Operator's and Company's rights to modify appendices and/or standards and as otherwise provided herein, this Agreement shall not be waived, altered or rescinded, in whole or in part, except by a writing signed by Licensee and Territory Operator and consented to by Company. This Agreement together with the addenda and appendices hereto and the application form executed by Licensee requesting Territory Operator to enter into this Agreement constitute the sole agreement between the parties with respect to the entire subject matter of this Agreement and embody all prior agreements and negotiations with respect to the business authorized hereunder. Licensee acknowledges and agrees that it has not received any warranty or guarantee, express or implied, as to the potential volume, profits or success of Licensee's business. There are no representations or warranties of any kind, express or implied, except as contained herein, in the aforesaid application, and in Territory Operator's franchise disclosure document (including its exhibits and any updates or amendments).

C. Notices. Except as otherwise provided in this Agreement, any notice, demand or communication provided for herein shall be in writing and signed by the party serving the same and either delivered personally or by a reputable overnight service or deposited in the United States mail, service or postage prepaid, and if such notice is a notice of default or of termination, by registered or certified mail, and addressed as follows:

1. If intended for Territory Operator, shall be addressed to Territory Operator at the address hereinabove designated;
2. If intended for Licensee, shall be addressed to Licensee at the Authorized Location hereinabove designated;

3. If intended for Company, shall be addressed to the President, American Dairy Queen Corporation, 7505 Metro Boulevard, Minneapolis, Minnesota 55439; or,

to such other address as may have been designated by notice to the other party. Notices for purposes of this Agreement shall be deemed to have been received if mailed or delivered as provided in this subparagraph.

D. Authority. Any modification, consent, approval, authorization or waiver granted hereunder required to be effective by signature shall be valid only if in writing and executed by Licensee's Control Person if on behalf of Licensee, Territory Operator's Control Person if on behalf of Territory Operator, or, if on behalf of Company, in writing and executed by its President or one of its Vice Presidents.

E. References. If Licensee consists of 2 or more individuals, such individuals shall be jointly and severally liable, and references to Licensee in this Agreement shall include all such individuals. Reference to Licensee as neuter shall also include a male or female Licensee, as relevant in the context. Headings and captions contained herein are for convenience of reference and shall not be taken into account in construing or interpreting this Agreement.

F. Guarantee. All Principal Owners of a Licensee which is a corporation, partnership or other entity shall execute the form of undertaking and guarantee at the foot of this Agreement. Any person or entity that at any time after the date of this Agreement becomes a Principal Owner of Licensee pursuant to the provisions of Paragraph 11 or otherwise shall, as a condition of becoming a Principal Owner, execute the form of undertaking and guarantee at the foot of this Agreement.

G. Successors/Assigns. Subject to the terms of Paragraph 11 hereof, this Agreement shall be binding upon and inure to the benefit of the administrators, executors, heirs, successors and assigns of the parties.

H. Interpretation of Rights and Obligations. The following provisions will apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties:

1. Applicable Law and Waiver. Subject to Company's rights under federal trademark laws and the parties' rights under the Federal Arbitration Act in accordance with Paragraph 12 of this Agreement, the parties' rights under this Agreement, and the relationship between the parties is governed by, and will be interpreted in accordance with, the laws (statutory and otherwise) of the state in which the Authorized Location is located. Licensee waives, to the fullest extent permitted by law, the rights and protections that might be provided through the laws of any state relating to franchises or business opportunities, other than those of the state in which the Authorized Location is located.

2. Territory Operator's and Company's Rights. Whenever this Agreement provides that Territory Operator and/or Company have a certain right, that right is absolute and the parties intend that Territory

Operator's and/or Company's exercise of that right will not be subject to any limitation or review. Territory Operator and/or Company have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

3. Territory Operator's and Company's Reasonable Business Judgment. Whenever Territory Operator and/or Company reserve or are deemed to have reserved discretion in a particular area or where Territory Operator and/or Company agree or are deemed to be required to exercise their rights reasonably or in good faith, Territory Operator and Company will satisfy their obligations whenever they exercise Reasonable Business Judgment in making their decision or exercising their rights. A decision or action by Territory Operator or Company will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if Territory Operator's or Company's decision or action is intended, in whole or significant part, to promote or benefit the DQ® system generally even if the decision or action also promotes a financial or other individual interest of Territory Operator and/or Company. Examples of items that will promote or benefit the DQ® system include, without limitation, enhancing the value of the Trademarks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the DQ® system. Neither Licensee nor any third party (including, without limitation, a trier of fact), shall substitute its judgment for Territory Operator's or Company's Reasonable Business Judgment.

I. Waiver of Punitive Damages. Licensee, Territory Operator, Company and their affiliates agree to waive, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other and agree that in the event of any dispute between them, each shall be limited to the recovery of actual damages sustained by it.

J. Relationship of the Parties. Licensee, Territory Operator and Company are independent contractors. None of the parties is the agent, legal representative, partner, subsidiary, joint venturer or employee of the other parties. None of the parties shall obligate the other parties or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence.

K. Force Majeure. In the event of any failure of performance of this Agreement according to its terms by any party the same shall not be deemed a breach of this Agreement if it arose from a cause beyond the control of and without the negligence of said party. Such causes include, but are not limited to, acts of God, actions of the elements, lockouts, strikes, wars, riots, civil commotion, and acts of government except as may be specifically provided for elsewhere in this Agreement.

L. Adaptations and Variances. Complete and detailed uniformity under many varying conditions may not always be possible, practical, or in the best interest of the DQ® system. Accordingly, Territory Operator and Company have the right to vary the

Menu and other standards, specifications, and requirements for any licensed restaurant or store or licensee based upon the customs or circumstances of a particular franchise or operating agreement, site or location, population density, business potential, trade area population, existing business practice, competitive circumstance, or any other condition that Territory Operator and/or Company deem to be of importance to the operation of such restaurant or store, licensee's or sublicensee's business, or the DQ® system. Neither Territory Operator nor Company is required to grant to Licensee a like or other variation as a result of any variation from standard menus, specifications or requirements granted to any other restaurant or store or licensee. Licensee acknowledges that it is aware that other licensees or sublicensees of Territory Operator and Company operate under a number of different forms of operating agreements or operating agreements that were entered into at different times and that, consequently, the obligations and rights of the parties to such other agreements may differ materially in certain instances from Licensee's rights and obligations under this Agreement. Licensee acknowledges and agrees that Territory Operator and Company have the right to periodically modify or rescind any requirement, standard or specification prescribed by Territory Operator and/or Company under this Agreement to adapt the System to changing conditions, competitive circumstances, business strategies, business practice innovations, and technological changes as Territory Operator and/or Company deem appropriate.

M. Notice of Potential Profit. Territory Operator hereby advises Licensee that Territory Operator, Company and/or the affiliates of either may from time to time make available to Licensee goods, products and/or services for use in Licensee's Restaurant on the sale of which Territory Operator, Company and/or the affiliates of either may make a profit. Territory Operator further advises Licensee that Territory Operator, Company and/or the affiliates of either may from time to time receive consideration from suppliers and/or manufacturers in respect to sales of goods, products or services to Licensee or in consideration of services rendered or rights licensed to such persons. The consideration may or may not be related to services performed. Licensee agrees that Territory Operator, Company and/or the affiliates of either shall be entitled to said profits and/or consideration.

N. Licensed Restaurants. Each reference herein to a licensee or a licensed restaurant or store shall be deemed to refer equally to any restaurant or store operated hereunder by Territory Operator for Territory Operator's own account.

O. Effective Date. This Agreement shall be effective on the date it is signed by Territory Operator. However, as described in subparagraph 2.B hereof, the license to use the Trademarks is not effective and Licensee does not have the right to, and shall not, open and commence operation of a Restaurant at the Authorized Location until Territory Operator notifies Licensee that Company has consented to this Agreement, and Territory Operator notifies Licensee that Licensee has satisfied all of the pre-opening conditions set forth in this Agreement. If Company does not consent to this Agreement, Territory Operator will declare the Agreement null and void, and Territory Operator and Company will return to Licensee all deposits, including the initial franchise fee, after deducting a cancellation fee of the greater of \$2,500 or Territory Operator's and Company's actual expenses incurred in connection with processing Licensee's application and providing services for Licensee's benefit, including any training programs.

P. Receipt of Documents. Licensee acknowledges that it received Territory Operator's franchise disclosure document at least 14 calendar days prior to the date on which this Agreement was executed

[Signatures on next page]

IN WITNESS WHEREOF, the parties hereto have executed the foregoing Operating Agreement
as of the dates written below.

LICENSEE: (For an Entity)

Date: _____

_____,
a _____
(Please type or print name and type of entity)

By: _____
(Signature of person signing on behalf of entity)

(Please type or print name of person
signing on behalf of entity)

Its: _____
(Please type or print title of person
signing on behalf of entity)

LICENSEE: (For an Individual)

Date: _____

Name: _____
(Please type or print)

Signature: _____

Date: _____

Name: _____
(Please type or print)

Signature: _____

TERRITORY OPERATOR:

By: _____

Its: _____

Date: _____

CONSENT:

AMERICAN DAIRY QUEEN
CORPORATION

By: _____

Its: _____

Date: _____

MINNESOTA RIDER TO OPERATING AGREEMENT

The Operating Agreement is amended and revised as follows for use in Minnesota:

A. Section 3.B is modified to add the following language:

Minn. Stat. Sec. 80C, Subd. 1(g) requires that Territory Operator and Company protect Licensee's right to use the trademarks or indemnify Licensee from any loss, costs or expenses arising out of any claim, suit or demand regarding Licensee's use of the trademarks. Territory Operator and Company will do so if Licensee was using the trademarks in accordance with the Operating Agreement and Territory Operator's and Company's instructions, Licensee promptly notifies Territory Operator and Company of any such claims and Licensee tenders the defense of the claim to Territory Operator and Company.

B. Section 12.B is modified to add the following language:

Minn. Stat. Sec. 80C, Subd. 5 requires that no action may be commenced more than 3 years after the cause of action accrues.

C. Section 12.B, the 2nd and 3rd sentences, are deleted and replaced with the following language:

Therefore, it is mutually agreed that in the event of a breach or threatened breach of any of the terms of this Agreement by Licensee, Territory Operator or Company shall forthwith be entitled to seek an injunction restraining such breach and/or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by the arbitrators. Similarly, it is mutually agreed that in the event of a breach or threatened breach of any of the terms of this Agreement by Territory Operator or Company, Licensee shall forthwith be entitled to seek an injunction restraining such breach and/or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by the arbitrators.

D. Section 13 is modified to include the following language:

With respect to subfranchises governed by Minnesota law, Territory Operator will comply with Minn. Stat. Sect. 80C.14, subsd. 3, 4 and 5, which require, except in certain specified cases, that Licensee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the subfranchise.

IN WITNESS WHEREOF, the parties hereto have executed the foregoing Minnesota Rider to the Operating Agreement as of the dates written below.

LICENSEE: (For an Entity)

Date: _____

a _____
(Please type or print name and type of entity)

By: _____
(Signature of person signing on behalf of entity)

(Please type or print name of person
signing on behalf of entity)

Its: _____
(Please type or print title of person
signing on behalf of entity)

LICENSEE: (For an Individual)

Date: _____

Name: _____
(Please type or print)

Signature: _____

Date: _____

Name: _____
(Please type or print)

Signature: _____

TERRITORY OPERATOR:

By: _____

Its: _____

Date: _____

CONSENT:

AMERICAN DAIRY QUEEN
CORPORATION

By: _____

Its: _____

Date: _____

Date: _____

Date: _____

NEW YORK RIDER TO OPERATING AGREEMENT

The Operating Agreement is amended and revised as follows for use in New York:

A. Section 10.B is modified to add the following sentence before the word "Licensee" in the 10th line:

However, Licensee shall not be required to hold harmless or indemnify Territory Operator, Company and/or any affiliate of either for any claim arising out of a breach of this Agreement by Territory Operator or any other civil wrong of Territory Operator.

B. Section 11.G is modified to include the following language:

However, Territory Operator shall not make any transfer or assignment except to a person who, in the good faith judgment of Territory Operator, is willing and able to assume Territory Operator's obligations under this Agreement.

C. Section 12.A, the 8th line, is modified to delete "shall forthwith be entitled to" and to substitute "shall forthwith be entitled to apply for".

D. Section 15.L is modified to add the following sentence:

No modification of any Menu and/or standard by Territory Operator and/or Company or any modification of this Agreement shall impose any new or different requirement which unreasonably increases Licensee's obligations or places an excessive economic burden on Licensee's operations.

IN WITNESS WHEREOF, the parties hereto have executed the foregoing New York Rider to the Operating Agreement as of the dates written below.

LICENSEE: (For an Entity)

LICENSEE: (For an Individual)

Date: _____

Date: _____

_____,
a _____
(Please type or print name and type of entity)

Name: _____
(Please type or print)

Signature: _____

By: _____
(Signature of person signing on behalf of entity)

Date: _____

(Please type or print name of person
signing on behalf of entity)

Name: _____
(Please type or print)

Signature: _____

Its: _____
(Please type or print title of person
signing on behalf of entity)

TERRITORY OPERATOR:

By: _____

Its: _____

Date: _____

CONSENT:

AMERICAN DAIRY QUEEN
CORPORATION

By: _____

Its: _____

Date: _____

Date: _____

Date: _____

NORTH DAKOTA RIDER TO OPERATING AGREEMENT

The Operating Agreement is amended and revised as follows for use in North Dakota:

- A. Section 11.D.6 is amended to add the following:

Any release signed as a condition of transfer will not apply to any claims subfranchisee may have under the North Dakota Franchise Investment Law.

- B. Section 13.B.4 is amended to add the following:

The termination fee, in the form of liquidated damages, will not apply to North Dakota franchisees.

- C. Section 14.C is amended to add the following:

In accordance with North Dakota law, the restrictions of the covenant not to compete might not apply to subfranchisee's activities after the termination or expiration of the operating agreement.

- D. Section 15.I is amended to add the following:

The waiver of a right to seek punitive damages will not apply.

IN WITNESS WHEREOF, the parties hereto have executed the foregoing North Dakota Rider to the Operating Agreement as of the dates written below.

LICENSEE: (For an Entity)

Date: _____

a _____
(Please type or print name and type of entity)

By: _____
(Signature of person signing on behalf of entity)

(Please type or print name of person
signing on behalf of entity)

Its: _____
(Please type or print title of person
signing on behalf of entity)

LICENSEE: (For an Individual)

Date: _____

Name: _____
(Please type or print)

Signature: _____

Date: _____

Name: _____
(Please type or print)

Signature: _____

TERRITORY OPERATOR:

By: _____

Its: _____

Date: _____

CONSENT:

AMERICAN DAIRY QUEEN
CORPORATION

By: _____

Its: _____

Date: _____

ACKNOWLEDGMENT ADDENDUM TO OPERATING AGREEMENT

As you know, you and Territory Operator are entering into an Operating Agreement for the operation of a DQ Grill & Chill®, Dairy Queen®/Brazier® or Dairy Queen®/Limited Brazier® franchise. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that neither Territory Operator nor Company has authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

Acknowledgments and Representations*

1. Did you receive a copy of Territory Operator's Disclosure Document (and all exhibits and attachments) at least 14 calendar days ~~prior to~~before signing the Operating Agreement? Check one: ☐ Yes ☐ No. If no, please comment:

2. Did Territory Operator inform you of the differences between this Agreement and its standard Operating Agreement (including the type of restaurant or store you will operate) at least 7 calendar days before you signed this Agreement, and have you received a substantially complete version of this Agreement and all attachments at least 7 calendar days before signing this Agreement? Check one: ☐ Yes ☐ No. If no, please comment: _____
3. Have you studied and reviewed carefully Territory Operator's Disclosure Document and Operating Agreement? Check one: ☐ Yes ☐ No. If no, please comment: _____
4. Did you understand all the information contained in both Territory Operator's Disclosure Document and the Operating Agreement? Check one ☐ Yes ☐ No. If no, please comment: _____
5. Was any oral, written or visual claim or representation made to you which contradicted the disclosures in Territory Operator's Disclosure Document? Check one: ☐ No ☐ Yes. If yes, please state in detail the oral, written or visual claim or representation: _____
6. Did any employee or other person speaking on behalf of Territory Operator or Company make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels at any DQ Grill & Chill® or Dairy Queen® location or business, or the likelihood of success at your subfranchised business? Check one: ☐ No ☐ Yes. If yes, please state in detail the oral, written or visual claim or representation: _____
7. Did any employee or other person speaking on behalf of Territory Operator or Company make any statement or promise regarding the costs involved in operating a subfranchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document. Check one: ☐ Yes ☐ No. If yes, please comment: _____
8. Do you understand that that the franchise granted is for the right to operate a business at the authorized location only and includes no exclusive area or protected territory, and that Territory Operator and Company, and their affiliates, have the right to issue franchises or operate competing businesses for or at locations, as determined by Territory Operator and Company, near your

authorized location, as further described in subparagraph 2C of the Operating Agreement? Check one: ☐ Yes ☐ No. If no, please comment: _____

9. Do you understand that the Operating Agreement contains the entire agreement between you and Territory Operator concerning the subfranchise for the subfranchised business, meaning that any prior oral or written statements not set out in the Operating Agreement will not be binding? Check one: ☐ Yes ☐ No. If no, please comment: _____

10. Do you understand that the success or failure of your restaurant will depend in large part upon your skills and experience, your business acumen, the hours you work, your location, the local market for products under the DQ Grill & Chill®, Dairy Queen®, Brazier® and/or other ADQ trademarks, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition, lease terms and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your restaurant may change? Check one ☐ Yes ☐ No. If no, please comment: _____

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO TERRITORY OPERATOR AND THAT TERRITORY OPERATOR WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

Signed: _____

Print Name: _____

Date: _____

Signed: _____

Print Name: _____

Date: _____

APPROVED ON BEHALF OF
TERRITORY OPERATOR

Signed _____

Print Name: _____

Date: _____

By: _____

Title: _____

Date: _____

UNDERTAKING AND GUARANTEE ADDENDUM TO OPERATING AGREEMENT

NOTE: IF LICENSEE IS A CORPORATION OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THE FOLLOWING UNDERTAKING AND GUARANTEE AS AN INDIVIDUAL AND NOT AS A PRINCIPAL OWNER OR OFFICER OF THE CORPORATION OR OTHER ENTITY:

In consideration of the execution of the foregoing Operating Agreement ("Operating Agreement") by Territory Operator and Company, and for other good and valuable consideration, each and all of the Principal Owners of Licensee, for themselves, their heirs, legal representatives, successors and assigns (referred to collectively as the "Guarantors") do hereby jointly, individually and severally guarantee the full and timely performance by Licensee of each and every obligation of Licensee arising under the Operating Agreement, including without limitation the payment of all amounts and the performance of all covenants, terms and conditions required under the Operating Agreement.

Further, the Guarantors, individually, jointly and severally, hereby agree to be personally bound by each and every condition and term contained in the Operating Agreement as though each of the Guarantors had executed an operating agreement containing the identical terms and conditions of the Operating Agreement, including without limitation the dispute resolution provisions, and any amendments, extensions, or other modifications to the Operating Agreement.

Each of the Guarantors waives: (i) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (ii) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; or (iii) any right that the Guarantors may have to require Territory Operator or Company, as a condition of liability or otherwise, to proceed against any other person or to proceed against or exhaust any security held by Territory Operator or Company at any time or to pursue any right of action accruing to Territory Operator or Company under the Operating Agreement. Territory Operator or Company has the right to either proceed against the Guarantors and Licensee, jointly and severally, or proceed against any of the Guarantors without having commenced any action, or having obtained any arbitration award or judgment, against Licensee.

The Guarantors individually, jointly and severally agree to pay all attorneys' fees and costs and other expenses incurred in connection with the enforcement of this Guarantee or with any negotiations related to such enforcement.

The Guarantors individually and collectively agree that each and every provision, covenant, and condition of this Guarantee shall inure to the benefit of Territory Operator's and Company's successors and assigns and that any liability or obligations arising under this Guarantee shall not be diminished or relieved by the insolvency, bankruptcy, or reorganization of Licensee or of Licensee's successors and assigns.

Signatures on next page

Name: _____
(Please type or print)

Signature: _____

Address: _____

Telephone: _____

Name: _____
(Please type or print)

Signature: _____

Address: _____

Telephone: _____

Name: _____
(Please type or print)

Signature: _____

Address: _____

Telephone: _____

Name: _____
(Please type or print)

Signature: _____

Address: _____

Telephone: _____

Name: _____
(Please type or print)

Signature: _____

Address: _____

Telephone: _____

Name: _____
(Please type or print)

Signature: _____

Address: _____

Telephone: _____

**OWNERSHIP AND MANAGEMENT ADDENDUM
TO OPERATING AGREEMENT**

1. Control Person(s). Licensee represents and warrants to Territory Operator that the following person(s), and only the following person(s), shall be the Control Person(s) of Licensee:

NAME

TITLE

ADDRESS

2. Designated Manager. Licensee represents and warrants to Territory Operator that the following person, and only the following person, shall be the Designated Manager of Licensee:

NAME

TITLE

ADDRESS

3. Principal Owner(s). Licensee represents and warrants to Territory Operator that the following person(s) and entities, and only the following persons and entities, shall be the Principal Owner(s) of Licensee:

NAME

HOME ADDRESS

PERCENTAGE OF INTEREST

4. Change. Licensee shall immediately notify Territory Operator in writing of any change in the information contained in this Addendum and, at Territory Operator's request, prepare and sign a new Addendum containing the correct information.

5. Effective Date. This Addendum is effective as of this ____ day of _____, 20__.

Licensee's Initials

Territory Operator's Initials

**COMMENCEMENT AND EXPIRATION DATES ADDENDUM TO
OPERATING AGREEMENT**

In accordance with Paragraph 4 of the Operating Agreement by and between Dairy Queen Montana / North Dakota LLC ("Territory Operator") and _____ ("Licensee"), dated _____, 20__ (the "Agreement"), the term of the Agreement shall commence on _____, 20__ and expire on _____, 20__. The foregoing dates shall supersede the dates noted in Paragraph 4 of the Agreement. Otherwise, the Agreement shall be in full force and effect as written.

[TERRITORY OPERATOR]

Date: _____

By: _____

Its: _____

LEASE ADDENDUM TO OPERATING AGREEMENT

This Lease Addendum ("Addendum"), dated _____, 20020, is entered into between _____ ("Lessor"), and _____ ("Lessee").

RECITALS

- A. The parties have entered into a Lease Agreement, dated _____, 20020, (the "Lease") for the premises located at _____ (the "Premises").
- B. Lessee, as a licensee of Territory Operator (as defined below), has agreed to use the Premises only for the operation of a restaurant from the Premises pursuant to an Operating Agreement (the "Operating Agreement") with _____ ("Territory Operator") under the name "DQ Grill & Chill," or "Dairy Queen" or other name Territory Operator designates (the "Restaurant").
- C. The parties desire to amend the Lease in accordance with the terms and conditions contained in this Addendum.

AGREEMENT

Lessor and Lessee agree as follows:

- 1. Remodeling and Decor. Lessor agrees to allow Lessee to remodel, equip, paint and decorate the interior of the Premises and to display such proprietary marks and signs on the interior and exterior of the Premises pursuant to the Operating Agreement and any successor Operating Agreement under which Lessee may operate the Restaurant on the Premises.
- 2. Assignment. Lessee has the right to assign all of its right, title and interest in the Lease to Territory Operator, at any time during the term of the Lease, including any extensions or renewals, without first obtaining Lessor's consent. No assignment will be effective, however, until Territory Operator or its designated affiliate gives Lessor written notice of its acceptance of the assignment. If Territory Operator elects to assume the lease under this subparagraph or unilaterally assumes the lease as provided for in subparagraphs 3(c) or 4(a), Lessor and Lessee agree that (i) Lessee will remain liable for the responsibilities and obligations, including amounts owed to Lessor, arising prior to the date of assignment, and (ii) Territory Operator will have the right to sublease or assign the Lease to another licensee, provided the licensee agrees to operate the Restaurant as a DQ Grill & Chill® or Dairy Queen® restaurant or store pursuant to an Operating Agreement with Territory Operator. Territory Operator will be responsible for the lease obligations incurred after the effective date of the assignment.
- 3. Default and Notice.
 - (a) In the event there is a default or violation by Lessee under the terms of the Lease, Lessor agrees to give Lessee and Territory Operator written notice of such default or violation within a reasonable time after Lessor knows of its occurrence. Lessor agrees to provide Territory Operator the written notice of default as written and on the same day Lessor gives it to Lessee. Although Territory Operator is under no obligation to cure the default, Territory Operator

will notify Lessor if it intends to cure the default if Lessee does not, and to unilaterally assume Lessee's interest in the lease as provided in Paragraph 3(c). Territory Operator will have an additional 15 days from the expiration of Lessee's cure period in which to cure the default or violation.

- (b) All notices to Territory Operator must be sent by registered or certified mail, postage prepaid, to the following address:

Attention: _____

Territory Operator may change its address for receiving notices by giving Lessor written notice of the new address. Lessor agrees to notify both Lessee and Territory Operator of any change in Lessor's mailing address to which notices should be sent.

- (c) Upon Lessee's default and failure to cure a default under either the Lease or the Operating Agreement, Territory Operator has the right (but not the obligation) upon curing Lessee's default, to unilaterally assume Lessee's interest in the Lease.

4. Termination or Expiration.

- (a) Lessor acknowledges that, upon the expiration or termination of the Operating Agreement, Territory Operator has the right (but not the obligation) to unilaterally assume Lessee's interest in the Lease and agrees that, if Territory Operator does so, Lessor will look to Territory Operator as the lessee under the Lease for and after such date, provided Lessor receives written notice of the assumption from Territory Operator.
- (b) Upon the expiration or termination of the Lease, Lessor agrees to cooperate and allow Territory Operator to enter the Premises, without cost and without being guilty of trespass and without incurring any liability to Lessor, to remove all signs, awnings, and all other items identifying the Premises as a DQ Grill & Chill® or Dairy Queen® restaurant and to make such other modifications as are reasonably necessary to protect the DQ Grill & Chill® and Dairy Queen® marks and system, and to distinguish the Premises from DQ Grill & Chill® and Dairy Queen® restaurants and stores. In the event Territory Operator exercises its option to purchase assets of Lessee, Lessor agrees to permit Territory Operator to remove all such assets being purchased by Territory Operator.

5. Consideration; No Liability.

- (a) Lessor acknowledges that the provisions of this Addendum are required pursuant to the Operating Agreement and that Lessee may not operate a Restaurant on the Premises without this Addendum.
- (b) Lessor acknowledges that Lessee is not an agent or employee of Territory Operator and Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Territory Operator, any affiliate of Territory Operator or its parent corporation and that Lessor has entered into this Addendum with full understanding that it creates no duties, obligations or liabilities of or

against Territory Operator, any affiliate of Territory Operator or its parent corporation, except as expressly set forth herein.

- (c) Nothing contained in this Addendum makes Territory Operator, its affiliates or its parent corporation a party or guarantor to the Lease, and does not create any liability or obligation of Territory Operator, its affiliates or its parent corporation, except as expressly set forth herein.
- 6. Modification. No amendment or variation of the terms of this Addendum is valid unless made in writing and signed by the parties and the parties have obtained Territory Operator's written consent.
- 7. Reaffirmation of Lease. Except as amended or modified in this Addendum, all of the terms, conditions and covenants of the Lease remain in full force and effect and are incorporated by reference and made a part of this Addendum.
- 8. Miscellaneous.
 - (a) Territory Operator is a third party beneficiary of this Addendum.
 - (b) References to the Lease and to the Operating Agreement include all amendments, addenda, extensions and renewals to the documents.
 - (c) References to Lessor, Lessee and Territory Operator include the successors and assigns of each of the parties.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the date written above.

LESSEE:

LESSOR:

By: _____
Title: _____

By: _____
Title: _____

**SBA ADDENDUM TO
OPERATING AGREEMENT**

This SBA ADDENDUM ("Addendum") is made and entered into by Dairy Queen Montana / North Dakota LLC ("Territory Operator") and _____ ("Licensee") effective as of the date of the Operating Agreement.

WHEREAS, Territory Operator and Licensee entered into an Operating Agreement on _____, 20____ ("Operating Agreement") under which Licensee agreed, among other things, to operate and maintain a Dairy Queen restaurant or store located at _____.

WHEREAS, Licensee has obtained from a lender a loan ("Loan") in which funding is provided with the assistance of the United States Small Business Administration ("SBA") and the SBA requires the execution of this Addendum as a condition for obtaining the SBA assisted financing.

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. The Operating Agreement is in full force and effect, and Territory Operator has sent no official notice of default to Licensee under the Operating Agreement that remains uncured on the date hereof.
2. Subsection 11.F of the Operating Agreement is amended by the addition of the following:

"Notwithstanding anything else in Section 11.F, Territory Operator will not exercise its right of first refusal so as to become a partial owner of the restaurant or store."

3. This Addendum automatically terminates on the earliest to occur of the following: (i) a Termination occurs under the Operating Agreement; (ii) the Loan is paid; or (iii) the SBA no longer has any interest in the Loan.

IN WITNESS WHEREOF, the parties hereto have executed the foregoing Addendum as of the dates written below.

LICENSEE: (For an Entity)

Date: _____

_____, a

By: _____

Its: _____

Witness: _____

Date: _____

Name: _____
(Please type or print)

Signature: _____

Witness: _____

LICENSEE: (For an Individual)

Date: _____

Name: _____
(Please type or print)

Signature: _____

Witness: _____

TERRITORY OPERATOR:

Date: _____

By: _____

Its: _____

SYSTEM BULLETIN #113-AB (GC)

TO: Operators of DQ Grill & Chill® Restaurants
FROM: Lane Schmiesing, Vice President—Product and Concept Marketing
DATE: July 1, 2012
SUBJECT: Approved Menu Items and Trademarks

This system bulletin supersedes system bulletin #113-AA (GC). Please note that this bulletin contains a license and corresponding requirements to use the DQ Grill & Chill® trademarks and menu for those full food locations that transition to DQ Grill & Chill restaurants.

This system bulletin contains two sections. The first section is Appendix "A", which sets forth the trademarks and service marks that you are authorized to use in the operation of your restaurant. If your Operating Agreement refers to your use of trademarks as set forth in an Appendix "A", then this Appendix "A" shall serve as that document.

The second section is Appendix "B", which sets forth the approved menu for your restaurant. Appendix "B" covers "Required Core Menu Items," "Target Menu Items," "Limited Time Offerings" (LTOs), and "Local Menu Items."

Additions to the "Required Core Menu" for 2012 include:

- Oreo® CheeseQuake® Blizzard® Flavor Treat**
- Choco Cherry Love Blizzard Flavor Treat**
- Orange Julius® Originals and Orange Julius Premium Fruit Smoothies**

CORE MENU

Effective March 1, 2012, the required core menu items are listed in the Appendix "B". If your Operating Agreement refers to your use of a menu as set forth in an Appendix "B", then this Appendix "B" shall serve as that document. Please note that the Orange Julius menu items will be rolled out during 2012 by Distribution Center (DC) and by DMA within those DC geographic coverage areas. The Orange Julius Originals and Premium Fruit Smoothies will become required core menu items for stores located within a DMA as the Orange Julius program is rolled out to that DMA.

CERTIFIED PROGRAMS

In addition, if you are part of a certified program, your restaurant is required to sell those menu items from the Appendix "B"—"Certified Programs" list for which you have been certified.

BLIZZARD® OF THE MONTH AND TARGET MENU ITEMS/LIMITED TIME OFFERS (LTOs)

Your restaurant is required to sell and promote the Blizzard of the Month designated for each month during 2012 as reflected in Appendix "B". Blizzard of the Month menu items are not intended to be promoted during any other time period.

Your restaurant is required to sell all designated Target Menu Offerings beginning at the designated time period as reflected in Appendix "B". A Target Menu Item is a strategic offering that will remain on the menu until further notice. At that time a Target Menu Offering may be discontinued or added to the Required Core Menu.

Your restaurant is required to sell all designated LTOs for the designated time period during 2012 as reflected in Appendix "B". An LTO is a strategic menu item that is available for a limited time to be determined by American Dairy Queen Corporation ("Company"). These items are reflected in Appendix "B".

LOCAL MENU ITEMS

Your restaurant is required to merchandise four "Local Menu Items" within the "Local Menu" area of the menu board. The Company has identified "Generic Local Menu Items" utilizing in-restaurant ingredients as reflected in Appendix "B". During 2011 Fall Business Conferences, each DMA had the opportunity to make available up to four Local Menu Items requiring unique ingredients. The Local Menu Items utilizing unique ingredients as reflected in Appendix "B" have been selected by your DMA and approved for sale within your restaurant. Your restaurant is required to merchandise four of any combination of Local Menu Items identified by The Company and Local Menu Items selected by your DMA.

Local Menu Item performance will be monitored in 2012 through restaurant polling information and/or distribution analysis. The Company reserves the right to eliminate the availability of lesser performing Local Menu Items at any time if sales and/or product movement are inadequate.

AUTHORIZED TRADEMARKS AND INGREDIENTS

The Company may, from time to time, change or modify the list of authorized trademarks and menu items and the related Appendix "A" and Appendix "B". The Company will advise you in writing of such changes.

You are required to use ingredients, formulas, and supplies as specified in the Company's applicable System Approved Products/Ingredients lists, as modified, or other specifications as established by the Company, and in such portions, sizes, appearance and packaging as set forth in the Company's product preparation materials and training resource guides. Please refer to the most recent applicable 2012 System Approved Products system bulletin for a complete listing of approved products and ingredients for your restaurant.

For product quality complaints on Dairy Queen®/USCI label products, please call the USCI One Call line at 1-800-679-6556, ext. 3, or email onecall@idq.com. For DQOC/Crown Select Products, please call the DQOC offices at 952-556-5511, or email jschmieg@dqoa-dqoc.com.

MANAGER'S SPECIALS

A list of special promotional items will be promoted via in-restaurant Manager's Specials. These menu item specials have been created without the need to bring in additional ingredients, and can include any existing approved menu item. Each restaurant may choose one approved menu item from the existing menu or the Manager's Special list to promote each day.

APPENDIX "A"
TRADEMARKS
(DQ GRILL & CHILL® RESTAURANTS)

Licensee has the right to use the following trademarks and service marks in accordance with Licensee's Operating Agreement, subject to Licensee's authorization by American Dairy Queen Corporation ("Company") to offer at Licensee's restaurant the menu item corresponding to each mark. Other trademarks and service marks may be approved in limited areas for use with regional menu items.

Please note that your license to use the *DQ Grill & Chill* trademarks and service marks is at all times conditioned upon and subject to all terms and conditions of your ~~franchise agreement~~ **Operating Agreement** and your continued compliance with: (1) The Company's requirements in regard to carrying the full and complete menu designated for use with the *DQ Grill & Chill* marks, including all designated and approved ingredients in those menu items; (2) The Company's minimum facility design and equipment requirements designated for *DQ Grill & Chill* restaurants; and (3) The Company's designated operating and service systems, which include, among other things, the remote self-service beverage station, limited table delivery system, and uniforms designated for *DQ Grill & Chill* restaurants. **Licensee's license to use the *Orange Julius*® trademarks and service marks is subject to Licensee first receiving written confirmation from the Company, as part of the *Orange Julius* roll-out process, that Licensee is authorized to sell the *Orange Julius* products.**

This Appendix "A" may be amended by the Company from time to time in order to make available additional trademarks or service marks or to delete those which become obsolete. Licensee agrees to use only those trademarks and service marks, which are then currently authorized.

A SMILE AND A STORY®
ARCTIC RUSH® Frozen Beverage
BLIZZARD® Treat

BURGERS WITH SOMETHING TO PROVE®
BUSTER BAR®
CHEESEQUAKE®
THE CONE WITH THE CURL ON TOP Design (Registered)

DAIRY QUEEN®
DILLY® Bar
DREAM PIE®
DQ®
DQ GRILL & CHILL®
DQ® SOMETHING DIFFERENT
DQ ULTIMATE®
FLAMETHROWER®
GEORGIA MUD FUDGE®

GRILLBURGER™ (When placed in text)
~~KICKIN' APPETITES AND TAKIN' NAMES®~~ **JULIUS®**
JULIUS LEAGUE™
MOOLATTE® Frozen Blended Coffee
OREO® BROWNIE EARTHQUAKE®
ORANGE JULIUS®

PEANUT BUSTER® Parfait
PEANUT BUTTER BASH®
PECAN MUDSLIDE®
ROYAL TREAT®
ROYAL TREATS®
SCRUMPDILLYISHUS®
SO GOOD IT'S RIDICULOUS®
STARKISS® Bar
TREAT CAPITAL OF THE WORLD®
TRIPLEBERRY®
WHAT'S YOUR DEAL? _____®

Each of the above trademarks and/or service marks must be used only in the manner specified by the Company and in connection with the goods and/or services specified by the Company. No deviations will be permitted.

2/2011~~2012~~

*All trademarks owned or licensed by Am.D.Q. Corp. © 2011~~2012~~ except OREO®, which is a registered trademark of Kraft Foods.

™Trademark, Am. D.Q. Corp.

APPENDIX "B"

MENU

DQ GRILL & CHILL® REQUIRED CORE MENU ITEMS

The menu below lists the minimum product offerings and is current as of March 1, 2011. ADQ has the right to make modifications (to the sizes, as well as to the product offerings) at any time.

GRILLBURGER™ CATEGORY

GrillBurger with Cheese (¼ lb. and ½ lb. sizes)
¼ lb. Bacon Cheese GrillBurger
FlameThrower® GrillBurger (¼ lb. and ½ lb. sizes)
¼ lb. Mushroom Swiss GrillBurger
Original Cheeseburger
Original Double Cheeseburger

DQ® COMBOS CATEGORY

Includes any item from the GrillBurger, Hot Sandwich, or Hot Dog categories, plus 4 oz. French fries, and a 21 oz. soft drink. All sandwiches are required to be made available in a DQ Combo configuration. These DQ Combo configurations are required for all restaurants. Side salad or onion rings may be substituted for French fries for an additional charge.

SWEET DEALS VALUE CATEGORY

Includes customer choice of any two items, three items, or four items from the following list of products:

Original Cheeseburger
Hot Dog
Chicken Wrap (Crispy or Grilled, Ranch or and FlameThrower)
Onion Rings (4 oz.)
French Fries (4 oz.)
Side Salad
Soft Drink (21 oz.)
Sundae (5 oz.)¹
Dipped Cone (5 oz.)¹

¹Weights include container and soft serve portion only.

HOT SANDWICH CATEGORY

Crispy Chicken Sandwich
Grilled Chicken Sandwich
Iron Grilled Turkey Sandwich
Iron Grilled Classic Club Sandwich
Iron Grilled Supreme BLT Sandwich
Chicken Wrap (Crispy and Grilled, Ranch and FlameThrower)

HOT DOG CATEGORY

Hot Dog
Chili Cheese Dog

HOT DOG CATEGORY

Hot Dog
Chili Cheese Dog

BASKET CATEGORY

Chicken Strip Basket (4- and 6-Piece)²
Popcorn Shrimp Basket³
Iron Grilled Chicken Quesadilla Basket⁴
Iron Grilled Vegetable Quesadilla Basket⁴

²Includes 4 oz. French fries, Texas toast and choice of dipping sauce.

³Includes 4 oz. French fries, cole slaw and seafood dipping sauce.

⁴Served with salsa, sour cream and 4 oz. onion rings or 4 oz. French fries.

SALAD CATEGORY

Grilled Chicken Salad⁵
Crispy Chicken Salad⁵
Side Salad

⁵Chicken products served hot on Grilled and Crispy Chicken Salads.

FRIES, SIDES AND APPETIZERS CATEGORY

French Fries: 4 oz. 6.5 oz.
Onion Rings: 4 oz.

DQ KIDS' MEAL CATEGORY⁶

Chicken Strips (Two chicken strips with choice of dipping sauce.)
Original Cheeseburger
Hot Dog
Iron Grilled Cheese Sandwich

⁶Includes entrée plus choice of 2½ oz. French fries, apple sauce, or banana; choice of child's 10/12 fl. oz. soft drink, milk or 12 fl. oz. Arctic Rush® Frozen Beverage; and choice of Dilly® Bar, DQ Sandwich, or child's 3½ oz. cone.

BEVERAGE CATEGORY⁷

Soft Drinks^{7a}: 16 fl. oz. 21 fl. oz. 32 fl. oz.
Orange Julius Originals⁹: 16 fl. oz. 21 fl. oz. 32 fl. oz.
Orange Julius Premium Fruit Smoothies⁹:
12 fl. oz. 16 fl. oz. 24 fl. oz.
Arctic Rush® Frozen Beverage^{8,10}: 12 fl. oz. 16 fl. oz. 24 fl. oz.
Lemonade Chillers^{9,11}: 12 fl. oz. 16 fl. oz. 24 fl. oz.
Milk—Regular^{2%} White, Chocolate
Coffee 12 fl. oz. 16 fl. oz.
Bottled Water

⁷ The Orange Julius Originals and Premium Fruit Smoothies will become required core menu items for stores located within a DMA as the Orange Julius program is rolled out to that DMA.

⁸Quality soft drinks from Coca-Cola®, PepsiCo, and Cadbury-Schweppes®. Dr. Pepper distribution. See your beverage contract for required flavors and brands.

⁹ Required Flavors: Orange, Strawberry, Strawberry Banana, Tripleberry,
Mango Pineapple

⁸¹⁰ Required Flavors: Cherry, Grape, Blue Raspberry, Lemon Lime,
Strawberry Kiwi,

⁹¹¹ Required Flavors: Lemonade, Strawberry Lemonade. ~~Requirement effective
April 1, 2011.~~

APPENDIX "B"

DQ GRILL & CHILL® REQUIRED CORE MENU ITEMS

BLIZZARD® FLAVOR TREAT CATEGORY

Blizzard Flavor Treats: 7 fl. oz. 12 fl. oz. 16 fl. oz. 21 fl. oz.

Required Flavors -- 1820 Blizzard flavors as listed below:

See the "Target Menu Offerings/LTOs" chart for detailed information.

TREATS CATEGORY

Cones¹: 5 oz. 7 oz. 10 oz.
 Dipped Cones¹: 5 oz. 7 oz. 10 oz.
 Sundaes^{1,2}: 5 oz. 7 oz. 10 oz.
 Waffle Bowl Sundaes^{1,3}: 6 oz.
 Cones¹: 5 oz. 7 oz. 10 oz.
 Waffle Cones¹: 6 oz.
 Dipped Cones¹: 5 oz. 7 oz. 10 oz.
 Shakes/Malts⁴: 12 fl. oz. 16 fl. oz. 24 fl. oz.
 MooLatte® Frozen Blended
 Coffee Drinks⁵: 12 fl. oz. 16 fl. oz. 24 fl. oz.

¹Weights include container and soft serve portion only.

²Required Flavors: Chocolate, Strawberry, Marshmallow, Caramel, Hot Fudge, Banana, Cherry, Pineapple, Peanut Butter. Requirement effective April 1, 2011.

³Required Flavors: Chocolate Covered Strawberry, Turtle

⁴Required Flavors: Chocolate, Strawberry, Vanilla, Caramel, Hot Fudge, Banana, Cherry, Peanut Butter. Requirement effective April 1, 2011.

⁵Required Flavors: Mocha, Caramel, French Vanilla, Cappuccino. Requirement effective April 1, 2011.

ROYAL TREATS® CATEGORY

Banana Split

Banana Split

Peanut Buster® Parfait

Oreo® Brownie Earthquake®

Peanut Butter Bash™⁶

⁶Requirement effective April 1, 2011⁶

DQ® CAKES⁵⁶ CATEGORY

Sheet Cake

8" Round Cake

10" Round Cake

Seasonally Required: Hearts (February)

Logs (November-December)

Blizzard Cakes: 8" Round Cake 10" Round Cake

Required Flavors: Oreo®, Reese's® Peanut Butter Cups®, Chocolate Xtreme

See "Target Menu Offerings/LTOs" chart for Featured Blizzard Cake detailed information.

⁵⁶See System Bulletin #183B: DQ Cakes

NOVELTIES CATEGORY

Dilly® Bar (Store-Made or Manufactured)—1 Flavor Minimum

Buster Bar® (Store-Made or Manufactured)

DQ Sandwich

No Sugar Added Novelty—1 Flavor Minimum

The DQ manufactured novelties below are approved for use but not required:

StarKiss® Bar

DQ Fudge Bar

DQ Vanilla Orange Bar

No Sugar Added Dilly Bar

APPENDIX "B"

CERTIFIED PROGRAMS

The following menu items are to be sold only by *DQ Grill & Chill*® operators who have been certified to do so by the Company or by Territory Operators for restaurants franchised directly by the Territory Operator. Once certified, an operator may not discontinue the sale of these menu items without appropriate authorization. The product weights/portions for these items are specified in the respective product preparation procedures from the Company.

BREAKFAST PROGRAM

BREAKFAST PLATTERS¹

Country—Scrambled eggs, hash browns, two biscuits, and choice of bacon, sausage, ~~bacon~~ or ham

Ultimate Hash Brown ~~Browns~~ Browns—Hash browns topped with scrambled eggs, shredded cheddar cheese, onions, salsa; and choice of bacon, sausage or ham

Buttermilk Pancake—Three pancakes with syrup and choice of bacon, sausage or ham

¹Butter served with all platters and jam is available upon request.

BREAKFAST SANDWICHES²

Breakfast Biscuit—Served with egg and choice of sausage, bacon, ham, or chicken

Sausage Biscuit ~~Sandwich~~³

Chicken Biscuit

Twin Pack—Two biscuits with sausage³

Ultimate Breakfast Burrito — Flour tortilla filled with Scrambled eggs, hash browns, shredded cheddar cheese, onions, salsa, and choice of bacon, sausage or ham

²American cheese may be added to any of the above for an additional charge (Cheddar, Swiss, or Monterey Jack may be substituted).

³Bacon, ham, or chicken strips may be substituted for ~~the~~ sausage.

BREAKFAST *DQ*® COMBOS

Includes breakfast sandwich or pancakes, hash browns, and regular coffee^{4,5}.

⁴16 oz. soft drink may be substituted for coffee at no charge.

⁵Orange juice or milk may be substituted for coffee for an additional charge.

BISCUITS & GRAVY

Biscuits & Gravy—Biscuits covered with gravy and crumbled sausage

BUTTERMILK PANCAKES

Buttermilk Pancakes—Three pancakes with syrup and butter

CINNAMON ROLL

Cinnamon Roll

BREAKFAST SIDE ITEMS

Bacon

Sausage

Ham

Chicken Strips

Biscuits (2)

~~Hashbrowns~~ Hash Browns

BREAKFAST BEVERAGES⁶

Orange Juice

⁶Includes all beverages previously listed on the core menu.

SEASONAL CHILI PROGRAM⁷

Chili w/Beans

⁷Chili is a seasonal item that may be offered in certified restaurants from October-March. If offered, it is recommended that chili is served each day throughout the season.

APPENDIX "B" **TARGET MENU OFFERINGS/LTOs**

Month	National Promotion	Blizzard® of the Month	Featured Blizzard Cake	Target Menu Item	LTOs
January	DMA Option	NEW Nutty Banana <u>Strawberry CheeseQuake®</u>	NEW Nutty Banana <u>Strawberry CheeseQuake</u>		
February	DMA Option	Midnight-Truffle <u>Choco Cherry Love</u>	Midnight-Truffle <u>Choco Cherry Love</u>		
March	<u>Cheeseburger Lovers</u> <u>2 Mint Oreo® Blizzard Treat Featuring Buy One, Get One for \$2.22 and 2 for \$3.33.99</u>	Mint Oreo®	Mint Oreo®		
<u>April</u>	<u>Chicken Strip Basket for \$3.99</u>	<u>NEW Caramel Delight Pie</u>	<u>NEW Caramel Delight Pie</u>		<u>Caramel Delight Pie</u> <u>Blizzard Treat and Blizzard Cake</u> <u>NEW Frozen Hot Chocolates</u>
<u>April</u> <u>May</u>	Mini-Blizzard Treat for \$1.99 Featuring <u>NEW Confetti Cake</u> Caramel Toffee Cookie Blizzard Treat	NEW Caramel Toffee Cookie <u>Confetti Cake</u>	NEW Caramel Toffee Cookie <u>Confetti Cake</u>		Caramel Toffee Cookie <u>Confetti Cake</u> Blizzard Treat and Blizzard Cake <u>Frozen Hot Chocolates</u> ¼ lb. Crispy Onion-BBQ GrillBurger™ <u>Iron Grilled Chicken</u> <u>Bacon Ranch Sandwich</u>
May	NEW \$1.99 Small Shake	NEW German Chocolate Brownie	NEW German Chocolate Brownie		¼ lb. Crispy Onion-BBQ GrillBurger
June	¼ lb. Bacon-Cheese <u>Sweet Apple BBQ GrillBurger™</u> and Small Shake for \$3.99 <u>2.99</u>	<u>NEW Turtle Brownie Batter</u>	<u>NEW Turtle Brownie Batter</u>		<u>Turtle Brownie Batter Blizzard Treat and Blizzard Cake</u> <u>NEW Royal Shakes</u> <u>¼ lb. Sweet Apple BBQ GrillBurger</u>
July	NEW Triple Cheeseholio <u>Chocolate Candy Shop</u> Blizzard Treat	NEW Triple Cheeseholio <u>Chocolate Candy Shop</u>	NEW Triple Cheeseholio <u>Chocolate Candy Shop</u>		Triple Cheeseholio <u>Chocolate Candy Shop</u> Blizzard Treat and Blizzard Cake <u>Royal Shakes</u> ¼ lb. Fajita Ranch <u>Sweet Apple BBQ GrillBurger</u>
<u>August</u>	<u>Cheeseburger Lovers</u> <u>2 for \$3/2 for \$4</u>	<u>NEW M&M's® Brownie</u>	<u>Chocolate Chip Cookie Dough</u>		<u>M&M's Brownie Blizzard Treat</u> <u>Chocolate Chip Cookie Dough</u> <u>Blizzard Cake</u> <u>Royal Shakes</u>
<u>August</u> <u>Sep</u> <u>tember</u>	NEW Nutter Butter® <u>Oreo</u> Blizzard Treat Featuring Buy One, Get One for ½ Price <u>\$1.99</u>	NEW Nutter Butter <u>Oreo</u>	NEW Nutter Butter <u>Oreo</u>		Nutter Butter <u>Oreo</u> Blizzard Treat and Blizzard Cake ¼ lb. Fajita Ranch GrillBurger
September	¼ lb. GrillBurger with Cheese and Mini-Blizzard Treat for \$3.99	Ooey-Gooey Caramel Brownie	Ooey-Gooey Caramel Brownie		
October	<u>Spicy</u> Chicken Strip Basket for \$3.99 <u>\$4.49</u>	Pumpkin Pie	Pumpkin Pie		Pumpkin Pie Blizzard Treat and <u>Blizzard Cake</u> , <u>Royal Shake</u> , <u>Moolatte</u>

November	Double Cheeseburger and Mini Blizzard Treat for \$3.995 <u>Meal Deal</u>	NEW Caramel Nut Roll <u>Mint</u> <u>Brownie</u>	NEW Caramel Nut Roll <u>Mint</u> <u>Brownie</u>		<u>Mint Brownie</u> <u>Blizzard Treat and Blizzard Cake</u>
December	DMA Option	Candy Cane Chill	Candy Cane Chill		Candy Cane Chill Blizzard Treat and, <u>Blizzard Cake</u> , <u>Royal Shake and</u> <u>Waffle Bowl Sundae</u>

¹Buy One Get One for 1/2 price promotion limited to Aug. 15 – 21, 2011.

APPENDIX “B” GENERIC LOCAL MENU PRODUCTS

DQ GRILL & CHILL®

Iron Grilled Supreme BLT
 Iron Grilled Cheese Sandwich
FlameThrower® Crispy Chicken Sandwich
 Chili Cheese Fries
 Crispy Chicken Wrap (Ranch)
 Crispy Chicken Wrap (*FlameThrower*)
 Classic Dog
 Chili Dog
Pecan Mudslide®
 Floats & Freezes
 Fudge Brownie Temptation Waffle Bowl Sundae
 DQ Cakes¹
 DQ *Blizzard* Cakes¹
 Gift Cards

¹Cake certified restaurants only

APPENDIX "B" (CONT'D)

NORTHWEST MARKETING REGION (1) NON-CORE MENU ITEMS

DMA	Description	Non-Core Menu Items
102	Seattle	Fish Sandwich, <i>DQ Ultimate</i> [®] Burger, Deluxe Cheese
103	Portland	Fish Sandwich, Corn Dog, <i>DQ Ultimate</i> Burger, Double Deluxe Cheese
104	Eugene	Fish Sandwich, Corn Dog, <i>DQ Ultimate</i> Burger, <u>Double</u> Deluxe Cheese
105	Medford	Fish Sandwich, Corn Dog, <i>DQ Ultimate</i> Burger, Breaded Mushrooms <u>Deluxe Cheese</u>
106	Bend	Fish Sandwich, Corn Dog, <i>DQ Ultimate</i> Burger, Deluxe Cheese
120	Anchorage	Foot-Long Chili Cheese Dog, Fish Sandwich, Corn Dog, Cheese Curds
121	Spokane	Fish Sandwich, Corn Dog, <i>DQ Ultimate</i> Burger
122	Yakima	Fish Sandwich, <u>Corn Dog</u> , <i>DQ Ultimate</i> Burger, Corn Dog
201	Missoula	BBQ Sandwich, Fish Sandwich, Cheese Curds, Corn Dog
202	Butte	Fish Sandwich, Cheese Curds, Corn Dog
203 201	Helena <u>Missoula</u>	Fish Sandwich, Cheese Curds, Corn Dog, <i>DQ Ultimate</i> Burger
<u>202</u>	<u>Butte</u>	<u>Fish Sandwich, Cheese Curds, Corn Dog</u>
<u>203</u>	<u>Helena</u>	<u>Fish Sandwich, Cheese Curds, Corn Dog, Steak Finger Basket</u>
204	Great Falls	Fish Sandwich, Cheese Curds, Corn Dog, <i>DQ Ultimate</i> Burger
205	Boise	Fish Sandwich, <u>Corn Dog</u> , BBQ Sandwich, Corn Dog , <i>DQ Ultimate</i> Burger
206	Idaho Falls	Corn Dog, DQ Ultimate Burger, <u>Cheese Curds</u>
207	Twin Falls	Fish Sandwich, BBQ Sandwich , Corn Dog, <u>Cheese Curds</u> , <i>DQ Ultimate</i> Burger
217	Denver	Fish Sandwich, Corn Dog, <i>DQ Ultimate</i> Burger, Limeade/ <u>Lemonade</u>
218	Casper	Fish Sandwich, Cheese Curds, Corn Dog, <i>DQ Ultimate</i> Burger
219	Cheyenne	Fish Sandwich, BBQ <u>Cheese</u> Sandwich <u>Curds</u>
220	Billings	Fish Sandwich, Cheese Curds, Corn Dog, <i>DQ Ultimate</i> Burger
221	Glendive	Foot Long Chili Cheese Dog, Fish Sandwich, Corn Dog, DQ Ultimate Burger

APPENDIX "B" (CONT'D)
SOUTHWEST MARKETING REGION (2) NON-CORE MENU ITEMS

DM A	Description	Non-Core Menu Items
<u>108</u>	<u>Chico</u>	<u>Fish Sandwich, Corn Dog, DQ Ultimate® Burger, Strawberry Shortcake</u>
109	Sacramento	Fish Sandwich, Corn Dog, DQ Ultimate® Burger
110	San Francisco	Fish Sandwich, Corn Dog, DQ Ultimate Burger
111	Monterey	Fish Sandwich, BBQ Sandwich, Corn Dog, DQ Ultimate Burger, <u>Strawberry Shortcake</u>
112	Fresno	Fish Sandwich, Corn Dog, <u>DQ Ultimate Burger</u>
115	Los Angeles	Fish Sandwich, <u>Corn Dog</u> , Strawberry Shortcake, Corn Dog
116	San Diego	<u>Fish Sandwich, Corn Dog, Strawberry Shortcake</u>
117	El Centro	Fish Sandwich, BBQ Sandwich, Strawberry Shortcake, DQ Ultimate Burger
208	Salt Lake City	Fish Sandwich, Corn Dog, DQ Ultimate Burger, <u>Cheese Curds</u>
209	Las Vegas	<u>Fish Sandwich, DQ Ultimate Burger</u> , BBQ Sandwich, Corn <u>Cheese Dog Curds</u>
210	Reno	Corn Dog
211	Phoenix	<u>Corn Dog</u> , BBQ Sandwich, Corn Dog
212	Tucson	Foot-Long Chili Cheese Dog, Fish Sandwich, <u>Corn Dog</u> , BBQ Sandwich, Corn Dog
214	Albuquerque	Steak Finger Basket , Fish Sandwich, Corn Dog, DQ Ultimate Burger, <u>Strawberry Shortcake</u>
<u>2162</u> <u>15</u>	<u>Colorado Grand Springs Junction</u>	Fish Sandwich, Corn Dog, DQ Ultimate Burger
<u>216</u>	<u>Colorado Springs</u>	<u>Fish Sandwich, Corn Dog, DQ Ultimate Burger</u>

APPENDIX "B" (CONT'D)
HEARTLAND MARKETING REGION (3) NON-CORE MENU ITEMS

DMA	Description	Non-Core Menu Items
301	Wichita	<u>Fish Sandwich, Cheese Curds, Breaded Mushrooms</u> , DQ Ultimate® Burger, Steak Finger Basket , Fish Sandwich
302	Topeka	Pork Tenderloin , Fish Sandwich, <u>Cheese Curds</u> , Breaded Mushrooms, Cheese Curds <u>Pork Tenderloin</u>
303	Joplin	Fish Sandwich, BBQ Sandwich <u>Cheese Curds</u> , Breaded Mushrooms, Steak Finger Basket <u>BBQ Sandwich</u>
304	Springfield	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich <u>Cheese Curds</u> , Breaded Mushrooms
305	Columbia	Pork Tenderloin , Fish Sandwich, <u>Cheese Curds</u> , Breaded Mushrooms, Cheese Curds <u>Pork Tenderloin</u>
306	St. Joseph	Foot-Long Chili Cheese Dog, Pork Tenderloin , Fish Sandwich, Breaded Mushrooms, <u>Pork Tenderloin</u>
307	Kirksville	Pork Tenderloin , BBQ Sandwich , Strawberry Shortcake <u>Cheese Curds</u> , Breaded Mushrooms, <u>Pork Tenderloin, DQ Ultimate Burger</u>
308	Kansas City	Pork Tenderloin <u>Cheese Curds</u> , Breaded Mushrooms, <u>Pork Tenderloin</u>
310	St. Louis	Fish Sandwich, BBQ Sandwich <u>Cheese Curds</u> , Breaded Mushrooms, Cheese <u>BBQ Curds Sandwich</u>
311	Omaha	Foot-Long Chili Cheese Dog, Pork Tenderloin <u>Fish Sandwich</u> , Cheese Curds, Fish <u>Pork</u>

		Sandwich <u>Tenderloin</u>
317	Lincoln	Foot-Long Chili Cheese Dog, Fish Sandwich, <u>Cheese Curds</u> , <u>Pork Tenderloin</u>
329	Fort Smith	Foot-Long Chili Cheese Dog, Fish Sandwich <u>Cheese Curds</u> , Breaded Mushrooms, Steak Finger Basket
832 <u>831</u>	Tulsa <u>Oklahoma City</u>	Fish Sandwich, BBQ Sandwich <u>Corn Dog</u> , Breaded Mushrooms, Steak Finger Basket <u>BBQ Sandwich</u>
<u>832</u>	<u>Tulsa</u>	<u>Foot-Long Chili Cheese Dog</u> , <u>Cheese Curds</u> , <u>Breaded Mushrooms</u> , <u>BBQ Sandwich</u>

APPENDIX "B" (CONT'D)

WESTERN GREAT LAKES MARKETING REGION (4) NON-CORE MENU ITEMS

DMA	Description	Non-Core Menu Items
309	Quincy	<u>Fish Sandwich</u> , <u>Cheese Curds</u> , Pork Tenderloin , Fish Sandwich , BBQ Sandwich , Breaded Mushrooms
312	Des Moines	Pork Tenderloin , Fish Sandwich , <u>Cheese Curds</u> , <u>Pork Tenderloin</u>
314	Cedar Rapids	Pork Tenderloin , Fish Sandwich , Strawberry Shortcake <u>Cheese Curds</u> , <u>Pork Tenderloin</u> , <u>DQ Ultimate® Burger</u>
417	Rockford	<u>Fish Sandwich</u> , Pork Tenderloin , Fish Sandwich , <u>Cheese Curds</u> , Steak Finger Basket <u>Breaded Mushrooms</u>
420	Moline	<u>Fish Sandwich</u> , <u>Cheese Curds</u> , Pork Tenderloin , Fish Sandwich , BBQ Sandwich
421	Chicago	<u>Fish Sandwich</u> , <u>Cheese Curds</u> , Pork Tenderloin , Fish Sandwich , BBQ Sandwich , <u>Cheese Curds</u>
422	Peoria	<u>Cheese Curds</u> , <u>Breaded Mushrooms</u> , Pork Tenderloin , Fish Sandwich , BBQ Sandwich , Breaded Mushrooms
423	Decatur	Pork Tenderloin , Fish Sandwich , BBQ Sandwich <u>Cheese Curds</u> , <u>Breaded Mushrooms</u> , <u>BBQ Sandwich</u>
424	Terre Haute	Fish Sandwich , <u>Cheese Curds</u> , BBQ Sandwich , <u>DQ Ultimate Burger</u> , Cheese Curds
426	South Bend	Fish Sandwich , BBQ Sandwich , Strawberry Shortcake , <u>Cheese Curds</u> , <u>BBQ Sandwich</u>
433	Evansville	Fish Sandwich , BBQ Sandwich , DQ Ultimate Burger <u>Cheese Curds</u> , Pork Tenderloin , <u>BBQ Sandwich</u>

APPENDIX "B" (CONT'D)

NORTH CENTRAL MARKETING REGION (5) NON-CORE MENU ITEMS

DM A	Description	Non-Core Menu Items
315	Sioux City	Foot-Long Chili Cheese Dog , Fish Sandwich <u>Curds</u> , <u>DQ Ultimate® Burger</u> , BBQ Sandwich , Cheese Curds
319	Rapid City	Foot-Long Chili Cheese Dog , Fish Sandwich , BBQ Sandwich , <u>Cheese Curds</u> , <u>BBQ Sandwich</u>
320	Sioux Falls	Fish Sandwich , BBQ Sandwich , <u>Cheese Curds</u> , <u>DQ Ultimate Burger</u>
321	Bismarck	Fish Sandwich , <u>Cheese Curds</u> , <u>DQ Ultimate® Burger</u> , <u>BBQ Sandwich</u>
322	Fargo	Fish Sandwich , BBQ Sandwich , <u>Cheese Curds</u> , <u>DQ Ultimate Burger</u> , <u>BBQ Sandwich</u>
<u>326</u>	<u>Rochester</u>	<u>Fish Sandwich</u> , <u>Cheese Curds</u> , <u>DQ Ultimate Burger</u> , <u>BBQ Sandwich</u>
327	Minneapolis	Fish Sandwich , <u>Cheese Curds</u> , <u>DQ Ultimate Burger</u> , <u>BBQ Sandwich</u>

	s	
328	Duluth	Fish Sandwich, Cheese Curds, <i>DQ Ultimate Burger</i>
412	Marquette	Fish Sandwich, BBQ Sandwich , Cheese Curds, <u><i>DQ Ultimate Burger</i></u> , <u>BBQ Sandwich</u>
413	Wausau	Fish Sandwich, BBQ Sandwich , Cheese Curds, <i>DQ Ultimate Burger</i> , <u>BBQ Sandwich</u>
414	Green Bay	Fish Sandwich, Cheese Curds, <i>DQ Ultimate Burger</i> , Steak Finger Basket
415	Milwaukee	<u>Foot-Long Chili Cheese Dog</u> , Fish Sandwich, Cheese Curds, Steak Finger Basket
416	Madison	Fish Sandwich, Cheese Curds, <i>DQ Ultimate Burger</i>
418	La Crosse	Fish Sandwich, BBQ Sandwich , Cheese Curds, <u>BBQ Sandwich</u>

APPENDIX "B" (CONT'D)

EASTERN GREAT LAKES MARKETING REGION (6) NON-CORE MENU ITEMS

DMA	Description	Non-Core Menu Items
401	Cleveland	Foot-Long Chili Cheese Dog , Fish Sandwich, BBQ Sandwich , Breaded Mushrooms, <u>Cheese Curds</u> , <u>BBQ Sandwich</u>
402	Youngstown	Fish Sandwich, BBQ Sandwich , Breaded Mushrooms, Strawberry Shortcake <u>Cheese Curds</u>
405	Columbus	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich , Breaded Mushrooms, <u>Cheese Curds</u>
406	Dayton	Foot-Long Chili Cheese Dog, Fish Sandwich, <u>Cheese Curds</u> , BBQ Sandwich , Breaded Mushrooms
407	Toledo	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich, Shredded Chicken <u>Cheese Curds</u>
408	Detroit	Foot-Long Chili Cheese Dog, Fish Sandwich, Strawberry Shortcake , <i>DQ Ultimate® Burger</i> , <u>BBQ Sandwich</u> , <u>Cheese Curds</u>
410	Flint	Foot-Long Chili Cheese Dog , Fish Sandwich, BBQ Sandwich, Breaded Mushrooms <u>Strawberry Shortcake</u> , <u>Cheese Curds</u>
411	Cadillac	Foot-Long Chili Cheese Dog , Fish Sandwich, BBQ Sandwich , Breaded Mushrooms, <u>BBQ Sandwich</u> , <u>Strawberry Shortcake</u>
425	Grand Rapids	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich , Breaded Mushrooms, <u>BBQ Sandwich</u>
427	Fort Wayne	Fish Sandwich, BBQ Sandwich <u>Cheese Curds</u> , Breaded Mushrooms, Cheese Pork Curds <u>Tenderloin</u>
428	Lafayette	Foot-Long Chili Dog , <u>Cheese Dog</u> <u>Curds</u> , Pork Tenderloin, Corn Dog , Cheese Curds <u>BBQ Sandwich</u>
429	Indianapolis	Foot-Long Chili Cheese Dog, BBQ Sandwich <u>Cheese Curds</u> , Pork Tenderloin, Cheese BBQ Curds <u>Sandwich</u>
432	Cincinnati	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich <u>Cheese Curds</u> , Breaded Mushrooms, <u>BBQ Sandwich</u>

APPENDIX "B" (CONT'D)

NORTHEAST MARKETING REGION (7) NON-CORE MENU ITEMS

DMA	Description	Non-Core Menu Items
501	Watertown	Foot-Long Chili Cheese Dog, Fish Sandwich, <u>Cheese Curds</u> , BBQ Sandwich, <i>DQ Ultimate Burger®</i>
506	Wilkes Barre	Fish Sandwich, <u>Cheese Curds</u> , BBQ Sandwich, Strawberry Shortcake, <i>DQ Ultimate Burger</i>

507	New York City	Fish Sandwich, BBQ Sandwich, Strawberry Shortcake, Cheese Curds
508	Philadelphia	Fish Sandwich, BBQ Sandwich, Cheese Curds, Breaded Mushrooms <u>BBQ Sandwich</u>
510	Harrisburg	Fish Sandwich, BBQ Sandwich, Strawberry Shortcake, DQ Ultimate Burger
511	Johnstown	Foot-Long Chili Cheese Dog, Fish Sandwich, Cheese Curds
512	Pittsburgh	Fish Sandwich, Strawberry Shortcake <u>Cheese Curds, Breaded Mushrooms, DQ Ultimate Burger,</u> Cheese Curds
513	Erie	Foot-Long Chili Cheese Dog, Fish Sandwich, <u>Cheese Curds,</u> Breaded Mushrooms, Cheese Curds
514	Buffalo	Foot-Long Chili Cheese Dog, Fish Sandwich, <u>Cheese Curds, BBQ Sandwich</u>
602	Bangor	<u>Cheese Curds, Coffee Shake,</u> BBQ Sandwich, Breaded Fish Mushrooms <u>Sandwich</u>
603	Portland	Fish Sandwich, Breaded Mushrooms, Cheese Curds, <u>Coffee Shake</u>
604	Boston	Fish Sandwich, DQ Ultimate Burger, Cheese Curds, <u>Strawberry Shortcake, Coffee Shake</u>
606	Hartford	Foot-Long Chili Cheese Dog, Fish Sandwich, Breaded Mushrooms, Cheese Curds
607	Springfield	Fish Sandwich, Breaded Mushrooms, Cheese Curds, <u>Coffee Shake</u>
669	Albany	Foot-Long Chili Cheese Dog, Fish Sandwich, <u>Cheese Curds,</u> BBQ Sandwich, Breaded Mushrooms
769	Wheeling	Fish Sandwich, <u>Cheese Curds,</u> Breaded Mushrooms, Strawberry Shortcake, Cheese Curds

APPENDIX "B" (CONT'D)

MID ATLANTIC MARKETING REGION (8) NON-CORE MENU ITEMS

DMA	Description	Non-Core Menu Items
701	Charleston	Fish Sandwich, <u>Cheese Curds,</u> BBQ Sandwich, DQ Ultimate® Burger, Breaded Mushrooms
702	Parkersburg	Fish Sandwich, BBQ Sandwich <u>Foot-Long Chili Cheese Dog, Cheese Curds,</u> Breaded Mushrooms, Strawberry Shortcake <u>BBQ Sandwich</u>
703	Beckley	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich, Corn <u>Cheese Dog Curds</u>
704	Johnson City	Fish Sandwich, BBQ Sandwich, <u>Cheese Curds,</u> DQ Ultimate® Burger
705	Greenville	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich, Strawberry Shortcake
722	Columbia	Fish Sandwich, BBQ Sandwich
723	Florence	Foot-Long Chili Cheese Dog, BBQ Sandwich, Strawberry Shortcake
725	Harrisonburg	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich, DQ Ultimate Burger <u>Cheese Curds</u>
726	Clarksburg	Fish Sandwich, BBQ Sandwich, Strawberry Shortcake <u>Cheese Curds,</u> Breaded Mushrooms, <u>BBQ Sandwich</u>
727	Charlotte	Foot-Long Chili Cheese Dog, Fish BBQ Sandwich, BBQ Sandwich <u>DQ Ultimate Burger,</u> Strawberry Shortcake
728	Roanoke	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich, DQ Ultimate Burger <u>Cheese Curds</u>
729	Richmond	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich, DQ Ultimate Burger
730	Salisbury	Foot-Long Chili Cheese Dog, Fish Sandwich <u>Cheese Curds,</u> BBQ Sandwich, Cheese <u>Strawberry Curds Shortcake</u>
731	Baltimore	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich, Strawberry Shortcake
732	Greenville, NC	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich, Strawberry <u>Cheese Shortcake Curds</u>
733	Raleigh	Foot-Long Chili Cheese Dog, <u>Corn Dog,</u> BBQ Sandwich, Corn Dog, DQ Ultimate

		Burger <u>Cheese Curds</u>
734	Greensboro	Fish Sandwich, BBQ Sandwich <u>Foot-Long Chili Cheese Dog, Strawberry Shortcake</u>
735	Washington, DC	<u>Foot-Long Chili Cheese Dog,</u> Fish Sandwich, BBQ Sandwich, Strawberry Shortcake, DQ Ultimate Burger
736	Norfolk	Foot-Long Chili Cheese Dog, BBQ Sandwich, DQ Ultimate Burger, Steak Finger Basket <u>BBQ Sandwich, Cheese Curds</u>
738	Charlottesville	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich, DQ Ultimate Burger

APPENDIX "B" (CONT'D)

SOUTHEAST MARKETING REGION (9) NON-CORE MENU ITEMS

DMA	Description	Non-Core Menu Items
706	Atlanta	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich, DQ Ultimate[®] Burger, <u>BBQ Sandwich</u>
707	Columbus	Foot-Long Chili Cheese Dog, Fish Sandwich <u>DQ Ultimate Burger, Strawberry Shortcake</u>
708	Dothan	Foot-Long Chili Cheese Dog, Fish Sandwich, <u>BBQ Sandwich, Strawberry Shortcake</u>
<u>709</u>	<u>Panama City</u>	<u>Foot-Long Chili Cheese Dog, Fish Sandwich, Corn Dog, BBQ Sandwich</u>
710	Tallahassee	Foot-Long Chili Cheese Dog, Fish Sandwich, <u>DQ Ultimate Burger,</u> BBQ Sandwich
711	Jacksonville	Foot-Long Chili Cheese Dog, BBQ Sandwich
712	Orlando	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich, Strawberry Shortcake
713	Tampa	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich, <u>Strawberry Shortcake</u>
714	Ft. Myers	Foot-Long Chili Cheese Dog, Fish Sandwich, <u>DQ Ultimate Burger,</u> BBQ Sandwich
715	Miami	<u>Fish Sandwich, BBQ Sandwich,</u> Strawberry Shortcake
<u>716</u>	<u>West Palm Beach</u>	<u>Foot-Long Chili Cheese Dog, Fish Sandwich</u>
717	Albany	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich, DQ Ultimate Burger, <u>BBQ Sandwich</u>
718	Savannah	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich, DQ Ultimate Burger, <u>BBQ Sandwich</u>
719	Macon	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich, DQ Ultimate Burger, <u>BBQ Sandwich</u>
720	Augusta	Foot-Long Chili Cheese Dog, BBQ <u>Fish Sandwich, DQ Ultimate Burger, BBQ Sandwich</u>
805	Birmingham	Foot-Long Chili Cheese Dog, Fish Sandwich, Corn Dog, DQ Ultimate Burger <u>Steak Fingers, Strawberry Shortcake</u>
806	Montgomery	Foot-Long Chili Cheese Dog, Fish Sandwich, Corn Dog, DQ Ultimate Burger <u>Strawberry Shortcake</u>
807	Mobile	Foot-Long Chili Cheese Dog, Fish Sandwich, DQ Ultimate Burger <u>BBQ Sandwich, Strawberry Shortcake</u>
817	Huntsville	Foot-Long Chili Cheese Dog, Fish Sandwich, Corn Dog, <u>Strawberry Shortcake</u>

APPENDIX "B" (CONT'D)

SOUTH CENTRAL MARKETING REGION (10) NON-CORE MENU ITEMS

DMA	Description	Non-Core Menu Items
801	Louisville	Fish Sandwich, BBQ Sandwich <u>Cheese Curds, DQ Ultimate® Burger, BBQ Sandwich</u>
802	Lexington	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich, DQ Ultimate Burger, BBQ Sandwich
803	Knoxville	Fish Sandwich, BBQ Sandwich, Strawberry Shortcake, DQ Ultimate Burger
804	Chattanooga	Fish Sandwich, Foot-Long Chili Cheese Dog
808 <u>803</u>	Gulfport <u>Knoxville</u>	Foot-Long Chili Cheese Dog, Steak Finger Basket <u>DQ Ultimate Burger, Fish Sandwich, BBQ Cheese Sandwich Curds</u>
<u>804</u>	<u>Chattanooga</u>	<u>Foot-Long Chili Cheese Dog, Fish Sandwich, DQ Ultimate Burger, Cheese Curds</u>
<u>808</u>	<u>Gulfport</u>	<u>Fish Sandwich, Steak Finger Basket</u>
<u>810</u>	<u>Meridian</u>	<u>Foot-Long Chili Cheese Dog, Fish Sandwich, Corn Dog, Pork Tenderloin</u>
811	Jackson	Fish Sandwich, Steak Finger Basket, Fish Sandwich, BBQ Sandwich, DQ Ultimate Burger, BBQ Sandwich
814	Memphis	Foot-Long Chili Cheese Dog, Fish Sandwich, DQ Ultimate Burger, BBQ Sandwich
815	Cape Girardeau	Fish Sandwich, BBQ Sandwich, DQ Ultimate Burger, Breaded Mushrooms, Cheese Curds
818	Jackson	Foot-Long Chili Cheese Dog, Fish Sandwich, Strawberry Shortcake, DQ Ultimate Burger, BBQ Sandwich
819	Nashville	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich, DQ Ultimate Burger <u>Cheese Curds</u>
820	Bowling Green	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich, DQ Ultimate Burger, BBQ Sandwich, Cheese Curds
823	Little Rock	Foot-Long Chili Cheese Dog, Fish Sandwich, Cheese Curds, DQ Ultimate Burger
<u>824</u>	<u>Jonesboro</u>	<u>Foot-Long Chili Cheese Dog, Cheese Curds, Pork Tenderloin, DQ Ultimate Burger</u>
826	Alexandria	Foot-Long Chili Cheese Dog, Fish Sandwich, Steak Finger Baskets
827	Lafayette	Foot-Long Chili Cheese Dog, Fish Sandwich, Pork Tenderloin, Steak Finger Basket, Fish Sandwich
828	Lake Charles	Foot-Long Chili Cheese Dog, Fish Sandwich, Steak Finger Basket, DQ Ultimate Burger
829	Baton Rouge	Foot-Long Chili Cheese Dog, Steak Finger Basket, Fish Sandwich, DQ Ultimate Burger
830	New Orleans	<u>Fish Sandwich, Steak Finger Basket, Fish Sandwich, DQ Ultimate Burger</u>

SYSTEM BULLETIN #113-ZBB (DQ®/B)

TO: Operators of *Dairy Queen®/Brazier®* Restaurants
FROM: Lane Schmiesing, Vice President—Product and Concept Marketing
DATE: ~~March~~July 1, ~~2011~~2012
SUBJECT: Approved Menu Items and Trademarks

This system bulletin supersedes system bulletin #113-~~YAA~~ (DQ®/B). Please note that if you are considering transitioning to the DQ Grill & Chill® concept, this system bulletin identifies the requirement for obtaining a license for use of the *DQ Grill & Chill* trademarks and service marks and the associated menu.

This system bulletin contains two sections. The first section is Appendix “A”, which sets forth the trademarks and service marks that you are authorized to use in the operation of your restaurant. If your Operating Agreement refers to your use of trademarks as set forth in an Appendix “A”, then this Appendix “A” shall serve as that document.

The second section is Appendix “B”, which sets forth the approved menu for your restaurant. Appendix “B” covers “Required Core Menu Items,” “Target Menu Items,” “Limited Time Offerings” (LTOs), and “Local Menu Items.”

Additions to the “Required Core Menu” for ~~2011~~2012 include:

- *Oreo® CheeseQuake® Blizzard® Flavor Treat*
- *MiniChoco Cherry Love Blizzard® Flavor Treat*
~~Banana (As a side option within Kids’ Meals)~~
~~Lemonade Chillers (Required April 1, 2011)~~
~~Peanut Butter Bash™ (Required April 1, 2011)~~
- *Orange Julius® Originals and Orange Julius Premium Fruit Smoothies*

CORE MENU

Effective ~~March 1, 2011~~2012, the required core menu items are listed in the Appendix “B”. If your Operating Agreement refers to your use of a menu as set forth in an Appendix “B”, then this Appendix “B” shall serve as that document. Please note that the *Orange Julius* menu items will be rolled out during 2012 by Distribution Center (DC) and by DMA within those DC geographic coverage areas. The *Orange Julius* Originals and Premium Fruit Smoothies will become required core menu items for stores located within a DMA as the *Orange Julius* program is rolled out to that DMA.

CERTIFIED PROGRAMS

In addition, if you are part of a certified program, your restaurant is **required** to sell those menu items from the Appendix “B”—“Certified Programs” list for which you have been certified.

BLIZZARD® OF THE MONTH AND TARGET MENU ITEMS/LIMITED TIME OFFERS (LTOs)

Your restaurant is **required** to sell and promote the *Blizzard* of the Month designated for each month during ~~2011~~2012 as reflected in Appendix “B”. *Blizzard* of the Month menu items are not intended to be promoted during any other time period.

Your restaurant is **required** to sell all designated Target Menu Offerings beginning at the designated time period as reflected in Appendix "B". A Target Menu Item is a strategic offering that will remain on the menu until further notice. At that time a Target Menu Offering may be discontinued or added to the Required Core Menu.

Your restaurant is **required** to sell all designated LTOs for the designated time period during ~~2011~~**2012** as reflected in Appendix "B". An LTO is a strategic menu item that is available for a limited time to be determined by American Dairy Queen Corporation ("Company"). These items are reflected in Appendix "B".

LOCAL MENU ITEMS

Your restaurant is **required** to merchandise four "Local Menu Items" within the "Local Menu" area of the menu board. The Company has identified "Generic Local Menu Items" utilizing in-restaurant ingredients as reflected in Appendix "B". During its ~~2010~~**2011** Fall Business ~~Conference~~**Conferences**, each DMA had the opportunity to make available up to four Local Menu Items requiring unique ingredients. The Local Menu Items utilizing unique ingredients as reflected in Appendix "B" have been selected by your DMA and approved for sale within your restaurant. Your restaurant is **required** to merchandise four of any combination of Local Menu Items identified by The Company and Local Menu Items selected by your DMA.

Local Menu Item performance will be monitored in ~~2011~~**2012** through restaurant polling information and/or distribution analysis. The Company reserves the right to eliminate the availability of lesser performing Local Menu Items at any time if sales and/or product movement are inadequate.

AUTHORIZED TRADEMARKS AND INGREDIENTS

The Company may, from time to time, change or modify the list of authorized trademarks and menu items and the related Appendix "A" and Appendix "B". The Company will advise you in writing of such changes.

You are required to use ingredients, formulas, and supplies as specified in the Company's applicable System Approved Products/Ingredients lists, as modified, or other specifications as established by the Company, and in such portions, sizes, appearance and packaging as set forth in the Company's product preparation materials and training resource guides. Please refer to the most recent applicable ~~2011~~**2012** System Approved Products system bulletin for a complete listing of approved products and ingredients for your restaurant.

For product quality complaints on *Dairy Queen*[®]/USCI label products, please call the USCI One Call line at 1-800-679-6556, ext. 3, or e-mail ~~onecall@idq.com~~**onecall@idq.com**. For DQOC/Crown Select Products, please call the DQOC offices at 952-556-5511, or e-mail ~~jschmieg@dgoa-dqoc.com~~**jschmieg@dgoa-dqoc.com**.

APPENDIX "A"
(DAIRY QUEEN®/BRAZIER® LOCATIONS)

Licensee has the right to use the following trademarks and service marks in accordance with Licensee's Operating Agreement, subject to Licensee's authorization by American Dairy Queen Corporation ("Company") to offer at Licensee's restaurant the menu item corresponding to each mark. Other trademarks and service marks may be approved in limited areas for use with local menu items.

This Appendix "A" may be amended by the Company from time to time in order to make available additional trademarks or service marks or to delete those which become obsolete. Licensee agrees to use only those trademarks and service marks that are then currently authorized. **IMPORTANT:** To the extent you want to use *DQ Grill & Chill*® trademarks, you must meet the Company's requirements for (1) Carrying the full and complete menu designated for use in *DQ Grill & Chill*® restaurants, including all designated and approved ingredients in those menu items; (2) Meeting the minimum facility design and equipment requirements designated for *DQ Grill & Chill*® restaurants; and (3) Employing the designated operating and service systems which include, among other things, the remote self-service beverage station, limited table delivery systems, and uniforms designated for *DQ Grill & Chill*® restaurants. **Licensee's license to use the *Orange Julius*® trademarks and service marks is subject to Licensee first receiving written confirmation from the Company, as part of the *Orange Julius* roll-out process, that Licensee is authorized to sell the *Orange Julius* products.**

A SMILE AND A STORY®

ARCTIC RUSH® Frozen Beverage

BLIZZARD® Treat

BRAZIER®

BURGERS WITH SOMETHING TO PROVE®

BUSTER BAR®

CHEESEQUAKE®

THE CONE WITH THE CURL ON TOP Design (Registered)

DAIRY QUEEN®

DILLY® Bar

DREAM-PIE®

DQ®

DQ® SOMETHING DIFFERENT

DQ ULTIMATE®

FLAMETHROWER®

GEORGIA MUD FUDGE®

GRILLBURGER™ (When placed in text)

KICKIN' APPETITES AND TAKIN' NAMES®

JULIUS®

JULIUS LEAGUE™

MOOLATTE® Frozen Blended Coffee

OREO® BROWNIE EARTHQUAKE®

ORANGE JULIUS®

PEANUT BUSTER® Parfait

PEANUT BUTTER BASH®

PECAN MUDSLIDE®

ROYAL TREAT®

ROYAL TREATS®

SCRUMPDILLYISHUS®

SO GOOD IT'S RIDICULOUS®

STARKISS® Bar

TRIPLEBERRY®

WHAT'S

YOUR

DEAL?®

Each of the above trademarks and/or service marks must be used only in the manner specified by the Company and in connection with the goods and/or services specified by the Company. No deviations will be permitted.

2/2011~~2012~~

*All trademarks owned or licensed by Am.D.Q. Corp. © 2011~~2012~~ except OREO®, which is a registered trademark of Kraft Foods.

™Trademark, Am. D.Q. Corp.

APPENDIX "B"

DAIRY QUEEN®/BRAZIER® REQUIRED CORE MENU ITEMS

GRILLBURGER™ CATEGORY

GrillBurger with Cheese (¼ lb. and ½ lb. sizes)
 ¼ lb. Bacon Cheese GrillBurger
 FlameThrower® GrillBurger (¼ lb. and ½ lb. sizes)
 ¼ lb. Mushroom Swiss GrillBurger
 Original Cheeseburger
 Original Double Cheeseburger

DQ® COMBOS CATEGORY

Includes any item from the GrillBurger, Hot Sandwich, or Hot Dog categories, plus 4 oz. French fries, and a 21 oz. soft drink. All sandwiches are required to be made available in a DQ Combo configuration. These DQ Combo configurations are required for all restaurants. Side salad or onion rings may be substituted for French fries for an additional charge.

SWEET DEALS VALUE CATEGORY

Includes customer choice of any two items, three items, or four items from the following list of products:

Original Cheeseburger
 Hot Dog
 Chicken Wrap (Crispy or Grilled, Ranch ~~or~~ and FlameThrower)
 Onion Rings (4 oz.)
 French Fries (4 oz.)
 Side Salad
 Soft Drink (21 oz.)
 Sundae (5 oz.)¹
 Dipped Cone (5 oz.)¹

¹Weights include container and soft serve portion only.

HOT SANDWICH CATEGORY

Crispy Chicken Sandwich
 Grilled Chicken Sandwich
 Iron Grilled Turkey Sandwich
 Iron Grilled Classic Club Sandwich
 Iron Grilled Supreme BLT Sandwich
 Chicken Wrap (Crispy or Grilled, Ranch ~~or~~ and FlameThrower)

HOT DOG CATEGORY

Hot Dog
 Chili Cheese Dog

BASKET CATEGORY

Chicken Strip Basket (4- and 6-Piece)²
 Popcorn Shrimp Basket³
²Includes 4 oz. French fries, Texas toast and choice of dipping sauce.
³Includes 4 oz. French fries, cole slaw and seafood dipping sauce.

SALAD CATEGORY

Grilled Chicken Salad⁴
 Crispy Chicken Salad⁴
 Side Salad
⁴Chicken products served hot on Grilled and Crispy Chicken Salads.

FRIES, SIDES AND APPETIZERS CATEGORY

French Fries: 4 oz. 6.5 oz.
 Onion Rings: 4 oz.

DQ KID'S MEAL CATEGORY⁵

Chicken Strips (Two chicken strips with choice of dipping sauce.)
 Original Cheeseburger
 Hot Dog
 Iron Grilled Cheese Sandwich
⁵Includes entrée plus 2½ oz. French fries, apple sauce, or banana; child's 10/12 fl. oz. soft drink, milk or 12 fl. oz. Arctic Rush® Frozen Beverage; and choice of Dilly® Bar, DQ Sandwich, or child's 3½ oz. cone.

BEVERAGE CATEGORY

Soft Drinks⁶: 16 fl. oz. 21 fl. oz. 32 fl. oz.
 Arctic Rush Frozen Beverage⁷: 12 fl. oz. 16 fl. oz. 24 fl. oz.
 Lemonade Chillers⁸: 12 fl. oz. 16 fl. oz. 24 fl. oz.
 Milk—Regular, Chocolate
 Coffee 12 fl. oz. 16 fl. oz.
 Bottled Water

⁶Quality soft drinks from Coca-Cola®, PepsiCo, and Cadbury Schweppes distribution. See your beverage contract for required flavors and brands.

⁷Required Flavors: Cherry, Grape, Blue Raspberry, Lemon Lime, Strawberry Kiwi

⁸Required Flavors: Lemonade, Strawberry Lemonade. Requirement effective April 1, 2011.

BEVERAGE CATEGORY⁶

Soft Drinks⁷: 16 fl. oz. 21 fl. oz. 32 fl. oz.
 Orange Julius Original Drinks⁸: 16 fl. oz. 21 fl. oz. 32 fl. oz.
 Orange Julius Premium Fruit Smoothies⁸:
 12 fl. oz. 16 fl. oz. 24 fl. oz.
 Arctic Rush® Frozen Beverage⁹: 12 fl. oz. 16 fl. oz. 24 fl. oz.
 Lemonade Chillers¹⁰: 12 fl. oz. 16 fl. oz. 24 fl. oz.

Milk—2% White, Chocolate

Bottled Water

⁶ The Orange Julius Original Drinks and Premium Fruit Smoothies will become required core menu items for stores located within a DMA as the Orange Julius program is rolled out to that DMA.

⁷ Quality soft drinks from Coca-Cola®, PepsiCo, and Dr. Pepper distribution. See your beverage contract for required flavors and brands.

⁸ Required Flavors: Orange, Strawberry, Strawberry Banana, Tripleberry, Mango Pineapple

⁹ Required Flavors: Cherry, Grape, Blue Raspberry, Lemon Lime, Strawberry Kiwi.

¹⁰ Required Flavors: Lemonade, Strawberry Lemonade.

APPENDIX "B"

DAIRY QUEEN®/BRAZIER® REQUIRED CORE MENU ITEMS

BLIZZARD® FLAVOR TREAT CATEGORY

Blizzard Flavor Treats: 7 fl. oz. 12 fl. oz. 16 fl. oz. 21 fl. oz.

Required Flavors – 1820 Blizzard flavors as listed below:

See the "Target Menu Offerings/LTOs" chart for detailed information.

TREATS CATEGORY

Cones¹: 5 oz. 7 oz. 10 oz.
 Dipped Cones¹: 5 oz. 7 oz. 10 oz.
 Sundaes^{1,2}: 5 oz. 7 oz. 10 oz.
 Waffle Bowl Sundaes^{1,3}: 6 oz.
 Cones⁴: 5 oz. 7 oz. 10 oz.
 Waffle Cones¹: 6 oz.
 Dipped Cones⁴: 5 oz. 7 oz. 10 oz.
 Shakes/Malts⁴: 12 fl. oz. 16 fl. oz. 24 fl. oz.
 MooLatté® Frozen Blended
 Coffee Drinks⁵: 12 fl. oz. 16 fl. oz. 24 fl. oz.

¹Weights include container and soft serve portion only.

²Required Flavors: Chocolate, Strawberry, Marshmallow, Caramel, Hot Fudge, Banana, Cherry, Pineapple, Peanut Butter. ~~Requirement effective April 1, 2011.~~

³Required Flavors: Chocolate Covered Strawberry, Turtle,

⁴Required Flavors: Chocolate, Strawberry, Vanilla, Caramel, Hot Fudge, Banana, Cherry, Peanut Butter. ~~Requirement effective April 1, 2011.~~

⁵Required Flavors: Mocha, Caramel, French Vanilla, Cappuccino. ~~Requirement effective April 1, 2011.~~

ROYAL TREATS® CATEGORY

Banana Split

Peanut Buster® Parfait

Oreo® Brownie Earthquake®

Peanut Butter Bash™⁶

⁶Requirement effective April 1, 2011

DQ® CAKES⁵⁶ CATEGORY

Sheet Cake

8" Round Cake

10" Round Cake

Seasonally Required: Hearts (February)

Logs (November-December)

Blizzard Cakes: 8" Round Cake 10" Round Cake

Required Flavors: Oreo®, Reese's® Peanut Butter Cups®, Chocolate Xtreme,

See "Target Menu Offerings/LTOs" chart for Featured Blizzard Cake detailed information.

⁵⁶See System Bulletin #183B: DQ Cakes

NOVELTIES CATEGORY

Dilly® Bar (Store-Made or Manufactured)—1 Flavor Minimum

Buster Bar® (Store-Made or Manufactured)

DQ Sandwich

No Sugar Added Novelty—1 Flavor Minimum

The DQ manufactured novelties below are approved for use but not required:

StarKiss® Bar

DQ Fudge Bar

DQ Vanilla Orange Bar

No Sugar Added Dilly Bar

CERTIFIED PROGRAMS

The following menu items are to be sold only by *Dairy Queen®/Brazier®* operators who have been certified to do so by the Company or by Territory Operators for restaurants franchised directly by the Territory Operator. Once certified, an operator may not discontinue the sale of these menu items without appropriate authorization. The product weights/portions for these items are specified in the respective product preparation procedures from the Company.

BREAKFAST PROGRAM

BREAKFAST PLATTERS¹

Country—Scrambled eggs, hash browns, two biscuits, and choice of bacon, sausage, ~~bacon~~ or ham

Ultimate Hash ~~Brown~~Browns—Hash browns topped with scrambled eggs, shredded cheddar cheese, onions, salsa, and choice of bacon, sausage or ham

Buttermilk Pancake—Three pancakes with syrup and choice of bacon, sausage or ham

¹Butter served with all platters and jam is available upon request.

BREAKFAST SANDWICHES²

Breakfast Biscuit—Served with egg and choice of sausage, bacon, ham, or chicken

Sausage Biscuit ~~Sandwich~~³

Chicken Biscuit

Twin Pack—Two biscuits with sausage³

Ultimate Breakfast Burrito—Flour tortilla filled with Scrambled eggs, hash browns, shredded cheddar cheese, onions, salsa, and choice of bacon, sausage or ham

²American cheese may be added to any of the above for an additional charge (Cheddar, Swiss, or Monterey Jack may be substituted).

³Bacon, ham or chicken strips may be substituted for the sausage.

BREAKFAST DQ® COMBOS

Includes breakfast sandwich or pancakes, hash browns, and regular coffee^{4,5}.

⁴16 oz. soft drink may be substituted for coffee at no charge.

⁵Orange juice or milk may be substituted for coffee for an additional charge.

BISCUITS & GRAVY

Biscuits & Gravy—Biscuits covered with gravy and crumbled sausage

BUTTERMILK PANCAKES

Buttermilk Pancakes—Three pancakes with syrup and butter

CINNAMON ROLL

Cinnamon Roll

BREAKFAST SIDE ITEMS

Bacon

Sausage

Ham

Chicken Strips

Biscuits (2)

~~Hashbrowns~~Hash Browns

BREAKFAST BEVERAGES⁶

Orange Juice

⁶Includes all beverages previously listed on the core menu.

APPENDIX "B"
TARGET MENU OFFERINGS/LTOs

Month	National Promotion	Blizzard® of the Month	Featured Blizzard Cake	Target Menu Item	LTOs
January	DMA Option	NEW Nutty Banana <u>Strawberry</u> <u>CheeseQuake®</u>	NEW Nutty Banana <u>Strawberry</u> <u>CheeseQuake</u>		
February	DMA Option	Midnight-Truffle <u>Choco</u> <u>Cherry Love</u>	Midnight-Truffle <u>Choco</u> <u>Cherry Love</u>		
March	Cheeseburger Lovers 2 <u>Mint Oreo® Blizzard</u> <u>Treat Featuring Buy One,</u> <u>Get One</u> for \$2.22 and 2 for \$3.33.99	Mint Oreo®	Mint Oreo®		
<u>April</u>	<u>Chicken Strip Basket</u> for \$3.99	NEW <u>Caramel Delight Pie</u>	NEW <u>Caramel Delight Pie</u>		<u>Caramel Delight Pie</u> <u>Blizzard Treat and Blizzard Cake</u> <u>NEW Frozen Hot Chocolates</u>
<u>April</u> <u>May</u>	Mini-Blizzard Treat for \$1.99 Featuring NEW <u>Confetti Cake</u> Caramel-Toffee Cookie Blizzard Treat	NEW Caramel-Toffee Cookie <u>Confetti Cake</u>	NEW Caramel-Toffee Cookie <u>Confetti Cake</u>		Caramel-Toffee Cookie <u>Confetti Cake</u> Blizzard Treat and Blizzard Cake <u>Frozen Hot Chocolates</u> ¼ lb. Crispy Onion-BBQ <u>GrillBurger™ Iron Grilled Chicken</u> <u>Bacon Ranch Sandwich</u>
May	NEW \$1.99 Small Shake	NEW German Chocolate-Brownie	NEW German Chocolate-Brownie		¼ lb. Crispy Onion-BBQ <u>GrillBurger</u>
June	¼ lb. Bacon-Cheese <u>Sweet Apple</u> <u>BBQ GrillBurger™</u> and Small Shake for \$3.99 <u>2.99</u>	NEW <u>Turtle Brownie-Batter</u>	NEW <u>Turtle Brownie-Batter</u>		<u>Turtle Brownie-Batter Blizzard Treat</u> and <u>Blizzard Cake</u> <u>NEW Royal Shakes</u> <u>¼ lb. Sweet Apple BBQ GrillBurger</u>
July	NEW Triple Chocoholic <u>Chocolate Candy</u> <u>Shop</u> Blizzard Treat	NEW Triple Chocoholic <u>Chocolate</u> <u>Candy Shop</u>	NEW Triple Chocoholic <u>Chocolate</u> <u>Candy Shop</u>		Triple Chocoholic <u>Chocolate Candy</u> <u>Shop</u> Blizzard Treat and <u>Blizzard Cake</u> <u>Royal Shakes</u> ¼ lb. Fajita Ranch <u>Sweet Apple</u> <u>BBQ GrillBurger</u>
<u>August</u>	<u>Cheeseburger Lovers</u> 2 for \$3/2 for \$4	NEW <u>M&M's® Brownie</u>	<u>Chocolate Chip Cookie</u> <u>Dough</u>		<u>M&M's Brownie Blizzard Treat</u> <u>Chocolate Chip Cookie Dough</u> <u>Blizzard Cake</u> <u>Royal Shakes</u>
<u>August</u> <u>Sep</u> <u>tember</u>	NEW Nutter-Butter® <u>Oreo</u> Blizzard Treat Featuring Buy One, Get One for ½ Price \$ <u>1.99</u>	NEW Nutter-Butter <u>Oreo</u>	NEW Nutter-Butter <u>Oreo</u>		Nutter-Butter <u>Oreo</u> Blizzard Treat and <u>Blizzard Cake</u> ¼ lb. Fajita Ranch <u>GrillBurger</u>
September	¼ lb. <u>GrillBurger</u> with Cheese and Mini-Blizzard Treat for \$3.99	Ooey-Goey-Caramel Brownie	Ooey-Goey-Caramel Brownie		
October	<u>Spicy</u> Chicken Strip Basket for \$3.99 <u>\$4.49</u>	Pumpkin Pie	Pumpkin Pie		Pumpkin Pie Blizzard Treat and <u>Blizzard Cake</u> , <u>Royal Shake</u> and <u>Moolatte</u>

November	Double Cheeseburger and Mini <i>Blizzard</i> Treat for \$3.99 <u>Meal Deal</u>	NEW Caramel Nut Roll <u>Mint Brownie</u>	NEW Caramel Nut Roll <u>Mint Brownie</u>		<u>Mint Brownie Blizzard Treat and Blizzard Cake</u>
December	DMA Option	Candy Cane Chill	Candy Cane Chill		Candy Cane Chill Blizzard Treat and, Blizzard Cake , <u>Royal Shake and Waffle Bowl Sundae</u>

~~¹Buy One Get One for 1/2 price promotion limited to Aug. 15 – 21, 2011.~~

APPENDIX “B” GENERIC LOCAL MENU PRODUCTS

DAIRY QUEEN®/BRAZIER®

Iron Grilled Supreme BLT
 Iron Grilled Cheese Sandwich
FlameThrower® Crispy Chicken Sandwich
 Chili Cheese Fries
 Crispy Chicken Wrap (Ranch)
 Crispy Chicken Wrap (*FlameThrower*)
 Classic Dog
 Chili Dog
Pecan Mudslide®
 Floats & Freezes
 Fudge Brownie Temptation Waffle Bowl Sundae
 DQ Cakes¹
 DQ *Blizzard* Cakes¹
 Gift Cards

¹Cake certified restaurants only.

APPENDIX "B" (CONT'D)

NORTHWEST MARKETING REGION (1) NON-CORE MENU ITEMS

DMA	Description	Non-Core Menu Items
102	Seattle	Fish Sandwich, <i>DQ Ultimate</i> [®] Burger, Deluxe Cheese
103	Portland	Fish Sandwich, Corn Dog, <i>DQ Ultimate</i> Burger, Double Deluxe Cheese
104	Eugene	Fish Sandwich, Corn Dog, <i>DQ Ultimate</i> Burger, <u>Double</u> Deluxe Cheese
105	Medford	Fish Sandwich, Corn Dog, <i>DQ Ultimate</i> Burger, Breaded Mushrooms <u>Deluxe Cheese</u>
106	Bend	Fish Sandwich, Corn Dog, <i>DQ Ultimate</i> Burger, Deluxe Cheese
120	Anchorage	Foot-Long Chili Cheese Dog, Fish Sandwich, Corn Dog, Cheese Curds
121	Spokane	Fish Sandwich, Corn Dog, <i>DQ Ultimate</i> Burger
122	Yakima	Fish Sandwich, <u>Corn Dog</u> , <i>DQ Ultimate</i> Burger, Corn Dog
201	Missoula	BBQ Sandwich , Fish Sandwich, Cheese Curds, Corn Dog, <u><i>DQ Ultimate</i> Burger</u>
202	Butte	Fish Sandwich, Cheese Curds, Corn Dog
203	Helena	Fish Sandwich, Cheese Curds, Corn Dog, <i>DQ Ultimate</i> Burger <u>Steak Finger Basket</u>
204	Great Falls	Fish Sandwich, Cheese Curds, Corn Dog, <i>DQ Ultimate</i> Burger
205	Boise	Fish Sandwich, <u>Corn Dog</u> , BBQ Sandwich , Corn Dog , <i>DQ Ultimate</i> Burger
206	Idaho Falls	Corn Dog, <i>DQ Ultimate</i> Burger, <u>Cheese Curds</u>
207	Twin Falls	Fish Sandwich, BBQ Sandwich , Corn Dog, <u>Cheese Curds</u> , <i>DQ Ultimate</i> Burger
217	Denver	Fish Sandwich, Corn Dog, <i>DQ Ultimate</i> Burger, Limeade/ <u>Lemonade</u>
218	Casper	Fish Sandwich, Cheese Curds, Corn Dog, <i>DQ Ultimate</i> Burger
219	Cheyenne	Fish Sandwich, BBQ <u>Cheese Sandwich</u> <u>Curds</u>
220	Billings	Fish Sandwich, Cheese Curds, Corn Dog, <i>DQ Ultimate</i> Burger
224	Glendive	Foot-Long Chili Cheese Dog, Fish Sandwich, Corn Dog, <i>DQ Ultimate</i> Burger

SOUTHWEST MARKETING REGION (2) NON-CORE MENU ITEMS

DM A	Description	Non-Core Menu Items
<u>108</u>	<u>Chico</u>	<u>Fish Sandwich, Corn Dog, <i>DQ Ultimate</i>[®] Burger, Strawberry Shortcake</u>
109	Sacramento	Fish Sandwich, Corn Dog, <i>DQ Ultimate</i> [®] Burger
110	San Francisco	Fish Sandwich, Corn Dog , <i>DQ Ultimate</i> Burger
111	Monterey	Fish Sandwich, BBQ Sandwich , Corn Dog , <i>DQ Ultimate</i> Burger, <u>Strawberry Shortcake</u>
112	Fresno	Fish Sandwich, Corn Dog, <i>DQ Ultimate</i> Burger
115	Los Angeles	Fish Sandwich, <u>Corn Dog</u> , Strawberry Shortcake, Corn Dog
116	San Diego	<u>Fish Sandwich</u> , Corn Dog, <u>Strawberry Shortcake</u>
117	El Centro	Fish Sandwich, BBQ Sandwich, Strawberry Shortcake, <i>DQ Ultimate</i> Burger
208	Salt Lake City	Fish Sandwich, Corn Dog, <i>DQ Ultimate</i> Burger, <u>Cheese Curds</u>
209	Las Vegas	<u>Fish Sandwich, <i>DQ Ultimate</i> Burger</u> , BBQ Sandwich , Corn <u>Cheese Dog</u> <u>Curds</u>
210	Reno	Corn Dog

211	Phoenix	<u>Corn Dog</u> , BBQ Sandwich, Corn Dog
212	Tucson	Foot-Long Chili Cheese Dog, Fish Sandwich, <u>Corn Dog</u> , BBQ Sandwich, Corn Dog
214	Albuquerque	Steak Finger Basket , Fish Sandwich, Corn Dog, <i>DQ Ultimate</i> Burger, <u>Strawberry Shortcake</u>
2162 <u>15</u>	Colorado <u>Grand</u> Springs <u>Junction</u>	Fish Sandwich, Corn Dog, <i>DQ Ultimate</i> Burger
<u>216</u>	<u>Colorado Springs</u>	<u>Fish Sandwich, Corn Dog, <i>DQ Ultimate</i> Burger</u>

APPENDIX "B" (CONT'D)

HEARTLAND MARKETING REGION (3) NON-CORE MENU ITEMS

DMA	Description	Non-Core Menu Items
301	Wichita	<u>Fish Sandwich, Cheese Curds, Breaded Mushrooms</u> , <i>DQ Ultimate</i> ® Burger, Steak Finger Basket, Fish Sandwich
302	Topeka	Pork Tenderloin, Fish Sandwich , <u>Cheese Curds</u> , Breaded Mushrooms, Cheese Curds <u>Pork Tenderloin</u>
303	Joplin	Fish Sandwich, BBQ Sandwich <u>Cheese Curds</u> , Breaded Mushrooms, Steak Finger Basket <u>BBQ Sandwich</u>
304	Springfield	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich <u>Cheese Curds</u> , Breaded Mushrooms
305	Columbia	Pork Tenderloin, Fish Sandwich , <u>Cheese Curds</u> , Breaded Mushrooms, Cheese Curds <u>Pork Tenderloin</u>
306	St. Joseph	Foot-Long Chili Cheese Dog, Pork Tenderloin, Fish Sandwich , Breaded Mushrooms, <u>Pork Tenderloin</u>
307	Kirksville	Pork Tenderloin, BBQ Sandwich, Strawberry Shortcake <u>Cheese Curds</u> , Breaded Mushrooms, <u>Pork Tenderloin, <i>DQ Ultimate</i> Burger</u>
308	Kansas City	Pork Tenderloin <u>Cheese Curds</u> , Breaded Mushrooms, <u>Pork Tenderloin</u>
310	St. Louis	Fish Sandwich, BBQ Sandwich <u>Cheese Curds</u> , Breaded Mushrooms, Cheese <u>BBQ Curds</u> <u>Sandwich</u>
311	Omaha	Foot-Long Chili Cheese Dog, Pork Tenderloin <u>Fish Sandwich</u> , Cheese Curds, Fish <u>Pork Sandwich</u> <u>Tenderloin</u>
317	Lincoln	Foot-Long Chili Cheese Dog, Fish Sandwich, <u>Cheese Curds, Pork Tenderloin</u>
329	Fort Smith	Foot-Long Chili Cheese Dog, Fish Sandwich <u>Cheese Curds</u> , Breaded Mushrooms, Steak Finger Basket
832 <u>831</u>	Tulsa <u>Oklahoma</u> City	Fish Sandwich, BBQ Sandwich <u>Corn Dog</u> , Breaded Mushrooms, Steak Finger Basket <u>BBQ Sandwich</u>
<u>832</u>	<u>Tulsa</u>	<u>Foot-Long Chili Cheese Dog, Cheese Curds, Breaded Mushrooms, BBQ Sandwich</u>

WESTERN GREAT LAKES MARKETING REGION (4) NON-CORE MENU ITEMS

DMA	Description	Non-Core Menu Items
309	Quincy	<u>Fish Sandwich, Cheese Curds</u> , Pork Tenderloin, Fish Sandwich, BBQ Sandwich, Breaded Mushrooms
312	Des Moines	Pork Tenderloin, Fish Sandwich , Cheese Curds, <u>Pork Tenderloin</u>
314	Cedar Rapids	Pork Tenderloin, Fish Sandwich, Strawberry Shortcake <u>Cheese Curds, Pork Tenderloin, <i>DQ Ultimate</i>® Burger</u>
417	Rockford	<u>Fish Sandwich</u> , Pork Tenderloin, Fish Sandwich , Cheese Curds, Steak Finger

		Basket <u>Breaded Mushrooms</u>
420	Moline	<u>Fish Sandwich, Cheese Curds,</u> Pork Tenderloin, Fish Sandwich, BBQ Sandwich
421	Chicago	<u>Fish Sandwich, Cheese Curds,</u> Pork Tenderloin, Fish Sandwich, BBQ Sandwich, Cheese Curds
422	Peoria	<u>Cheese Curds, Breaded Mushrooms,</u> Pork Tenderloin, Fish Sandwich, BBQ Sandwich, Breaded Mushrooms
423	Decatur	Pork Tenderloin, Fish Sandwich, BBQ Sandwich <u>Cheese Curds, Breaded Mushrooms, BBQ Sandwich</u>
424	Terre Haute	Fish Sandwich, <u>Cheese Curds,</u> BBQ Sandwich, DQ Ultimate Burger, Cheese Curds
426	South Bend	Fish Sandwich, BBQ Sandwich, Strawberry Shortcake, Cheese Curds, <u>BBQ Sandwich</u>
433	Evansville	Fish Sandwich, BBQ Sandwich, DQ Ultimate Burger <u>Cheese Curds,</u> Pork Tenderloin, <u>BBQ Sandwich</u>

APPENDIX "B" (CONT'D)

NORTH CENTRAL MARKETING REGION (5) NON-CORE MENU ITEMS

DM A	Description	Non-Core Menu Items
315	Sioux City	Foot-Long Chili Cheese Dog, Fish Sandwich <u>Curds, DQ Ultimate® Burger,</u> BBQ Sandwich, Cheese Curds
319	Rapid City	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich, Cheese Curds, <u>BBQ Sandwich</u>
320	Sioux Falls	Fish Sandwich, BBQ Sandwich, <u>Cheese Curds, DQ Ultimate Burger</u>
321	Bismarck	Fish Sandwich, Cheese Curds, DQ Ultimate® Burger, <u>BBQ Sandwich</u>
322	Fargo	Fish Sandwich, BBQ Sandwich, <u>Cheese Curds, DQ Ultimate Burger, BBQ Sandwich</u>
327 326	Minneapolis Rochester	Fish Sandwich, Cheese Curds, DQ Ultimate Burger, <u>BBQ Sandwich</u>
328 327	Duluth Minneapolis	Fish Sandwich, Cheese Curds, DQ Ultimate Burger, <u>BBQ Sandwich</u>
328	Duluth	<u>Fish Sandwich, Cheese Curds, DQ Ultimate Burger</u>
412	Marquette	Fish Sandwich, BBQ Sandwich, <u>Cheese Curds, DQ Ultimate Burger, BBQ Sandwich</u>
413	Wausau	Fish Sandwich, BBQ Sandwich, <u>Cheese Curds, DQ Ultimate Burger, BBQ Sandwich</u>
414	Green Bay	Fish Sandwich, Cheese Curds, DQ Ultimate Burger, Steak Finger Basket
415	Milwaukee	<u>Foot-Long Chili Cheese Dog,</u> Fish Sandwich, Cheese Curds, Steak Finger Basket
416	Madison	Fish Sandwich, Cheese Curds, DQ Ultimate Burger
418	La Crosse	Fish Sandwich, BBQ Sandwich, <u>Cheese Curds, BBQ Sandwich</u>

EASTERN GREAT LAKES MARKETING REGION (6) NON-CORE MENU ITEMS

DMA	Description	Non-Core Menu Items
401	Cleveland	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich, <u>Breaded Mushrooms, Cheese Curds, BBQ Sandwich</u>

402	Youngstown	Fish Sandwich, BBQ Sandwich , Breaded Mushrooms , Strawberry Shortcake <u>Cheese Curds</u>
405	Columbus	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich , Breaded Mushrooms , <u>Cheese Curds</u>
406	Dayton	Foot-Long Chili Cheese Dog, Fish Sandwich, <u>Cheese Curds</u> , BBQ Sandwich , Breaded Mushrooms
407	Toledo	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich , Shredded Chicken <u>Cheese Curds</u>
408	Detroit	Foot-Long Chili Cheese Dog, Fish Sandwich, Strawberry Shortcake , DQ Ultimate[®] Burger , <u>BBQ Sandwich</u> , <u>Cheese Curds</u>
410	Flint	Foot-Long Chili Cheese Corn Dog, Fish Sandwich , BBQ Sandwich , Breaded Mushrooms <u>Strawberry Shortcake</u> , <u>Cheese Curds</u>
411	Cadillac	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich , Breaded Mushrooms , <u>BBQ Sandwich</u> , <u>Strawberry Shortcake</u>
425	Grand Rapids	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich , Breaded Mushrooms , <u>BBQ Sandwich</u>
427	Fort Wayne	Fish Sandwich, BBQ Sandwich <u>Cheese Curds</u> , Breaded Mushrooms , Cheese Curds <u>Pork Tenderloin</u>
428	Lafayette	Foot-Long Chili <u>Corn Dog</u> , Cheese Dog <u>Cheese Curds</u> , Pork Tenderloin , Corn Dog , Cheese Curds <u>BBQ Sandwich</u>
429	Indianapolis	Foot-Long Chili Cheese Dog, BBQ Sandwich <u>Cheese Curds</u> , Pork Tenderloin , Cheese Curds <u>BBQ Sandwich</u>
432	Cincinnati	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich <u>Cheese Curds</u> , Breaded Mushrooms , <u>BBQ Sandwich</u>

APPENDIX "B" (CONT'D)

NORTHEAST MARKETING REGION (7) NON-CORE MENU ITEMS

DMA	Description	Non-Core Menu Items
501	Watertown	Foot-Long Chili Cheese Dog, Fish Sandwich, <u>Cheese Curds</u> , BBQ Sandwich , DQ Ultimate Burger[®]
506	Wilkes Barre	Fish Sandwich, <u>Cheese Curds</u> , BBQ Sandwich , Strawberry Shortcake , DQ Ultimate Burger
507	New York City	Fish Sandwich, BBQ Sandwich , Strawberry Shortcake , <u>Cheese Curds</u>
508	Philadelphia	Fish Sandwich, BBQ Sandwich , Cheese Curds , Breaded Mushrooms <u>BBQ Sandwich</u>
510	Harrisburg	Fish Sandwich, BBQ Sandwich , Strawberry Shortcake , DQ Ultimate Burger
511	Johnstown	Foot-Long Chili Cheese Dog, Fish Sandwich, <u>Cheese Curds</u>
512	Pittsburgh	Fish Sandwich, Strawberry Shortcake <u>Cheese Curds</u> , <u>Breaded Mushrooms</u> , DQ Ultimate Burger , Cheese Curds
513	Erie	Foot-Long Chili Cheese Dog, Fish Sandwich, <u>Cheese Curds</u> , Breaded Mushrooms , Cheese Curds
514	Buffalo	Foot-Long Chili Cheese Dog, Fish Sandwich, <u>Cheese Curds</u> , <u>BBQ Sandwich</u>
602	Bangor	<u>Cheese Curds</u> , <u>Coffee Shake</u> , BBQ Sandwich , Breaded Fish Mushrooms <u>Sandwich</u>
603	Portland	Fish Sandwich, Breaded Mushrooms , Cheese Curds , <u>Coffee Shake</u>
604	Boston	Fish Sandwich, DQ Ultimate Burger , Cheese Curds , <u>Strawberry Shortcake</u> , <u>Coffee Shake</u>
606	Hartford	Foot-Long Chili Cheese Dog, Fish Sandwich , Breaded Mushrooms , Cheese Curds

607	Springfield	Fish Sandwich, Breaded Mushrooms , Cheese Curds, <u>Coffee Shake</u>
669	Albany	Foot-Long Chili Cheese Dog, Fish Sandwich, <u>Cheese Curds</u> , BBQ Sandwich, Breaded Mushrooms
769	Wheeling	Fish Sandwich, <u>Cheese Curds</u> , Breaded Mushrooms , Strawberry Shortcake , Cheese Curds

MID ATLANTIC MARKETING REGION (8) NON-CORE MENU ITEMS

DMA	Description	Non-Core Menu Items
701	Charleston	Fish Sandwich, <u>Cheese Curds</u> , BBQ Sandwich, DQ Ultimate® Burger , Breaded Mushrooms
702	Parkersburg	Fish Sandwich, BBQ Sandwich <u>Foot-Long Chili Cheese Dog, Cheese Curds</u> , Breaded Mushrooms, Strawberry Shortcake <u>BBQ Sandwich</u>
703	Beckley	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich, Corn <u>Cheese Dog</u> <u>Curds</u>
704	Johnson City	Fish Sandwich, BBQ Sandwich, <u>Cheese Curds</u> , DQ Ultimate® Burger
705	Greenville	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich, Strawberry Shortcake
722	Columbia	Fish Sandwich, BBQ Sandwich
723	Florence	Foot-Long Chili Cheese Dog, BBQ Sandwich, Strawberry Shortcake
725	Harrisonburg	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich, DQ Ultimate Burger <u>Cheese Curds</u>
726	Clarksburg	Fish Sandwich, BBQ Sandwich, Strawberry Shortcake <u>Cheese Curds</u> , Breaded Mushrooms, <u>BBQ Sandwich</u>
727	Charlotte	Foot-Long Chili Cheese Dog, Fish <u>BBQ Sandwich</u> , BBQ Sandwich <u>DQ Ultimate Burger</u> , Strawberry Shortcake
728	Roanoke	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich, DQ Ultimate Burger <u>Cheese Curds</u>
729	Richmond	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich, DQ Ultimate Burger
730	Salisbury	Foot-Long Chili Cheese Dog, Fish Sandwich <u>Cheese Curds</u> , BBQ Sandwich, Cheese <u>Strawberry Curds</u> <u>Shortcake</u>
731	Baltimore	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich, Strawberry Shortcake
732	Greenville, NC	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich, Strawberry <u>Cheese Shortcake</u> <u>Curds</u>
733	Raleigh	Foot-Long Chili Cheese Dog, <u>Corn Dog</u> , BBQ Sandwich, Corn Dog, DQ Ultimate Burger <u>Cheese Curds</u>
734	Greensboro	Fish Sandwich, BBQ Sandwich <u>Foot-Long Chili Cheese Dog</u> , Strawberry Shortcake
735	Washington, DC	<u>Foot-Long Chili Cheese Dog</u> , Fish Sandwich, BBQ Sandwich, Strawberry Shortcake, DQ Ultimate Burger
736	Norfolk	Foot-Long Chili Cheese Dog, BBQ Sandwich , DQ Ultimate Burger , Steak Finger Basket <u>BBQ Sandwich, Cheese Curds</u>
738	Charlottesville	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich, DQ Ultimate Burger

APPENDIX "B" (CONT'D)
SOUTHEAST MARKETING REGION (9) NON-CORE MENU ITEMS

DMA	Description	Non-Core Menu Items
706	Atlanta	Foot-Long Chili Cheese Dog, Fish Sandwich , BBQ Sandwich, DQ Ultimate [®] Burger, <u>BBQ Sandwich</u>
707	Columbus	Foot-Long Chili Cheese Dog, Fish Sandwich , <u>DQ Ultimate Burger, Strawberry Shortcake</u>
708	Dothan	Foot-Long Chili Cheese Dog, Fish Sandwich, <u>BBQ Sandwich, Strawberry Shortcake</u>
709	<u>Panama City</u>	<u>Foot-Long Chili Cheese Dog, Fish Sandwich, Corn Dog, BBQ Sandwich</u>
710	Tallahassee	Foot-Long Chili Cheese Dog, Fish Sandwich, <u>DQ Ultimate Burger</u> , BBQ Sandwich
711	Jacksonville	Foot-Long Chili Cheese Dog, BBQ Sandwich
712	Orlando	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich, Strawberry Shortcake
713	Tampa	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich, <u>Strawberry Shortcake</u>
714	Ft. Myers	Foot-Long Chili Cheese Dog, Fish Sandwich, <u>DQ Ultimate Burger</u> , BBQ Sandwich
715	Miami	<u>Fish Sandwich, BBQ Sandwich</u> , Strawberry Shortcake
716	<u>West Palm Beach</u>	<u>Foot-Long Chili Cheese Dog, Fish Sandwich</u>
717	Albany	Foot-Long Chili Cheese Dog, Fish Sandwich , BBQ Sandwich, DQ Ultimate Burger , <u>BBQ Sandwich</u>
718	Savannah	Foot-Long Chili Cheese Dog, Fish Sandwich , BBQ Sandwich, DQ Ultimate Burger , <u>BBQ Sandwich</u>
719	Macon	Foot-Long Chili Cheese Dog, Fish Sandwich , BBQ Sandwich, DQ Ultimate Burger , <u>BBQ Sandwich</u>
720	Augusta	Foot-Long Chili Cheese Dog, BBQ <u>Fish</u> Sandwich, DQ Ultimate Burger , <u>BBQ Sandwich</u>
805	Birmingham	Foot-Long Chili Cheese Dog, Fish Sandwich , Corn Dog, DQ Ultimate Burger , <u>Steak Fingers, Strawberry Shortcake</u>
806	Montgomery	Foot-Long Chili Cheese Dog, Fish Sandwich , Corn Dog, DQ Ultimate Burger , <u>Strawberry Shortcake</u>
807	Mobile	Foot-Long Chili Cheese Dog, Fish Sandwich, DQ Ultimate Burger , <u>BBQ Sandwich, Strawberry Shortcake</u>
817	Huntsville	Foot-Long Chili Cheese Dog, Fish Sandwich, Corn Dog, <u>Strawberry Shortcake</u>

APPENDIX "B" (CONT'D)

SOUTH CENTRAL MARKETING REGION (10) NON-CORE MENU ITEMS

DMA	Description	Non-Core Menu Items
801	Louisville	Fish Sandwich, BBQ Sandwich <u>Cheese Curds</u> , <u>DQ Ultimate® Burger</u> , <u>BBQ Sandwich</u>
802	Lexington	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich , <u>DQ Ultimate Burger</u> , <u>BBQ Sandwich</u>
803	Knoxville	Fish Sandwich, BBQ Sandwich , Strawberry Shortcake, <u>DQ Ultimate Burger</u>
804	Chattanooga	Fish Sandwich, Foot-Long Chili Cheese Dog
808 803	Gulfport <u>Knoxville</u>	Foot-Long Chili Cheese Dog, Steak Finger Basket <u>DQ Ultimate Burger</u> , Fish Sandwich, BBQ <u>Cheese Sandwich</u> <u>Curds</u>
804	<u>Chattanooga</u>	<u>Foot-Long Chili Cheese Dog</u> , <u>Fish Sandwich</u> , <u>DQ Ultimate Burger</u> , <u>Cheese Curds</u>
808	<u>Gulfport</u>	<u>Fish Sandwich</u> , <u>Steak Finger Basket</u>
810	<u>Meridian</u>	<u>Foot-Long Chili Cheese Dog</u> , <u>Fish Sandwich</u> , <u>Corn Dog</u> , <u>Pork Tenderloin</u>
811	Jackson	<u>Fish Sandwich</u> , Steak Finger Basket , Fish Sandwich , BBQ Sandwich , <u>DQ Ultimate Burger</u> , <u>BBQ Sandwich</u>
814	Memphis	Foot-Long Chili Cheese Dog, <u>Fish Sandwich</u> , <u>DQ Ultimate Burger</u> , BBQ Sandwich
815	Cape Girardeau	Fish Sandwich, BBQ Sandwich , DQ Ultimate Burger , Breaded Mushrooms, <u>Cheese Curds</u>
818	Jackson	Foot-Long Chili Cheese Dog, Fish Sandwich, Strawberry Shortcake , <u>DQ Ultimate Burger</u> , <u>BBQ Sandwich</u>
819	Nashville	Foot-Long Chili Cheese Dog, Fish Sandwich, BBQ Sandwich , DQ Ultimate Burger <u>Cheese Curds</u>
820	Bowling Green	Foot-Long Chili Cheese Dog, Fish Sandwich , BBQ Sandwich , <u>DQ Ultimate Burger</u> , <u>BBQ Sandwich</u> , <u>Cheese Curds</u>
823	Little Rock	Foot-Long Chili Cheese Dog, Fish Sandwich, <u>Cheese Curds</u> , <u>DQ Ultimate Burger</u>
824	<u>Jonesboro</u>	<u>Foot-Long Chili Cheese Dog</u> , <u>Cheese Curds</u> , <u>Pork Tenderloin</u> , <u>DQ Ultimate Burger</u>
826	Alexandria	Foot-Long Chili Cheese Dog, Fish Sandwich, <u>Steak Finger Baskets</u>
827	Lafayette	Foot-Long Chili Cheese Dog <u>Fish Sandwich</u> , <u>Pork Tenderloin</u> , Steak Finger Basket , Fish Sandwich
828	Lake Charles	Foot-Long Chili Cheese Dog, Fish Sandwich, <u>Steak Finger Basket</u> , <u>DQ Ultimate Burger</u>
829	Baton Rouge	Foot-Long Chili Cheese Dog, Steak Finger Basket , Fish Sandwich , <u>DQ Ultimate Burger</u>
830	New Orleans	<u>Fish Sandwich</u> , Steak Finger Basket , Fish Sandwich , <u>DQ Ultimate Burger</u>

SYSTEM BULLETIN #113-AB (DQ®/L)

TO: Operators of Dairy Queen®/Limited Brazier® Restaurants
FROM: Lane Schmiesing, Vice President—Product and Concept Marketing
DATE: July 1, 2012
SUBJECT: Approved Menu Items and Trademarks

This system bulletin supersedes system bulletin #113-AA (DQ®/L).

This system bulletin contains two sections. The first section is Appendix “A”, which sets forth the trademarks and service marks that you are authorized to use in the operation of your restaurant. If your Operating Agreement refers to your use of trademarks as set forth in an Appendix “A”, then this Appendix “A” shall serve as that document.

The second section is Appendix “B”, which sets forth the approved menu for your restaurant. Appendix “B” covers “Required Core Menu Items,” “Target Menu Items,” “Limited Time Offerings” (LTOs), and “Local Menu Items.”

Additions to the “Required Core Menu” for 2012 include:

- Oreo® CheeseQuake® Blizzard® Flavor Treat**
- Choco Cherry Love Blizzard Flavor Treat**
- Orange Julius® Originals and Orange Julius Premium Fruit Smoothies**

CORE MENU

Effective March 1, 2012, the required core menu items are listed in the Appendix “B”. If your Operating Agreement refers to your use of a menu as set forth in an Appendix “B”, then this Appendix “B” shall serve as that document. Please note that the Orange Julius menu items will be rolled out during 2012 by Distribution Center (DC) and by DMA within those DC geographic coverage areas. The Orange Julius Originals and Premium Fruit Smoothies will become required core menu items for stores located within a DMA as the Orange Julius program is rolled out to that DMA.

CERTIFIED PROGRAMS

In addition, if you are part of a certified program, your restaurant is required to sell those menu items from the Appendix “B”—“Certified Programs” list for which you have been certified.

**BLIZZARD® OF THE MONTH AND
TARGET MENU ITEMS/LIMITED TIME OFFERS (LTOs)**

Your restaurant is required to sell and promote the Blizzard of the Month designated for each month during 2012 as reflected in Appendix “B”. Blizzard of the Month menu items are not intended to be promoted during any other time period.

Your restaurant is required to sell all designated Target Menu Offerings beginning at the designated time period as reflected in Appendix "B". A Target Menu Item is a strategic offering that will remain on the menu until further notice. At that time a Target Menu Offering may be discontinued or added to the Required Core Menu.

Your restaurant is required to sell all designated LTOs for the designated time period during 2012 as reflected in Appendix "B". An LTO is a strategic menu item that is available for a limited time to be determined by American Dairy Queen Corporation ("Company"). These items are reflected in Appendix "B".

LOCAL MENU ITEMS

Your restaurant is required to merchandise four "Local Menu Items" within the "Local Menu" area of the menu board. The Company has identified "Generic Local Menu Items" utilizing in-restaurant ingredients as reflected in Appendix "B". During 2011 Fall Business Conferences, each DMA had the opportunity to make available up to four Local Menu Items requiring unique ingredients. The Local Menu Items utilizing unique ingredients as reflected in Appendix "B" have been selected by your DMA and approved for sale within your restaurant. Your restaurant is required to merchandise four of any combination of Local Menu Items identified by The Company and Local Menu Items selected by your DMA.

Local Menu Item performance will be monitored in 2012 through restaurant polling information and/or distribution analysis. The Company reserves the right to eliminate the availability of lesser performing Local Menu Items at any time if sales and/or product movement are inadequate.

AUTHORIZED TRADEMARKS AND INGREDIENTS

The Company may, from time to time, change or modify the list of authorized trademarks and menu items and the related Appendix "A" and Appendix "B". The Company will advise you in writing of such changes.

You are required to use ingredients, formulas, and supplies as specified in the Company's applicable System Approved Products/Ingredients lists, as modified, or other specifications as established by the Company, and in such portions, sizes, appearance and packaging as set forth in the Company's product preparation materials and training resource guides. Please refer to the most recent applicable 2012 System Approved Products system bulletin for a complete listing of approved products and ingredients for your restaurant.

For product quality complaints on Dairy Queen®/USCI label products, please call the USCI One Call line at 1-800-679-6556, ext. 3, or email onecall@idq.com. For DQOC/Crown Select Products, please call the DQOC offices at 952-556-5511, or email jschmieg@dgoa-dqoc.com.

APPENDIX "A"
(DAIRY QUEEN®/LIMITED BRAZIER® LOCATIONS)

Licensee has the right to use the following trademarks and service marks in accordance with Licensee's Operating Agreement, subject to Licensee's authorization by American Dairy Queen Corporation ("Company") to offer at Licensee's restaurant the menu item corresponding to each mark. Other trademarks and service marks may be approved in limited areas for use with local menu items.

This Appendix "A" may be amended by the Company from time to time in order to make available additional trademarks or service marks or to delete those which become obsolete. Licensee agrees to use only those trademarks and service marks that are then currently authorized. Licensee's license to use the Orange Julius® trademarks and service marks is subject to Licensee first receiving written confirmation from the Company, as part of the Orange Julius roll-out process, that Licensee is authorized to sell the Orange Julius products.

A SMILE AND A STORY®

ARCTIC RUSH® Frozen Beverage

BLIZZARD® Treat

BRAZIER®

BUSTER BAR®

CHEESEQUAKE®

THE CONE WITH THE CURL ON TOP Design (Registered)

DAIRY QUEEN®

DILLY® Bar

~~DREAM PIE®~~

DQ®

DQ® SOMETHING DIFFERENT

FLAMETHROWER®

GEORGIA MUD FUDGE®

JULIUS®

JULIUS LEAGUE™

MOOLATTÉ® Frozen Blended Coffee

OREO® BROWNIE EARTHQUAKE®

ORANGE JULIUS®

PEANUT BUSTER® Parfait

PEANUT BUTTER BASH®

PECAN MUDSLIDE®

ROYAL TREAT®

ROYAL TREATS®

SCRUMPDILLYISHUS®

SO GOOD IT'S RIDICULOUS®

STARKISS® Bar

TRIPLEBERRY®

WHAT'S YOUR DEAL?®

Each of the above trademarks and/or service marks must be used only in the manner specified by the Company and in connection with the goods and/or services specified by the Company. No deviations will be permitted.

1/~~2011~~**2012**

*All trademarks owned or licensed by Am.D.Q. Corp. © 2011**2012** except OREO®, which is a registered trademark of Kraft Foods.

™Trademark, Am. D.Q. Corp.

APPENDIX "B"
(DAIRY QUEEN®/LIMITED BRAZIER®, WITH FRYERS)
REQUIRED CORE MENU ITEMS

DQ® COMBOS CATEGORY

Includes any item from the Hot Sandwich or Hot Dog categories, plus 4 oz. French fries and a 21 oz. soft drink. All sandwiches are required to be made available in a *DQ* Combo configuration. These *DQ* Combo configurations are required for all restaurants. Onion rings may be substituted for French fries for an additional charge.

HOT SANDWICH CATEGORY

BBQ Sandwich
 Crispy Chicken Sandwich
 Ranch Crispy Chicken Wrap

HOT DOG CATEGORY

Hot Dog
 Chili Cheese Dog

BASKET CATEGORY

Chicken Strip Basket with Hot Dips (4- and 6-Piece)¹
 Popcorn Shrimp Basket²

¹Includes 4 oz. French fries, Texas toast and choice of dipping sauce.

²Includes 4 oz. French fries, cole slaw and seafood dipping sauce.

FRIES, SIDES AND APPETIZERS CATEGORY

French Fries: 4 oz. 6.5 oz.
 Onion Rings: 4 oz.

DQ KID'S MEAL CATEGORY³

Chicken Strips (Two chicken strips with choice of dipping sauce.)

Hot Dog

³Includes entrée plus 2½ oz. French fries, apple sauce, or banana; child's 10/12 fl. oz. soft drink, milk or 12 fl. oz. *Arctic Rush*® Frozen Beverage; and choice of *Dilly*® Bar, *DQ* Sandwich, or child's 3½ oz. cone.

BEVERAGE CATEGORY

Soft Drinks⁴: 16 fl. oz. 21 fl. oz. 32 fl. oz.

Arctic Rush Frozen Beverage⁵: 12 fl. oz. 16 fl. oz. 24 fl. oz.

Lemonade Chillers⁶: 12 fl. oz. 16 fl. oz. 24 fl. oz.

Milk Regular, Chocolate

Bottled Water

⁴Quality soft drinks from Coca-Cola®, PepsiCo, and Cadbury-Schweppes distribution. See your beverage contract for required flavors and brands.

⁵Required Flavors: Cherry, Grape, Blue Raspberry, Lemon-Lime, Strawberry Kiwi

⁶Required Flavors: Lemonade, Strawberry-Lemonade. Requirement effective April 1, 2011.

APPENDIX "B"
(DAIRY QUEEN®/LIMITED BRAZIER®, WITH FRYERS)
REQUIRED CORE MENU ITEMS

BLIZZARD® FLAVOR TREAT CATEGORY

Blizzard Flavor Treats: 7 fl. oz. 12 fl. oz. 16 fl. oz. 21 fl. oz.

Required Flavors – 4820 Blizzard flavors as listed below:

See the "Target Menu Offerings/LTOs" chart for detailed information.

TREATS CATEGORY

Cones ¹ :	5 oz.	7 oz.	10 oz.
Dipped Cones ¹ :	5 oz.	7 oz.	10 oz.
Sundaes ^{1,2} :	5 oz.	7 oz.	10 oz.
Waffle Bowl Sundaes ^{1,3} :	6 oz.		
Cones ¹ :	5 oz.	7 oz.	10 oz.
Waffle Cones ¹ :	6 oz.		
Dipped Cones ¹ :	5 oz.	7 oz.	10 oz.
Shakes/Malts ⁴ :	12 fl. oz.	16 fl. oz.	24 fl. oz.
MooLatte® Frozen Blended			
Coffee Drinks ⁵ :	12 fl. oz.	16 fl. oz.	24 fl. oz.

¹Weights include container and soft serve portion only.

²Required Flavors: Chocolate, Strawberry, Marshmallow, Caramel, Hot Fudge, Banana, Cherry, Pineapple, Peanut Butter. Requirement effective April 1, 2011.

³Required Flavors: Chocolate Covered Strawberry, Turtle

⁴Required Flavors: Chocolate, Strawberry, Vanilla, Caramel, Hot Fudge, Banana, Cherry, Peanut Butter. Requirement effective April 1, 2011.

⁵Required Flavors: Mocha, Caramel, French Vanilla, Cappuccino. Requirement effective April 1, 2011.

ROYAL TREATS® CATEGORY

Banana Split

Peanut Buster® Parfait

Oreo® Brownie Earthquake®

Peanut Butter Bash™ 60

⁶Requirement effective April 1, 2011

DQ® CAKES^{7,1} CATEGORY

Sheet Cake

8" Round Cake

10" Round Cake

Seasonally Required: Hearts (February)

Logs (November-December)

Blizzard Cakes: 8" Round Cake 10" Round Cake

Required Flavors: Oreo®, Reese's® Peanut Butter Cups®, Chocolate Xtreme,

See "Target Menu Offerings/LTOs" chart for Featured Blizzard Cake detailed information.

^{7,1}See System Bulletin #183B: DQ Cakes

BEVERAGE CATEGORY⁶

Soft Drinks⁷: 16 fl. oz. 21 fl. oz. 32 fl. oz.

Orange Julius Original Drinks⁸: 16 fl. oz. 21 fl. oz. 32 fl. oz.

Orange Julius Premium Fruit Smoothies⁸:

12 fl. oz. 16 fl. oz. 24 fl. oz.

Arctic Rush® Frozen Beverage⁹:

12 fl. oz. 16 fl. oz. 24 fl. oz.

Lemonade Chillers¹⁰: 12 fl. oz. 16 fl. oz. 24 fl. oz.

Milk—2% White, Chocolate

Bottled Water

⁶ The Orange Julius Originals and Premium Fruit Smoothies will become required core menu items for stores located within a DMA as the Orange Julius program is rolled out to that DMA.

⁷Quality soft drinks from Coca-Cola®, PepsiCo, and Dr. Pepper distribution. See your beverage contract for required flavors and brands.

⁸Required Flavors: Orange, Strawberry, Strawberry Banana, Tripleberry, Mango Pineapple

⁹Required Flavors: Cherry, Grape, Blue Raspberry, Lemon Lime, Strawberry Kiwi.

¹⁰Required Flavors: Lemonade, Strawberry Lemonade.

NOVELTIES CATEGORY

Dilly® Bar (Store-Made or Manufactured)—1 Flavor Minimum

Buster Bar® (Store-Made or Manufactured)

DQ Sandwich

No Sugar Added Novelty—1 Flavor Minimum

The *DQ* manufactured novelties below are approved for use but not required:

StarKiss® Bar

DQ Fudge Bar

DQ Vanilla Orange Bar

No Sugar Added *Dilly* Bar

APPENDIX "B"
(DAIRY QUEEN®/LIMITED BRAZIER®, WITHOUT FRYERS)
REQUIRED CORE MENU ITEMS

DQ® COMBOS CATEGORY

Includes any item from the Hot Sandwich or Hot Dog categories, plus 4-oz. ~~French fries~~potato chips and a 21 oz. soft drink. All sandwiches are required to be made available in a DQ Combo configuration. These DQ Combo configurations are required for all restaurants. ~~Onion rings may be substituted for French fries for an additional charge.~~

HOT SANDWICH CATEGORY

BBQ Sandwich

HOT DOG CATEGORY

Hot Dog

Chili Cheese Dog

DQ KID'S MEAL CATEGORY¹

Hot Dog

¹Includes entrée plus potato chips, apple sauce, or banana; child's 10/12 fl. oz. soft drink, milk, or 12 fl. oz. *Arctic Rush*® Frozen Beverage; and choice of *Dilly*® Bar, DQ Sandwich, or child's 3½ oz. cone.

BEVERAGE CATEGORY

Soft Drinks²: _____ 16 fl. oz. 21 fl. oz. 32 fl. oz.

Arctic Rush Frozen Beverage³: _____ 12 fl. oz. 16 fl. oz. 24 fl. oz.

Lemonade Chillers⁴: _____ 12 fl. oz. 16 fl. oz. 24 fl. oz.

Milk—Regular, Chocolate

Bottled Water

²Quality soft drinks from *Coca-Cola*®, *PepsiCo*, and *Cadbury-Schweppes* distribution. See your beverage contract for required flavors and brands.

³Required Flavors: Cherry, Grape, Blue Raspberry, Lemon Lime, Strawberry Kiwi

⁴Required Flavors: Lemonade, Strawberry Lemonade. Requirement effective April 1, 2011.

APPENDIX "B"
(DAIRY QUEEN®/LIMITED BRAZIER®, WITHOUT FRYERS)
REQUIRED CORE MENU ITEMS

BLIZZARD® FLAVOR TREAT CATEGORY

Blizzard Flavor Treats: 7 fl. oz. 12 fl. oz. 16 fl. oz. 21 fl. oz.

Required Flavors – 4820 Blizzard flavors as listed below:

See the "Target Menu Offerings/LTOs" chart for detailed information.

TREATS CATEGORY

Cones ¹ :	5 oz.	7 oz.	10 oz.
Dipped Cones ¹ :	5 oz.	7 oz.	10 oz.
Sundaes ^{1,2} :	5 oz.	7 oz.	10 oz.
Waffle Bowl Sundaes ^{1,3} :	6 oz.		
Cones ¹ :	5 oz.	7 oz.	10 oz.
Waffle Cones ¹ :	6 oz.		
Dipped Cones ¹ :	5 oz.	7 oz.	10 oz.
Shakes/Malts ⁴ :	12 fl. oz.	16 fl. oz.	24 fl. oz.
MooLatté® Frozen Blended			
Coffee Drinks ⁵ :	12 fl. oz.	16 fl. oz.	24 fl. oz.

¹Weights include container and soft serve portion only.

²Required Flavors: Chocolate, Strawberry, Marshmallow, Caramel, Hot Fudge, Banana, Cherry, Pineapple, Peanut Butter. Requirement effective April 1, 2011.

³Required Flavors: Chocolate Covered Strawberry, Turtle

⁴Required Flavors: Chocolate, Strawberry, Vanilla, Caramel, Hot Fudge, Banana, Cherry, Peanut Butter. Requirement effective April 1, 2011.

⁵Required Flavors: Mocha, Caramel, French Vanilla, Cappuccino. Requirement effective April 1, 2011.

BEVERAGE CATEGORY⁶

Soft Drinks⁷: 16 fl. oz. 21 fl. oz. 32 fl. oz.

Orange Julius Originals⁸: 16 fl. oz. 21 fl. oz. 32 fl. oz.

Orange Julius Premium Fruit Smoothies⁸:
12 fl. oz. 16 fl. oz. 24 fl. oz.

Arctic Rush® Frozen Beverage⁹:
12 fl. oz. 16 fl. oz. 24 fl. oz.

Lemonade Chillers¹⁰: 12 fl. oz. 16 fl. oz. 24 fl. oz.

Milk—2% White, Chocolate

Bottled Water

⁶ The Orange Julius Originals and Premium Fruit Smoothies will become required core menu items for stores located within a DMA as the Orange Julius program is rolled out to that DMA.

⁷Quality soft drinks from Coca-Cola®, PepsiCo, and Dr. Pepper distribution. See your beverage contract for required flavors and brands.

⁸Required Flavors: Orange, Strawberry, Strawberry Banana, Tripleberry, Mango Pineapple

⁹Required Flavors: Cherry, Grape, Blue Raspberry, Lemon Lime, Strawberry Kiwi.

¹⁰Required Flavors: Lemonade, Strawberry Lemonade.

ROYAL TREATS® CATEGORY

Banana Split

Peanut Buster® Parfait

Oreo® Brownie Earthquake®

*Peanut Butter Bash™*⁶

⁶Requirement effective April 1, 2011

DQ® CAKES⁷ CATEGORY

Sheet Cake

8" Round Cake

10" Round Cake

Seasonally Required: Hearts (February)

Logs (November-December)

Blizzard Cakes: 8" Round Cake 10" Round Cake

Required Flavors: *Oreo®*, *Reese's®* Peanut Butter Cups®,
Chocolate Xtreme₂

See "Target Menu Offerings/LTOs" chart for Featured *Blizzard* Cake
detailed information.

⁷See System Bulletin #183B: *DQ* Cakes

NOVELTIES CATEGORY

Dilly® Bar (Store-Made or Manufactured)—1 Flavor Minimum

Buster Bar® (Store-Made or Manufactured)

DQ Sandwich

No Sugar Added Novelty—1 Flavor Minimum

The *DQ* manufactured novelties below are approved for use
but not required:

StarKiss® Bar

DQ Fudge Bar

DQ Vanilla Orange Bar

No Sugar Added *Dilly* Bar

CERTIFIED PROGRAMS

The following menu items are to be sold only by *Dairy Queen*®/Limited *Brazier*® operators who have been certified to do so by the Company or by Territory Operators for restaurants franchised directly by the Territory Operator. Once certified, an operator may not discontinue the sale of these menu items without appropriate authorization. The product weights/portions for these items are specified in the respective product preparation procedures from the Company.

GRILLED CHICKEN **LIMITED BRAZIER RESTAURANT (WITH HOT SHOT)**

Grilled Chicken Sandwich

Grilled Chicken Sandwich Combo

Grilled Chicken Salad¹

Side Salad¹

¹Optional menu item for grilled chicken Limited *Brazier* restaurants (with Hot Shot).

LIMITED BRAZIER RESTAURANT (WITH FRYER)

Crispy Chicken Salad²

Side Salad²

²Optional menu item for Limited *Brazier* restaurants (with fryers).

APPENDIX "B"
TARGET MENU OFFERINGS/LTOs

Month	National Promotion	Blizzard® of the Month	Featured Blizzard Cake	Target Menu Item	LTOs
January	DMA Option	NEW Nutty Banana <u>Strawberry</u> <u>CheeseQuake®</u>	NEW Nutty Banana <u>Strawberry</u> <u>CheeseQuake</u>		
February	DMA Option	Midnight Truffle <u>Choco</u> <u>Cherry Love</u>	Midnight Truffle <u>Choco</u> <u>Cherry Love</u>		
March	Cheeseburger Lovers 2 <u>Mint Oreo® Blizzard</u> <u>Treat Featuring Buy One,</u> <u>Get One</u> for \$2.22 and 2 for \$3.33 <u>99</u>	Mint Oreo®	Mint Oreo®		
<u>April</u>	<u>Chicken Strip Basket</u> for <u>\$3.99</u>	<u>NEW</u> <u>Caramel Delight Pie</u>	<u>NEW</u> <u>Caramel Delight Pie</u>		<u>Caramel Delight Pie</u> <u>Blizzard Treat and Blizzard Cake</u> <u>NEW Frozen Hot Chocolates</u>
<u>April</u> <u>May</u>	Mini <u>Blizzard Treat</u> for \$1.99 Featuring NEW <u>Confetti Cake</u> Caramel Toffee Cookie Blizzard Treat	NEW Caramel Toffee Cookie <u>Confetti Cake</u>	NEW Caramel Toffee Cookie <u>Confetti Cake</u>		Caramel Toffee Cookie <u>Confetti Cake</u> Blizzard Treat and Blizzard Cake ¼ lb. Crispy Onion BBQ <u>GrillBurger™</u> <u>Frozen Hot Chocolates</u>
May	NEW \$1.99 Small Shake	NEW German Chocolate Brownie	NEW German Chocolate Brownie		¼ lb. Crispy Onion BBQ <u>GrillBurger</u>
June	¼ lb. Bacon Cheese <u>Sweet Apple</u> <u>BBQ GrillBurger™</u> and Small Shake for \$3.99 <u>2.99</u>	<u>NEW</u> <u>Turtle</u> Brownie-Batter	<u>NEW</u> <u>Turtle</u> Brownie-Batter		<u>Turtle</u> Brownie-Batter <u>Blizzard Treat</u> and <u>Blizzard Cake</u> <u>NEW Royal Shakes</u>
July	NEW Triple Chocoholic <u>Chocolate Candy</u> <u>Shop</u> Blizzard Treat	NEW Triple Chocoholic <u>Chocolate</u> <u>Candy Shop</u>	NEW Triple Chocoholic <u>Chocolate</u> <u>Candy Shop</u>		Triple Chocoholic <u>Chocolate Candy</u> <u>Shop</u> Blizzard Treat and <u>Blizzard Cake</u> ¼ lb. <u>Fajita Ranch GrillBurger™</u> <u>Royal</u> <u>Shakes</u>
<u>August</u>	<u>Cheeseburger Lovers</u> 2 for \$3/2 for \$4	<u>NEW</u> <u>M&M's® Brownie</u>	<u>Chocolate Chip Cookie</u> <u>Dough</u>		<u>M&M's Brownie Blizzard Treat</u> <u>Chocolate Chip Cookie Dough</u> <u>Blizzard Cake</u> <u>Royal Shakes</u>
<u>August</u> <u>Sep</u> <u>tember</u>	NEW Nutter-Butter <u>Oreo®</u> Blizzard Treat Featuring Buy One, Get One for ½ Price! <u>\$.99</u>	NEW Nutter-Butter <u>Oreo</u>	NEW Nutter-Butter <u>Oreo</u>		Nutter-Butter <u>Oreo</u> <u>Blizzard Treat</u> and <u>Blizzard Cake</u> ¼ lb. <u>Fajita Ranch GrillBurger</u>
September	¼ lb. <u>GrillBurger</u> with Cheese and Mini <u>Blizzard Treat</u> for \$3.99	Ooey-Gooey Caramel Brownie	Ooey-Gooey Caramel Brownie		
October	<u>Spicy</u> Chicken Strip Basket for \$3.99 <u>\$4.49</u>	Pumpkin Pie	Pumpkin Pie		Pumpkin Pie <u>Blizzard Treat</u> and <u>Blizzard Cake</u> <u>Royal Shake and Moolatte</u>
November	Double Cheeseburger and Mini <u>Blizzard Treat</u> for \$3.99 <u>5</u> <u>Meal Deal</u>	NEW Caramel Nut Roll <u>Mint</u> <u>Brownie</u>	NEW Caramel Nut Roll <u>Mint</u> <u>Brownie</u>		<u>Mint Brownie</u> <u>Blizzard Treat and Blizzard Cake</u>
December	DMA Option	Candy Cane Chill	Candy Cane Chill		Candy Cane Chill <u>Blizzard Treat</u> and <u>Blizzard Cake</u> , <u>Royal Shake</u> and <u>Waffle Bowl Sundae</u>

[†]Buy One Get One for 1/2 price promotion limited to Aug. 15—21, 2011.

**APPENDIX “B”
GENERIC LOCAL MENU PRODUCTS**

DAIRY QUEEN®/LIMITED BRAZIER® WITH FRYER

FlameThrower® Crispy Chicken Sandwich

Chili Cheese Fries

Crispy Chicken Wrap (Ranch)

Crispy Chicken Wrap (*FlameThrower*)

Classic Dog

Chili Dog

Popcorn Shrimp Basket

Crispy Chicken Salad

Pecan Mudslide®

Floats and Freezes

Fudge Brownie Temptation Waffle Bowl Sundae

DQ® Cakes¹

DQ Blizzard Cakes¹

Gift Cards

¹Cake certified restaurants only.

APPENDIX "B"
GENERIC LOCAL MENU PRODUCTS

DAIRY QUEEN/LIMITED BRAZIER WITHOUT FRYER

Classic Dog
Chili Dog
Grilled Chicken Salad¹
Pecan Mudslide[®]
Floats and Freezes
Fudge Brownie Temptation Waffle Bowl Sundae
DQ Cake²
DQ Blizzard Cakes²
Gift Cards

¹Grilled Chicken certified restaurants only.

²Cake certified restaurants only.

APPENDIX "B" (CONT'D)
NORTHWEST MARKETING REGION (1) NON-CORE MENU ITEMS
***DAIRY QUEEN*[®]/*LIMITED BRAZIER*[®], WITH FRYERS**

DMA	Description	Non-Core Menu Items
217	Denver	Limeade

SOUTHWEST MARKETING REGION (2) NON-CORE MENU ITEMS
***DAIRY QUEEN*[®]/*LIMITED BRAZIER*[®], WITH FRYERS**

DMA	Description	Non-Core Menu Items
110 115	San Los FranciscoAngeles	<u>Fish Sandwich</u> , Corn Dog, <u>Strawberry Shortcake</u>
116	San Diego	<u>Fish Sandwich</u>
209	Las Vegas	<u>Foot-Long Chili Cheese Dog</u> , <u>Corn Dog</u> , Strawberry Shortcake, Corn Dog <u>Cheese Curds</u>
212	Tucson	<u>Foot-Long Chili Cheese Dog</u> , Strawberry Shortcake
215	Grand Junction	<u>Fish Sandwich</u> , Corn Dog <u>Limeade</u>

HEARTLAND MARKETING REGION (3) NON-CORE MENU ITEMS
***DAIRY QUEEN*[®]/*LIMITED BRAZIER*[®], WITH FRYERS**

DMA	Description	Non-Core Menu Items
308	Kansas City	Pork Tenderloin , Fish Sandwich, Breaded Mushrooms, <u>Pork Tenderloin</u> , Strawberry Shortcake
317	Lincoln	<u>Foot-Long Chili Cheese Dog</u> , <u>Strawberry Shortcake</u> , <u>BBQ Sandwich</u> , <u>Cheese Curds</u>

WESTERN GREAT LAKES MARKETING REGION (4) NON-CORE MENU ITEMS
***DAIRY QUEEN*[®]/*LIMITED BRAZIER*[®], WITH FRYERS**

DMA	Description	Non-Core Menu Items
312	Des Moines	Pork Tenderloin, Fish Sandwich, Cheese Curds, <u>Pork Tenderloin,</u> Strawberry Shortcake

NORTH CENTRAL MARKETING REGION (5) NON-CORE MENU ITEMS
DAIRY QUEEN®/LIMITED BRAZIER®, WITH FRYERS

DMA	Description	Non-Core Menu Items
322	Fargo	Fish Sandwich, Cheese Curds, Strawberry Shortcake
<u>327</u>	<u>Minneapolis</u>	<u>Fish Sandwich, Cheese Curds, Corn Dog, Shrimp Basket</u>
3273 <u>28</u>	Minneapolis <u>Duluth</u>	Foot-Long Chili Cheese Dog, Fish Sandwich, Cheese Curds
413	Wausau	Foot-Long Chili Cheese Dog, Fish Sandwich, Cheese Curds, Strawberry Shortcake
414	Green Bay	Foot-Long Chili Cheese Dog, Fish Sandwich, Cheese Curds, Strawberry Shortcake
416	Madison	Fish Sandwich, Cheese Curds, Corn Dog
<u>418</u>	<u>La Crosse</u>	<u>Fish Sandwich, Cheese Curds</u>

APPENDIX "B" (CONT'D)

EASTERN GREAT LAKES MARKETING REGION (6) NON-CORE MENU ITEMS
DAIRY QUEEN®/LIMITED BRAZIER®, WITH FRYERS

DMA	Description	Non-Core Menu Items
401	Cleveland	Foot-Long Chili Cheese Dog, Fish Sandwich, Breaded Mushrooms, <u>Cheese Curds</u>
402	Youngstown	Fish Sandwich, <u>Cheese Curds,</u> Breaded Mushrooms, Strawberry Shortcake
405	Columbus	Foot-Long Chili Cheese Dog, Breaded Mushrooms, <u>Cheese Curds,</u> Strawberry Shortcake, Shredded Chicken
425	Grand Rapids	Foot-Long Chili Cheese Dog, Fish Sandwich, <u>Corn Dog,</u> Breaded Mushrooms, Corn Dog
427	Fort Wayne	Foot-Long Chili Cheese Dog, Fish Sandwich, <u>Cheese Curds,</u> Breaded Mushrooms, Strawberry <u>Pork Tenderloin</u> Shortcake
432	Cincinnati	Foot-Long Chili Cheese Dog, Fish Sandwich, <u>Cheese Curds,</u> Breaded Mushrooms, Strawberry Shortcake

NORTHEAST MARKETING REGION (7) NON-CORE MENU ITEMS
DAIRY QUEEN®/LIMITED BRAZIER®, WITH FRYERS

DMA	Description	Non-Core Menu Items
508 <u>512</u>	Philadelphia <u>Pittsburgh</u>	<u>Foot-Long Chili Cheese Dog,</u> Fish Sandwich, Cheese Curds, <u>Strawberry Shortcake</u>
606	Hartford	Foot-Long Chili Cheese Dog, Fish Sandwich, <u>Cheese Curds, Strawberry Shortcake</u>

MID ATLANTIC MARKETING REGION (8) NON-CORE MENU ITEMS
DAIRY QUEEN®/LIMITED BRAZIER®, WITH FRYERS

DMA	Description	Non-Core Menu Items
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<u>727</u>	<u>Charlotte</u>	<u>Foot-Long Chili Cheese Dog, Strawberry Shortcake</u>
727 <u>733</u>	Charlotte <u>Raleigh</u>	Foot-Long Chili Cheese Dog, Fish Sandwich, <u>Corn Dog</u> , Strawberry Shortcake, Corn Dog
733	Raleigh	Fish Sandwich
734	Greensboro	Foot-Long Chili Cheese Dog, Strawberry Shortcake
735	Washington, DC	Foot-Long Chili Cheese Dog, Fish Sandwich
736	Norfolk	Foot-Long Chili Cheese Dog

SOUTHEAST MARKETING REGION (9) NON-CORE MENU ITEMS
DAIRY QUEEN®/LIMITED BRAZIER®, WITH FRYERS

DMA	Description	Non-Core Menu Items
<u>706</u>	<u>Atlanta</u>	<u>Foot-Long Chili Cheese Dog, Fish Sandwich, Cheese Curds</u>
711	Jacksonville	Foot-Long Chili Cheese Dog, Fish Sandwich, Strawberry Shortcake
712	Orlando	Foot-Long Chili Cheese Dog, Fish Sandwich, Strawberry Shortcake
713	Tampa	Foot-Long Chili Cheese Dog, Strawberry Shortcake
716 <u>713</u>	West Palm Beach <u>Tampa</u>	Foot-Long Chili Cheese Dog, Fish Sandwich, Strawberry Shortcake
<u>716</u>	<u>West Palm Beach</u>	<u>Foot-Long Chili Cheese Dog, Fish Sandwich</u>

SOUTH CENTRAL MARKETING REGION (10) NON-CORE MENU ITEMS
APPENDIX "B" (CONT'D)
DAIRY QUEEN®/LIMITED BRAZIER®, WITH FRYERS

DMA	Description	Non-Core Menu Items
830	New Orleans	Steak Finger Basket

NORTHWEST MARKETING REGION (1) NON-CORE MENU ITEMS
DAIRY QUEEN®/LIMITED BRAZIER®, WITHOUT FRYERS

DMA	Description	Non-Core Menu Items
201	Missoula	Foot-Long Chili Cheese Dog
217	Denver	Limeade/ <u>Lemonade</u>

SOUTHWEST MARKETING REGION (2) NON-CORE MENU ITEMS
DAIRY QUEEN®/LIMITED BRAZIER®, WITHOUT FRYERS

DMA	Description	Non-Core Menu Items
<u>115</u>	<u>Los Angeles</u>	<u>Strawberry Shortcake</u>
116	San Diego	Strawberry Shortcake
211	Phoenix	Strawberry Shortcake
212	Tucson	Foot-Long Chili Cheese Dog <u>Strawberry Shortcake</u>

HEARTLAND MARKETING REGION (3) NON-CORE MENU ITEMS
DAIRY QUEEN®/LIMITED BRAZIER®, WITHOUT FRYERS

DMA	Description	Non-Core Menu Items
306	St. Joseph	Strawberry Shortcake <u>Foot-Long Chili Cheese Dog</u>
308	Kansas City	Foot-Long Chili Cheese Dog, Strawberry Shortcake
310	St. Louis	Strawberry Shortcake
317	Lincoln	Foot-Long Chili Cheese Dog, Fish Sandwich
831	Oklahoma City	Strawberry Shortcake

WESTERN GREAT LAKES MARKETING REGION (4) NON-CORE MENU ITEMS
DAIRY QUEEN®/LIMITED BRAZIER®, WITHOUT FRYERS

DMA	Description	Non-Core Menu Items
309	Quincy	Strawberry Shortcake
312	Des Moines	Strawberry Shortcake
420	Moline	<u>Foot-Long Chili Cheese Dog</u> , Strawberry Shortcake
421	Chicago	Strawberry Shortcake
422	Peoria	Strawberry Shortcake
423	Decatur	Foot-Long Chili Cheese Dog , Strawberry Shortcake
424	Terre Haute	Foot-Long Chili Cheese Dog, Strawberry Shortcake
426	South Bend	Foot-Long Chili Cheese Dog, Strawberry Shortcake
433	Evansville	Foot-Long Chili Cheese Dog, Strawberry Shortcake

APPENDIX "B" (CONT'D)

NORTH CENTRAL MARKETING REGION (5) NON-CORE MENU ITEMS
DAIRY QUEEN®/LIMITED BRAZIER®, WITHOUT FRYERS

DMA	Description	Non-Core Menu Items
325	Mankato	Strawberry Shortcake
412 <u>321</u>	Marquette <u>Bismarck</u>	Strawberry Shortcake <u>Foot-Long Chili Cheese Dog, BBQ Sandwich</u>
413 <u>412</u>	Wausau <u>Marquette</u>	Foot-Long Chili Cheese Dog, Strawberry Shortcake
414	Green Bay	Foot-Long Chili Cheese Dog, Strawberry Shortcake
415	Milwaukee	Foot-Long Chili Cheese Dog , Strawberry Shortcake

EASTERN GREAT LAKES MARKETING REGION (6) NON-CORE MENU ITEMS
DAIRY QUEEN®/LIMITED BRAZIER®, WITHOUT FRYERS

DMA	Description	Non-Core Menu Items
401	Cleveland	Foot-Long Chili Cheese Dog, Strawberry Shortcake
402	Youngstown	Strawberry Shortcake
405	Columbus	Foot-Long Chili Cheese Dog, Strawberry Shortcake, Shredded <u>BBQ</u>

		Chicken <u>Sandwich</u>
406	Dayton	Foot-Long Chili Cheese Dog, Strawberry Shortcake
<u>407</u>	<u>Toledo</u>	<u>Foot-Long Chili Cheese Dog, Strawberry Shortcake, BBQ Sandwich</u>
408	Detroit	Foot-Long Chili Cheese Dog, Strawberry Shortcake
411	Cadillac	Foot-Long Chili Cheese Dog , Strawberry Shortcake
425	Grand Rapids	Foot-Long Chili Cheese Dog, Strawberry Shortcake
429 <u>427</u>	Indianapolis <u>Fort Wayne</u>	Foot-Long Chili Cheese Dog, Strawberry Shortcake
432	Cincinnati	Strawberry Shortcake

NORTHEAST MARKETING REGION (7) NON-CORE MENU ITEMS
DAIRY QUEEN®/LIMITED BRAZIER®, WITHOUT FRYERS

DMA	Description	Non-Core Menu Items
506	Wilkes-Barre	Foot-Long Chili Cheese Dog, Strawberry Shortcake
507	New York City	Strawberry Shortcake
508	Philadelphia	Strawberry Shortcake
510	Harrisburg	Strawberry Shortcake
512	Pittsburgh	Strawberry Shortcake
513	Erie	Foot-Long Chili Cheese Dog, Strawberry Shortcake
<u>510</u>	<u>Harrisburg</u>	<u>Foot-Long Chili Cheese Dog, Strawberry Shortcake</u>
514 <u>512</u>	Buffalo <u>Pittsburgh</u>	Foot-Long Chili Cheese Dog, Strawberry Shortcake
<u>513</u>	<u>Erie</u>	<u>Foot-Long Chili Cheese Dog, Strawberry Shortcake</u>
<u>603</u>	<u>Portland</u>	<u>Strawberry Shortcake</u>
604	Boston	Strawberry Shortcake, <u>Coffee Cake</u>
606	Hartford	Foot-Long Chili Cheese Dog, Strawberry Shortcake, <u>Coffee Shake</u>
769	Wheeling	Strawberry Shortcake

APPENDIX "B" (CONT'D)
MID ATLANTIC MARKETING REGION (8) NON-CORE MENU ITEMS
DAIRY QUEEN®/LIMITED BRAZIER®, WITHOUT FRYERS

DMA	Description	Non-Core Menu Items
721	Charleston	Foot-Long Chili Cheese Dog, Strawberry Shortcake
723	Florence	Foot-Long Chili Cheese Dog, Strawberry Shortcake
727	Charlotte	Foot-Long Chili Cheese Dog, Strawberry Shortcake
728	Roanoke	Foot-Long Chili Cheese Dog
729	Richmond	Foot-Long Chili Cheese Dog, Strawberry Shortcake
730	Salisbury	Strawberry Shortcake
731	Baltimore	Foot-Long Chili Cheese Dog, Strawberry Shortcake
732	Greenville, NC	Foot-Long Chili Cheese Dog, Strawberry Shortcake
733	Raleigh	Foot-Long Chili Cheese Dog, Strawberry Shortcake
735	Washington, DC	Foot-Long Chili Cheese Dog, Strawberry Shortcake

736	Norfolk	Foot-Long Chili Cheese Dog, Strawberry Shortcake
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SOUTHEAST MARKETING REGION (9) NON-CORE MENU ITEMS
DAIRY QUEEN®/LIMITED BRAZIER®, WITHOUT FRYERS

DMA	Description	Non-Core Menu Items
710	Tallahassee	Foot-Long Chili Cheese Dog
711	Jacksonville	Foot-Long Chili Cheese Dog, Strawberry Shortcake
712	Orlando	Foot-Long Chili Cheese Dog, Strawberry Shortcake
714	Ft. Myers	Foot-Long Chili Cheese Dog, Strawberry Shortcake
715	Miami	Strawberry Shortcake
716	West Palm Beach	Strawberry Shortcake

SOUTH CENTRAL MARKETING REGION (10) NON-CORE MENU ITEMS
DAIRY QUEEN®/LIMITED BRAZIER®, WITHOUT FRYERS

DMA	Description	Non-Core Menu Items
<u>801</u>	<u>Louisville</u>	<u>Strawberry Shortcake</u>
815	Cape Girardeau	Strawberry Shortcake

EXHIBIT C

DESIGN SERVICES AGREEMENT

**AMERICAN DAIRY QUEEN CORPORATION
DESIGN SERVICES AGREEMENT**

FRANCHISEE: _____
ADDRESS: _____ DATE: _____
CITY/STATE: _____ CUSTOMER/STORE #: _____
PHONE: (W) _____ (H) _____

For a base fee of \$3,000.00, to be paid by: _____, American Dairy Queen Corporation ("ADQ") shall provide for use by Franchisee **FREESTANDING NEW RESTAURANT/PROTOTYPICAL DESIGN INTENT PLANS** in the form of ~~blueprint plans or Auto CAD computer disks or~~ electronically transferred ~~plans~~**plan files**, which are to be used by the franchisee's consultants to prepare construction documents for bidding and construction use for a DQ® restaurant or store located at:

STREET: _____

CITY/STATE: _____

IMPORTANT:

Ownership--All plans shall remain the property of ADQ. Plans are issued for use at the above address only. Any reproduction, use, or disclosure thereof to unauthorized persons is prohibited without the consent of ADQ for any location other than that listed above. Franchisee (or its assigns) agrees to pay ADQ \$10,000.00 for each unauthorized use of the plans.

Franchisee must include the following language in any agreement with any contractor, architect, or other individuals doing work on the above-indicated store:

"The prototypical design intent plans" provided are the property of ADQ. Use of the plans and specifications is limited to the restaurant/store for which work is being contracted. The undersigned and its assigns agree to pay ADQ \$10,000.00 for each reproduction, use or disclosure thereof to unauthorized persons.

1. BUILDING DATA

A. Development Type

☐ NRD

☐ ARD

☐ TØ

~~Replacement~~ Relocation

☐ T.O.

☐ Development

Rights

☐ Relocation

☐ Replacement

B. Building Type

☐ GC 2000 Core 47 2.0

☐

DQ/OJ

~~GC 2530~~

~~DQ/OJ Freestanding Walk~~

☐ GC 2000/mir Core 76

☐ DQ/OJ Freestanding

☐ Core 47 Mirror 2.0 (Food)

☐ DQ/OJ Core 36 (Treat)

☐ ~~GC 2530/mir~~ Core 76

☐ Other DQ/OJ Core 36

C. Prints The cost of additional printed plans shall be borne by Franchisee.

~~D. Computer Disks If electronically transferred plans or computer disks are requested, contact the Architecture/Construction department of ADQ. All printing of plans will be the responsibility of the architect providing architectural services on this project. Costs for printing will be the responsibility of franchisee or architect in accordance with their architectural services agreement.~~

~~E. Send Plans or disks to:~~

C. Send HUB File download information to:

~~HUB Site~~ E-Mail Address: _____

~~Disk Set~~ Mailing Address: _____

NOTE: Plans will be sent via regular mail. If an alternate means of shipping is requested, any such charges shall be borne by the Franchisee or architect in accordance with their architectural services agreement. 2.

CODE COMPLIANCE

A. All plans provided by ADQ are subject to final review and approval by the developer and/or landlord as well as the local building officials for Franchisee's restaurant/store location.

B. The plans provided by ADQ are per Minnesota code and will not comply with specific state and local requirements throughout the country. IT IS THE FRANCHISEE'S RESPONSIBILITY TO VERIFY THE COMPLIANCE OF THESE PLANS ~~TO~~ WITH LOCAL, STATE AND FEDERAL LAWS AND BUILDING CODE REQUIREMENTS AND TO REVISE THE PLANS ACCORDINGLY. THE COST TO REVISE SUCH PLANS IS TO BE BORNE BY THE FRANCHISEE.

C. Under the Americans with Disabilities Act ("Act"), certain handicap accessibility requirements are placed on any "person" who owns, leases, leases to, or operates a place of public accommodation. As an owner, lessor, or operator of a restaurant, ADQ franchisees are liable for failures not to accommodate disabled people as provided for in the Act. While ADQ employs its best efforts to see that all plans prepared by it comply with the ADA Accessibility Guidelines, it is not an insurer of compliance, and cannot be responsible for failures by franchisees, their architects, or their contractors to construct buildings that comply with the Act. Consequently, you are advised to seek your own legal counsel in regard to ADA Accessibility Compliance and to ensure that the contractors with whom you work are aware,

knowledgeable about, and committed to producing buildings in compliance with the Act.

3. The purpose of the "Prototypical Design Intent Plans" is to establish the design and construction standards for the prototype building. These plans identify the brand image, design components and DQ® standards required and include:
 - A. Site design
 - B. Equipment layout and specifications
 - C. Exterior and interior building finishes
 - D. Exterior and interior details
 - E. Structural drawings to be utilized for establishing structural component sizes and spans.
 - F. Mechanical design
 - G. Electrical design
 - H. Plumbing design
4. It is the responsibility of the Franchisee and their licensed professionals to determine the most appropriate building structural system for the selected site. ADQ design intent drawings specify wood construction, however, an alternative system may be utilized that does not alter the building image and brand identity.
5. OWNERSHIP AND MODIFICATIONS TO THE PROTOTYPICAL DESIGN INTENT PLANS--If the standard building design is modified by anyone other than ADQ, Franchisee shall submit a copy of the modified plans to ADQ for review and approval. Construction of a modified building shall not commence without plan approval from ADQ. ADQ must approve in writing any proposed alteration to previously approved building plans, including those ADQ or designee prepares. Further, if your local architect makes revisions to ADQ building plans, these revisions shall become the property of ADQ and ADQ has the right to use those plans in any manner in the future.
6. EXPIRATION OF PLANS--Design intent drawings provided by ADQ are valid for six months from the date of issuance. After the six-month time period, plans will no longer be valid unless the Franchisee has obtained a written extension from ADQ.
7. CREDIT POLICY--The fee for completed freestanding new restaurant plans is nonrefundable. If a project is terminated prior to completion of construction documents or nine months, whichever is earlier, the purchaser of plans will be billed for all expenses, including time for feasibility studies and preliminary design drawing work at a rate of \$100.00 per hour.
8. ACKNOWLEDGMENT OF FRANCHISEE'S CONSTRUCTION RESPONSIBILITIES--See attached Exhibit "A."

9. TO PROCEED, sign this agreement and the documents identified below, and send them to:

AMERICAN DAIRY QUEEN CORPORATION
Attn: Architecture/Construction Dept
7505 METRO BOULEVARD
MINNEAPOLIS, MINNESOTA 55439-0286.

- A. A Non-Disclosure Letter (see attached).
B. A~~Unless your store is a new ARD or NRD restaurant for which you paid the full, applicable initial franchisee fee, a~~ check made payable to "American Dairy Queen Corporation" for payment of the base fee of \$3,000.00 indicated above.

10. ACKNOWLEDGMENT--The undersigned have read and understood the above-stated description of services to be provided by ~~the~~ ADQ and the attached Exhibit A (Acknowledgment of Franchisee's Construction Responsibilities). Furthermore, the Franchisee understands that the scope of service to be provided for the base fee indicated is specifically limited to that which is described herein.

FRANCHISEE

Date _____

AMERICAN DAIRY QUEEN CORPORATION

BY:

Date _____

EXHIBIT "A"

ACKNOWLEDGMENT OF FRANCHISEE'S CONSTRUCTION RESPONSIBILITIES

GENERAL

1. ENVIRONMENTAL SURVEYS/SOILS TESTING--It is the sole responsibility of Franchisee to perform all environmental surveys of the property, including soils tests and ADQ expressly disclaims any responsibility or liability for the environmental surveys. Soils tests shall include recommendations on building footings, foundation, and parking lot construction. It is STRONGLY recommended by ADQ that a qualified expert perform any tests prior to the purchase or lease of any property.
2. SITE INFORMATION--If a site feasibility drawing was prepared by ADQ for the location, its intent is to show on a preliminary basis only, the relationship of the building and parking lot within the site. It is not a construction document but rather a guide for a civil engineer. The Franchisee should contract with a civil engineer to prepare drawings for the location. These drawings should include but are not limited to:
 - A. Topography and boundary survey
 - B. Drainage/water retention plan
 - C. Final site and grading plan setting building floor slab elevation
 - D. Utilities connections from the building to sources off site
 - E. Site details (i.e., curb detail, parking lot section, culvert/ drain details, etc.)

BIDDING THE PROJECT

1. It is recommended that the owner secure at least three bids from qualified, licensed contractors for the project. The contractors should submit an A.I.A. document A305- Contractor's Qualification Statement with their bid. This will provide background information on the contractor.
2. Items required by the contractors to bid the project include the drawings, specifications, owner supplied civil drawings, and a copy of the soils report.
3. It is ADQ's recommendation that owner require the bidding contractors to include in their bids to the owner a performance bond equal in price to that of the proposed contract sum. This requirement should be made known to the bidding contractors at the time of letting the project out for bid.

SITE WORK

1. A provision has been made within the drawings for landscaping. It is recommended that the Franchisee contract with a local landscape architect to prepare the drawings and

incorporate them into the site drawings. This should be a part of the general contractor's price and franchisee should ensure contractors provide bids for this work.

2. Site lighting is indicated on the site feasibility plan. Refer to the plan electrical sheets for exact specifications of light fixtures.
3. The trash enclosure matches the aesthetics of the building. The owner should inform the site engineer so that a detail can be provided within the site documents.
4. If the Franchisee is contemplating an underground sprinkler system in the future, a 4" PVC pipe should be laid underneath the drive aisles adjacent to landscape areas to facilitate waterlines without trenching the new paving.

BUILDING PLANS

1. No provision has been made for a floor safe. If one is desired by the Franchisee, he/she needs to inform the contractors at bid letting.
2. The footing and foundation depths on the drawings are illustrative only. Foundation requirements are to be made on a site specific basis and are dependent on local codes, ordinances and soils test results.
3. If a washer and dryer will be used in the building, electrical and plumbing connections need to be provided. Franchisee should communicate this requirement to contractors prior to bidding.
4. The HVAC units on the roof are sized based on design load calculations and an average yearly temperature in state of Minnesota. Heat loss/heat gain calculations need to be made by the mechanical engineer taking into consideration design load at the store location. The size of the unit may have to be adjusted. The need for a heat loss/gain calculation should be brought to the attention of the bidding contractors.

OWNER SUPPLIED ITEMS

1. There are several building components that Franchisee is to provide to the general contractor, which the Franchisee can purchase through N. Wasserstrom & Sons or its designee. Because of long lead time requirements, it is essential that the Franchisee order these items immediately so as to not impede construction. These items may include:
 - A. Mix line cooling system
 - B. Exhaust hoods
 - C. Decor items
 - D. Signage
 - E. D.T. window
 - F. Walk-in cooler/freezer
 - G. Soft serve machine ~~re-circulating~~ recirculating cooling system
 - H. Anchor bolts for pylon and directional signs
 - I. Magnetic loop drive-thru detection system

2. If the Franchisee is to supply any other items related to the construction of the store, these items should be identified prior to requesting bids in order to avoid double bidding. These items may include but are not limited to the following:

- a) Muzak (music system)
- b) EPOS (electronic point of sale system)
- c) ~~Soft drink system~~ **Drink System**
- d) ~~Linen supply~~ **Supply** (toilet accessories, hand washing supplies)
- e) **Menu Boards**
- f) **Signage**
- g) **Electronics Hardware Cabinet**

RECOMMENDED MINIMUM REQUIREMENTS FOR LAND TITLE SURVEYS
WITH TOPOGRAPHIC & PUBLIC UTILITY DATA

All surveys must meet the following minimum requirements:

Physical Requirements

1. Survey shall be prepared at minimum of 1" = 20'.
2. Topography is to be shown on a 25' grid and shall include an area 100' outside of the described property.
3. A location vicinity map shall be provided.
4. A north arrow shall be shown.
5. The street address as it will appear in the records of the local municipality.
6. A complete and accurate, metes-and-bounds description to supplement lot, block, and tract number type information, but describes only the land surveyed.
7. Property lines with bearings, distances, arc length, chord, angle and radii, corner monuments identified; show P.O.B. of description and true P.O.B.; locate all easements of record and common usage. Note if calls are of record and/or as measured.
8. The area of the tract shall be shown in either square footage or acreage to the nearest one thousandth of an acre.
9. All existing trees, adjacent roadways, utility locations, power poles, building lines and easements recorded or apparent unrecorded are to be shown.
10. All existing improvements on or within 50' of the described property are to be shown and identified as to type and general condition.
11. Flow line elevations at sanitary and storm sewers are to be shown.
12. The condition of existing sidewalks, curb, gutters and adjacent streets shall be indicated.
13. Utilities--Locate all public and private utility lines adjoining or that will serve the property. Show size, type, manhole invert and rim elevation, direction of flow, utility pole identification numbers, valves, fire hydrants, traffic signal and street light poles, catch basins, drainage structures, etc. Include sanitary and storm sewers, natural gas, electrical, water, and telephone numbers.

14. Street--Right-of-way lines and proposed future dedications. Public roadways or right-of-ways adjacent to the surveyed property. Street median or other left turn barriers. Note ownership, jurisdiction, name and identification number of streets and highways.
15. Off-Site Improvements--Provide design standards for curb cuts, driveway approaches, new curb and gutters, sidewalks, curb and gutter elevations.
16. Show all monuments, stakes, or marks found or placed and note which were found and which were placed. Interior parcel lines must clearly indicate contiguity, gores and/or overlaps.
17. Show the locations, dimensions and type of all buildings on the surveyed property. Show their location by the shortest dimension of the exterior boundaries and their relationship to any known setback lines.
18. As a result of having viewed the property with reasonable diligence, show any physical evidence of possible easements such as roads, rights-of-way, railroads, drains, telephone, television cable service, telegraph or electric lines, water, sewer, oil or gas pipelines, driveways, billboards, etc. if they are on or run across the surveyed property and appear to serve the public or adjoining property owners. If there are any surface indications of underground easements such as manholes, pipeline markers, sewer or drain outlets, disturbed earth, etc. on (or near, if pertinent) the surveyed property, show them.
19. Show the existence of any lakes, ditches, streams, drainage basins or rivers running through or bordering on the premises being surveyed.
20. All field measurements must be balanced both as to angles and distances so as to provide a mathematical closure. Show the basis of bearings, assumed or otherwise. The plat of survey shall show the following information for any curve: length of arc, radius, central angle and bearing to the radius point from the beginning and end points of the curve.
21. Each survey shall be dated as to month, day and year on which property was surveyed.
22. Each survey shall be signed and sealed by the registered surveyor by whom, or under whose direction, such survey was made.

{Date}

Name

Address

City, State, Zip

Dear _____:

Non-Disclosure Letter - Proposed Dairy Queen Restaurant in City, ST Store #XXXXX

Upon receipt of a signed copy of this letter from you and your architect, Design Intent building plans will be forwarded via e-mail ~~or electronic disk~~ for your _____ [insert building type here] building. You and your architect may then proceed with revising these drawings as required for the DQ® facility at the above location.

These plans and the information shown herein are the property of American Dairy Queen Corp., and reproduction, use, or disclosure thereof to unauthorized persons or for use at any other location other than the location noted above without the written consent of American Dairy Queen Corp., are expressly prohibited. Your architect is hereby given permission to make revisions to these plans on the basis that an electronic copy of AutoCad version 2004.dwg or newer, electronic copy.pdf or hard copies of all revisions be submitted to American Dairy Queen Corp., for review and approval prior to start of construction. Any revisions to these drawings shall become the property of American Dairy Queen Corp., and American Dairy Queen Corp., has the right to use these plans in any manner in the future. Your architect may retain an electronic and/or hard file copy for permanent file purpose. Access to such information when given by American Dairy Queen Corp., is given in confidence, and the recipient agrees to abide by and respect the confidential nature of this information.

If you or your architect has any questions, please feel free to call me at the number listed below.

Sincerely,

AMERICAN DAIRY QUEEN CORPORATION

Franchisee [Signature]

Architect

cc: file
ENG095

EXHIBIT D

DRAFT AUTHORIZATION FORM

ELECTRONIC TRANSFER OF FUNDS AUTHORIZATION

NEW	CHANGE

Restaurant/Store # _____

Location _____

Date: _____

Attention: Bookkeeping Department

The undersigned hereby authorizes Dairy Queen Montana / North Dakota LLC, or any subsidiary or designee, to initiate ACH debit entries against the account of the undersigned with you in payment of amounts which become payable for goods and services by the undersigned to any of the above.

You are hereby directed to honor any such ACH debit entry initiated by any or all of the corporations or affiliates referred to above subject to the provisions of this authorization.

This authorization will be binding and remain in full force and effect until 90 days' prior written notice has been given to you by the undersigned. The undersigned will be responsible for, and will pay on demand, all costs or charges relating to the handling of ACH debit entries pursuant to this authorization.

Please honor ACH debit entries initiated in accordance with the terms of this authorization, subject to there being sufficient funds in the undersigned's account to cover such ACH debit entries.

Sincerely yours,

*** DQ MT/ND also needs a VOIDED Check***

Account Name

Street Address

City State Zip Code

By _____

Its _____

Date _____

Bank Name

Street Address

City State Zip Code

Bank's Account Number

Customer's Account Number

EXHIBIT E

GIFT CARD PARTICIPATION AGREEMENT

PARTICIPATION AGREEMENT

U.S. Franchisees and Sub-Franchisees

This Participation Agreement, dated _____, 20____ (this "**Participation Agreement**"), is between ValueLink, LLC ("**ValueLink**") and _____ [please type or legibly write legal entity name here] ("**Operated Location, Participating Franchisee or Sub-Franchisee**"). Unless otherwise indicated herein, "**party**" or "**parties**" refer to ValueLink and/or Participating Franchisee or Sub-Franchisee. "**Processor**" refers to ValueLink and its agents. A "**Designated Location**" is a Dairy Queen Restaurant and/or Orange Julius Store owned and operated by Participating Franchisee or Sub-Franchisee.

RECITALS

WHEREAS, DQ GC Inc. ("**Client**") and ValueLink entered into that certain Agreement, dated June 14, 2006 (the "**Agreement**"), pursuant to which Client operates a stored value card program ("**Client's Program**" or the "**Program**") and ValueLink provides to Client data processing and related services for the Program;

WHEREAS, Operated Location (which are Designated Locations operated by Client), Participating Franchisee or Sub-Franchisee (which collectively are franchisees of Client) desire to participate in the Program and Client has approved Operated Location, Participating Franchisee or Sub-Franchisee to participate in the Program; and

WHEREAS, Operated Location, Participating Franchisee or Sub-Franchisee will engage ValueLink to provide, and ValueLink has agreed to provide to Operated Locations, Participating Franchisee or Sub-Franchisee, the Services, as defined below, for the Program in accordance with the terms of this Participation Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual representations, covenants and agreements contained in this Participation Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

AGREEMENT

1. **ValueLink Responsibilities.** ValueLink will provide these services (the "**Services**"):

a. **Database; Reports.** ValueLink will maintain a Database of Card Data. "**Card Data**" is the transaction record and current value of each Card recorded in the Database. The "**Database**" is the information repository software owned and operated by ValueLink or its suppliers.

b. **Authorization.** ValueLink will respond to authorization requests and process Card transactions received at ValueLink's data processing center in ValueLink's designated format ("**Authorization**"). ValueLink will reduce the Card balance by the amount authorized. Operated Locations, Participating Franchisee or Sub-Franchisee will obtain payment from the Cardholder for any deficiency between the purchase price and the amount authorized. "**Cardholder**" means any person possessing or using a Card or Card number. Authorizations will be provided in a real time or batch environment, as mutually agreed. Authorizations will be based on the available balance recorded in the Database. ValueLink is not responsible for determining whether transactions are fraudulent, improper or otherwise unauthorized.

c. **IVR; Help Desk.** ValueLink will operate an IVR, 24 hours per day, 7 days per week for the processing of mutually agreed transactions. "IVR" means an automated interactive voice response system accessible from the U.S. and Canada through a toll free telephone number. ValueLink shall provide the following help desks during the term of this Agreement: (i) a Level I help desk that will be available twenty-four (24) hours per day, seven (7) days per week (Christmas Day excluded), for the processing of transactions pursuant to this Agreement, which shall provide Cardholder and restaurant support from a toll free telephone number; and (ii) a Level II help desk that will be available Monday through Friday, 8:00 am to 8:00 pm ET, which shall provide restaurant support from a toll free telephone number that will be provided to Client.

d. **Settlement.** ValueLink will, through its Agents, and as Processor, provide certain settlement services to Client and Operated Locations, Participating Franchisee or Sub-Franchisee (the "ACH Settlement Services") through debits and credits to the Operated Locations, Participating Franchisee or Sub-Franchisee Account (as defined below) and the designated accounts of Client (the "Merchant Account") for the net value of Card Transactions. Operated Locations, Participating Franchisee or Sub-Franchisee must provide Client with an ACH Authorization in the form of **Exhibit A** hereto, and by executing this Participation Agreement, hereby confirms its authorization of Client and its service providers (including ValueLink and Affiliated Processor, acting on behalf of Client) to initiate debit and credit entries to the Operated Locations, Participating Franchisee or Sub-Franchisee Account as necessary or appropriate to effect any Card transaction and all adjustments and corrections thereto, and as necessary or appropriate to effect any other transfer contemplated by this Participation Agreement. Operated Locations, Participating Franchisee or Sub-Franchisee shall comply with and be bound by any applicable law and the rules and regulations of the National Automated ClearingHouse Association as in effect from time to time.

e. **Returned Items.** In the event that any debit to Participating Franchisee or Sub-Franchisee Account is returned for any reason, including but not limited to, insufficient funds, Participating Franchisee or Sub-Franchisee authorizes Client and its service providers, acting on behalf of Client, to initiate a debit to the Participating Franchisee or Sub-Franchisee Account as set forth in the form of **Exhibit A** for the original debit amount plus any associated returned item fees (including, but not limited to the "Returned Item Fee" set forth on **Exhibit C** hereto). Nothing herein shall be construed to limit Client (as third party beneficiaries under this Participation Agreement) or ValueLink's ability to collect any amounts owed under this Participation Agreement, and Client (as third party beneficiaries under this Participation Agreement) and ValueLink expressly reserve the right to exercise any and all rights and remedies available under applicable law.

f. **License.** ValueLink may provide or permit Operated Locations, Participating Franchisee or Sub-Franchisee to access computer software, enhancements thereto and updates, new releases, and copies thereof ("Software"). All right, title and interest in and to all Software will remain in ValueLink or its suppliers and no title is transferred to Operated Locations, Participating Franchisee or Sub-Franchisee. ValueLink grants to Operated Locations, Participating Franchisee or Sub-Franchisee, and Operated Locations, Participating Franchisee or Sub-Franchisee accepts, the nonexclusive, nontransferable right during the term of this Participation Agreement to use the Software solely to perform its obligations. Operated Locations, Participating Franchisee or Sub-Franchisee will not copy, modify, distribute, display, sublicense, rent, reverse engineer, decompile, create derivative works of, or disassemble the Software, nor will Operated Locations, Participating Franchisee or Sub-Franchisee allow anyone else to do so, except to the extent permitted by applicable law. Operated Locations, Participating Franchisee or Sub-Franchisee acknowledges that the Software is proprietary and Confidential Information of ValueLink. Operated Locations, Participating Franchisee or Sub-Franchisee will not alter, remove, modify or suppress any notices in the Software.

2. **Operated Location, Participating Franchisee or Sub-Franchisee Responsibilities.**

a. **Card Production.** Operated Locations, Participating Franchisee or Sub-Franchisee will obtain all Cards for the Program from Client. A “Card” is a Client-issued plastic card with a magnetic stripe that accesses Card Data. Operated Locations, Participating Franchisee or Sub-Franchisee acknowledges that Client is responsible for the control and distribution of Cards to Operated Locations, Participating Franchisee or Sub-Franchisee under the Program.

b. **Operated Locations, Franchisee or Sub-Franchisee Account.** Operated Locations, Participating Franchisee or Sub-Franchisee shall establish and maintain a deposit account(s) (the “Operated Locations, Franchisee or Sub-Franchisee Account”) at an insured depository institution (the “Depository”) for the settlement of Card transactions and other transactions as authorized from time to time in the Program Procedures (as defined below, and collectively referred to as “Card Transactions”).

c. **Distribution; Card Authorization Equipment.** Operated Locations, Participating Franchisee or Sub-Franchisee will actively promote the Program. Operated Locations, Participating Franchisee or Sub-Franchisee will request an Authorization in advance of each transaction. Operated Locations, Participating Franchisee or Sub-Franchisee will provide and maintain (i) all POS devices, telecommunications facilities and other equipment (collectively, “Card Authorization Equipment”) required for Operated Locations, Participating Franchisee or Sub-Franchisee to electronically transmit Card transaction data from Designated Locations to ValueLink; and (ii) any development, programming or other modifications to the Card Authorization Equipment as necessary to access and use Services and Service modifications. A “POS” is a point of sale terminal, device or system certified to ValueLink specifications. The parties will test the Card Authorization Equipment for functionality prior to Program launch.

d. **Designated Locations.** Operated Locations, Participating Franchisee or Sub-Franchisee shall participate in the Program in each of its Designated Locations. Information regarding Operated Locations, Participating Franchisee or Sub-Franchisee's Designated Locations is set forth in the Schedule of Designated Locations, attached hereto as **Exhibit B**. During the Term, Operated Locations, Participating Franchisee or Sub-Franchisee shall notify ValueLink of any changes necessary to keep **Exhibit B** updated, including, without limitation, any restaurant transfers or closures, and this Participation Agreement shall no longer apply with respect to such Designated Locations and, to the extent that Operated Locations, Participating Franchisee or Sub-Franchisee acquires an additional Designated Location, this Participation Agreement shall apply with respect to such new Designated Location. Each time Card Transactions are authorized at a Designated Location of Operated Locations, Participating Franchisee or Sub-Franchisee, Operated Locations, Participating Franchisee or Sub-Franchisee represents and warrants that **Exhibit B** is a complete list of its Designated Locations, and that the information contained therein is true and correct.

e. **Program Procedures.** The processes and procedures by which Operated Locations, Participating Franchisee or Sub-Franchisee sells Cards and enables use of Cards at Designated Locations are also part of the Program, and Operated Locations, Participating Franchisee or Sub-Franchisee shall be solely responsible that such processes and procedures comply with the Program Procedures, as defined below. Client is solely responsible for defining and implementing those processes and procedures, including those relating to the sale of Cards, service fees (if any), Card redemption, merchandise returns or refunds and Cardholder dispute resolution (collectively, “Program Procedures”). Operated Locations, Participating Franchisee or Sub-Franchisee understands that ValueLink has no obligation to process any transaction for any card other than Cards supported under the Program.

f. **Cardholder Fees.** Fees assessed to Cardholders in connection with Cards, including any transaction, maintenance or inactivity fees, shall be as established by Client. Operated Locations, Participating Franchisee or Sub-Franchisee shall not assess any fee or surcharge for purchase, use, activation or any other transaction in respect of a Card unless otherwise defined in the Program Procedures.

g. **Terminals.** Each Operated Location's, Participating Franchisee's and Sub-Franchisee's Designated Locations must use a terminal certified to ValueLink's specifications (the "**Terminal**") for Card Transactions. In the event an Operated Locations, Participating Franchisee or Sub-Franchisee does not currently own, rent or lease the Terminals, it will need to acquire Terminals in accordance with the pricing indicated on **Addendum #1**, attached hereto. Should an Operated Location's, Participating Franchisee's or Sub-Franchisee's Designated Location currently operate one or more point of sale terminals that support Card Transactions and are certified to ValueLink's specifications and Client's Program Procedures, such Designated Location may use such certified terminals for Card Transactions.

3. **Fees and Charges.**

a. **Fees.** Participating Franchisee or Sub-Franchisee shall pay, in accordance with **Exhibit C**, the Program fees set forth on **Exhibit C** to this Participation Agreement ("**Program Fees**"). Participating Franchisee or Sub-Franchisee agrees that all Program Fees shall be paid by an ACH debit from the Participating Franchisee or Sub-Franchisee Account as set forth in the form of **Exhibit A**, and Participating Franchisee or Sub-Franchisee authorizes Client and its service providers, including ValueLink, to debit and/or credit funds from or to the Participating Franchisee or Sub-Franchisee Account for such purpose, on or about the 15th calendar day of each month, for so long as this Participation Agreement is in effect.

b. **Fee Adjustments.** Program Fees are subject to adjustment if necessary to pass through any increases or decreases in costs associated with the Program. Any such adjustment resulting in an increase in cost associated with Program Fees shall become effective upon thirty (30) days notice to Participating Franchisee or Sub-Franchisee.

4. **Term.** The "**Term**" begins when the Participation Agreement is signed by the parties and continues for so long as the Agreement is in effect, provided, however, that to the extent ValueLink is required to provide commercially reasonable support services following a termination of the Agreement, the provisions of this Participation Agreement shall remain in effect, but only to the extent necessary for ValueLink to perform such services and for Operated Locations, Participating Franchisee or Sub-Franchisee to fulfill its obligations in connection with such services. Notwithstanding anything herein to the contrary, Participating Franchisee or Sub-Franchisee has the right to terminate this Participation Agreement, without cause and without any penalty fee, upon no less than sixty (60) days' prior written notice to ValueLink, with a copy of such notice to Client.

5. **Termination for Cause.**

a. Either party has the right to terminate this Participation Agreement immediately in the event that the other party is guilty of a material breach of this Participation Agreement, and such breach remains uncured thirty (30) days following receipt of notice thereof. ValueLink will provide a copy of such notice of termination to Client.

b. ValueLink may terminate this Participation Agreement upon notice to Operated Locations, Participating Franchisee or Sub-Franchisee: (i) if Operated Locations, Participating Franchisee or Sub-Franchisee or the Program causes ValueLink to violate any law or regulation and Operated Locations, Participating Franchisee or Sub-Franchisee or Client fails to cure the condition causing such violation within ten (10) business days after notice; (ii) if Operated Locations, Participating Franchisee or

Sub-Franchisee fails to pay any amount due within ten (10) days after receipt of notice; (iii) if ValueLink determines, in its sole discretion, that a material adverse change has occurred in the financial condition of Operated Locations, Participating Franchisee or Sub-Franchisee; (iv) in whole or in part, in one or more jurisdictions, if the ACH Settlement Services cause ValueLink or its Affiliated Processor to violate any law or regulation and Operated Locations, Participating Franchisee or Sub-Franchisee or Client fails to cure the condition causing such violation within ten (10) business days after notice; (v) if ValueLink is informed that Operated Locations, Participating Franchisee or Sub-Franchisee no longer operates as a franchisee of Client; or (vi) if Client instructs ValueLink in writing to immediately terminate the Participation Agreement. ValueLink will provide a copy of such notice of termination to Client. ValueLink's obligation to provide the Services will be suspended during the cure periods referenced in clauses (i) and (iv).

c. Either party may also terminate this Participation Agreement immediately in the event that the other party shall go into liquidation, suffer the appointment of a receivership of its assets, go into bankruptcy, voluntarily or involuntarily, or otherwise take advantage of any insolvency laws, or upon any voluntary or involuntary sale, transfer, or other disposition of substantially all of the assets of the other party. ValueLink will provide a copy of such notice of termination to Client.

6. **Termination of Agreement.** Termination or expiration of the Agreement results in immediate termination of this Participation Agreement with no notice required.

7. **Termination of Franchise Agreement(s).** Termination or expiration of Operated Location's, Participating Franchisee's or Sub-Franchisee's franchise agreement(s) with Client ("**Franchise Agreement**") results in immediate termination of this Participation Agreement with respect to the Designated Locations covered by the terminated or expired Franchise Agreement, with no notice required.

8. **Exclusivity.** During the Agreement term: (i) ValueLink will be the sole and exclusive provider of the Services to Operated Locations, Participating Franchisee or Sub-Franchisee; and (ii) Operated Locations, Participating Franchisee or Sub-Franchisee will not, directly or indirectly, offer or promote any other proprietary, closed network, online gift card program. Nothing in the foregoing shall restrict or prohibit Operated Locations, Participating Franchisee or Sub-Franchisee from accepting any Visa, MasterCard, American Express, Discover or other universally accepted credit or debit card or from participating in any "open network" gift card program with other merchants. For purposes of clarification, a "closed network" program refers to a program in which a gift card is accepted only by the issuing merchant, and an "open network" program refers to a program in which a single gift card is accepted by more than one unaffiliated merchants. During the Term of this Agreement, Operated Locations, Participating Franchisee or Sub Franchisee shall have the right to accept a mall issued gift card.

9. **Confidentiality.** "**Confidential Information**" includes this Participation Agreement and any information obtained by one party ("**Recipient**") regarding the other party ("**Discloser**") or their respective businesses, including all confidential or proprietary concepts, Software, documentation, reports, data, specifications, Card Data, computer software, source code, object code, flow charts, databases, inventions, know-how, show-how and trade secrets, whether or not patentable or copyrightable. Confidential Information will not include information that: (i) is or becomes in the public domain through no fault of Recipient; (ii) was received from a third party free of any obligation of confidence to Recipient's knowledge; (iii) was in Recipient's possession prior to receipt from Discloser; (iv) is required to be disclosed by law, regulation or court order after giving Discloser as much advance notice as practical; or (v) is independently developed by Recipient's employees, consultants or agents without use of or reference to the Discloser's Confidential Information. Participation Agreement will be used by Recipient only to exercise its rights and to perform its obligations under this Participation Agreement. Recipient will use reasonable care to safeguard Confidential Information. Recipient will return or destroy Confidential Information within a reasonable period after request, except that ValueLink

may retain Card Data, subject to this Section 9, to comply with any legal or regulatory requirements or any potential audit requests or requirements. Breach of the restrictions on use or disclosure of Confidential Information will result in immediate and irreparable harm to Discloser and money damages will be inadequate to compensate for that harm. Discloser will be entitled to equitable relief in addition to all other available remedies to redress any breach. Except as expressly provided herein, no license is granted to Recipient under any Discloser patent, trademark, copyright, trade secret or other proprietary right.

10. Indemnification.

a. General. Subject to the limitations set forth in Sections 11(a) through 11(d), each party will indemnify the other, its Affiliates, and their respective directors, officers, employees, and agents from and against any and all third party claims, losses, liabilities and damages (including reasonable attorneys' fees and costs of settlement) resulting from or arising out of its failure to comply with this Participation Agreement. Operated Locations, Participating Franchisee or Sub-Franchisee further agrees to indemnify ValueLink, its directors, officers, employees, and agents from and against any and all third party claims, losses, liabilities and damages (including reasonable attorneys' fees and costs of settlement) resulting from or arising out of ValueLink's compliance with Operated Locations, Participating Franchisee or Sub-Franchisee's instructions, orders or specifications. "**Affiliate**" means, with respect to either party, any entity controlling, controlled by or under common control with such party.

b. Intellectual Property. ValueLink agrees to indemnify Operated Locations, Participating Franchisee or Sub-Franchisee, its directors, officers, employees and agents from and against all third party claims, losses, liabilities and damages (including reasonable attorneys' fees and costs of settlement) resulting from or arising out of any allegation that ValueLink's Software misappropriate or infringe such third party's U.S. copyright, trademark, patent or other intellectual property right, except to the extent that such allegation arises from (i) Operated Locations, Participating Franchisee or Sub-Franchisee's use of Software other than in compliance with this Agreement and any documentation supplied by ValueLink, (ii) Operated Locations, Participating Franchisee or Sub-Franchisee's use of Software in combination with other software, equipment, systems, services, processes, components or elements not provided by ValueLink, if the infringement or misappropriation would not have occurred but for such use or combination, or (iii) modifications or development requested by Client or Operated Locations, Participating Franchisee or Sub-Franchisee, using designs, instructions or specifications provided or approved by Client or Operated Locations, Participating Franchisee or Sub-Franchisee. Operated Locations, Participating Franchisee or Sub-Franchisee agrees to indemnify ValueLink, its directors, officers, employees and agents from and against all third party claims, losses, liabilities and damages (including reasonable attorneys' fees and costs of settlement) resulting from or arising out of any allegation that materials supplied by Client or Operated Locations, Participating Franchisee or Sub-Franchisee (including trademarks, artwork, designs and specifications) misappropriate or infringe such third party's U.S. copyright, trademark, patent or other intellectual property right, except to the extent that such allegation arises from ValueLink's use of such materials other than in compliance with (a) this Agreement or (b) any relevant instructions supplied by Client or Operated Locations, Participating Franchisee or Sub-Franchisee.

11. Limitation of Liability; Disclaimer of Warranties.

a. Limitation. EXCEPT FOR SECTION 10.B. ABOVE, VALUELINK'S, AND ITS SUPPLIERS' AND PROCESSOR'S, CUMULATIVE AGGREGATE LIABILITY TO CLIENT AND OPERATED LOCATIONS, PARTICIPATING FRANCHISEE AND SUB-FRANCHISEES AND ALL OTHER OPERATED LOCATIONS, PARTICIPATING FRANCHISEE AND SUB-FRANCHISEES UNDER THIS AGREEMENT AND THE PARTICIPATION AGREEMENT AND ALL PARTICIPATION AGREEMENTS WILL BE LIMITED TO ACTUAL DIRECT DAMAGES AND, IN ANY EVENT, WILL NOT: (i) EXCEED THREE MILLION DOLLARS (\$3,000,000); OR (ii)

INCLUDE ANY LIABILITY FOR CLAIMS ARISING OUT OF OR RELATING TO THE CARDS ISSUED TO PARTICIPATING FRANCHISEES FROM CLIENT. FOR EXAMPLE, IF CLIENT AND TWO ADDITIONAL OPERATED LOCATIONS, PARTICIPATING FRANCHISEE AND SUB-FRANCHISEES PARTICIPATE IN THE PROGRAM, VALUELINK'S CUMULATIVE AGGREGATE LIABILITY TO CLIENT AND SUCH OPERATED LOCATIONS, PARTICIPATING FRANCHISEE AND SUB-FRANCHISEES FOR ACTUAL DIRECT DAMAGES WILL NOT EXCEED THREE MILLION DOLLARS (\$3,000,000) AND WILL NOT INCLUDE ANY LIABILITY FOR CLAIMS ARISING OUT OF OR RELATING TO SERVICES AND/OR ITEMS SUPPLIED BY CLIENT OR THIRD PARTIES.

b. **Exclusion.** IN NO EVENT WILL ANY PARTY TO THIS PARTICIPATION AGREEMENT, THEIR AFFILIATES, OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, OR AGENTS BE LIABLE FOR LOST PROFITS, LOST BUSINESS OPPORTUNITIES, LOST REVENUES, EXEMPLARY, PUNITIVE, SPECIAL, INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES OR THE LIKE, EACH OF WHICH IS HEREBY EXCLUDED BY AGREEMENT OF THE PARTIES REGARDLESS OF WHETHER SUCH DAMAGES WERE FORESEEABLE OR WHETHER A PARTY HAS BEEN ADVISED OF THE POSSIBILITY THEREOF.

c. **Disclaimer.** THIS IS A SERVICE AGREEMENT. EXCEPT AS EXPRESSLY PROVIDED HEREIN, VALUELINK DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTIES OF QUALITY, SUITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NONINFRINGEMENT.

d. **Time Limitation.** Operated Locations, Participating Franchisee or Sub-Franchisee may not assert any cause of action against ValueLink under this Participation Agreement that was or reasonably should have been discovered by Operated Locations, Participating Franchisee or Sub-Franchisee more than one year prior to the filing of a suit or the commencement of arbitration proceedings alleging such cause of action.

e. **Compliance with Law.** Operated Locations, Participating Franchisee or Sub-Franchisee will comply with all laws and regulations applicable to its business.

12. **Pre-condition to Liability.** Prior to bringing any claim against ValueLink under this Participation Agreement, Participating Franchisee or Sub-Franchisee shall provide Client with written notice detailing the claim ("**Notice of Claim**"), and Client shall have the right to pursue such claim on Operated Location's, Participating Franchisee's or Sub-Franchisee's behalf by providing Operated Location, Participating Franchisee or Sub-Franchisee with written notice of the same within ten (10) business days after receiving the Notice of Claim. If Client elects to pursue such claim on Operated Location's, Participating Franchisee's or Sub-Franchisee's behalf, Operated Location, Participating Franchisee or Sub-Franchisee may participate in the claim with Client at Operated Location's, Participating Franchisee's or Sub-Franchisee's election. Any resolution of a claim brought by Client on Operated Location's, Participating Franchisee's or Sub-Franchisee's behalf shall be binding on Operated Location, Participating Franchisee or Sub-Franchisee. If Client elects not to pursue such claim on Operated Location's, Participating Franchisee's or Sub-Franchisee's behalf, Operated Location, Participating Franchisee or Sub-Franchisee may pursue such claim on its own behalf.

13. **Miscellaneous.**

a. **Notices.** Notices will be effective upon receipt if they are received in writing, by registered or certified mail, postage prepaid, return receipt requested or by overnight delivery to the President of the other party at its address set forth below. Notices to ValueLink must also be sent to ValueLink's General Counsel at 6200 S. Quebec Street, Greenwood Village, Colorado 80111 to be effective.

b. **Independent Contractor; Third Party Beneficiaries.** The parties are independent contractors. Neither party shall have any authority to bind the other. This Participation Agreement is entered into solely for the benefit of ValueLink and Operated Locations, Participating Franchisee or Sub-Franchisee, and will not confer any rights upon any person not expressly a party to this Participation Agreement, including Cardholders. ValueLink may subcontract with others to provide Services provided that no such use of subcontractors will relieve ValueLink of its obligations under this Agreement.

c. **Complete Agreement.** This Participation Agreement is the complete and exclusive understanding of the parties with respect to its subject matter. Except as expressly provided herein, no modification or waiver of this Participation Agreement will be valid unless in writing signed by each party. A party's waiver of a breach of any term will not be a waiver of any subsequent breach of the same or another term.

d. **Assignment.** Operated Locations, Participating Franchisee or Sub-Franchisee may not assign its rights or delegate its obligations under this Participation Agreement without ValueLink's prior written consent.

14. **Governing Law; Arbitration.** The laws of the State of Delaware, excluding its rules on conflicts of laws, will govern this Participation Agreement. Subject to Section 12, all disputes will be submitted to the American Arbitration Association (the "AAA") for resolution before a panel consisting of three arbitrators, one of which will be selected by Participating Franchisee or Sub-Franchisee, one by ValueLink and the third selected by mutual agreement of the first two. Arbitration will be conducted in accordance with the Commercial Arbitration Rules of the AAA then in effect. The decision of the arbitrators will be binding upon the parties; except that disputes arising out of Section 9 will not be subject to arbitration, and may be brought to a court for judicial resolution. Judgment upon any arbitration award or decision may be entered in any court having jurisdiction. Arbitration will be held in Denver, Colorado. Each party will pay its own arbitration expenses and one-half of the fee of the arbitrators and the administrative fee of the AAA. The Colorado Rules of Evidence will apply to such arbitration. The arbitrators will be required to render a decision based on the terms of this Participation Agreement and applicable law.

[Signature page immediately follows]

IN WITNESS WHEREOF, the parties have caused this Participation Agreement to be executed by their authorized representatives as of the date first set forth above.

Authorization and Agreement:

Operated Locations, Participating Franchisee or Sub-Franchisee:

(Please type or legibly write legal entity name on line below)

Legal Entity Name: _____

Signature: _____

Print Name: _____

Title: _____

Street Address: _____

City, State and ZIP: _____

Phone Number: _____

Facsimile (Fax): _____

E-mail: _____

Date: _____

ValueLink, LLC

6200 S. Quebec St.

Greenwood Village, Colorado 80111

Signature: _____

Print Name: _____

Title: _____

Date: _____

EXHIBIT A

ACH (Debit and Credit) Authorization

By providing the information requested below and signing this ACH Authorization, the undersigned Operated Locations, Participating Franchisee or Sub-Franchisee hereby:

1. Authorizes Client and its service providers, acting on behalf of Client, to initiate ACH debit and credit entries to the deposit account indicated below, and to debit and credit the same to such account, as necessary or appropriate to effect any Card transaction and all adjustments and corrections thereto, and as necessary or appropriate to effect any other transfer contemplated by the Participation Agreement, including, without limitation, any Program fees, (including, but not limited to shipping fees, fulfillment fees, merchandising materials and card fees, etc.);
2. In the event that any debit to the deposit account is returned for any reason, Operated Locations, Participating Franchisee or Sub-Franchisee authorizes Client and its service providers, acting on behalf of Client, to initiate a debit to the account for the original debit amount plus any associated returned item fees;
3. Agrees that Operated Locations, Participating Franchisee or Sub-Franchisee will comply with any applicable law and the rules and regulations of the National Automated Clearing House Association as in effect from time to time; and
4. Certifies that the authorized officer indicated below has the authority to bind Operated Locations, Participating Franchisee or Sub-Franchisee, and that this ACH Authorization constitutes a writing signed by Participating Franchisee or Sub-Franchisee.

Bank Name: _____

Account No.: _____

Account Title: _____

ABA Routing No.: _____

PLEASE	ATTACH	VOIDED	CHECK
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Capitalized terms used herein without definition shall have the meaning provided to such terms in the Participation Agreement.

This authorization is to remain in full force and effect until thirty (30) days after the Participation Agreement has been terminated and Client has received written notification from Operated Locations, Participating Franchisee or Sub-Franchisee of this authorization's termination in such time and in such manner as to afford Client and its third party service providers and the Depository a reasonable opportunity to act on it. No such termination shall relieve Operated Locations, Participating Franchisee or Sub-Franchisee of any obligations or liabilities that accrue or relate to events that have occurred prior to such termination.

Authorization and Agreement:

Operated Locations, Participating Franchisee or Sub-Franchisee:
(Please type or legibly write legal entity name on line below)

Legal Entity Name: _____

Signature: _____

Print Name: _____

Title: _____

Street Address: _____

City, State and ZIP: _____

Phone Number: _____

Facsimile (Fax): _____

E-mail: _____

Company Taxpayer ID #: _____

EXHIBIT B

Schedule of Designated Locations

Please list each Dairy Queen Store Number and address information for each Designated Location that you are signing up for the program.

[illegible]

Please attach additional pages as necessary.

EXHIBIT C

Program Fees

CARD TRANSACTION FEE: Participating Franchisee or Sub-Franchisee will pay Client an initial transaction processing fee of \$0.04 on all Card redemption, reload, balance inquiry, time-out reversal and void transactions initiated from Card Authorization Equipment within each of Participating Franchisee or Sub-Franchisee's Designated Locations, subject to adjustment per Section 3 of the Participation Agreement.

HELP DESK SUPPORT FEE: Participating Franchisee or Sub-Franchisee will pay Client a monthly fee of \$3.50 for each Designated Location that Participating Franchisee or Sub-Franchisee signs up for the Program.

ACH SETTLEMENT SERVICES FEE: Participating Franchisee or Sub-Franchisee will pay Client a fee of \$0.10 for each ACH debit or credit entry initiated to the Participating Franchisee or Sub-Franchisee Account.

ACH RETURNED ITEM FEE: Participating Franchisee or Sub-Franchisee will pay Client a returned ACH item fee of \$25.00 for each ACH entry submitted against the Franchisee or Sub-Franchisee Account that is returned for any reason, including but not limited to insufficient funds. Fee will not be charged to Participating Franchisee or Sub-Franchisee if returned ACH item is caused by Client's service provider.

TERMINAL REPROGRAMMING FEE: For Participating Franchisee or Sub Franchisee owned Verifone Vx570 Terminals that are not provided by ValueLink, there is a \$25.00 per Terminal reprogramming fee associated with downloading a ValueLink gift card Terminal application via telephone.

ADDENDUM #1
TERMINAL ADDENDUM FOR VERIPHONE VX570 TERMINALS

This Terminal Addendum ("Addendum"), dated _____, is between ValueLink, LLC ("ValueLink") and the undersigned Operated Location, Participating Franchisee and Sub-Franchisee and supplements the Participation Agreement between them dated _____ (the "Agreement") and sets forth the terms pursuant to which Operated Locations, Operated Location, Participating Franchisee and Sub-Franchisee will purchase or rent Terminals. Capitalized terms not defined herein shall have the meanings assigned in the Agreement.

1. **Purchase and Rental Options.**

1.1. **Purchase.** Participating Franchisee and Sub-Franchisee may purchase Terminals subject to terms set forth below.

- 1.1.1. **Sale Price; Adjustments.** Operated Locations, Participating Franchisee and Sub-Franchisee may purchase a new Terminal(s) offered by ValueLink at a sale price of \$375.00 (the "Sale Price").
- 1.1.2. **Deployment Fee.** In addition, Operated Locations, Participating Franchisee and Sub-Franchisee will be charged a one-time deployment fee of \$75.00 per Terminal deployment per Designated Location.
- 1.1.3. **Equipment Replacement Program.** Participating Franchisee and Sub-Franchisee may, but shall not be obligated to, participate in an equipment replacement program for Terminal(s) purchased from ValueLink that are out of warranty at a cost of \$125.00 per replaced Terminal. Equipment replacement includes, but is not limited to, overnight service on replacement Terminal and call tag pick-up of defective Terminal.

1.2. **Rental.** Participating Franchisee and Sub-Franchisee may rent Terminals subject to the terms set forth below.

- 1.2.1. **Rental Rates.** Operated Locations, Participating Franchisee and Sub-Franchisee may rent Terminal(s) from ValueLink, or another provider designated by ValueLink pursuant to ValueLink's (or the alternative provider's) standard rental agreement terms at a rate of \$25.00 per Terminal with no rental term commitment; \$14.00 per Terminal based on a rental term commitment of 36 months and \$11.00 per Terminal based on a rental term commitment of 48 months. Rental Terminals deployed by ValueLink or its alternative provider may be either new or refurbished.
- 1.2.2. **Deployment Fee.** In addition, Operated Locations, Participating Franchisee and Sub-Franchisee will be charged a one-time deployment fee of \$75.00 per Terminal deployment plus applicable shipping, duties and taxes per Designated Location.
- 1.2.3. **Purchase Option.** Should Participating Franchisee and Sub-Franchisee choose the Terminal rental option of either a 36 month or 48 month term commitment, Participating Franchisee and Sub-Franchisee shall have the option to purchase

any or all of the rented Terminal(s) at \$25.00 per Terminal at the end of the Rental Term. Terminals not purchased shall be returned to the Terminal provider.

- 1.2.4. **Early Termination Fees.** Should Participating Franchisee and Sub-Franchisee choose the Terminal rental option of either a 36 month or 48 month term commitment and if Terminal(s) are rented for less than the term of the rental commitment, Participating Franchisee or Sub-Franchisee will be subject to an administration fee for each rented Terminal at the cessation of the Rental Term equal to (A) For a 36 month rental term; \$10.41 multiplied by the difference between thirty-six (36) and the number of monthly rental payments made by Participating Franchisee or Sub-Franchisee; (B) For a 48 month rental term; \$7.81 multiplied by the difference between forty-eight (48) and the number of monthly rental payments made by Participating Franchisee or Sub-Franchisee and (C) a "Restocking Fee" calculated as follows:

- If less than 20 Rental Payments are Made then the Restocking Fee Per Terminal is \$50.00
- If 20 to 36 Rental Payments are Made then the Restocking Fee Per Terminal is \$40.00
- If 37 to 48 Rental Payments are Made then the Restocking Fee Per Terminal is \$30.00

- 1.2.5 **Equipment Replacement Program.** All Terminals rented shall be included in an equipment replacement program at no additional cost. Equipment replacement includes, but is not limited to, overnight service on replacement Terminal and call tag pick-up of defective Terminal.

2. **Election.** Operated Locations, Participating Franchisee and Sub-Franchisee hereby selects the following (check all applicable and fill in quantities):

Terminal Option	Terminal Type	Terminal Quantity	Term (if applicable)	Applicable Price	Total
Purchase <input type="checkbox"/>	Verifone Vx570 terminal		N/A	\$375.00 per Terminal*	
Equipment Replacement Program <input type="checkbox"/> (check if you would like to participate)	Verifone Vx570 terminal		N/A	\$125.00 per Terminal	N/A
Rental <input type="checkbox"/>	Verifone Vx570 terminal		N/A	\$25.00 per Terminal*	
Rental <input type="checkbox"/>	Verifone Vx570 terminal		36 months	\$14.00 per Terminal*	
Rental <input type="checkbox"/>	Verifone Vx570 terminal		48 months	\$11.00 per Terminal*	
*Per Terminal Deployment Fee: \$75.00 per terminal:					

- Inclusive of all application setup, download, shipping and handling fees.
- Inclusive of one terminal and/or peripherals and/or accessories that accompany one terminal
- Inclusive of 1-3 business day delivery (3 day guaranteed)

3. **ACH Debit Authorization.** Operated Locations, Participating Franchisee and Sub-Franchisee authorizes ValueLink and its service providers, acting on behalf of ValueLink, to initiate ACH debit and credit entries to the deposit account indicated on **Exhibit A** to the Franchisee and Sub-Franchisee Participation Agreement, and to debit and credit the same to such account, as necessary or appropriate to effect any charge, fee or other transfer contemplated by this Addendum and all adjustments and corrections thereto. Operated Locations, Participating Franchisee and Sub-Franchisee shall comply with Applicable Law and the rules and regulations of the National Automated Clearing House Association as in effect from time to time.
4. **Conflict With Agreement.** Except as supplemented or amended by this Addendum, all provisions of the Agreement shall continue in full force and effect, but if there shall be any conflict or inconsistency between the provisions of this Addendum and the Agreement, the provisions of this Addendum shall govern and control.

IN WITNESS WHEREOF, the parties have caused this Addendum to be executed by their authorized representatives as of the date first set forth above.

Operated Location, Participating Franchisee or Sub-Franchisee:
(Please type or legibly write legal entity name on line below)

Legal Entity Name: _____

Signature: _____

Print Name: _____

Title: _____

Address: _____

Date: _____

ValueLink, LLC

6200 S. Quebec St.

Greenwood Village, Colorado 80111

Signature: _____

Print Name: _____

Title: _____

Date: _____

SECTION B: ENROLLMENT INSTRUCTIONS
Credit Application-Completion Instructions

Step 1. **Print 1 copy** of the attached Credit Application.

Section 1

Legal Name: _____ A	Doing Business as (d/b/a): _____ D
Mailing Address: _____ B	Telephone Number: _____ E
City: _____ C State: _____ Zip: _____	Fax Number: _____ F

Step 2. Line A; enter the legal entity name of the Operated Location, Participating Franchisee or Sub-Franchisee.

Step 3. Line B; enter the legal entity street address.

Step 4. Line C; enter the legal entity city, state and zip code associated with the legal entity street address.

Step 5. Line D; enter the d/b/a name of legal entity (Dairy Queen, Orange Julius, etc.).

Step 6. Line E; enter the telephone number of legal entity.

Step 7. Line F; enter the fax number of legal entity.

Section 2

Form of Organization: ☐ Corporation ☐ Limited Liability Company ☐ Sole Proprietorship Tax ID No (9digits): _____
☐ Partnership ☐ Limited Partnership ☐ Other: _____

Step 8. Check appropriate box.

Section 3

State of Incorporation/Registration: _____ G	Date of Incorporation/Registration: _____ K
Time in Business: _____ H	Time at present address: _____ L
Contact Name: _____ I	Contact Phone Number: _____ M
Contact Email address: _____ J	Contact Fax Number: _____ N

Step 9. Line G; enter the state in which the legal entity is incorporated.

- Step 10. Line H; enter the length of time that legal entity has been in business.
- Step 11. Line I; enter the primary contact name. The contact name must be an owner, partner or officer of the legal entity.
- Step 12. Line J; enter the primary contact email address.
- Step 13. Line K; enter the date that the legal entity was incorporated or registered.
- Step 14. Line L; enter the length of time that legal entity has been at the current address.
- Step 15. Line M; enter the primary contact telephone number.
- Step 16. Line N; enter the primary contact fax number.

Section 4

Owner/Partner/Officer Information:

Signature: _____	Date: _____
Print Name _____	Date of Birth: _____
Home Street Address: _____	Percentage of Ownership: _____
Home Phone Number: _____	Social Security Number: _____

- Step 17. An owner, partner or officer must sign and complete Section 4 of Credit Application. A Social Security number is required. Complete as indicated.

VALUELINK

PARTICIPATING FRANCHISEE CREDIT APPLICATION

All questions must be answered fully in order for this credit application to be processed.

PARTICIPATING FRANCHISEE INFORMATION ("FRANCHISEE")

Legal Name: _____ Doing Business As (d/b/a): _____

Mailing Address: _____ Telephone Number: _____

City: _____ State: _____ Zip: _____ Fax Number: _____

Form of Organization: ☐ Corporation ☐ Limited Liability Company ☐ Sole Proprietorship Tax ID No (9 digits): _____

☐ Partnership ☐ Limited Partnership ☐ Other: _____

State of Incorporation/Registration: _____ Date of Incorporation/Registration: _____

Time in Business: _____ Time at present address: _____

Contact Name: _____ Contact Phone Number: _____

Contact Email address: _____ Contact Fax Number: _____

Terms and Conditions

All statements contained in this application and in the financial statements and other documentation submitted in support of this application are true and correct. Permission and authorization is hereby granted to ValueLink, LLC, First Data Corporation and its affiliates and representatives (collectively "FDC") as well as to prior employers, trade references, Dun & Bradstreet, banks, consumer credit services, consumer reporting agencies and state and federal government representatives, without regard to whether they are listed herein, to verify, receive, exchange, and obtain business and/or personal credit and other information including, without limitation criminal background checks, as part of this application. The undersigned further agree that neither FDC nor anyone who has furnished FDC any information concerning Franchisee or the undersigned owners and/or principals of Franchisee shall be responsible for any losses or damages of Franchisee or the undersigned owners or principals of Franchisee may claim as resulting from said verification, receipt, exchange, or obtaining business and/or personal credit or other business and/or personal information. Under penalty of perjury, the undersigned certify that: (i) the federal taxpayer identification number shown on this application as Franchisee's Federal Tax ID Number is the correct taxpayer identification number of Franchisee (or Franchisee is waiting for a number to be issued to Franchisee), and (ii) Franchisee is not subject to backup withholding because either Franchisee is exempt from backup withholding, or Franchisee has not been notified by the Internal Revenue Service (IRS) that it is subject to backup withholding as a result of failure to report all interest or dividends, or the IRS has notified Franchisee that it is no longer subject to backup withholding.

Owner/Partner/Officer Information:

Signature: _____ Date: _____

Print Name _____ Date of Birth: _____

Home Street Address: _____ Percentage of Ownership: _____

Home Phone Number: _____ Social Security Number: _____

EXHIBIT F

POSitouch Sales Contract

SALES CONTRACT

Sold to ("Client"): _____ Deliver to: _____

We hereby submit specifications and estimates for:
(See attached POSitouch Pricing Proposal)

The POSitouch Pricing Proposal (the "Proposal") does not include any applicable sales tax.

~~RESTAURANT DATA CONCEPTS, INC., (hereinafter referred to as "RDC") is the manufacturer and supplier of the POSITOUCH point of sale system. This system is sold according to the Terms and Conditions stated below and in the attached Proposal. Should any terms of the Proposal conflict with those of this Sales Contract, the terms stated herein shall govern. This Agreement between RDC and Client, whose principal place of business is listed above, is entered into this _____ day of _____, 20___. In consideration of their mutual promises and undertakings, RDC and Client agree to the following:~~

- ~~1. Acceptance of Proposal. The prices, specifications and conditions set forth in the Proposal and this Agreement are satisfactory to and are hereby accepted by Client. RDC, or its partner as indicated on the Proposal, is authorized to do the work and provide the hardware, software and/or services specified therein.~~
- ~~2. Terms of Sale. Unless otherwise agreed by RDC and Client in a writing signed by both parties, Client will tender a deposit of no less than fifty percent (50%) of the total price of the Proposal at the time of order. Such deposit will be sent to RDC with an executed Sales Contract. The balance of the Proposal price is due and payable upon installation of the hardware and/or software (collectively, the "System") as indicated in the Proposal. Client recognizes that RDC is not collecting sales tax and the Client should remit the proper use tax directly to their State agency.~~
- ~~3. Warranty Hardware. All IBM components provided as part of the System shall carry a standard warranty of one (1) year, as sold under the terms of the dealership Original Equipment Manufacturer ("OEM") agreements between RDC and IBM. All other components shall carry a standard warranty for one (1) year that such components will be free from defects in workmanship and materials under normal use and service. RDC's obligation under this warranty shall not arise until the Client notifies RDC that one or more of the components of the System suffers from a defect. Upon notification by Client of a defect, RDC shall either, at its sole option, replace or repair, without charge, any defective component or any defective part of such component. If RDC is unable to repair or replace the defective component within a reasonable time, then at RDC's sole discretion, Client may return the System and obtain a refund of all amounts paid under this Agreement, less a reasonable rental fee for the period of time during which the~~

~~System was operational. Client specifically notes that the IBM hardware comes with a repair depot program. That means that any defective unit shall be returned to IBM to be fixed. Upon it being fixed, IBM will return it to the Client. Client further acknowledges that IBM's repair depot program does not offer a loaner terminal during the time the original is being fixed. Client also acknowledges that there is an option to upgrade the standard warranty to have on-site repairs during this warranty period. THIS IS THE ONLY WARRANTY MADE AS TO THE EQUIPMENT AND IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESSED, IMPLIED, OR STATUTORY, INCLUDING THE WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.~~

- ~~4. Warranty Software. RDC warrants that for one (1) year, or until materially modified by Client, whichever is sooner, the software will perform substantially the functions described in the documentation provided. RDC will undertake to correct any reported "software errors" (failure of the software to perform substantially the functions described in the documentation). If RDC is unable to provide corrected software within a reasonable time period, RDC will either replace the software with a functional equivalent at no charge to the Client or refund the license fee for the software, at RDC's option. LIMITATION OF REMEDIES: Regardless of whether any remedy set forth herein fails of its essential purpose, in no event shall RDC be liable to Client for any special, indirect or similar damages, including any lost profits or lost data arising out of use or inability to use the hardware or software or any data supplied pursuant to this Agreement, even if RDC has been advised of the possibility of such damages.~~
- ~~5. Warranty Limits. RDC's obligation under this warranty is limited to the original purchaser of the System. Standard warranty service is available Monday through Friday, excluding holidays. Labor charges for service performed outside of these times, including travel expenses, will be billed at RDC's then prevailing rates. Prior to undertaking warranty service outside of the standard times, RDC will provide Client with RDC's then prevailing rates and an estimate of the cost to provide service outside the standard times. RDC shall not undertake, and shall have no obligation to provide, warranty service outside of the standard times until after Client has authorized such work after being provided with the estimated cost. The warranty provided on hardware herein shall not apply to:~~
 - ~~5.1 — Products which have been repaired or altered by other than RDC personnel or an authorized representative of the OEM, unless the Client has properly altered or repaired the products in accordance with procedures approved by RDC or the OEM;~~
 - ~~5.2 — Products that have been subject to misuse, neglect, abuse, electrical disturbances, or acts of nature; or~~
 - ~~5.3 — Hardware and/or software previously owned or purchased from another source (other than RDC or IDQ) by the Client. Any and all time spent by RDC in diagnosis, troubleshooting, and/or repairing any such hardware and/or software for compatibility with the System sold under this Agreement shall be charged to Client at RDC's then prevailing rates. Prior to undertaking such service, RDC~~

~~will provide Client with a statement of RDC's then-prevailing rates and an estimate of the cost to provide the service. RDC shall not undertake, and shall have no obligation to provide, such service until after Client has authorized the service after being provided with the estimated cost.~~

- ~~6. License: Upon payment in full of all amounts due for software under this Agreement, RDC shall and hereby does grant to Client a nonexclusive, nontransferable, perpetual license to use the software. The software is licensed, not sold, and RDC reserves all rights not granted hereunder. Client may not reverse engineer, decompile, modify, or disassemble the software.~~
- ~~7. Penalties and Remedies: At the end of each thirty (30) day billing period, in the event that Client's account becomes delinquent in excess of thirty (30) days of the due date for payment, an amount of not less than 1.5% of the outstanding balance due by more than thirty (30) days shall be added to said balance as a penalty fee.~~
- ~~8. Installation. RDC agrees to install the System in accordance with the following guidelines:~~
 - ~~8.1 For all retrofits (defined as any installation of a System at any store already in operation), unless otherwise agreed by RDC and Client, installation will be completed to minimize impact from the ongoing business of Client. Client acknowledges that an installation completed over a weekend or after normal business hours may be more expensive than one completed Monday through Friday, during normal business hours.~~
 - ~~8.2 For all new construction installations (defined as installation of a System at any store prior to its first opening as an IDQ facility), RDC will schedule installation of the System in coordination with licensee, subject in any event to the timing of such installation being first approved by IDQ. Installation of the System will be completed Monday through Friday during RDC's normal business hours from 8:00 a.m. to 5:00 p.m.~~
 - ~~8.3 RDC shall notify the Client as soon as possible of any changes that affect the installation date and/or time of a System for a licensee of IDQ.~~
 - ~~8.4 RDC shall ensure that all installations are completed in a good workmanlike and lien-free manner, in compliance with all applicable laws, rules and regulations of any kind, and in accordance with the reasonable direction of the licensee.~~
 - ~~8.5 After installation, RDC shall test all components of the System to insure it interfaces correctly with any IDQ Software and that the installation meets with the licensee's approval prior to leaving the site.~~
 - ~~8.6 RDC shall provide Client with an activation code for the System software and shall verify that the location is in RDC's help desk database and is otherwise ready to be supported by RDC prior to leaving the store.~~

~~8.7 Installation of all hardware and software shall be accomplished in accordance with the specification and criteria set forth in the attached Proposal. Only those specific terms listed in this document are included in the purchase price of the System. Purchase price does not include any carpentry, electrical work, display poles, and keyboard stands unless specified in this Agreement.~~

~~8.8 This Agreement does not include the cost of any cable pulls, terminations of cable, or any electrical wiring costs. RDC shall provide Client with a "Wiring, Cable and Electrical Specification" document ("Wiring Document"), signed by both RDC and Client, which shall set forth the wiring, cabling and electrical requirements for installation of the System. Client shall be solely responsible for having the required wiring, cabling and electrical work completed at or before the installation date by a qualified contractor. RDC may be retained to complete the work specified in the Wiring Document for additional cost and pursuant to a separate contract to be billed separately. No order shall be accepted until the Client has received and signed a Wiring Document.~~

~~9. Training. There is a choice of Training options available to the Client.~~

~~9.1 Regional Training Class Client is responsible for any related expenses of traveling to and from such class. Client acknowledges that the fee paid for training is only for the class, class materials and meeting space. No meals or other related expenses are included in the Training fee.~~

~~9.2 On Site Training Client may elect to have a Training come to their specified location to provide training. Client agrees that the fee for such training is a per day fee and that all travel and expenses are in addition to the per diem Training charge. RDC shall endeavor in good faith to obtain reasonable available coach airfares and moderately priced accommodations. Travel and accommodation expenses incurred pursuant to this paragraph shall be invoiced to Client by RDC when incurred, and shall be payable within thirty (30) days of receipt of the invoice. Training scheduled on-site shall be conducted Monday through Friday, on non-holidays, 9:00 a.m. to 5:00 p.m.~~

~~10. Data Security and Protection. It is the responsibility of the Client to ensure that all of its data files are adequately duplicated, protected and documented except as specifically provided herein. RDC will not be responsible for the cost of reconstructing data, files, tapes, memories, etc., lost during the course of performance relating to installation, start-up and ongoing support of the System and/or software, unless such loss is due solely to the fault of RDC or its authorized service provider(s).~~

~~11. Confidentiality. RDC and Client expressly undertakes to retain in confidence all information and know how received hereunder that RDC or Client has identified as being proprietary and/or confidential or that, by the nature of the circumstances surrounding the disclosure, should in good faith be treated as proprietary and/or confidential, and will make no use of such information and know how except under the terms and during the existence of the Agreement. Notwithstanding the above, either party may disclose~~

confidential information as required by governmental or judicial order, provided the party of whom disclosure has been requested gives the other party prompt written notice before such disclosure and complies with any protective order (or equivalent) imposed on such disclosure. This provision shall survive termination of the Agreement.

12. ~~Waiver.~~ The failure of either party to insist on strict performance of any of the terms, conditions and covenants herein shall not be deemed to be a waiver of any right or remedy that such party may have and shall not be deemed a waiver of any subsequent breach or default in the terms, conditions and covenants herein contained, except as may be expressly waived in writing.
13. ~~Modification.~~ Any modification of this Agreement or additional obligation by either party in connection with this Agreement shall be binding only if evidenced in writing, signed by each party or an authorized representative of each party.
14. ~~Construction.~~ This Agreement shall be governed by, and construed in accordance with, the laws of the State of Rhode Island, without reference to conflicts of law principles, except to the extent that United States federal law preempts Rhode Island law, in which case United States federal law (including, without limitation, copyright, patent and trademark law) will apply, without reference to conflicts of law principles.
15. ~~Time of the Essence.~~ Time is of the essence of this Agreement.
16. ~~Notices.~~ All notices and other communications to the other party under this Agreement shall be in writing and made to the following addresses:

~~If to RDC:~~ Restaurant Data Concepts, Inc.
491 Kilvert Street, Suite 100
Warwick, Rhode Island 02886
Attention: E. Winfield Platt III

~~If to Client:~~ _____

Attention: _____

or such other addresses as either party has notified the other party in writing to be the appropriate address for the sending of notices under this Agreement. Notice shall be deemed received upon depositing such notice in the U.S. Mail, sent certified mail, return receipt requested.

17. ~~Entire Agreement.~~ With respect to its subject matter, this Agreement constitutes the entire agreement between the parties and supersedes and terminates all prior agreements and understandings, either oral or in writing.
18. ~~Counterparts.~~ This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

19. ~~Partial Invalidity.~~ The invalidity of any portion of this Agreement will not and shall not be deemed to affect the validity of the remaining provisions. In the event that any provision of this Agreement is held to be invalid pursuant to the law of any jurisdiction, the parties agree that such provision shall be stricken from this Agreement in such jurisdiction. The remaining provisions shall be deemed to be in full force and effect as if they had been executed by both parties subsequent to the expungement of the invalid provision.
20. ~~Venue and Jurisdiction.~~ Except for injunctive relief sought by either party which may be brought in a court of competent jurisdiction in any state of the United States of America, or in any foreign country anywhere in the world, where RDC or Client conducts business or has a place of business, all claims, disputes or controversies whatsoever arising out of or related to this Agreement in any way, shall be commenced, filed and litigated before a court of competent jurisdiction in a state court of the state of Client's principal place of business, or if the federal court has exclusive jurisdiction in any such claim, dispute or controversy, it shall be commenced, filed and litigated in the U.S. District Court of such state in the district in which Client's principal place of business is located. The parties hereby submit to the personal jurisdiction of the state and federal courts as herein provided, and any courts of appeal therefrom, and waives any objection (on the grounds of lack of jurisdiction, or *forum non conveniens*, or otherwise) to the exercise of jurisdiction over it and by any such courts.
21. ~~Headings.~~ The headings contained in this Agreement are inserted only as a matter of convenience and reference and in no way define, limit or describe the scope or intent of this Agreement and do not in any way affect its provisions.

~~IN WITNESS WHEREOF, the parties have hereunto set their hands, affixed their seals and delivered these presents as of the day and year first above written.~~

RESTAURANT DATA CONCEPTS, INC.

By: _____

Name: _____

Title: _____

(Customer)

By: _____

Name: _____

Title: _____

EXHIBIT C

TERRITORY OPERATOR'S SUBFRANCHISEES
As of December 31, 20102011

MONTANA LOCATIONS

<u>Ralph and Mary Villa</u> <u>Dairy Queen Store</u> <u>501 W. Park</u> <u>Anaconda, MT 59711</u> <u>406 563-6965</u>	<u>Ralph and Mary Villa</u> <u>Carol Schmidt</u> <u>Dairy Queen Store</u> <u>Restaurant</u> <u>501 W. Park</u> <u>310 W. Madison Ave.</u> <u>Anaconda, MT 59711</u> <u>Belgrade, MT 59714</u> <u>406 563-388-6965</u> <u>8377</u>	<u>Ralph and Carol Schmidt</u> <u>Dairy Queen Brazier</u> <u>310 W. Madison Ave.</u> <u>Belgrade, MT 59714</u> <u>406 388-8377</u>
<u>Pam Roessman and Sheila</u> <u>Thompson</u> <u>Dairy Queen Brazier</u> <u>8189 Highway 35 PO Box 1405</u> <u>Big Fork, MT 59911</u> <u>406 837-5336</u>	<u>Pam Roessman</u> <u>Mike and Sheila</u> <u>Thompson</u> <u>Robyn Willet</u> <u>Dairy Queen Brazier</u> <u>8189 Highway 35 PO Box 1405</u> <u>2750 Old Hardin Rd., Ste. F</u> <u>Big Fork, MT 59911</u> <u>Billings, MT 59101-6809</u> <u>406 837-252-5336</u> <u>1082</u>	<u>Mike and Robyn Willet</u> <u>Dairy Queen Brazier</u> <u>2750 Old Hardin Rd., Ste. F</u> <u>Billings, MT 59101-6809</u> <u>406 252-1082</u>
<u>Richard and Carol Lorenz</u> <u>Dairy Queen Grill & Chill</u> <u>475 Main St.</u> <u>Billings, MT 59107</u> <u>406 248-8061</u>	<u>Richard and Carol Lorenz</u> <u>Beverly Hageman</u> <u>Dairy Queen Brazier</u> <u>Grill & Chill</u> <u>475 Main St.</u> <u>1045 Grand Ave.</u> <u>Billings, MT 59107</u> <u>59106</u> <u>406 248-256-8061</u> <u>2345</u>	<u>Richard and Beverly Hageman</u> <u>Dairy Queen Brazier</u> <u>1045 Grand Ave.</u> <u>Billings, MT 59106</u> <u>406 256-2345</u>
<u>Richard and Beverly Hageman</u> <u>Dairy Queen Grill & Chill</u> <u>3220 Henesta Dr.</u> <u>Billings, MT 59102</u> <u>406 652-0200</u>	<u>Richard and Beverly Hageman</u> <u>Chip Youlden et al Amend Park DQ LLC</u> <u>Dairy Queen Restaurant</u> <u>4975 King Ave. E.</u> <u>Billings, MT 59102</u> <u>406 652-0200</u> <u>259-7544</u>	<u>Chip Youlden et al Amend Park DQ LLC</u> <u>Dairy Queen Restaurant</u> <u>4975 King Ave. E.</u> <u>Billings, MT 59102</u> <u>406 259-7544</u>
<u>Jason and Kim Howell</u> <u>Dairy Queen Brazier</u> <u>107 N. 7th St.</u> <u>Bozeman, MT 59715</u> <u>406 587-7129</u>	<u>Ralph</u> <u>Tony and Carol Schmidt</u> <u>Pam King</u> <u>Dairy Queen Ltd. Brazier</u> <u>107 N. 7th St</u> <u>2227 Harrison Ave.</u> <u>Bozeman, MT 59715</u> <u>Butte, MT 59701</u> <u>406 587-782-7129</u> <u>6644</u>	<u>Tony and Pam King</u> <u>Dairy Queen Ltd. Brazier</u> <u>2227 Harrison Ave.</u> <u>Butte, MT 59701</u> <u>406 782-6644</u>
<u>Tony and Pam King</u> <u>Dairy Queen Brazier</u> <u>501 S. Excelsior</u> <u>Butte, MT 59701</u> <u>406 782-5781</u>	<u>Tony</u> <u>Chad and Pam King</u> <u>Nadine Ross</u> <u>Dairy Queen Brazier</u> <u>501 S. Excelsior</u> <u>625 9th St. W.</u> <u>Butte, MT 59701</u> <u>Columbia Falls, MT 59912</u> <u>406 782-892-5781</u> <u>4242</u>	<u>Chad and Nadine Ross</u> <u>Dairy Queen Brazier</u> <u>625 9th St. W.</u> <u>Columbia Falls, MT 59912</u> <u>406 892-4242</u>
<u>James and Rebecca Southam</u> <u>Dairy Queen Brazier</u> <u>613 S. Atlantic</u> <u>Dillon, MT 59725</u> <u>406 683-2104</u>	<u>James and Rebecca Southam</u> <u>Carla Leonhardt</u> <u>Dairy Queen Brazier</u> <u>613 S</u> <u>1290 Front St. Atlantic</u> <u>Dillon, MT 59725</u> <u>Forsyth, MT 59327</u>	<u>Carla Leonhardt</u> <u>Dairy Queen Brazier</u> <u>1290 Front St.</u> <u>Forsyth, MT 59327</u> <u>406 346-7411</u>

MONTANA LOCATIONS

<p><u>Anita Christiana</u> <u>Dairy Queen Brazier</u> <u>541 First Ave. N.</u> <u>Glasgow, MT 59230</u> <u>406 228-8342</u></p>	<p>406 683<u>346-21047411</u> Anita Christiana<u>Steve and Lola</u> <u>Galloway</u> Dairy Queen Brazier 541 First Ave. N. <u>116 - 9th St N.</u> Glasgow, MT 59230 <u>Great Falls,</u> <u>MT 59401</u> 406 228<u>452-83423521</u></p>	<p>Donald and Patty Houeke Dairy Queen Brazier 611 N. Merrill Glendive, MT 59330 406 377-6140</p>
<p><u>Steve and Lola Galloway</u> <u>Dairy Queen Brazier</u> <u>1651 Fox Farm Road</u> <u>Great Falls, MT 59404</u> <u>406 727-3111</u></p>	<p>Steve and Lola Galloway<u>Shelly</u> <u>Stelling</u> Dairy Queen Brazier 116 - <u>92901 10th St N Ave. S.</u> Great Falls, MT 59401 <u>59405</u> 406 452<u>454-35242111</u></p>	<p>Steve and Lola Galloway Dairy Queen Brazier 1651 Fox Farm Road Great Falls, MT 59404 406 727-3111</p>
<p><u>Angela & Greg Switzer</u> <u>Dairy Queen Grill & Chill</u> <u>109 Bitterroot Plaza Dr.</u> <u>Hamilton, MT 59840</u> <u>406-375-1112</u></p>	<p>Steve <u>Torrey</u> and Shelly Stelling<u>Karen Moody</u> Dairy Queen Brazier <u>Grill & Chill</u> 2901 10th Ave. S. <u>211 W. 14th St. PO Box 462</u> Great Falls, MT 59405 <u>Hardin, MT</u> <u>59034</u> 406 454<u>665-21113553</u></p>	<p>Angela & Greg Switzer Dairy Queen Grill & Chill 109 Bitterroot Plaza Dr. Hamilton, MT 59840 406 375-1112</p>
	<p>Torrey and Karen Moody Dairy Queen G&C 211 W. 14th St. PO Box 462 Hardin, MT 59034 406 665-3553</p>	<p>Kevin and Jody Hellegaard Dairy Queen Store 535 5th Ave. Havre, MT 59501 406 265-7221</p>
<p><u>Kevin and Jody Hellegaard</u> <u>Dairy Queen Store</u> <u>535 5th Ave.</u> <u>Havre, MT 59501</u> <u>406 265-7221</u></p>	<p>Matt and Roylene Olson Dairy Queen G&C <u>Grill & Chill</u> 1500 Prospect Ave. Helena, MT 59601 406 442-5265</p>	<p>Kevin and Rebecca Walth Dairy Queen Brazier 2850 N. Montana Helena, MT 59601 406 457-9269</p>
<p><u>Kevin and Rebecca Walth</u> <u>Dairy Queen Brazier</u> <u>2850 N. Montana</u> <u>Helena, MT 59601</u> <u>406 457-9269</u></p>	<p>Randy and Ramona Dutter Dairy Queen Brazier 19 E. Idaho Kalispell, MT 59903 406 755-2955</p>	<p>Mary & Randy Dutter Dairy Queen Ltd. Brazier Center Mall, 20 N. Main Kalispell, MT 59901 406 752-9033</p>
<p><u>Mary & Randy Dutter</u> <u>Dairy Queen Ltd. Brazier</u> <u>Center Mall</u> <u>20 N. Main</u> <u>Kalispell, MT 59901</u> <u>406 752-9033</u></p>	<p>Donna and Matthew Kurtz Dairy Queen Brazier <u>Restaurant</u> PO Box 414 - 7170 Hwy 93 S. Lakeside, MT 59922 406 844-3844</p>	<p>Bob Marozzo Dairy Queen Store 419 E. 9th St. Libby, MT 59923 406 293-6821</p>
<p><u>Bob Marozzo</u> <u>Dairy Queen Store</u> <u>419 E. 9th St.</u> <u>Libby, MT 59923</u> <u>406 293-6821</u></p>	<p><u>Steve and Karen McCann</u> <u>Dairy Queen Store</u> <u>1017 W. Park</u> <u>Livingston, MT 59047</u> <u>406 222-2076</u></p>	
<p><u>Art and Joann Mandell</u> <u>Dairy Queen Ltd. Brazier</u> <u>11400 Highway 93 S. PO Box</u></p>	<p>Steve <u>David</u> and Karen McCann <u>Sharon Miller</u> Dairy Queen Store <u>Restaurant</u></p>	<p>Art and Joann Mandell Dairy Queen Ltd. Brazier 11400 Highway 93 S. PO Box 1282</p>

MONTANA LOCATIONS

<p><u>1282</u> <u>Lolo, MT 59847</u> <u>406 273-2197</u></p>	<p>1017 W. Park <u>655 N. 1st E. PO Box 1265</u> Livingston, MT 59047<u>Malta, MT</u> <u>59583</u> <u>406 222-654-2076</u><u>1051</u></p>	<p>Lolo, MT 59847 406 273-2197</p>
	<p>David and Sharon Miller Dairy Queen Brazier 655 N. 1st E. PO Box 1265 Malta, MT 59583 406 654 1051</p>	<p>Tab and Santos Fleming Dairy Queen Brazier 506 S. Haynes Miles City, MT 59301 406 234-2685</p>
<p><u>Tab and Santos Fleming</u> <u>Dairy Queen Brazier</u> <u>506 S. Haynes</u> <u>Miles City, MT 59301</u> <u>406 234-2685</u></p>	<p>Angela & Greg Switzer DQ Grill & Chill 3753 North Reserve Street Missoula MT 59808 406-728-5950</p>	<p>Art and Joann Mandell Dairy Queen Ltd. Brazier 1735 S. Higgins Missoula, MT 59801 406-549-6075</p>
<p><u>Art and Joann Mandell</u> <u>Dairy Queen Ltd. Brazier</u> <u>1735 S. Higgins</u> <u>Missoula, MT 59801</u> <u>406 549-6075</u></p>	<p>Art and Joann Mandell Dairy Queen Ltd. Brazier 2515 Brooks St. Missoula, MT 59801 406 728-2431</p>	<p>Art and Joann Mandell Dairy Queen Ltd. Brazier Southgate Mall Missoula, MT 59801 406 721-5774</p>
<p><u>Art and Joann Mandell</u> <u>Dairy Queen Ltd. Brazier</u> <u>Southgate Mall</u> <u>Missoula, MT 59801</u> <u>406 721-5774</u></p>	<p><u>Kenneth and Claryce Wiers</u> <u>Dairy Queen Store</u> <u>625 W. Laurel PO Box 248</u> <u>Plentywood, MT 59254</u> <u>406 765-1185</u></p>	
<p><u>Travis and Genean Clairmont</u> <u>Dairy Queen Brazier</u> <u>6 Highway 93 N. PO Box 96</u> <u>Ronan, MT 59864</u> <u>406 676-0251</u></p>	<p>Kenneth Perry and Claryce Wiers <u>Cindee Williams</u> Dairy Queen Store <u>Brazier</u> 625 W. Laurel PO Box 248 <u>615 S. Central</u> Plentywood, MT 59254 <u>Sidney, MT</u> <u>59270</u> <u>406 765-433-1185</u><u>1075</u></p>	<p>Travis and Genean Clairmont Dairy Queen Brazier 6 Highway 93 N. PO Box 96 Ronan, MT 59864 406-676-0251</p>
<p><u>Jason and Kim Howell</u> <u>Dairy Queen Brazier</u> <u>PO Box 506</u> <u>West Yellowstone, MT 59758</u> <u>406 646-4106</u></p>	<p>Perry <u>Chad</u> and Cindee Williams <u>Nadine Ross</u> Dairy Queen Brazier <u>Grill & Chill</u> 615 S. Central <u>6550 Hwy 93, Suite 101</u> Sidney, MT 59270 <u>Whitefish, MT</u> <u>59937</u> <u>406 433-1075</u><u>862-2782</u></p>	<p>Jason and Kim Howell Dairy Queen Brazier PO Box 506 West Yellowstone, MT 59758 406-646-4106</p>
	<p>Chad and Nadine Ross Dairy Queen Brazier 669 Spokane Ave. Whitefish, MT 59937 406 862-2782</p>	

NORTH DAKOTA LOCATIONS	
Neil and Sheila Scheider Dairy Queen Brazier Junction 85 & I94, Drawer B Belfield, ND 58622 701 575-8888	Losson Leonard Dairy Queen Brazier <u>Restaurant</u> 1300 Highway 49 N. PO Box 251 Beulah, ND 58523 701 873-2555
<u>Mark Weber & Roberta Johnson</u> Dairy Queen Store 230 W. Broadway Bismarck, ND 58501 701 223-0548	Mark Weber <u>& Roberta Johnson</u> Dairy Queen Store 1804 N. 13th St. PO Box 2675 Bismarck, ND 58501 701 258-4438
Mark Weber <u>& Roberta Johnson</u> Dairy Queen Store 913 Burlington Dr. Bismarck, ND 58501 701 255-4155	Mark and Jackie Klingbeil Dairy Queen Brazier 217 W. 11th St. Bottineau, ND 58318 701 228-2822
R. J. <u>& Katie</u> Miller Dairy Queen Brazier <u>Restaurant</u> 102 9th St. - PO Box 624 Cando, ND 58324 701 968-3989	Joe Lothspeich Dairy Queen Brazier <u>Grill & Chill</u> 372 15th St. W. Dickinson, ND 59601 701 483-8100
Terry and Le Ann Johnston Dairy Queen Brazier <u>Restaurant</u> 604 Highway 2 E. PO Box 133 Devils Lake, ND 58301 701 662-4622	Margo and Gary Berger Dairy Queen Brazier 201 Veitch St. Emerado, ND 58228 701 594-4021
Charles Anderson Dairy Queen G&C <u>Grill & Chill</u> 4015 - 45 th St. S Fargo, ND 58104 (701) 356-1055	Gaylon and Robin Anderson Dairy Queen Brazier <u>Grill & Chill</u> 2401 45th St W Fargo, ND 58103 701 293-5918
Gaylon and Robin Anderson Dairy Queen Brazier <u>Grill & Chill</u> 3200 20th St. S. Fargo, ND 58103 701 298-6350 <u>(98)</u>	Gaylon and Robin Anderson Dairy Queen Brazier <u>Grill & Chill</u> 3201 13th Ave. S. Fargo, ND 58103 701 293-5918 <u>(80)</u>
Gaylon and Robin Anderson Dairy Queen <u>Ltd.</u> Brazier 3902 13 Ave. S. Fargo, ND 58103 701 356-3019	David Stedman Dairy Queen Store <u>Ltd. Brazier</u> 402 N. University Fargo, ND 58102 701 232-4653
JoAnn and Ronald Flaten Dairy Queen Brazier <u>Grill & Chill</u> 3600 S. Columbia Rd. Grand Forks, ND 58201 701 738-8530	Harold <u>Carrie</u> and Gladys Rosenberg <u>Joel</u> <u>Miller</u> Dairy Queen Store <u>Ltd. Brazier</u> 1209 N. Fifth Grand Forks, ND 58203 701 772-3801
Mark and Cheryl Wolf Dairy Queen Brazier <u>Restaurant</u> 330 Business Loop West Jamestown, ND 58401	Chad and Julie Morten Dairy Queen Store <u>Brazier</u> Highway 2 Lakota, ND 58344

NORTH DAKOTA LOCATIONS	
701 252-4181 Pete and Leah Klingbeil Dairy Queen Brazier 1001 Ninth Ave. Langdon, ND 58249 701 256-5252	701 247-2411 Mike and Kirstie Weiland Dairy Queen Brazier <u>Grill & Chill</u> 1000 E. Main Mandan, ND 58554 701 663-3996
Todd and Karen Brabandt Dairy Queen Ltd. Brazier 1127 N. Broadway Minot, ND 58701 701 839-3612	Becky and Kerry Beechie Dairy Queen <u>Grill & Chill</u> 1924 4th Ave. NW Minot, ND 58701 701 852-6067
Andrea and Dan Klingbeil Dairy Queen Ltd. Brazier 215 14th Ave. SW Minot, ND 58701 701 839-4131	Laurie and Robert Larson Dairy Queen Store Highway 17 RR2, Box 160 Park River, ND 58270 701 284-6799
Cathy Turcotte-Boe Dairy Queen Brazier Highway 281 W. Rolla, ND 58367 701 477-3793	John and Kimberly Lovcik Dairy Queen Brazier Highway 2 E. RR4, Box 11B Rugby, ND 58368 701 776-6233
Suzie and Todd Kapaun Dairy Queen Ltd. 909 N. Central Ave. Valley City, ND 58072 701 845-2622	David Stedman <u>Charles Anderson</u> Dairy Queen Brazier <u>Grill & Chill</u> 1110 13th Ave. E <u>1626 Commerce St.</u> West Fargo, ND 58078-3348 <u>Wahpeton,</u> <u>ND 58075</u> <u>(701-356) 483-9337 8100</u>
Essie and Lorin Wright <u>David Stedman</u> Dairy Queen Brazier 1022 1st <u>1110 13th</u> Ave. WE. Williston, ND 58801 <u>West Fargo, ND</u> <u>58078-3348</u> <u>701 572-356-6474 9337</u>	<u>Essie Wright</u> <u>Dairy Queen Brazier</u> <u>1022 1st Ave. W.</u> <u>Williston, ND 58801</u> <u>701 572-6474</u>

If you buy this subfranchise, your contact information may be disclosed to other buyers when you leave the DQ system.

EXHIBIT HC

**TERRITORY OPERATOR'S FORMER SUBFRANCHISEES
(Ceased Operations During ~~2010~~2011)**

TRANSFERRED

Ralph Schmidt
Bozeman, MT
701-776-5779

~~Linda & Patrick Holien~~
~~Minot~~

Joe Lothspeich
Dickenson, ND

701-838-6371 483-0840

~~Donald & Linda Covell~~
~~Hickson~~

Harold Rosenberg
Grand Forks, ND
701-588-4491
(Deceased)

TERMINATED

~~Dennis & Ruth Buchholz~~
Donald & Patty Houcke
~~Lisbon, ND~~ Glendive, MT
701-683-4305
406-377-6140

CEASED OPERATIONS FOR OTHER REASONS

~~JoAnn & Ronald Flaten~~
~~Grand Forks, ND~~
701-775-5422
(still operating under a direct license
agreement with ADQ)
NONE

~~If you buy this subfranchise, your contact information may be disclosed to other buyers when you leave the DQ system.~~

EXHIBIT 1H

**ADQ'S FRANCHISEES
As of December 31, 20102011**

ADQ-DQ GRILL & CHILL LOCATIONS IN MINNESOTA

Fannemel, Richard J	221 2nd St Ne	Aitkin	MN	56431-1523	218-927-2918
<u>C & A Inc / Hillman, Craig / Hillman, Alesia</u>	<u>1701 Broadway</u>	<u>Alexandria</u>	<u>MN</u>	<u>56308-2705</u>	<u>320-763-4556</u>
Jindra, Timothy F	3511 Round Lake Blvd Nw	Anoka	MN	55303-5002	763-421-8271
H & S 2020 Inc / Hellerud, Douglas D / Hellerud, Kimberly J / Short, Michael W	7720 149th St	Apple Valley	MN	55124-7536	952-953-3961
<u>Bdg Inc / Rice, Linda H / Rice, Jamison J</u>	<u>104 Highway 34</u>	<u>Barnesville</u>	<u>MN</u>	<u>56514-3339</u>	<u>218-354-2231</u>
Commander Companies Llc / Jewett, Anthony R / Jewett, Lynn C / Jewett, Arthur H / Jewett, Terry	325 S Walnut St	Belle Plaine	MN	56011-2130	952-873-6500
Total Treats Inc / Roesler, Dennis C / Roesler, Pamela F / Johnsrud, Michael / Johnsrud, Suzanne	3701 W Old Shakopee Rd Ste 50 <u>Southport Shopping Center</u>	Bloomington	MN	55431-3562	952-884-4777
<u>Anderson Franchise Investments Inc / Anderson, Charles</u>	<u>9304 Lyndale Ave. So</u>	<u>Bloomington</u>	<u>MN</u>	<u>55420-3513</u>	<u>952-426-1529</u>
Frauenschuh Hospitality Group Of Minnesota, Llc	1130 Giant Dr	Blue Earth	MN	56013-1715	507-526-5402
<u>Dbk Of Roseau Inc / Klosowski, Richard J / Klosowski, Beth</u>	<u>609 Hwy 55 E</u>	<u>Buffalo</u>	<u>MN</u>	<u>55313-1703</u>	<u>763-682-1761</u>
Escalate Affluently Inc / Kotrba, Benjamin / Haukos, Joshua	11200 Aquila Dr N	Champlin	MN	55316-3791	763-427-8441
Escalate Affluently Inc / Kotrba, Benjamin / Haukos, Joshua	230 Cokato St W	Cokato	MN	55321-4654	320-286-2761
Knauf Enterprises Inc / Knauf, Terry R / Knauf, Maridee L	14229 Highway 23	Cold Spring	MN	56320-4611	320-685-3836
Jindra, Phil A	3595 River Rapids Dr Nw	Coon Rapids	MN	55448-4103	763-323-6887
Schiffler Enterprises Inc / Albrecht, Christopher E / Albrecht, Nadine R	714 Oak St	Crosby	MN	56441-1117	218-546-6124
Frauenschuh Hospitality Group Of Minnesota, Llc	6827 Bass Lake Rd	Crystal	MN	55428-3952	763-533-7575
<u>Lasky, Steven D / Lasky, Patricia</u>	<u>307 Canal Park Dr</u>	<u>Duluth</u>	<u>MN</u>	<u>55802-2396</u>	<u>218-722-0799</u>
Frauenschuh Hospitality Group Of Minnesota, Llc	16340 Terry Pine Dr	Eden Prairie	MN	55344-2107	952-906-2005
Ivancich Inc / Ivancich, Virginia M / Ivancich, Paul F / Ivancich, Casey R	1441 E Sheridan St	Ely	MN	55731-1744	218-365-5101
Babcock, Steven C / Babcock, Linda L	719 E Vernon Ave	Fergus Falls	MN	56537-3031	218-736-5737
Frauenschuh Hospitality Group Of Minnesota, Llc	225 Osborne Rd Ne	Fridley	MN	55432-3122	763-571-5080
Brjh Inc / Hilgenberg, Jeff M /	560 Hwy 212 W	Granite Falls	MN	56241-1360	320-564-

ADQ-DQ GRILL & CHILL LOCATIONS IN MINNESOTA					
Radermacher, Brian					4268
Weyer Investments Ltd / Weyer, Mark J / Weyer, Wendy M	17650 Ne Hwy 65	Ham Lake	MN	55304-4303	763-434-3400
Dadojos, A Partnership / Doll, David D / Yoder, Doyle D / Doll, Joan D	1310 Hobart St	Hawley	MN	56549	218-483-0293
Son Group Iii Llc / Plaisted, Richard L / Plaisted, Gloria H	4703 Mall Dr	Hermantown	MN	55811-4088	218-727-1668
Lessard Foods Inc / Lessard Iii, Archille A / Lessard, Kathryn S	105 Grindstone Ct	Hinckley	MN	55037	320-384-7584
Frauenshuh Hospitality Group Of Minnesota, Llc	510 Blake Rd	Hopkins	MN	55343-8117	952-746-2567
<u>Sherwood, Barry L / Sherwood Ice Box Investments Inc / Josephson, Todd W / Josephson, Rhonda K / Wickham, Dennis D / Wickham, Denise L / Dietrich, Kimberlyn A / Gary J / Dietrich, Linnea / Dietrich, Grant J</u>	1306 3rd Ave	International Falls	MN	56649-2958	218-283-3428
Lessard Property Management Inc / Lessard Iii, Archille A / Lessard, Kathryn S	2110 Northern Lights Blvd	Lino Lakes	MN	55038-7752	651-426-6310
Frauenshuh Hospitality Group Of Minnesota, Llc	625 Apollo Dr	Lino Lakes	MN	55014-3020	651-255-2502
Miksche, Mark / Miksche, Jodi	710 Commerce Rd	Long Prairie	MN	56347-1521	320-732-2776
Woodward Brook Inc / Mcbroom, Michael R / Mcbroom, Jon H / Mcbroom, Cynthia R / Mcbroom, Marian J	819 Century Ave N	Maplewood	MN	55119-3822	651-739-7143
March Enterprises Llc / Head, Martha M	3709 W 50th St	Minneapolis	MN	55410-2017	612-926-0025
Frauenshuh Hospitality Group Of Minnesota, Llc	1110 State Highway 25	Monticello	MN	55362	763-295-0133
Anderson Franchise Investments Inc / Anderson, Charles	802 30th Ave S	Moorhead	MN	56560-5006	218-512-2222
Nalipinski, Thomas A / Millapinski Companies Llc / Nalipinski, Brian J	24 Atlantic Ave	Morris	MN	56267-1317	320-589-2227
Tomkat Inc / Haubrich, Thomas S / Haubrich, Kathy S	511 N Morse St	Norwood	MN	55368-9778	952-467-3452
Triple Crown Treats Llc / Taylor, Todd W / Babbitt, Jeffrey J / Babbitt, Reneen J	1520 W Lincoln	Olivia	MN	56277-1263	320-523-2200
Theissen, Steven D / Theissen, Karen K	670 W Bridge St	Owatonna	MN	55060-2702	507-451-8398
Jp Taylor Inc / Martin, Katherine L / Kaneski, Lisa M	30699 State Highway 371	Pequot Lakes	MN	56472-2899	218-568-5440
<u>Jammers Inc / Winjum, Thomas</u>	802 3rd Ave Se	Perham	MN	56573-1735	218-346-

ADQ-DQ GRILL & CHILL LOCATIONS IN MINNESOTA

Andrew <u>Marc A / Winjum,</u> <u>Michael T</u>					4070
Jp Taylor Inc / Martin, Katherine L / Kaneski, Lisa M	306 Front St S	Pine River	MN	56474	218-587-4762
Frauenshuh Hospitality Group Of Minnesota, Llc	800 N Wabasha	Plainview	MN	55964-1290	507-534-4380
Frauenshuh Hospitality Group Of Minnesota, Llc	4000 Annapolis Ln N	Plymouth	MN	55447-5480	763-557-2830
Thomas D Austin Incorporated / Austin, Thomas D	7533 Lyndale Ave S	Richfield	MN	55423-4011	612-869-4250
Frauenshuh Hospitality Group Of Minnesota, Llc	2800 W 66th St <u>13560 Rogers Dr</u>	Richfield <u>Rogers</u>	MN	55423 <u>5537</u> 4-1937 <u>9413</u>	612 <u>763</u> - 861 <u>428</u> - 8941 <u>8063</u>
Frauenshuh Hospitality Group Of Minnesota, Llc	13560 Rogers Dr <u>1620 Park Place Blvd</u>	Rogers <u>Saint Louis Park</u>	MN	55374 <u>5541</u> 6-9413 <u>5320</u>	763 <u>952</u> - 428 <u>545</u> - 8063 <u>6544</u>
Frauenshuh Hospitality Group Of Minnesota, Llc	1620 Park Place <u>5001 Excelsior Blvd</u>	Saint Louis Park	MN	55416 5320 <u>3013</u>	952-545 <u>746</u> - 6544 <u>6080</u>

Frauenshuh Hospitality Group Of Minnesota, Llc	5001 Excelsior Blvd	Saint Louis Park	MN	55416-3013	952-746-6080
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Frauenshuh Hospitality Group Of Minnesota, Llc	281 Central Ave E	Saint Michael	MN	55376-4513	763-497-5254
Anton Airfood, Inc	Mpls-St Paul Intntl Airport, 3412 Concourse C	Saint Paul	MN	55111	612-355-4671
Frauenshuh Hospitality Group Of Minnesota, Llc	1959 Ford Pkwy	Saint Paul	MN	55116-1923	651-699-4777
T Stevens Corporation / Stevens, Mark D / Stevens, Rebecca / Stevens, Timothy J	850 N Minnesota Ave	Saint Peter	MN	56082-2425	507-931-4580
Frauenshuh Hospitality Group Of Minnesota, Llc	8021 Old Carriage Ct N	Shakopee	MN	55379-3157	952-224-2568
Franzen, Bradley / Franzen <u>His Management Group Inc /</u> <u>Goetzman, Bonnie</u> <u>Daniel W /</u> <u>Goetzman, Jennifer M</u>	137 Access Way	Spicer	MN	56288-9601	320-796-2010
Frauenshuh Hospitality Group Of Minnesota, Llc	300 N Section Ave	Spring Valley	MN	55975-1670	507-346-2042
Gartner Restaurant Holdings Llc / Gartner, Gregory J / Gartner, Suzanne M / Kulesa, William B	132 Main St S	Stillwater	MN	55082-5122	651-351-2850
Gamrad, Larry <u>Liberty Investments Of Albert Lea Inc /</u> <u>Weitzel, Kevin L / Gamrad, Jeanne</u> <u>Weitzel, Tami M</u>	210 3rd St Nw	Wells	MN	56097-6223	507-553-3813
Bolles Properties Llc / Bolles, Theodore F	7450 Currell Blvd	Woodbury	MN	55125-2218	651-731-6878
Frauenshuh Hospitality Group Of	1640 Humiston	Worthington	MN	56187-1756	507-376-

ADQ-DQ GRILL & CHILL LOCATIONS IN MINNESOTA					
Minnesota, Llc	Ave				5487
Frauenshuh Hospitality Group Of Minnesota, Llc	5111 E Viking Blvd	Wyoming	MN	55092-8037	651-462-8706
Frauenshuh Hospitality Group Of Minnesota, Llc	12475 Fremont Ave Nw	Zimmerman	MN	55398-0414	763-856-4300
Bucher Inc / Bucher, Layne E / Bucher, Kathryn L / Bucher, Steven L / Bucher, Joan M	215 E 18th St	Zumbrota	MN	55992-1010	507-732-5910

ADQ-DQ BRAZIER LOCATIONS IN MINNESOTA					
Weishair Enterprises Inc / Weishair, Scott A / Weishair, Kim Thom, Shayna K / Thom, Lawrence A / Thom, Sandy FK	331 7th St S	Albany	MN	56307-9452	320-845-2960
C & A Inc / Hillman, Craig / Hillman, Alesia	1701 Broadway	Alexandria	MN	56308-2705	320-763-4556
Lommen, John D	600 E Elm St	Annandale	MN	55302-1150	320-274-3479
Nelson, Trudy J / Glycer, Brad E	424 Main St	Anoka	MN	55303-2017	763-421-3892
Bdq Inc / Rice, Linda / Rice, Jamison J	104 Highway 34	Barnesville	MN	56514-3339	218-354-2231
Fix, Lorie J / Hma Enterprises Inc / Fix, David L	301 Lake Ave S	Battle Lake	MN	56515-4218	218-864-5288
Holmgren, John	Westgate Mall	Baxter	MN	56425	218-829-6997
K & M Of Bemidji Inc / Magnan, Ted / Magnan, Michael	Paul Bunyan Mall	Bemidji	MN	56601-4123	218-751-0977
Frauenshuh Hospitality Group Of Minnesota, Llc	300 Fern St	Big Lake	MN	55309-9460	763-263-7400
Don Robbar Inc / Quick, Robert L / Quick, Donna L / Sartell, Barbara J	12721 Central Ave Ne	Blaine	MN	55434-4865	763-755-8600
Hart, Kevin L / Hart, Jillane L	317 Hwy Ave S	Blooming Prairie	MN	55917	507-583-2296
B & L Inc / Neppl, Brian T / Neppl, Lorraine	1021 Highway 75 N	Breckenridge	MN	56520-1105	218-643-5190
Dbk Of Roseau Inc / Klosowski, Richard J / Klosowski, Beth	609 Hwy 55 E	Buffalo	MN	55313-1703	763-682-1761
Queen Nelly Llc / Michaud, Thomas D / Michaud, Carrie	1301 Hwy 13 E	Burnsville	MN	55337-2912	952-890-1040
Frauenshuh Hospitality Group Of Minnesota, Llc	603 Esch Dr	Caledonia	MN	55921-1274	507-725-2751
Kilo Sierra Investments Corp / Kontz, Gary Lee / Stoks, Gary Richard	9 St Olaf Ave S	Canby	MN	56220-1430	507-223-5995
Highway 52 Enterprise Inc / Ryan, Mark / Ryan, Joseph D	31943 64th Ave	Cannon Falls	MN	55009-4267	507-263-4433
Schaper, Warren J / Schaper, Denise C	115 6th St Ne Ste A	Cass Lake	MN	56633-3428	218-335-2908
Big D Enterprises Inc / Hendrickson, Daniel L / Hendrickson, Debra	2935 N Chestnut St	Chaska	MN	55318-1300	952-448-4054
Frauenshuh Hospitality Group Of	720 Nelson Dr	Clearwater	MN	55320	320-558-6855

ADQ-DQ BRAZIER LOCATIONS IN MINNESOTA

Minnesota, Llc					
Valdastico Inc / Spagnolo, Richard S	1402 Hwy 33 S	Cloquet	MN	55720-2627	218-879-1953
<u>Seymour's Sauro Enterprises / Fowler Llc / Sauro, Angela P / Gelbman, David SP / Sauro Jr, Christy W / Sauro, Joann B</u>	3064 Coon Rapids Blvd Nw	Coon Rapids	MN	55433-3474	763-427-2230
Kgb Inc / Burrows, Glenda M / Luoma, Kerri A	370 Northdale Blvd Nw	Coon Rapids	MN	55433-3362	763-757-5900
Maxfield, Randall D / Maxfield, Lara L	36404 County Road 66	Crosslake	MN	56442-2506	218-692-4443
Schland Llc / Hjelmeland, Dustin L / Schwan, John P	108 6th St	Dawson	MN	56232-2137	320-769-2300
Escalate Affluently Inc / Kotrba, Benjamin / Haukos, Joshua	403 W River Rd	Delano	MN	55328-9103	763-972-2660
Frauenshuh Hospitality Group Of Minnesota, Llc	411 Hwy St W	Dodge Center	MN	55927-9063	507-374-6655
<u>Lasky, Steven D / Lasky, Patricia</u>	<u>307 Canal Park Dr</u>	<u>Duluth</u>	<u>MN</u>	<u>55802-2315</u>	<u>218-722-0799</u>
Lipinski, Donald M / Lipinski, Margaret A / Lipinski, Thomas A	5692 Miller Trunk Hwy	Duluth	MN	55811-1232	218-729-8756
Kool Tyme Inc / Giguere, Thomas M / Giguere, Thomas A	3385 Denmark Ave	Eagan	MN	55121-2289	651-686-9057
Hendrickson, Daniel L / Hendrickson, Debra A	4630 Rahn Cliff Rd	Eagan	MN	55122-3397	651-688-2725
<u>Jsy Foods Llc / Yoder, Doyle D / Yoder, Debra D / Schultz, Nicholas V / Schultz, Staci D / Johnson, Andrew H / Johnson, Heidi J</u>	<u>1412 Central Ave Ne</u>	<u>East Grand Forks</u>	<u>MN</u>	<u>56721-1605</u>	<u>218-773-7602</u>
Mitchell, Scott D / Mitchell, Annette B	403 Morton Ave	Elk River	MN	55330-2512	763-441-1823
Hendrickson & Associates Inc / Hendrickson, Charles / Hendrickson, Winnie	4050 Hwy 60 W	Faribault	MN	55021-8456	507-334-0453
Clemons, Paul / Clemons, Julie	705 Willow St	Farmington	MN	55024-1147	651-463-7244
Tbtb Inc / Nelson, Trudy J	555 Lake St S	Forest Lake	MN	55025-2610	651-464-6608
Holland, Thomas E / Holland, Rita	411 7th St Ne	Fosston	MN	56542-1110	218-435-1095
Dakota Treats Inc / Moser, Steven L / Wentz, Terry	227 10th St E	Glencoe	MN	55336-2026	320-864-3804
Lynch, Jason	120 Highway 61 N	Grand Marais	MN	55604	218-387-830-98090185
G R D Q Inc / Hutchins, Steven / Hutchins, David N / Hutchins, Marilyn	1940 Pokegama Ave S	Grand Rapids	MN	55744-4289	218-326-3366
Ba-Jo Holdings Llc / Barkow, Kenneth B / Janeksela, James K	752 Hwy 55	Hamel	MN	55340-9604	763-478-0260
Frauenshuh Hospitality Group Of Minnesota, Llc	46 Main St N	Hutchinson	MN	55350-1806	320-587-2076
Cahill Venture Inc / Ryan, Joseph D	6655 Cahill Ave	Inver Grove Heights	MN	55076-2026	651-455-0339
Staples Enterprises Inc / Staples, Alan / Staples, Brent	1021 Highway 71 N	Jackson	MN	56143-1086	507-847-4662
Hendrickson, Ronald L /	10950 175th Ct W	Lakeville	MN	55044-0554	952-892-5001

ADQ-DQ BRAZIER LOCATIONS IN MINNESOTA

Hendrickson, Patricia R					
Hofmann, Katherine K	13105 Lake Blvd	Lindstrom	MN	55045-9348	651-257-2536
Schland Llc / Hjelmeland, Dustin L / Schwan, John P	711 8th Ave	Madison	MN	56256-1125	320-598-3858
Luke's Treats Inc / Hanscom, Luke D	850 Wildwood Rd	Mahtomedi	MN	55115-1850	651-777-4686
Frauenschuh Hospitality Group Of Minnesota, Llc	13770 83rd Way N	Maple Grove	MN	55369-4645	763-420-9830
W A G E S Inc / Schaefer, George L / Schaefer, Wendy C	1206 E College Dr	Marshall	MN	56258-2010	507-532-9350
Rasley, C E / Rasley, Evelyn / Woodrow, James L / Boyd, Kenneth M	259 W Hwy 65	Mcgregor	MN	55760	218-768-2050
S & L Thom Inc / Thom, Larry Lawrence A / Thom, Shayna K / Thom, Cheri / Thom, Travis / Thom, Sandy K	208 E Cty Rd 173	Melrose	MN	56352-1602	320-256-3399
Salveson, David A T & R Enterprises Of Mentor Llc / Salveson, Bonita R Roed, Bruce C / Roed, Deborah K / Thompson, Patrick L / Thompson, Cherie Ann	Hwy 2 W	Mentor	MN	56736	218-637-2215
Partners In Cream Llc / Taylor, Todd W / Luedtke, David J / Luedtke, Teri Jo	415 10th Ave Se	Milaca	MN	56353-3748	320-983-3451
Sweet Spot Llc / Botz, Spencer H / Roesler, Kristopher D	4703 Cty Rd 101	Minnetonka	MN	55345-2634	952-938-3288
Dougherty, Daniel D / Dougherty, Rebecca B / Dougherty, John B	91 Arrowhead Ln	Moose Lake	MN	55767-9453	218-485-4317
Oelkers, Stephen / Oelkers, Candice M	550 Highway 65 S	Mora	MN	55051-1937	320-679-2055
Yoder Family Enterprises Llc / Schultz, Nicholas V / Schultz, Staci D / Johnson, Heidi J	264 Hwy 10 S	Motley	MN	56466-9074	218-352-6152
Jab Of Nashwauk Inc / Keranen, James F / Keranen, Brenda J / Keranen, James D / Keranen, Ruth A	831 1st St	Nashwauk	MN	55769-1243	218-885-3460
Wagner & Reiland Inc / Wagner, Kevin / Wagner, Lacey / Reiland, Bradley C / Reiland, Jennifer L	409 4th Ave Sw	New Prague	MN	56071-1307	952-758-3349
Winter, Daniel M / Winter, Shelly L	1501 N Broadway St	New Ulm	MN	56073-1234	507-359-9229
Fowler Enterprises Inc / Fowler, James S / Fowler, Heidi R	38729 14th Ave	North Branch	MN	55056-5497	651-674-7680
Callahan, Donald J / Callahan, Donna J / Callahan, Charles / Callahan Melissa A	2730 E 16th St	North Saint Paul	MN	55109-2342	651-777-1511
Bounds, Edwin L / Bounds, Amy E	38664 Us Highway 169	Onamia	MN	56359-8012	320-532-3499
Stedman, David K	833 Us Highway 12	Ortonville	MN	56278-4081	320-839-3605
Stahnke, Peter J / Stahnke, Elizabeth O	809 1st St E	Park Rapids	MN	56470-1708	218-732-5947

ADQ-DQ BRAZIER LOCATIONS IN MINNESOTA

Jensen, Charles J	1121 S Broadway	Pelican Rapids	MN	56572-4710	218-863-4151
2 Trojans Inc / Bell, Stuart P	207 La Grande Ave S	Princeton	MN	55371-1817	763-389-2080
Howdee Corporation / Clausen, Dee	4393 Maplewood St Se	Prior Lake	MN	55372-2956	952-447-3894
Hanseom Knauss, Luke Joseph DJ	815 W Main St	Red Wing	MN	55066-2205 55230	651-388-4914
Jacz Inc / Moelter, Christopher J / Moelter, Joseph L	1136 E Bridge	Redwood Falls	MN	56283-1808	507-637-8092
D L & K, Inc / Desrosier, Daniel J / Desrosier, Lisa R	1102 3rd St Nw	Roseau	MN	56751-1333	218-463-3030
Frauenschuh Hospitality Group Of Minnesota, Llc	15073 Canada Ave W	Rosemount	MN	55068-1758	651-423-4554
D T Sutton Llc / Sutton, David R / Sutton, Theresia A	624 S Cedar St & Hwy 10 S	Royalton	MN	56373	320-584-8182
Lamb, Tera	611 Hwy 10 Se	Saint Cloud	MN	56304-1254	320-252-0862
Main Street Soft Serve Inc / Neubert, Timothy F / Neubert, Krista	1171 S Main St	Sauk Centre	MN	56378-1652	320-352-3930
Howdee Corporation / Clausen, Dee	3939 Eagan Dr	Savage	MN	55378-2971	952-895-0141
Plaisted, Allen M / Plaisted, Kathryn L / Bounds, Matthew / Bounds, Amy E	1251 Tasha Dr	Shakopee	MN	55379-4425	952-233-2717
Frauenschuh Hospitality Group Of Minnesota, Llc	4615 Hodgson Rd	Shoreview	MN	55126-6040	651-483-5076
Scott's Second Corporation / Vaubel, Scott A / Vaubel, Teresa L	617 W Main St	Sleepy Eye	MN	56085-1130	507-794-5971
Doll, Joan D / Yoder, Doyle D / Yoder, Debra	1100 2nd Ave Ne	Staples	MN	56479-2941	218-894-1143
Johnson, Marty D	517 Duluth Ave So	Thief River Falls	MN	56701-3502	218-681-3007
Sheets, Jessica R	1201 Craig Ave	Tracy	MN	56175-1038	507-629-3000
Ridl, Otto A (Estate) / Ridl, Josephine K	2120 Arboretum Blvd	Victoria	MN	55386-7710	952-443-2294
Tim's Treats Inc / Vansoest, Timothy N / Vansoest, Andrea L	8399 Unity Dr	Virginia	MN	55792-4005	218-741-3058
Kratt & Hedquist Inc / Hedquist, Neil C / Hedquist, Annette R	1000 Shields Ave	Wabasha	MN	55981-1100	651-565-2100
Ebner, M J (Estate Of M J)	106 Ash Ave Nw	Wadena	MN	56482-1347	218-631-4390
Warroad Subway Inc / Johnston, Brian S / Johnston, Kari M / Hiedeman, Kevin M	609 Cedar Ave Nw	Warroad	MN	56763-2710	218-386-2187
Frauenschuh Hospitality Group Of Minnesota, Llc	930 S State St	Waseca	MN	56093-3130	507-835-2970
Maero Llc / Anderson, Michael L / Anderson, Christine A	733 Main St S	Winnebago	MN	56098-1062	507-893-4517
Cjm Properties, Inc / Moelter, Christopher J	103 W 4th St	Winthrop	MN	55396	507-647-5336

ADQ-DQ LIMITED BRAZIER LOCATIONS IN MINNESOTA

D-Que Holdings Inc / Pedersen,	907 N Nokomis	Alexandria	MN	56308-5125	320-763-6900
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ADQ-DQ LIMITED BRAZIER LOCATIONS IN MINNESOTA

Woodrow K / Pedersen, Cynthia M					
<u>Plaisted, Allen M / Plaisted, Kathryn L / Gerry, Mark I / Gerry, Jane R</u>	<u>8528 Central Ave Ne</u>	<u>Blaine</u>	<u>MN</u>	<u>55434-3313</u>	<u>763-784-2160</u>
Zachau, Richard R	557 Northtown Dr	Blaine	MN	55434-1044	763-780-4499
Mixell, Todd / Mixell, Marty	7749 Zane Ave N	Brooklyn Park	MN	55443-3120	763-560-5741
Carab Llc / Michaud, Thomas D / Michaud, Carrie	8555 Edinburgh Center Dr	Brooklyn Park	MN	55443-3724	763-425-7100
Letness, Thomas E	3959 Central Ave Ne	Columbia Heights	MN	55421-3932	763-781-7856
Lee, Tou Fue / Plaisted, Allen M / Gerry, Mark I	7175 80th St S	Cottage Grove	MN	55016-3004	651-459-5511
Doll, Joan D / Yoder, Doyle D / Doll, David D	11 Center Ave E	Dilworth	MN	56529-1420	218-287-2772
Nelson, Bradley R / Nelson, Kimberly V	4431 Grand Ave	Duluth	MN	55807-2753	218-624-1757
Hendrickson & Associates Inc / Hendrickson, Charles / Hendrickson, Winnie	1326 E Blue Earth Ave	Fairmont	MN	56031-4254	507-235-5005
Lommen, John D	7825 Medicine Lake Rd	Golden Valley	MN	55427-5008	763-542-1764
Arnoldt, Diane E	106 E 1st St	Janesville	MN	56048-3001	507-234-5426
<u>Denzer, Thomas A / Denzer, Nancy A</u>	<u>821 N Lakeshore Dr</u>	<u>Lake City</u>	<u>MN</u>	<u>55041-1122</u>	<u>651-345-2326</u>
Miller, Jeffrey D / Miller, Paula R	1009 N Sibley Ave (Hwy 12)	Litchfield	MN	55355-1302	320-693-2001
Smidt, Rita / Smidt, Gary	401 Country Club Dr	Marshall	MN	56258-1611	507-532-6404
Lee, Tou Fue	4400 E Lake St	Minneapolis	MN	55406-2302	612-721-2007
Dapaul Enterprises Llc / Phillippi, David P / Phillippi, Joanne E	710 Lowry Ave Ne	Minneapolis	MN	55418-3622	612-788-8336
Triple Treats Llc / Roesler, Kristofer D / Botz, Spencer H	5445 Eden Prairie Rd	Minnetonka	MN	55345-5872	952-933-2343
<u>Wjwd Inc / Jandro, Timothy D / Jandro, Jodi L</u>	<u>409 Old Hwy 8 Nw</u>	<u>New Brighton</u>	<u>MN</u>	<u>55112-3206</u>	<u>651-636-6560</u>
Jp Taylor Inc / Martin, Katherine L / Kaneski, Lisa M	25312 Smiley Rd	Nisswa	MN	56468-9517	218-963-2163
Cjpc Inc / Jorgenson, James M / Jorgenson, Caroline M	1000 Main St S	Pine City	MN	55063-2012	320-629-3660
Tp Treats Llc / Woelber, Troy B / Woelber, Pamela J	301 8th Ave Se	Pipestone	MN	56164-2045	507-825-3655
<u>Plaisted, Richard Tacks Of Minnesota Llc / Reid, Stephen M / Michaud, Carrie L / Plaisted, Gloria</u>	<u>4017 W Broadway Ave</u>	<u>Robbinsdale</u>	<u>MN</u>	<u>55422-2211</u>	<u>763-533-8072</u>
S D Dq Inc / Smith, Daniel / Smith, Susan	3070 Lexington Ave N	Roseville	MN	55113-1916	651-481-9007
Rhjt Inc / Hundt, Ronald E / Tatge, Justin M	1739 Rice St	Roseville	MN	55113-6802	651-489-8900
Jmd Enterprises Inc / Decrans, John L / Decrans, Mayren R	1720 Lexington Ave N	Roseville	MN	55113-6514	651-489-4182
Lahr, Gene G / Lahr, Barbara	2424 Division St W	Saint Cloud	MN	56301-3926	320-252-3023
Rogers, Curtis J	1312 7th Ave S	Saint James	MN	56081-2439	507-375-4820
Callahan, Donald J / Callahan, Donna	450 Lexington	Saint Paul	MN	55104-4608	651-646-5212

ADQ-DQ LIMITED BRAZIER LOCATIONS IN MINNESOTA

J / Diane's Sweets Ltd / Minor, Diane	Pwky N				
B C N Company Inc / Noyes, Bruce C / Noyes, Carol A	143 N Snelling Ave	Saint Paul	MN	55104-6745	651-644-4638
Plaisted, Allen M / Gerry, Mark I	1537 White Bear Ave N	Saint Paul	MN	55106-1601	651-756-1535
Plaisted, Allen M / Plaisted, Richard L / Gerry, Mark I	280 W 7th St	Saint Paul	MN	55102-2410	651-292-9752
Plaisted, Jeffery / Plaisted, Janice D / Plaisted, Allen M	63 George St W	Saint Paul	MN	55107-2846	651-227-1189
Slavik, Johnathan P	1354 Maryland Ave E	Saint Paul	MN	55106-2812	651-776-7188
Plaisted, Allen / Plaisted, Tim	565 Earl St	Saint Paul	MN	55106-5238	651-774-0830
Remund, Daniel N / Remund, Patricia K	32948 Us Hwy 14	Sanborn	MN	56083-3053	507-648-3575
Lambert Kaianne Shakers Inc / Lyon, Sherman T Holly / Hahn-Schultz, Misty	501 N Benton Dr	Sauk Rapids	MN	56379-1536	320-255-1697
Plaisted, Allen M / Plaisted, Kathryn L / Richardson, Karen	1443 Concord St S	South Saint Paul	MN	55075-5921	651-451-1770
Richardson, Karen	602 Southview Blvd	South Saint Paul	MN	55075-2344	651-451-8639
Stewart, Jon Lee / Stewart, Lara Rene	308 Minnesota Ave W	Walker	MN	56484	218-547-1460
Plaisted, Richard L / Plaisted, Gloria	3574 Shoreline Dr	Wayzata	MN	55391-9782	952-471-7845
Slavik, John	1110 S Robert St	West Saint Paul	MN	55118-1458	651-457-1535

EXHIBIT JI

**ADQ'S FORMER FRANCHISEES
(Ceased Operations in ~~2010~~2011)**

HEAD FRANCHISOR'S FRANCHISEES WHO CEASED OPERATIONS IN 2010/2011

<u>ADQ-DQ GRILL & CHILL CEASED OPERATIONS</u>				
<u>Chico</u>	<u>CA</u>	<u>Rehman, Raana Saeed / Rehman, Naeem Ur</u>	<u>530-891-9900</u>	<u>Voluntary Closure</u>
<u>Greenup</u>	<u>KY</u>	<u>L And G Foods Inc / Lloyd, Virgil E. / Garrett II, Jack D</u>	<u>304-927-2490</u>	<u>Closed Due To Fire</u>
<u>Louisville</u>	<u>KY</u>	<u>Frauenshub Hospitality Group Of Ky/In Llc / Mdf Holdings I Llc / Frauenshub, Matthew D</u>	<u>952-201-6189</u>	<u>Mutual Cancellation / Voluntary Closure</u>

<u>ADQ-LIMITED BRAZIER CEASED OPERATIONS</u>				
<u>Mountain View</u>	<u>CA</u>	<u>Chuang, Yu-An / Chuang, Chin Yang</u>	<u>650-961-6373</u>	<u>Voluntary Closure</u>
<u>Pico Rivera</u>	<u>CA</u>	<u>H & W Business Development Inc / Hseih, Steve / Wang, Joe / Wang, Mariana / Hseih, Jasmine</u>	<u>562-942-0335</u>	<u>Voluntary Closure</u>
<u>Torrance</u>	<u>CA</u>	<u>S & J H Development Inc / Hseih, Steve M / Hseih, Jasmine W</u>	<u>562-431-0933</u>	<u>Abandonment</u>
<u>Boulder</u>	<u>CO</u>	<u>Caranda Inc / Patron, Carl M / Patron, Amanda R</u>	<u>303-530-7514</u>	<u>Voluntary Closure</u>
<u>Sterling</u>	<u>IL</u>	<u>Dubree, Jason T / Dubree, Kimberly L</u>	<u>815-622-9498</u>	<u>Failure To Relocate</u>
<u>Evansville</u>	<u>IN</u>	<u>Zirkelbach, Theodore J / Zirkelbach, Janet G</u>	<u>812-424-5821</u>	<u>Abandonment</u>
<u>Fremont</u>	<u>IN</u>	<u>Briggs Enterprises Inc / Briggs, Larry D / Briggs, Judith M</u>	<u>269-651-6320</u>	<u>Voluntary Closure</u>
<u>Fremont</u>	<u>IN</u>	<u>Briggs Enterprises Inc / Briggs, Larry D / Briggs, Judith M</u>	<u>269-651-6320</u>	<u>Voluntary Closure</u>
<u>Warsaw</u>	<u>IN</u>	<u>4-J Enterprises Inc / Nolin, Jerry Ray / Nolin, Jane Ann</u>	<u>574-267-5356</u>	<u>Expiration Of Operating Agreement</u>
<u>Detroit</u>	<u>MI</u>	<u>Z & I Ice Cream Outlet Inc / Al-Sharba, Faris</u>	<u>313-359-3079</u>	<u>Failure To Relocate</u>
<u>Detroit</u>	<u>MI</u>	<u>Lazeski, Dennis / White, Russell</u>	<u>734-285-9155</u>	<u>Voluntary Closure</u>
<u>Detroit</u>	<u>MI</u>	<u>Guy, John F / Guy, Ella J</u>	<u>248-354-7912</u>	<u>Voluntary Closure</u>
<u>Pontiac</u>	<u>MI</u>	<u>Davis, George O / Chaps, Patrick</u>	<u>248-425-6666</u>	<u>Expiration Of Operating Agreement</u>
<u>S St Paul</u>	<u>MN</u>	<u>Plaisted, Allen M / Plaisted, Kathryn L / Richardson, Karen</u>	<u>651-770-3361</u>	<u>Failure To Sell Under Mutual Cancellation</u>
<u>Nashville</u>	<u>NC</u>	<u>New Dixie Oil Corporation / Aman, T Scott</u>	<u>252-537-4118</u>	<u>Failure To Sell Under Mutual Cancellation</u>
<u>Cincinnati</u>	<u>OH</u>	<u>Miller, Pamela A</u>	<u>513-941-3637</u>	<u>Non-Renewal Of Franchise</u>
<u>Toledo</u>	<u>OH</u>	<u>Nida, Carl V / Nida, Tammy Sue</u>	<u>419-475-3618</u>	<u>Voluntary Closure / Went Independent</u>
<u>Hanover</u>	<u>PA</u>	<u>Khn Group Llc / Nadolny, Leonard E / Nadolny, Jeanette M / Kestner, Kimberly A / Hackey, Marnik L</u>	<u>717-247-0143</u>	<u>Landlord Closed Bldg Complex</u>

<u>ADQ-DQ GRILL & CHILL TERMINATIONS</u>				
<u>Attalla</u>	<u>AL</u>	<u>M. Reza, Inc.; Nasir V. & Suraiya N. Momin</u>	<u>(404) 932-3264</u>	<u>Mutual Cancellation—CPC Failures</u>
<u>Centreville</u>	<u>AL</u>	<u>Hugh Edmonds</u>	<u>(205) 340-0291</u>	<u>Voluntary Closure</u>
<u>Ozark</u>	<u>AL</u>	<u>Dennis L. Powell</u>	<u>(334) 774-6180</u>	<u>Franchise Expiration—Went</u>

ADQ-DQ GRILL & CHILL TERMINATIONS				
				Independent
Phoenix	AZ	DS D&O LLC; Eric A. Beverley B. and Darren E. Steinhoff	(520) 836-8426	Voluntary Closure
Phoenix	AZ	TL Lowe, Inc.; Tony L. Lowe	(602) 334-8297	Non-renewal of Lease
Blythe	CA	Brian Kim	(805) 341-7521	Voluntary Closure
Atlanta	GA	Banu Bai, Inc.; Rizwan G., Iqbal & Hani Momin	(404) 456-3235	Voluntary Closure
Fitzgerald	GA	Raishali Y. Momin & Hamidulla Sodagar	(678) 793-0685	Mutual Cancellation—FPC Failures
Forest Park	GA	Kamil Inc. Service; Maksudali Sabusa, Parvin & Yasmina Momin	(770) 923-8168	Failure to Relocate
Red Oak	IA	Sharon E. Solberg	(712) 623-3372	Transfer Requirements
Pocatello	ID	Mark T. Tehle	(208) 251-5431	A/R & SMRS
Mount Carmel	IL	M & C Foods, Inc.; Craig & Mary Borowiak	(618) 445-3891	CPC Failures
Owenton	KY	Lubbe, Inc.; Douglas Lubbe & Gary D. Hunter	(502) 484-5879	Closed by State, Delinquent Taxes
Leesville	LA	N. Deridder Restaurants, Inc.; Rosie Ann Welborn	(337) 238-0303	Voluntary Closure
New Iberia	LA	Food N Fun, Inc.; Todd W. Street	(337) 365-7280	Voluntary Term—Went Independent
Mancelona	MI	Neva Marconeri Enterprise LLC; Neva Marconeri	(231) 258-5647	Voluntary Term—Went Independent
Saint Paul	MN	L & K Liddell LLC; Kenneth & Lisa Liddell	(651) 731-3498	A/R & SMRS/Audit
Eureka	MO	Susan R. & Darin A. Leonard	(314) 541-2951	Operating Agreement Expiration
Charlotte	NC	James Tate Enterprises, Inc.; James Tate	(704) 996-9474	Voluntary Closure—Went Independent
Truth or Consequences	NM	Stephen M. & Lisa A. Glines	(505) 894-2706	Failure to Relocate
Alva	OK	Robert C. Gray	(580) 327-2669	Mutual Cancellation—FPC Failures
Duquesne	PA	Ronald P. Magdie	(412) 462-1513	Mutual Cancellation—Sold Property to non-DQ
West Union	SC	Estate of Hayne Simmons	(864) 638-3025	A/R & SMRS
Lenoir City	TN	Mark Christopher Patrick	(423) 671-9890	CPC Failures
Newport	TN	Amanizera Inc.; Hani H., Irfanali N. & Saguftabana Momin	(865) 850-7581	Mutual Cancellation—CPC Failures
Milwaukee	WI	B.K. Balasubramanian	(262) 257-0147	Abandonment

ADQ-DQ BRAZIER TERMINATIONS				
City	ST	Franchisee(s)	Phone	Reason
Attalla	AL	M. Reza, Inc.; Nasir V. & Suraiya N. Momin	(404) 932-3264	Mutual Cancellation—CPC Failures
Centreville	AL	Hugh Edmonds	(205) 340-0291	Voluntary Closure
Ozark	AL	Dennis L. Powell	(334) 774-6180	Franchise Expiration—Went Independent
Phoenix	AZ	DS D&O LLC; Eric A. Beverley B. and Darren E. Steinhoff	(520) 836-8426	Voluntary Closure
Phoenix	AZ	TL Lowe, Inc.; Tony L. Lowe	(602) 334-8297	Non-renewal of Lease
Blythe	CA	Brian Kim	(805) 341-7521	Voluntary Closure
Atlanta	GA	Banu Bai, Inc.; Rizwan G., Iqbal & Hani	(404) 456-3235	Voluntary Closure

ADQ-DQ-BRAZIER TERMINATIONS

		Momin		
Fitzgerald	GA	Raishali Y. Momin & Hamidulla Sodagar	(678) 793-0685	Mutual Cancellation—FPC Failures
Forest Park	GA	Kamil Inc. Service; Maksudali Sabusa, Parvin & Yasmina Momin	(770) 923-8168	Failure-to-Relocate
Red Oak	IA	Sharon E. Solberg	(712) 623-3372	Transfer Requirements
Pocatello	ID	Mark T. Tehle	(208) 251-5431	A/R & SMRS
Mount Carmel	IL	M & C Foods, Inc.; Craig & Mary Borowiak	(618) 445-3891	CPC Failures
Owenton	KY	Lubbe, Inc.; Douglas Lubbe & Gary D. Hunter	(502) 484-5879	Closed by State, Delinquent Taxes
Leesville	LA	N. Deridder Restaurants, Inc.; Rosie Ann Welborn	(337) 238-0303	Voluntary Closure
New Iberia	LA	Food N Fun, Inc.; Todd W. Street	(337) 365-7280	Voluntary Term. Went Independent
Mancelona	MI	Neva Marconeri Enterprise LLC; Neva Marconeri	(231) 258-5647	Voluntary Term. Went Independent
Saint Paul	MN	L & K Liddell LLC; Kenneth & Lisa Liddell	(651) 731-3498	A/R & SMRS/Audit
Eureka	MO	Susan R. & Darin A. Leonard	(314) 541-2951	Operating Agreement Expiration
Charlotte	NC	James Tate Enterprises, Inc.; James Tate	(704) 996-9474	Voluntary Closure Went Independent
Truth or Consequences	NM	Stephen M. & Lisa A. Glines	(505) 894-2706	Failure to Relocate
Alva	OK	Robert C. Gray	(580) 327-2669	Mutual Cancellation—FPC Failures
Duquesne	PA	Ronald P. Magdie	(412) 462-1513	Mutual Cancellation—Sold Property to non-DQ
West Union	SC	Estate of Hayne Simmons	(864) 638-3025	A/R & SMRS
Lenoir City	TN	Mark Christopher Patrick	(423) 671-9890	CPC Failures
Newport	TN	Amanizera Inc.; Hani H., Irfanali N. & Saguftabana Momin	(865) 850-7581	Mutual Cancellation—CPC Failures
Milwaukee	WI	B.K. Balasubramanian	(262) 257-0147	Abandonment

ADQ-LIMITED-BRAZIER TERMINATIONS

City	ST	Franchisee(s)	Phone	Reason
Hesperia	CA	Robert J. & Heidi L. Steele	(760) 948-4816	A/R & SMRS
San Jacinto	CA	Wayne M. Minor	(909) 654-7311	Mutual Cancellation-Sold Property to non-DQ
Simi Valley	CA	TBA Enterprises, Inc.; Thomas Chu	(805) 444-6855	Abandonment
Ventura	CA	TBA Enterprises, Inc.; Thomas Chu	(805) 552-0927	FPC Failures
Coconut Creek	FL	Two Rockets, Inc.; Adam Degelsmith	(954) 865-2862	CPC Failures
Fort Myers	FL	Robhar, LLC; Robin Cohen & Vincent B. Mazzara	(239) 768-3667	Voluntary Closure—Sold to Independent
Fraser	MI	Daniel S. Filizof, Inc.; Bryan & Barbara Stier	(586) 879-1487	Voluntary Closure
Newaygo	MI	Karrip Enterprises, Inc.; Alex A. Sr., Helen C., Alex A. Jr. & Kelly J. Karrip	(616) 540-6627	Bank sold property to non-DQ
Cincinnati	OH	Seok Corporation; Stephen D. & Jane Seok	(513) 494-0632	Operating Agreement Expiration
Philadelphia	PA	Alex D. & Maria Y. Yoon	(215) 598-0373	CPC Failure
Lancaster	SC	TD of Lancaster, Inc.; William C. Derenge	(704) 341-3600	Operating Agreement

ADQ-LIMITED BRAZIER TERMINATIONS

Expiration

ADQ-DQ GRILL & CHILL TRANSFERS

Cairo	GA	Saniya Inc / Momin, Raishali Y / Sodagar, Hamidulakhan M	678-793-0685
Pembroke	GA	Michael & Sue, Inc / Holland Hobbs, Sue	912-739-4254
Zebulon	GA	Momin, Maksudali M / Momin, Zamena M / Momin, Phiroja	678-687-6406
Johnston	IA	Blume Investments Llc / Blume, Guy A / Blume, Pamela K	515-953-8155
Huntingburg	IN	Dq-Of Huntingburg In Llp / Dq Joint Venture Stores Inc	952-830-0200
Jeffersonville	IN	Dq-Of Jeffersonville 2 In Llp / Dq Wholly Owned Stores Inc	952-830-0200
Fairdale	KY	Dq-Of Fairdale Ky Llp / Dq Joint Venture Stores Inc	952-830-0200
Hazard	KY	Dq-Of Hazard Ky Llp / Dq Joint Venture Stores Inc	952-830-0200
La-Grange	KY	Dq-Of Lagrange Ky Llp / Dq Wholly Owned Stores Inc	952-830-0200
Leitchfield	KY	Dq-Of Leitchfield Li Ky Llp / Dq Joint Venture Stores Inc	952-830-0200
Louisville	KY	Dq-Of Taylor Blvd Ky Llp / Dq Joint Venture Stores Inc	952-830-0200
Prestonsburg	KY	Dq-Of Prestonsburg Ky Llp / Best Food Service Inc / Booth, Steven J / Moore, Edward L	502-499-6100
Richmond	KY	Dq-Of Richmond Sylvia Ky Llp / Dq Joint Venture Stores Inc	952-830-0200
Cleveland	TN	American Dairy Queen Corporation	952-830-0200
Jamestown	TN	Dq-Of Jamestown Tn Llp / Dq Joint Venture Stores Inc	952-830-0200
Hortonville	WI	N E W Dillies Inc / Rohm, Richard / Rohm, Colette / Reger, Alan / Reger, Amy	920-779-6022
Manitowee	WI	Fechner Enterprises Inc / Fechner, Gary	920-323-9490
Enterprise	AL	Lawrence, Tana / Lawrence, Klell	334-545-5836
Prattville	AL	Elrod, Dana	334-322-4528
Garden Grove	CA	Roberts, Michael P	562-234-5709
Blakely	GA	Wsh Inc / Huey Jr, William Stanley / Huey III, William Stanley / Huey, Patricia	229-294-9474
Blue Ridge	GA	Dream Street Llc / Carroll, Thomas S / Rogers, Mark D	706-455-3356
Dublin	GA	Dublin Investments Llc / Graham, Claude	478-272-7591
Dublin	GA	Dublin Investments Llc / Graham, Claude	478-272-7591
Greenup	IL	Jjs 93 Inc / Schultz, Gerald A	217-343-1400
Lebanon	IL	Hardy, Lisa A	618-651-0574
Springfield	IL	Overbey, Charles W / Overbey, Karen L	217-439-7284
New Albany	IN	Dq-Of New Albany In Llp / Brenda Madison Inc / Madison, Brenda	502-499-6100
Baxter	KY	Dq-Of Baxter Ky Llp / Vestie Inc / Carroll, Vestie	502-499-6100
Clay City	KY	Thomas, Mary A	606-663-1088
Florence	KY	Farrer Too Sweet Inc / Farrer, Matthew J / Farrer, Richard E	513-283-4504
Louisville	KY	Dq-Of Louisville Ky (Brownsboro) Llp / Brownsboro Dq Inc / Morgan, Joyce	502-499-6100
Louisville	KY	Dq-Of Louisville Dixie Ky Llp / To-Kennedy Llc / Kennedy, Timothy C	502-499-6100
Olive Hill	KY	Dq-Of Olive Hill 195 Ky Llp / Renodia Llc / Caudill, Renodia	502-499-6100
Taylorsville	KY	Dq-Of Taylorsville Ky Llp / Gill Enterprises Inc / Gill, Robert	502-499-6100
Bessemer	MI	Paulsen, Ann	906-663-4969
Crosby	MN	Schiffler, Alphonse H / Schiffler, Barbara J	218-232-5621
Morris	MN	Krosch, Ervin W / Krosch, Bernice-Margaret	320-760-6993
Olivia	MN	Cr's Adventure Inc / Kleve, Randy A / Kleve, Cindy J	320-267-9704
Stillwater	MN	Williquett, Paul / Williquett, Lori	
Springfield	MO	A-Selbee Company / Selbee, Albert	417-861-8395
Cleveland	TN	Dq-Of Cleveland Inc / Harris, Terry Scott	

ADQ-DQ BRAZIER TRANSFERS			
Hayden	AL	Miller Jr, Fred A	478-374-2361
Hope Hull	AL	Miller Jr, Fred A	478-374-2361
Lake Elsinore	CA	Fast Forward Investment Group Inc / Abrol, Chetan / Balderrama, Daniel J	562-716-5942
Mount Dora	FL	Robert Atehison Inc / Atehison, Robert G	352-383-5092
Saint Augustine	FL	Treats Of St Augustine Llc / Kalke, Sanjay C / Patel, Harshika Ben	678-409-4984
Clarkesville	GA	Heema Inc / Patel, Manoj J / Bukhari, Javeed	678-643-6257
Cochran	GA	Momin, Rizvan V	678-377-1430
Arcola	IL	T & J Food And Treats Inc / Spainhour, Thomas A / Spainhour, Jamie Joy	217-563-2449
French Lick	IN	Dq Of French Lick In Llp / Dq Wholly Owned Stores Inc	952-830-0200
Lawrence	IN	David Atherton Inc / Atherton, David S	317-894-2456
Manhattan	KS	Hufnagel, Michael D	785-539-5772
Whitesburg	KY	Double O Foods Inc / Booth, Steven J / Moore, Edward L	502-499-6100
Rose City	MI	Nhq Inc / Hickling, Nathan P	248-802-9771
North Branch	MN	Je & Sons, Inc / Jorgenson, James M / Jorgenson, Caroline M	651-257-2536
Gary	NC	Amerifoods Enterprises Inc / Ho, Chan / Kang, Shin-Il / Ho, Suk Hee	919-971-0827
Alabaster	AL	Cairns, Jennifer	205-665-2375
Truckee	CA	Stearns, Estate Of Mark S	N/A
Truckee	CA	Mark S Stearns Trust / Stearns, David J (Trustee)	847-815-4324
Yuma	CO	Estate Of Denise A Slater	N/A
Pensacola	FL	Puckett Oil Company Inc / Puckett, Richard	850-516-0321
Tampa	FL	Chin, Chen Chiou / Nguyen, Mydieu M	813-971-6492
Toccoa	GA	Momin, Ishratzehra A	706-886-7154
Altoona	IA	Tdk Enterprises Inc / Kummer, David Arthur / Kummer, Tricia A	515-473-0419
Glen Carbon	IL	Weaver, Ana	618-659-0657
Westville	IL	Bhumi Pooja Inc / Patel, Jitendra R / Patel, Meena J / Patel, Asmita B	217-390-6697
Indianapolis	IN	Dugger, Robert (Estate)	N/A
Mansfield	LA	Mansfield Restaurants Inc / Haynes, John Stanley	318-871-6009
Many	LA	Many Restaurants Inc / Haynes, John Stanley	318-871-6009
Zwolle	LA	Haynes Inc / Haynes, John Stanley	318-871-6009
Niles	MI	Estate Of Kenneth W Knauf	N/A
Chillicothe	MO	Fec Services Inc / Sanders, Michael L	660-646-4281
Saint Ann	MO	Smith, Estate Of Harold V / Smith, Kathleen E	636-561-2746
Saint Louis	MO	Volobuev, Estate Of Andrey / Estate Of Aleksandr Rubinshteyn / Rubinshteyn, Stella	N/A
Saint Louis	MO	Volobuev, Estate Of Andrey	N/A
Saint Louis	MO	Kite, Karen / Kite, John W	636-931-8493
Saint Louis	MO	Volobuev, Estate Of Andrey	N/A
Saint Peters	MO	Seruggs, Anna Marie	636-265-0191
Springfield	MO	A Selbee Company / Selbee, Albert	417-861-8395
Hattiesburg	MS	Watts, Robert L (Estate)	N/A
Jackson	MS	Hughes, Robert E	601-856-5929
Greenwood	SC	Gillespie, Diane M / Gillespie, Jonathan E	864-341-3948
Burien	WA	Chaudhry Enterprises Inc / Shahzad, Muhammad / Shahzad, Setiva / Shuja, Shazia / Ejaz, Muhammad / Shuja, Ud Din / Akhtar, Nasim	206-403-6682
Osceola	WI	Schmidt, Gregory S	715-781-2420
Beckley	WV	Lowe, Randy W / Lowe, Linda L	304-252-0408
Keyser	WV	Moorehead, Rebecca J	304-813-4965

ADQ TRANSFERS-LIMITED BRAZIER			
Aurora	CO	Wingert, M Louise / Wingert, Dwayne F / Wingert, Donald	303-980-6815
Baker	CA	D-C Balderrama Inc / Balderrama, Daniel J / Balderrama, Clara / Abrol, Chetan	562-260-5108
Livermore	CA	Mmt Enterprises / Bandiera, Anthony M / Bandiera, Mary F / Hutchinson, Michael D	925-456-5521
Estes Park	CO	Elkhorn Park Corp / Baker, Thomas L / Baker, Gary L / Baker, Marsha O	970-669-3144
Fort Myers	FL	H-V Inc / Kennedy, Ronald R / Kennedy, Nancy Y	239-489-2270
Buffalo Grove	IL	Gordon, William F	847-221-5896
Indianapolis	IN	Riggs, Michael L / Riggs Hill, Cindy	317-867-2162
Indianapolis	IN	Ward, David A / Ward, Paula J	
Niles	MI	Estate Of Kenneth W Knauf	N/A
Janesville	MN	Estate Of Fred J Arnoldt	N/A
Pipestone	MN	Whipple, Jason J / Whipple, Michelle A	507-825-3655
Fuquay Varina	NC	Estate Of Thomas J Zurilla	N/A
Canfield	OH	Rapp, Trent	330-549-2927

If you buy this subfranchise, your contact information may be disclosed to other buyers when you leave the DQ system.

ADQ-DQ G & C TRANSFERS				
<u>Arvada</u>	<u>CO</u>	<u>Patrick, Donald L</u>	<u>303-627-5301</u>	
<u>Milford</u>	<u>DE</u>	<u>Bennett, Stephen W / Bennett, Kathleen S</u>	<u>302-270-3083</u>	
<u>Austell</u>	<u>GA</u>	<u>Hussainia Inc / Carpetwalla, Nisar / Momin, Nasir</u>	<u>770-919-9292</u>	<u>Family Transfer</u>
<u>Cairo</u>	<u>GA</u>	<u>Saniya Inc / Momin, Raishali Y / Sodagar, Hamidulakhan M</u>	<u>678-793-0685</u>	
<u>Pembroke</u>	<u>GA</u>	<u>Michael & Sue Inc / Holland Hobbs, Sue</u>	<u>912-739-4254</u>	
<u>Thomaston</u>	<u>GA</u>	<u>Patel, Urmilaben P / Patel, Rajeshkumer C / Patel, Nileshkumer C</u>	<u>678-612-4796</u>	
<u>Johnston</u>	<u>IA</u>	<u>Blume Investments Llc / Blume, Guy A / Blume, Pamela K</u>	<u>515-953-8155</u>	
<u>Carrollton</u>	<u>IL</u>	<u>Traub, Terry / Traub, Joyce</u>	<u>217-248-6354</u>	<u>Family Transfer</u>
<u>Clarksville</u>	<u>IN</u>	<u>Dq Wholly Owned Stores Inc</u>	<u>952-830-0200</u>	
<u>New Albany</u>	<u>IN</u>	<u>Dq Wholly Owned Stores Inc</u>	<u>952-830-0200</u>	
<u>New Albany</u>	<u>IN</u>	<u>Dq Wholly Owned Stores Inc</u>	<u>952-830-0200</u>	
<u>Ashland</u>	<u>KY</u>	<u>Dq Wholly Owned Stores Inc</u>	<u>952-830-0200</u>	
<u>Baxter</u>	<u>KY</u>	<u>Dq Wholly Owned Stores Inc</u>	<u>952-830-0200</u>	
<u>Bowling Green</u>	<u>KY</u>	<u>Dq Wholly Owned Stores Inc</u>	<u>952-830-0200</u>	
<u>Bowling Green</u>	<u>KY</u>	<u>Dq Wholly Owned Stores Inc</u>	<u>952-830-0200</u>	
<u>Calvert City</u>	<u>KY</u>	<u>Dq Wholly Owned Stores Inc</u>	<u>952-830-0200</u>	
<u>Cannonsburg</u>	<u>KY</u>	<u>Dq Wholly Owned Stores Inc</u>	<u>952-830-0200</u>	
<u>Central City</u>	<u>KY</u>	<u>Dq Wholly Owned Stores Inc</u>	<u>952-830-0200</u>	
<u>Corbin</u>	<u>KY</u>	<u>Dq Wholly Owned Stores Inc</u>	<u>952-830-0200</u>	
<u>Crestwood</u>	<u>KY</u>	<u>Dq Wholly Owned Stores Inc</u>	<u>952-830-0200</u>	
<u>Dawson Springs</u>	<u>KY</u>	<u>Dq Wholly Owned Stores Inc</u>	<u>952-830-0200</u>	
<u>Elkton</u>	<u>KY</u>	<u>Dq Wholly Owned Stores Inc</u>	<u>952-830-0200</u>	
<u>Flatwoods</u>	<u>KY</u>	<u>Dq Wholly Owned Stores Inc</u>	<u>952-830-0200</u>	
<u>Frankfort</u>	<u>KY</u>	<u>Dq Wholly Owned Stores Inc</u>	<u>952-830-0200</u>	
<u>Grayson</u>	<u>KY</u>	<u>Dq Wholly Owned Stores Inc</u>	<u>952-830-0200</u>	
<u>Hardinsburg</u>	<u>KY</u>	<u>Dq Wholly Owned Stores Inc</u>	<u>952-830-0200</u>	
<u>Hopkinsville</u>	<u>KY</u>	<u>Dq Wholly Owned Stores Inc</u>	<u>952-830-0200</u>	
<u>Lexington</u>	<u>KY</u>	<u>Dq Wholly Owned Stores Inc</u>	<u>952-830-0200</u>	
<u>Lexington</u>	<u>KY</u>	<u>Dq Wholly Owned Stores Inc</u>	<u>952-830-0200</u>	
<u>Louisville</u>	<u>KY</u>	<u>Dq Wholly Owned Stores Inc</u>	<u>952-830-0200</u>	
<u>Louisville</u>	<u>KY</u>	<u>Dq Wholly Owned Stores Inc</u>	<u>952-830-0200</u>	
<u>Louisville</u>	<u>KY</u>	<u>Dq Wholly Owned Stores Inc</u>	<u>952-830-0200</u>	
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<u>Louisville</u>	<u>KY</u>	<u>Dq Wholly Owned Stores Inc</u>	<u>952-830-0200</u>	
<u>Louisville</u>	<u>KY</u>	<u>Dq Wholly Owned Stores Inc</u>	<u>952-830-0200</u>	
<u>Louisville</u>	<u>KY</u>	<u>Dq Wholly Owned Stores Inc</u>	<u>952-830-0200</u>	
<u>Pineville</u>	<u>KY</u>	<u>Dq Wholly Owned Stores Inc</u>	<u>952-830-0200</u>	
<u>Shepherdsville</u>	<u>KY</u>	<u>Dq Wholly Owned Stores Inc</u>	<u>952-830-0200</u>	
<u>Simpsonville</u>	<u>KY</u>	<u>Dq Wholly Owned Stores Inc</u>	<u>952-830-0200</u>	
<u>Taylorsville</u>	<u>KY</u>	<u>Dq Wholly Owned Stores Inc</u>	<u>952-830-0200</u>	
<u>International Falls</u>	<u>MN</u>	<u>Sherwood, Barry L / Sherwood, Kimberlyn A</u>	<u>218-283-3428</u>	
<u>Perham</u>	<u>MN</u>	<u>Winjum, Thomas Andrew</u>	<u>218-346-2084</u>	<u>Family Transfer</u>
<u>Richfield</u>	<u>MN</u>	<u>Frauenshuh Hospitality Group Of Minnesota Llc</u>	<u>952-944-1304</u>	

ADQ-DQ G & C TRANSFERS

<u>Wells</u>	<u>MN</u>	<u>Gamradt, Larry L / Gamradt, Jeanne M</u>	<u>507-553-6099</u>	
<u>Fulton</u>	<u>M O</u>	<u>Edtemp Inc / Edgar, Richard A</u>	<u>636-337-4465</u>	<u>Family Transfer</u>
<u>Cary</u>	<u>NC</u>	<u>Amerifoods Enterprises Inc / Ho, Chan / Kang, Shin Il / Ho, Suk Hee</u>	<u>919-971-0827</u>	
<u>Prattville</u>	<u>AL</u>	<u>Elrod, Dana</u>	<u>334-322-4528</u>	
<u>Reidsville</u>	<u>GA</u>	<u>Estate Of Delwin Dowdy</u>		<u>Deceased</u>
<u>Thomaston</u>	<u>GA</u>	<u>Estate Of Pankajkumar V Patel</u>		<u>Deceased</u>
<u>Clinton</u>	<u>IA</u>	<u>Estate Of Arnold F Raaymakers</u>		<u>Deceased</u>
<u>Canton</u>	<u>IL</u>	<u>Petersen Restaurants Llc / Petersen, Mark B</u>	<u>309-691-8113</u>	
<u>Litchfield</u>	<u>IL</u>	<u>Starburst West Inc / Price, Dennis / Short, William W / Simpson, James / Drummet, Kenneth E</u>	<u>435-659-0763</u>	
<u>Savoy</u>	<u>IL</u>	<u>Maa Bahuchar Inc / Patel, Ashmita B</u>	<u>217-390-6697</u>	
<u>Sterling</u>	<u>IL</u>	<u>Dubree, Kimberly L</u>	<u>815-499-4151</u>	<u>Divorce</u>
<u>Vienna</u>	<u>IL</u>	<u>Chester Lawrence Inc / Lawrence, William Chester</u>	<u>618-658-8425</u>	
<u>Corydon</u>	<u>IN</u>	<u>Dq Joint Venture Stores Inc</u>	<u>952-830-0200</u>	
<u>Floyds Knobs</u>	<u>IN</u>	<u>Dq Of Floyds Knobs In Llp / Dq Wholly Owned Stores</u>	<u>952-830-0200</u>	
<u>New Albany</u>	<u>IN</u>	<u>Dq Joint Venture Stores Inc</u>	<u>952-830-0200</u>	
<u>Salem</u>	<u>IN</u>	<u>Dq Joint Venture Stores Inc</u>	<u>952-830-0200</u>	
<u>Barbourville</u>	<u>KY</u>	<u>Dq Of Barbourville Ky Llp / Dq Wholly Owned Stores Inc</u>	<u>952-830-0200</u>	
<u>Bardstown</u>	<u>KY</u>	<u>Dq Joint Venture Stores Inc</u>	<u>952-830-0200</u>	
<u>Brandenburg</u>	<u>KY</u>	<u>Dq Joint Venture Stores Inc</u>	<u>952-830-0200</u>	
<u>Georgetown</u>	<u>KY</u>	<u>Dq Joint Venture Stores Inc</u>	<u>952-830-0200</u>	
<u>Greensburg</u>	<u>KY</u>	<u>Dq Joint Venture Stores Inc</u>	<u>952-830-0200</u>	
<u>Lexington</u>	<u>KY</u>	<u>Dq Of Palumbo Ky Llp / Dq Wholly Owned Stores Inc</u>	<u>952-830-0200</u>	
<u>Louisville</u>	<u>KY</u>	<u>Dq Joint Venture Stores Inc</u>	<u>952-830-0200</u>	
<u>Louisville</u>	<u>KY</u>	<u>Dq Of Jeffertown Ky Llp / Dq Wholly Owned Stores Inc / Brag Llc / Bond, William O</u>	<u>952-830-0200</u>	
<u>Louisville</u>	<u>KY</u>	<u>Dq Joint Venture Stores Inc</u>	<u>952-830-0200</u>	
<u>Louisville</u>	<u>KY</u>	<u>Dq Joint Venture Stores Inc</u>	<u>952-830-0200</u>	
<u>Louisville</u>	<u>KY</u>	<u>Dq Of Portland Avenue Ky Llp / Dq Wholly Owned Stores Inc</u>	<u>952-830-0200</u>	
<u>Louisville</u>	<u>KY</u>	<u>Dq Joint Venture Stores Inc</u>	<u>952-830-0200</u>	
<u>Louisville</u>	<u>KY</u>	<u>Dq Of Fern Creek Ky Llp / Dq Joint Venture Stores Inc</u>	<u>952-830-0200</u>	
<u>Martin</u>	<u>KY</u>	<u>Dq Of Martin Ky Llp / Martin Dq Inc / Booth, Steven J / Moore, Edward L / Dq Joint Venture Stores Inc</u>	<u>952-830-0200</u>	
<u>Middletown</u>	<u>KY</u>	<u>Dq Of Middletown Ky Llp / Dq Joint Venture Stores Inc</u>	<u>952-830-0400</u>	
<u>Mount Sterling</u>	<u>KY</u>	<u>Dq Of Mt Sterling 2 Ky Llp / Dq Joint Venture Stores Inc</u>	<u>952-830-0400</u>	
<u>Muldraugh</u>	<u>KY</u>	<u>Dq Joint Venture Stores Inc</u>	<u>952-830-0200</u>	
<u>Olive Hill</u>	<u>KY</u>	<u>Dq Joint Venture Stores Inc</u>	<u>952-830-0200</u>	
<u>Pikeville</u>	<u>KY</u>	<u>Dq Of Pikeville Ky Llp / Dq Wholly Owned Stores Inc / Ry & Ty Inc / Slone, Greg</u>	<u>952-830-0200</u>	

<u>ADQ-DQ G & C TRANSFERS</u>				
<u>Prestonsburg</u>	<u>KY</u>	<u>Dq Joint Venture Stores Inc</u>	<u>952-830-0200</u>	
<u>Prospect</u>	<u>KY</u>	<u>Dq Joint Venture Stores Inc</u>	<u>952-830-0200</u>	
<u>Russellville</u>	<u>KY</u>	<u>Dq Joint Venture Stores Inc</u>	<u>952-830-0200</u>	
<u>Whitesburg</u>	<u>KY</u>	<u>Dq Joint Venture Stores Inc</u>	<u>952-830-0200</u>	
<u>Winchester</u>	<u>KY</u>	<u>Dq Joint Venture Stores Inc</u>	<u>952-830-0200</u>	
<u>Rosedale</u>	<u>MD</u>	<u>Lal Llc / Lukas, Stanley / Lukas, Scott</u>	<u>410-893-6885</u>	
<u>Spicer</u>	<u>MN</u>	<u>Franzen, Bradley / Franzen, Bonnie</u>	<u>320-796-0084</u>	
<u>Branson</u>	<u>M</u> <u>O</u>	<u>Cones Inc / Waite, Danny E / Waite, Janet C / Jayne, Luke A / Jayne, Kathy M</u>	<u>417-300-0330</u>	
<u>Thayer</u>	<u>M</u> <u>O</u>	<u>Qoe Food Service Inc / Falke, Timothy J / Falke, Sheila R</u>	<u>417-280-6399</u>	
<u>North Ridgeville</u>	<u>OH</u>	<u>Pierson, Bonnie J</u>	<u>440-759-3142</u>	<u>Family Transfer</u>
<u>Byrdstown</u>	<u>TN</u>	<u>Smith And Elder Enterprise Llc / Smith, Sean M / Smith, Gwen / Elder, Elaine</u>	<u>931-864-3909</u>	
<u>Bellingham</u>	<u>W</u> <u>A</u>	<u>Lyon, Thomas C / Lyon, Marsha S</u>	<u>360-739-1050</u>	
<u>Hortonville</u>	<u>WI</u>	<u>N E W Dillies Inc / Rohm, Richard / Rohm, Colette / Reger, Alan / Reger, Amy</u>	<u>920-779-6022</u>	

<u>ADQ-LIMITED BRAZIER TRANSFERS</u>			
<u>Robbinsdale</u>	<u>M</u> <u>N</u>	<u>Plaisted, Richard L / Plaisted, Gloria</u>	<u>218-830-0928</u>
<u>Toledo</u>	<u>OH</u>	<u>Three Point Enterprises Inc / Wells, Steven E / Purser, John R</u>	<u>419-304-2614</u>
<u>Cerritos</u>	<u>CA</u>	<u>Kadri, Magbool K</u>	<u>562-860-6422</u>
<u>Enfield</u>	<u>CT</u>	<u>Costanzo, Anthony F</u>	<u>860-805-2448</u>
<u>Groton</u>	<u>CT</u>	<u>Borchis, Matthew</u>	<u>860-464-5291</u>
<u>Monroe</u>	<u>CT</u>	<u>Hallquist Enterprises Llc / Hallquist, Jeffrey M / Hallquist, Kathleen A</u>	<u>203-220-8185</u>
<u>Sunrise</u>	<u>FL</u>	<u>Rc And Associates Llc / Cobo, Ralph A / Cobo, Ruth E</u>	<u>786-301-2161</u>
<u>Robinson</u>	<u>IL</u>	<u>Renshaw, Estate Of John L / Renshaw, Estate Of Elaine M</u>	
<u>Madison</u>	<u>IN</u>	<u>Dionne, Wanda L / Robison, Robert J / Robison, Frances E</u>	<u>812-465-6307</u>
<u>Ellis</u>	<u>KS</u>	<u>Ellis Ice Cream Llc / Braun, James L / Downing, Michael R / Shaw, Douglas J</u>	<u>785-726-1000</u>
<u>Beverly</u>	<u>M</u> <u>A</u>	<u>Telly's Enterprises Inc / Nikolaou, John / Nikolaou, Aristotle J</u>	<u>617-930-1622</u>
<u>Sauk Rapids</u>	<u>M</u> <u>N</u>	<u>Lamb, Sherman T</u>	<u>320-393-2138</u>
<u>Verona</u>	<u>PA</u>	<u>Gaebel, Thomas J</u>	<u>724-864-7271</u>

EXHIBIT KJ

TERRITORY OPERATOR'S FINANCIAL STATEMENTS

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2011 AND 2010**

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

**FINANCIAL STATEMENTS
For the Years Ended December 31, 2011 and 2010**

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LEE & COMPANY

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

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To the Members
Dairy Queen Montana/North Dakota LLC
Missoula, Montana

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying balance sheet of Dairy Queen Montana/North Dakota LLC as of December 31, 2011, and the related statements of income, changes in members' capital, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Dairy Queen Montana/North Dakota LLC as of December 31, 2010, were audited by other auditors whose report dated June 10, 2011, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2011 financial statements referred to above present fairly, in all material respects, the financial position of Dairy Queen Montana/North Dakota LLC as of December 31, 2011, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Lee & Company, PC

Missoula, Montana
June 25, 2012

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

Balance Sheets
December 31, 2011 and 2010

	2011	2010
Assets		
Current Assets		
Cash	\$ 450,665	\$ 330,012
Accounts receivable, net	200,140	222,542
Total Current Assets	650,805	552,554
Property & Equipment		
Office equipment	41,087	38,254
Less accumulated depreciation	(35,788)	(32,866)
Total Property & Equipment	5,299	5,388
Other Assets		
Franchise rights	41,900	41,900
Less accumulated amortization	(41,900)	(41,900)
Total Other Assets	-	-
Total Assets	\$ 656,104	\$ 557,942
Liabilities and Members' Capital		
Current Liabilities		
Accounts payable	\$ 178,595	\$ 161,965
Accrued liabilities	4,101	19,512
Store credit balances	13,588	7,574
Total Current Liabilities	196,284	189,051
Members' Capital	459,820	368,891
Total Liabilities and Members' Capital	\$ 656,104	\$ 557,942

The accompanying notes are an integral part of these financial statements.

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

Statements of Income For the Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenues		
Royalties	\$ 1,469,681	\$ 1,442,748
Transfer and new store fees	5,635	1,500
Treat center commissions	31,796	11,833
Other revenues	<u>5,570</u>	<u>3,875</u>
Total Revenues	<u>1,512,682</u>	<u>1,459,956</u>
Expenses		
Wages	426,140	433,047
Royalty fee	328,549	312,700
Legal and accounting	65,698	68,453
Insurance	2,020	2,020
Payroll tax expenses	84,468	86,566
Contract service	28,670	32,043
Travel	28,855	25,500
Administrative expense	9,114	7,474
Promotional expense	13,150	22,159
Telephone	9,308	9,080
Website	2,848	4,349
Meetings and conventions	2,256	11,368
Rent	6,267	6,443
Repairs and maintenance	1,005	980
Office supplies	(153)	2,872
Printing and reproduction	1,462	2,312
Bad debt expense	35,000	18,318
Postage and delivery	2,393	1,807
Depreciation	<u>2,922</u>	<u>3,857</u>
Total Expenses	<u>1,049,972</u>	<u>1,051,348</u>
Income from Operations	<u>462,710</u>	<u>408,608</u>
Other Income		
Interest income	<u>396</u>	<u>320</u>
Net Income	<u>\$ 463,106</u>	<u>\$ 408,928</u>

The accompanying notes are an integral part of these financial statements.

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

Statements of Changes in Members' Capital For the Years Ended December 31, 2011 and 2010

	<u>Muriel Brown Trust</u>	<u>Willis Brown Bypass Trust</u>	<u>Willis Brown QTIP Trust</u>	<u>Total</u>
Members' Capital Balances December 31, 2009	\$ 83,915	\$ 42,596	\$ 209,155	\$ 335,666
Add: Net income for the year	102,232	51,893	254,803	408,928
Less: Net withdrawals	<u>(93,926)</u>	<u>(58,842)</u>	<u>(222,935)</u>	<u>(375,703)</u>
Members' Capital Balances December 31, 2010	92,221	35,647	241,023	368,891
Add: Net income for the year	115,777	58,768	288,561	463,106
Less: Net withdrawals	<u>(89,684)</u>	<u>(47,798)</u>	<u>(234,695)</u>	<u>(372,177)</u>
Members' Capital Balances December 31, 2011	<u>\$ 118,314</u>	<u>\$ 46,617</u>	<u>\$ 294,889</u>	<u>\$ 459,820</u>

The accompanying notes are an integral part of these financial statements.

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

Statements of Cash Flows For the Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows From Operating Activities		
Net income	\$ 463,106	\$ 408,928
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,922	3,857
Change in allowance for doubtful accounts	35,000	-
(Increase) decrease in:		
Accounts receivable	(12,598)	(48,172)
Prepaid expenses	-	4,000
Increase (decrease) in:		
Accounts payable	16,630	(118,578)
Accrued liabilities	(15,411)	(18,707)
Store credit balances	<u>6,014</u>	<u>(21,868)</u>
Net Cash Flows From Operating Activities	<u>495,663</u>	<u>209,460</u>
Cash Flows From Investing Activities		
Purchase of office equipment	<u>(2,833)</u>	<u>(2,425)</u>
Net Cash Flows From Investing Activities	<u>(2,833)</u>	<u>(2,425)</u>
Cash Flows From Financing Activities		
Members' withdrawals	<u>(372,177)</u>	<u>(375,703)</u>
Net Cash Flows From Financing Activities	<u>(372,177)</u>	<u>(375,703)</u>
Net Increase (Decrease) in Cash	120,653	(168,668)
Beginning Cash	<u>330,012</u>	<u>498,680</u>
Ending Cash	<u><u>\$ 450,665</u></u>	<u><u>\$ 330,012</u></u>

The accompanying notes are an integral part of these financial statements.

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

Notes to Financial Statements
For the Years Ended December 31, 2011 and 2010

1. ORGANIZATION

Dairy Queen Montana/North Dakota LLC (the Company) is a Montana limited liability company and under Montana law, members have limited liability for Company operations. The Company is engaged in one business segment – developing, licensing, franchising, and servicing a system of retail stores featuring over-the-counter sales of dairy desserts, food, and beverages. The Company is a licensed territory operator of American Dairy Queen Corporation for the states of Montana and North Dakota.

Income and losses from operations are allocated 25% to the Muriel Brown Trust, 12.69% to the Willis Brown Bypass Trust, and 62.31% to the Willis Brown QTIP Trust. A detailed description of the allocations can be found in the operating agreement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of the Company are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States.

Cash and Cash Equivalents - Cash and cash equivalents consist of cash on deposit and interest bearing investments due on demand.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Equipment - Equipment is carried at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. The estimated useful lives for equipment are 3-7 years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized. The cost of maintenance and repairs are charged to expense as incurred; significant renewals or betterments are capitalized.

Franchise Costs - The Company amortizes its franchise cost using the straight line method over a period of forty years from the acquisition date of June 1, 1963. No amortization is allowed for income tax purposes. Franchise costs were fully amortized at December 31, 2011 and 2010.

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740 - ASC 740 addresses financial accounting and reporting for the effects of income taxes that result from an entity's activities during the current and preceding years. The Company is not a taxpaying entity, thus, no provision for income taxes has been recorded in the financial statements. All tax effects of the Company are passed through to the Members. Dairy Queen Montana/North Dakota LLC files income tax returns in the United States federal jurisdiction and in the Montana, North Dakota, and New York state jurisdictions. Federal tax authorities generally have the right to examine and audit a tax return within three years from when a return was due or was filed, whichever is later. The state tax authorities generally have the right to examine and audit a tax return within three years from when a return was due or was filed, whichever is later in North Dakota and New York, and five years after the later of the date the return is filed or the date the return is due in Montana. The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. As of December 31, 2011 and 2010, the Company has recognized interest and penalties in the amount of \$0 and \$0, respectively. The Company had no accruals for interest and penalties as of December 31, 2011 and 2010.

(Continued)

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

Notes to Financial Statements
For the Years Ended December 31, 2011 and 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fee Revenue - The Company recognizes revenue in several ways outlined in each Territory Operator ("TO") agreement, such as, start-up fees, transfer fees, and commissions. The Company recognizes revenue from start-up fees paid by licensees when a new store is opened, as outlined in each TO agreement. Direct costs related to each store opening are expensed as incurred. The Company recognizes revenue from transfer fees when the licensee transfers ownership to a different owner, as outlined in each TO agreement. Direct costs related to each transfer are expensed as incurred. Commissions are earned on the sales of various "Treat Center" locations who are not subject to the same fee structure as the other locations. Direct costs related to commissions are expensed as incurred.

Royalty Income - The Company receives royalty income from franchises operating in its territory. The amount of revenue received varies among the different franchises based upon the type of store and the original agreement. Royalties are generally based upon a percentage of gross revenues and/or a flat fee per gallon of ice cream sold.

Accounts Receivable and Allowance for Doubtful Accounts - Accounts receivable represent amounts owed to the Company from retail stores and others. Allowances have been made based on management's assessment of the credit history with stores having outstanding balances and current relationships with them, on the financial statements for any accounts estimated to be uncollectible. At December 31, 2011 and 2010, the allowance for doubtful accounts was \$50,000 and \$15,000, respectively.

Concentration of Credit Risk - At times the Company maintains cash deposits in excess of FDIC coverage limits. At December 31, 2011 and 2010, the total cash deposits in excess of FDIC limits were \$200,665 and \$80,012, respectively. The Company has not experienced any losses as of December 31, 2011 and 2010.

Reclassification - Certain amounts from the prior year were restated for comparative purposes with no effect on net income.

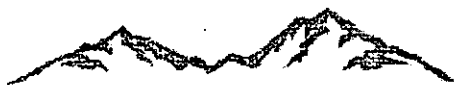
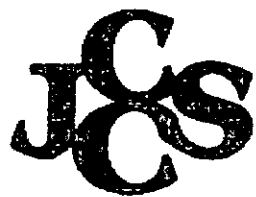
3. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 25, 2012, the date on which the financial statements were available to be issued.

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC

AUDITED FINANCIAL STATEMENTS

December 31, 2010 and 2009



**Junkermier • Clark
Campanella • Stevens • P.C.**

Certified Public Accountants and Business Advisors

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Certified Public Accountants and Business Advisors

INDEPENDENT AUDITORS' REPORT

**To the Members
Dairy Queen Montana/North Dakota LLC
Missoula, Montana**

We have audited the accompanying balance sheets of Dairy Queen Montana/North Dakota LLC ("the Company") as of December 31, 2010 and 2009 and the related statements of income, changes in members' capital, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dairy Queen Montana/North Dakota LLC as of December 31, 2010 and 2009, and the results of its operations and its cash flows for years then ended, in conformity with accounting principles generally accepted in the United States of America.

Junkermier, Clark, Campanella, Stevens, P.C.

Missoula, Montana
June 10, 2011

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC
BALANCE SHEETS
December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Current Assets		
Cash	\$ 330,012	\$ 498,680
Accounts receivable, net	222,542	174,370
Prepaid expenses	<u>-</u>	<u>4,000</u>
Total Current Assets	552,554	677,050
Property & Equipment		
Office equipment	38,254	35,829
Less accumulated depreciation	<u>(32,866)</u>	<u>(29,009)</u>
Total Property & Equipment	<u>5,388</u>	<u>6,820</u>
Other Assets		
Franchise rights	41,900	41,900
Less accumulated amortization	<u>(41,900)</u>	<u>(41,900)</u>
Total Other Assets	<u>-</u>	<u>-</u>
Total Assets	<u><u>\$ 557,942</u></u>	<u><u>\$ 683,870</u></u>
Liabilities and Members' Capital		
Current Liabilities		
Accounts payable	\$ 161,965	\$ 280,543
Accrued liabilities	19,512	38,219
Store credit balances	<u>7,574</u>	<u>29,442</u>
Total Current Liabilities	189,051	348,204
Members' Capital	<u>368,891</u>	<u>335,666</u>
Total Liabilities and Members' Capital	<u><u>\$ 557,942</u></u>	<u><u>\$ 683,870</u></u>

The accompanying notes are an integral part of these financial statements.

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC
STATEMENTS OF INCOME
Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues		
Royalties	\$ 1,442,748	\$ 1,302,032
Transfer and new store fees	1,500	30,300
Other revenues	<u>15,708</u>	<u>18,386</u>
Total Revenues	<u>1,459,956</u>	<u>1,350,718</u>
Expenses		
Wages	433,047	421,372
Royalty fee	312,700	310,110
Legal and accounting	68,453	76,840
Insurance	45,029	46,011
Payroll tax expenses	43,557	41,467
Contract service	32,043	33,208
Travel	25,500	30,383
Administrative expense	7,474	16,234
Promotional expense	22,159	18,106
Telephone	9,080	11,115
Website	4,349	10,067
Meetings and conventions	11,368	7,402
Rent	6,443	6,758
Repairs and maintenance	980	3,540
Office supplies	2,872	3,003
Printing and reproduction	2,312	2,963
Bad debt expense	18,318	6,387
Postage and delivery	1,807	1,153
Depreciation	<u>3,857</u>	<u>4,225</u>
Total Expenses	<u>1,051,348</u>	<u>1,050,344</u>
Income from Operations	<u>408,608</u>	<u>300,374</u>
Other Income		
Interest income	<u>320</u>	<u>2,547</u>
Net Income	<u>\$ 408,928</u>	<u>\$ 302,921</u>

The accompanying notes are an integral part of these financial statements.

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC
STATEMENTS OF CHANGES IN MEMBERS' CAPITAL
Years Ended December 31, 2010 and 2009

	<u>Muriel Brown Trust</u>	<u>Willis Brown Bypass Trust</u>	<u>Willis Brown QTIP Trust</u>	<u>Total</u>
Members' Capital Balances December 31, 2008	\$ 77,698	\$ 39,440	\$ 193,659	\$ 310,797
Add: Net income for the year	75,730	38,441	188,750	302,921
Less: Net withdrawals	<u>(69,513)</u>	<u>(35,285)</u>	<u>(173,254)</u>	<u>(278,052)</u>
Members' Capital Balances December 31, 2009	83,915	42,596	209,155	335,666
Add: Net income for the year	102,232	51,893	254,803	408,928
Less: Net withdrawals	<u>(93,926)</u>	<u>(58,842)</u>	<u>(222,935)</u>	<u>(375,703)</u>
Members' Capital Balances December 31, 2010	<u>\$ 92,221</u>	<u>\$ 35,647</u>	<u>\$ 241,023</u>	<u>\$ 368,891</u>

See notes to financial statements

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash Flows From Operating Activities		
Net income	\$ 408,928	\$ 302,921
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,857	4,225
Change in allowance for doubtful accounts	-	5,000
(Increase) decrease in:		
Accounts receivable	(48,172)	519
Prepaid expenses	4,000	-
Increase (decrease) in:		
Accounts payable	(118,578)	101,990
Accrued liabilities	(18,707)	2,002
Store credit balances	(21,868)	11,238
Net Cash Flows From Operating Activities	<u>209,460</u>	<u>427,895</u>
Cash Flows From Investing Activities		
Purchase of office equipment	(2,425)	-
Net Cash Flows From Investing Activities	<u>(2,425)</u>	<u>-</u>
Cash Flows From Financing Activities		
Members' withdrawals	(375,703)	(278,052)
Net Cash Flows From Financing Activities	<u>(375,703)</u>	<u>(278,052)</u>
Net Increase (Decrease) in Cash	(168,668)	149,843
Beginning Cash	<u>498,680</u>	<u>348,837</u>
Ending Cash	<u><u>\$ 330,012</u></u>	<u><u>\$ 498,680</u></u>

The accompanying notes are an integral part of these financial statements.

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

1. Summary of Significant Accounting Policies

Business Segment Information

Dairy Queen Montana/North Dakota LLC ("the Company") is a Montana limited liability company and under Montana law, members have limited liability for Company operations. The Company is engaged in one business segment -- developing, licensing, franchising, and servicing a system of retail stores featuring over-the-counter sales of dairy desserts, food, and beverages. The Company is a licensed territory operator of American Dairy Queen Corporation for the states of Montana and North Dakota.

Depreciation

The Company depreciates its new property and equipment acquisitions using the straight-line method over the estimated useful lives of the assets. The estimated useful lives for equipment are 3-7 years.

Fee Revenue

The Company recognizes revenue in several ways outlined in each Territory Operator ("TO") agreement, such as, start-up fees, transfer fees, and commissions. The Company recognizes revenue from start-up fees paid by licensees when a new store is opened, as outlined in each TO agreement. Direct costs related to each store opening are expensed as incurred. The Company recognizes revenue from transfer fees when the licensee transfers ownership to a different owner, as outlined in each TO agreement. Direct costs related to each transfer are expensed as incurred. Commissions are earned on the sales of various "Treat Center" locations who are not subject to the same fee structure as the other locations. Direct costs related to commissions are expensed as incurred.

Royalty Income

The Company receives royalty income from franchises operating in their territory. The amount of revenue received varies among the different franchises based upon the type of store and the original agreement. Royalties are generally based upon a percentage of gross revenues and/or a flat fee per gallon of ice cream sold.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable represent amounts owed to the Company from retail stores and others. Allowances have been made on the financial statements for any accounts estimated to be uncollectible. At December 31, 2010 and 2009, the allowance for doubtful accounts was \$15,000 and \$15,000, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Amortization

The Company amortizes its franchise cost using the straight line method over a period of forty years from the acquisition date of June 1, 1963. No amortization is allowed for income tax purposes. Franchise costs were fully amortized at December 31, 2010 and 2009.

Concentration of Cash on Deposit and Uninsured Cash Balances

The Company considers interest bearing investments due on demand as cash equivalents. The Company has concentrated its credit risk for cash by maintaining deposits in First Interstate Bank which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC).

DAIRY QUEEN MONTANA/NORTH DAKOTA LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

2. Income Taxes

The Company is a limited liability company taxed as a partnership in which all elements of income and deductions are included in the tax returns of the members of the Company. Therefore, no provision for income tax is recorded by the Company.

The Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2007.

3. Reclassifications

Certain reclassifications have been made to the 2009 financial statement presentation to correspond to the current year's format. Total members' capital and net income are unchanged due to these reclassifications.

4. Subsequent Events

Management has evaluated subsequent events through June 10, 2011, the date on which the financial statements were available to be issued.

EXHIBIT LK

HEAD FRANCHISOR'S FINANCIAL STATEMENTS

International Dairy Queen, Inc.

(A wholly-owned subsidiary of Berkshire Hathaway)

For the Period January 1, ~~2008~~2009 through December 31, ~~2010~~2011

International Dairy Queen, Inc.

(A Wholly Owned Subsidiary of Berkshire
Hathaway Inc.)

Consolidated Financial Statements as of
December 31, 2011 and 2010, and for the
Years Ended December 31, 2011, 2010, and 2009,
and Independent Auditors' Report



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
International Dairy Queen, Inc.
Minneapolis, Minnesota

We have audited the accompanying consolidated balance sheets of International Dairy Queen, Inc. (the "Company"), a wholly owned subsidiary of Berkshire Hathaway Inc., as of December 31, 2011 and 2010, and the related consolidated statements of income, stockholder's equity, and cash flows for each of the three years in the period ended December 31, 2011. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2011 and 2010, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

March 1, 2012

Member of
Deloitte Touche Tohmatsu Limited

INTERNATIONAL DAIRY QUEEN, INC.
(A Wholly Owned Subsidiary of Berkshire Hathaway Inc.)

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2011 AND 2010

	2011	2010
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 30,611,078	\$ 38,375,143
Notes and accounts receivable — less allowance of \$1,466,536 and \$839,667 in 2011 and 2010, respectively	28,681,399	25,256,265
Inventories	146,566	823,932
Prepaid expenses	1,879,595	1,589,987
Assets held for sale (Note 3)	-	37,485,401
Income taxes receivable (Note 8)	2,243,838	-
Deferred income taxes (Note 8)	3,352,000	7,149,000
Total current assets	66,914,476	110,679,728
NONCURRENT ASSETS:		
Notes receivable — less allowance of \$1,373,136 and \$372,119 in 2011 and 2010, respectively	2,829,741	4,591,388
Property, plant, and equipment (Note 4)	16,574,383	16,685,140
Goodwill (Note 5)	92,938,300	92,912,537
Intangibles (Note 5)	43,918,187	43,856,533
Other (Notes 11 and 12)	18,279,760	19,316,849
Total noncurrent assets	174,540,371	177,362,447
TOTAL	\$241,454,847	\$288,042,175
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 7,211,326	\$ 12,070,618
Committed advertising	689,297	2,759,835
Other liabilities (Note 6)	32,089,621	30,277,702
Current maturities of notes payable (Note 7)	516,499	624,896
Total current liabilities	40,506,743	45,733,051
NONCURRENT LIABILITIES:		
Deferred franchise income	433,505	564,746
Deferred income taxes (Note 8)	25,264,000	28,924,000
Unrecognized tax benefit (Note 8)	171,000	485,000
Other long-term liabilities (Note 6)	13,008,390	14,258,064
Total noncurrent liabilities	38,876,895	44,231,810
COMMITMENTS AND CONTINGENCIES (Notes 9 and 13)		
STOCKHOLDER'S EQUITY:		
Class A common stock, \$0.01 par value — authorized and outstanding, 1,000 shares	10	10
Paid-in capital	152,197,044	152,197,044
Retained earnings	7,716,843	43,148,242
Accumulated other comprehensive income	2,157,312	2,667,319
Total International Dairy Queen, Inc. stockholder's equity	162,071,209	198,012,615
Noncontrolling interests	-	64,699
Total stockholder's equity	162,071,209	198,077,314
TOTAL	\$241,454,847	\$288,042,175

See notes to consolidated financial statements.

INTERNATIONAL DAIRY QUEEN, INC.
(A Wholly Owned Subsidiary of Berkshire Hathaway Inc.)

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2011, 2010, AND 2009

	2011	2010	2009
REVENUES:			
Net sales	\$ 6,292,193	\$ 6,474,887	\$ 7,936,096
Sales of company-owned restaurants	17,011,883	88,260,765	87,995,136
Service fees	99,598,405	92,210,661	87,340,224
Other fees and franchise sales	31,550,000	32,086,568	31,247,555
Real estate finance and rental income	3,445,331	3,588,117	4,131,082
Other	<u>517,062</u>	<u>572,668</u>	<u>965,233</u>
Total revenues	<u>158,414,874</u>	<u>223,193,666</u>	<u>219,615,326</u>
COSTS AND EXPENSES:			
Cost of sales	5,609,449	5,770,343	6,614,429
Costs of company-owned restaurants	16,367,398	79,878,604	78,885,920
Costs of other fees and franchise sales	922,972	1,004,972	2,097,820
Expenses applicable to real estate finance and rental income	3,192,669	3,434,645	4,097,037
Selling, general, and administrative	70,190,260	69,099,934	66,415,009
Divestiture of company-owned restaurants (Note 3)	<u>1,182,963</u>	<u>3,547,933</u>	<u>-</u>
Total costs and expenses	<u>97,465,711</u>	<u>162,736,431</u>	<u>158,110,215</u>
OPERATING INCOME	60,949,163	60,457,235	61,505,111
INTEREST INCOME — Net	<u>876,725</u>	<u>926,036</u>	<u>966,849</u>
EARNINGS BEFORE INCOME TAXES	61,825,888	61,383,271	62,471,960
INCOME TAXES (Note 8)	<u>22,861,000</u>	<u>21,946,000</u>	<u>22,808,000</u>
NET EARNINGS	38,964,888	39,437,271	39,663,960
EARNINGS ATTRIBUTABLE TO NONCONTROLLING INTERESTS	<u>3,713</u>	<u>(891,029)</u>	<u>(1,138,520)</u>
NET EARNINGS ATTRIBUTABLE TO COMPANY	<u>\$ 38,968,601</u>	<u>\$ 38,546,242</u>	<u>\$ 38,525,440</u>

See notes to consolidated financial statements.

INTERNATIONAL DAIRY QUEEN, INC.
(A Wholly Owned Subsidiary of Berkshire Hathaway Inc.)

CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2011, 2010, AND 2009

	Common Stock and Capital in Excess of Par Value	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total IDQ Stockholder's Equity	Noncontrolling Interest	Total Stockholder's Equity
BALANCE — December 31, 2008	\$ 153,325,449	\$ 947,782	\$ 38,076,560	\$ 192,349,791	\$ 839,379	\$ 193,189,170
Net earnings			38,525,440	38,525,440	1,138,520	39,663,960
Foreign currency translation adjustment		1,241,683		1,241,683		1,241,683
Other changes in noncontrolling interests					(48,343)	(48,343)
Dividends/distributions paid			(35,000,000)	(35,000,000)	(1,234,049)	(36,234,049)
BALANCE — December 31, 2009	153,325,449	2,189,465	41,602,000	197,116,914	695,507	197,812,421
Net earnings			38,546,242	38,546,242	891,029	39,437,271
Foreign currency translation adjustment		477,854		477,854		477,854
Other changes in noncontrolling interests	(1,128,395)			(1,128,395)	(583,455)	(1,711,850)
Dividends/distributions paid			(37,000,000)	(37,000,000)	(938,382)	(37,938,382)
BALANCE — December 31, 2010	152,197,054	2,667,319	43,148,242	198,012,615	64,699	198,077,314
Net earnings			38,968,601	38,968,601	(3,713)	38,964,888
Foreign currency translation adjustment		(510,007)		(510,007)		(510,007)
Other changes in noncontrolling interests					(60,986)	(60,986)
Dividends			(74,400,000)	(74,400,000)		(74,400,000)
BALANCE — December 31, 2011	<u>\$ 152,197,054</u>	<u>\$ 2,157,312</u>	<u>\$ 7,716,843</u>	<u>\$ 162,071,209</u>	<u>\$ -</u>	<u>\$ 162,071,209</u>

See notes to consolidated financial statements.

INTERNATIONAL DAIRY QUEEN, INC.
(A Wholly Owned Subsidiary of Berkshire Hathaway Inc.)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011, 2010, AND 2009

	2011	2010	2009
OPERATING ACTIVITIES:			
Net earnings	\$ 38,964,888	\$ 39,437,271	\$ 39,663,960
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	2,041,128	5,810,071	5,449,704
Loss (gain) on sale of restaurants and other capital assets	687,950	(2,056,841)	(153,565)
Assets held for sale valuation adjustment	-	4,600,000	-
Deferred income taxes	137,000	(1,337,000)	2,234,000
Changes in assets and liabilities:			
Notes and accounts receivable	(3,185,109)	(2,219,981)	(5,908,292)
Inventories, prepaid expenses, and other assets	307,151	2,527,687	(2,077,118)
Accounts payable, accruals, and other liabilities	(4,710,913)	4,548,557	5,781,376
Income taxes	(2,921,657)	1,940,052	(2,277,518)
Deferred charges	86,027	993,746	(728,558)
Net cash provided by operating activities	<u>31,406,465</u>	<u>54,243,562</u>	<u>41,983,989</u>
INVESTING ACTIVITIES:			
Secured loans to operators for restaurant renovations and equipment	-	(156,053)	(484,713)
Payments received on secured loans to operators	1,952,704	1,764,535	1,800,375
Purchase of franchise rights and service contracts	(102,349)	(160,000)	(1,988,220)
Capital expenditures	(2,299,121)	(5,694,087)	(8,299,480)
Proceeds from disposal of restaurants and other capital assets	<u>36,217,668</u>	<u>5,701,623</u>	<u>45,493</u>
Net cash provided by (used in) investing activities	<u>35,768,902</u>	<u>1,456,018</u>	<u>(8,926,545)</u>
FINANCING ACTIVITIES:			
Dividend payments to parent	(74,400,000)	(37,000,000)	(35,000,000)
Noncontrolling interest distributions and acquisitions	-	(2,999,238)	(1,234,049)
Principal payments on long-term debt	<u>(108,397)</u>	<u>(100,368)</u>	<u>(876,185)</u>
Net cash used in financing activities	<u>(74,508,397)</u>	<u>(40,099,606)</u>	<u>(37,110,234)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH	<u>(431,035)</u>	<u>168,760</u>	<u>699,430</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(7,764,065)</u>	<u>15,768,734</u>	<u>(3,353,360)</u>
CASH AND CASH EQUIVALENTS — Beginning of year	<u>38,375,143</u>	<u>22,606,409</u>	<u>25,959,769</u>
CASH AND CASH EQUIVALENTS — End of year	<u>\$ 30,611,078</u>	<u>\$ 38,375,143</u>	<u>\$ 22,606,409</u>
SUPPLEMENTARY DISCLOSURES TO CONSOLIDATED STATEMENTS OF CASH FLOWS:			
Cash paid during the year for income taxes — net of refunds	<u>\$ 25,624,000</u>	<u>\$ 21,342,948</u>	<u>\$ 22,851,518</u>
Cash paid during the year for interest	<u>\$ 49,992</u>	<u>\$ 49,992</u>	<u>\$ 58,021</u>

See notes to consolidated financial statements.

INTERNATIONAL DAIRY QUEEN, INC.
(A Wholly Owned Subsidiary of Berkshire Hathaway Inc.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2011 AND 2010, AND FOR THE YEARS ENDED
DECEMBER 31, 2011, 2010, AND 2009

1. NATURE OF BUSINESS

International Dairy Queen, Inc. (the "Company") is a wholly owned subsidiary of Berkshire Hathaway Inc. ("Berkshire"). The Company is engaged in developing, licensing, franchising, and servicing a system of retail restaurants featuring over-the-counter sales of dairy desserts, food, and blended fruit drinks. On December 31, 2011 and 2010, the Company operated 2 and 62, respectively, Dairy Queen restaurants. See Note 3 for information related to the divestiture of Company-owned restaurants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation — The consolidated financial statements include the accounts of the Company and its subsidiaries and majority-owned partnerships. All significant intercompany accounts and transactions are eliminated in consolidation. The Company's fiscal year ends on December 31.

Cash and Cash Equivalents — Cash equivalents include all short-term investments with a remaining maturity of 90 days or less at the date of purchase. Cash and cash equivalents are recorded at cost which approximates their fair value.

Inventories — Inventories consist primarily of restaurant equipment and merchandise and are carried at the lower of cost (first-in, first-out) or market.

Assets Held for Sale — At December 31, 2010, assets held for sale, which were stated at the lower of carrying value or fair value less costs to sell, consisted of certain assets and liabilities of our Company-owned restaurants (see Note 3).

Depreciation and Amortization — Depreciation and amortization of property, plant, and equipment are provided principally on the straight-line method over the estimated useful lives of the assets or the remaining term of the lease for leasehold improvements. Estimated useful lives range from 3 to 8 years for equipment and computer software, shorter of 20 years or remaining lease term for leasehold improvements, and 15 to 40 years for buildings.

Goodwill and Intangibles — Goodwill and intangibles are recorded in accordance with Accounting Standards Codification ("ASC" or the "Codification") 350, *Intangibles — Goodwill and Other* and ASC 805, *Business Combinations*. The Company evaluates goodwill and intangibles for impairment at least annually. During 2011, the Company did not record any goodwill or intangible impairments. See Note 3 for impairment of assets held for sale recorded in 2010.

Committed Advertising — Committed advertising represents unexpended amounts received from franchisees to finance national and regional advertising programs.

Revenue Recognition — The Company recognizes revenue from initial restaurant franchise fees when the Company's obligations regarding services to be performed in opening a restaurant are fulfilled, which is generally at the time the restaurant is opened. Revenue is recognized from the sale of area franchise rights over the period when services are expected to be performed. Direct franchise sales costs incurred are deferred until the revenue is recognized. The Company recognizes revenue from all other sources as goods are shipped or as services are performed. Freight billed to customers is included in revenue and all freight expenses paid by the Company are included in cost of sales.

Income Taxes — The Company is included in the consolidated federal tax return of Berkshire. The provision for income taxes included in these consolidated financial statements is prepared on a separate company basis.

The Company has not provided for income taxes on the undistributed earnings of its Canadian subsidiary (undistributed earnings were approximately \$12.2 million as of December 31, 2011). To the extent these earnings are repatriated, foreign tax credits will be available to substantially eliminate any additional U.S. income taxes that might otherwise result from such repatriation.

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the consolidated financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company records net deferred tax assets to the extent we believe these assets will more likely than not be realized. In making such determination, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies, and recent financial operations. In the event we were to determine that we would be able to realize our deferred income tax assets in the future in excess of their net recorded amount, we would make an adjustment to the valuation allowance, which would reduce the provision for income taxes.

Concentration of Credit Risk — Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalent investments and accounts and notes receivable.

The Company places its cash equivalent investments with high-credit-quality financial institutions, with original maturities of 90 days or less and, by policy, limits the amount of credit exposure of any one financial institution. Accounts receivable are generally unsecured; however, concentrations of credit risk with respect to these receivables are limited due to the large number of customers and their dispersion across many different geographic areas. Notes receivable are generally secured by the equipment purchased or the existing franchise agreement.

Use of Estimates — The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, the reported amounts of revenue and expenses during the reporting period, and accompanying notes. Accounts affected by significant estimates include service fee accruals, tax contingencies, and allowance for doubtful accounts. Actual results could differ from those estimates.

Recoverability of Long-Lived Assets — The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying value of an asset or group of assets may not be recoverable. The Company determines potential impairment by comparing the carrying value of the assets with the net undiscounted cash flows expected to be provided by operating activities of the business or related products. If the sum of the expected future net undiscounted cash flows is less than the carrying value, the Company determines whether an impairment loss should be recognized. An impairment loss is measured by comparing the amount by which the carrying value exceeds the fair value of the assets. During 2011, the Company did not record any long-lived asset impairments. See Note 3 for impairment of assets held for sale recorded in 2010.

Fair Values of Financial Instruments — The carrying amount of the Company's notes receivable and long-term debt as of December 31, 2011 and 2010, approximates its fair value based upon the Company's current interest rate for similar arrangements.

Foreign Currency Translation — The financial statements of subsidiaries located outside the United States are measured using the local currency as the functional currency. Assets and liabilities of these subsidiaries are translated at the rates of exchange at the balance sheet date. Income and expense items are translated at average monthly rates of exchange. The resultant translation adjustments are included in accumulated other comprehensive income, a separate component of stockholder's equity.

Comprehensive Income — The Company's comprehensive income consists of net earnings and foreign currency translation adjustments related primarily to its investment in its Canadian subsidiary.

Reclassifications — The Company reclassified certain previously reported amounts to conform to the current financial statement presentation.

3. DIVESTITURE OF COMPANY-OWNED RESTAURANTS

During 2010, the Company commenced an initiative to sell its Company-owned restaurants. Accordingly, long-lived assets (property, plant, and equipment and goodwill) of the restaurants were classified as held for sale in the December 31, 2010 consolidated balance sheet and were valued at estimated fair value less costs to sell in accordance with ASC 360, *Property, Plant and Equipment*. Assets classified as held for sale at December 31, 2010, were sold in 2011, except for assets with a carrying value of approximately \$1 million which were reclassified to property, plant, and equipment.

Upon classification of the assets as held for sale, estimated sales proceeds were used as a measurement of fair value and compared to the assets' carrying values. This resulted in an impairment charge of \$4.6 million in 2010. Under ASC 820, *Fair Value Measurements and Disclosures*, fair value is the price to sell an asset or transfer a liability between market participants as of the measurement date. Fair value measurements assume the asset or liability is exchanged in an orderly manner; the exchange is in the principal market for that asset or liability (or in the most advantageous market when no principal market exists); and the market participants are independent, knowledgeable, able, and willing to transact an exchange. The use of estimated sales proceeds was deemed to be an accurate measurement of fair value of assets of Company-owned restaurants at December 31, 2010.

ASC 820 establishes a framework for measuring fair value by creating a hierarchy for observable independent market inputs and unobservable market assumptions. The measurement of assets held for sale at fair value is a Level 3 fair value measurement, which includes the use of inputs that are unobservable.

During the year ended December 31, 2010, the Company recorded divestiture costs of approximately \$3.5 million, which included the \$4.6 million impairment charge, gains of approximately \$2 million

recognized on the sale of 10 restaurants during 2010, and legal and other costs of approximately \$1 million. In 2011, divestiture costs of \$1.2 million included losses on the sales of restaurants of approximately \$600,000 and other transaction-related costs of \$600,000.

4. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment and rental properties as of December 31, 2011 and 2010, consisted of the following (in thousands):

	2011	2010
Property, plant, and equipment — at cost:		
Land	\$ 757	\$ 757
Buildings	8,212	7,592
Equipment and computer software	17,301	16,413
Leasehold improvements	<u>1,833</u>	<u>1,661</u>
	<u>28,103</u>	<u>26,423</u>
Rental properties — at cost:		
Land	3,978	4,130
Buildings	6,407	5,917
Equipment	1,428	1,608
Leasehold improvements	<u>151</u>	<u>151</u>
	<u>11,964</u>	<u>11,806</u>
Property, plant, and equipment — at cost	40,067	38,229
Less accumulated depreciation	<u>23,493</u>	<u>21,544</u>
Property, plant, and equipment — net	<u>\$ 16,574</u>	<u>\$ 16,685</u>

Depreciation expense (in thousands) for the years ended December 31, 2011, 2010, and 2009, was \$2,041, \$5,810, and \$5,511, respectively.

5. GOODWILL AND OTHER INTANGIBLES

As discussed in Note 1, the Company accounts for goodwill under the provisions of ASC 350 and ASC 805. The Codification requires business combinations to be accounted for using the purchase method of accounting and broadens the criteria for recording intangible assets other than goodwill. Reacquired franchise rights through December 31, 2004, have been recorded as additional goodwill, as reacquired franchise rights represented the purchase of a business and did not meet the separability criteria in the previous guidance.

Effective January 1, 2005, the Company adopted the relevant portion of the Codification, which requires reacquired franchise rights to be recognized as an intangible asset apart from goodwill. Intangibles include any reacquired franchise rights and trademarks/tradenames acquired after January 1, 2005.

The Company tests goodwill for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that the asset might be impaired, based on a number of factors, including

operating results, business plans, and future estimated cash flows. The Company has elected to perform its annual tests for indications of goodwill and intangible asset impairment as of December 31 of each year. ASC 350 prescribes a two-phase process for impairment testing of goodwill. The first phase screens for impairment, while the second phase (if necessary) measures the impairment.

The changes in the carrying value of goodwill for the years ended December 31, 2011 and 2010, were as follows (in thousands):

	2011	2010
Goodwill — January 1:		
Gross carrying value	\$ 136,965	\$ 147,221
Accumulated impairment	(6,050)	(2,100)
Beginning translation	<u>.15</u>	<u>(296)</u>
	130,930	144,825
Additions	100	-
Disposals	-	(2,227)
Translation	(140)	311
Transfer to assets held for sale (Note 3)	<u>-</u>	<u>(11,979)</u>
Balance — December 31	<u>130,890</u>	<u>130,930</u>
Accumulated amortization — January 1:		
Accumulated amortization	38,010	42,383
Beginning translation	<u>7</u>	<u>(139)</u>
	38,017	42,244
Disposals	-	(616)
Translation	(65)	146
Transfer to assets held for sale (Note 3)	<u>-</u>	<u>(3,757)</u>
Balance — December 31	<u>37,952</u>	<u>38,017</u>
Net carrying value	<u>\$ 92,938</u>	<u>\$ 92,913</u>

There were no disposals of goodwill in 2011. During 2010, goodwill disposals related to the divestiture of Company-owned restaurants as discussed in Note 3.

The changes in carrying value of intangibles for the years ended December 31, 2011 and 2010, were as follows (in thousands):

	Indefinite-Lived Intangible Assets	Definite-Lived Intangible Assets	Total Intangible Assets
Gross carrying value	\$ 43,855	\$ 132	\$ 43,987
Beginning translation	1	-	1
Accumulated amortization	<u>-</u>	<u>(132)</u>	<u>(132)</u>
Balance — January 1, 2011	43,856	-	43,856
Additions	69	-	69
Translation	<u>(7)</u>	<u>-</u>	<u>(7)</u>
Balance — December 31, 2011	<u>\$ 43,918</u>	<u>\$ -</u>	<u>\$ 43,918</u>
Gross carrying value	\$ 43,730	\$ 132	\$ 43,862
Beginning translation	(16)	-	(16)
Accumulated amortization	<u>-</u>	<u>(132)</u>	<u>(132)</u>
Balance — January 1, 2010	43,714	-	43,714
Additions	125	-	125
Translation	<u>17</u>	<u>-</u>	<u>17</u>
Balance — December 31, 2010	<u>\$ 43,856</u>	<u>\$ -</u>	<u>\$ 43,856</u>

During 2011 and 2010, intangibles acquired primarily relate to reacquired franchise rights, which are accounted for as indefinite-lived intangibles. Definite-lived intangibles consist of trademarks that have useful lives of seven years. As of December 31, 2011, these intangibles are fully amortized.

6. OTHER LIABILITIES

Other current liabilities as of December 31, 2011 and 2010, consisted of the following (in thousands):

	2011	2010
Accrued salaries and benefits	\$ 5,297	\$ 6,924
Accrued gift card and certificate redemption liability	16,592	14,692
Charity donations collected from franchisees	2,931	2,940
Deposits	4,935	3,118
Other	<u>2,335</u>	<u>2,604</u>
Total	<u>\$ 32,090</u>	<u>\$ 30,278</u>

Other long-term liabilities as of December 31, 2011 and 2010, consisted of the following (in thousands):

	2011	2010
Deferred compensation (Note 12)	\$ 9,514	\$ 9,941
Accrued employee benefits	1,139	1,260
Other	<u>2,355</u>	<u>3,057</u>
Total	<u>\$ 13,008</u>	<u>\$ 14,258</u>

7. NOTES PAYABLE

Notes payable as of December 31, 2011 and 2010, are summarized as follows (in thousands):

	2011	2010
8% notes payable, secured by certain franchise rights and service contracts, callable upon demand	<u>\$ 516</u>	<u>\$ 625</u>
Total notes payable	516	625
Less current maturities	<u>(516)</u>	<u>(625)</u>
Total long-term notes payable	<u>\$ -</u>	<u>\$ -</u>

If the notes are not called, the aggregate maturities of the notes payable (in thousands) for the years ended December 31 are: \$117, \$126, \$137, \$136, \$0, and \$0 in 2012, 2013, 2014, 2015, 2016, and 2017, respectively.

8. INCOME TAXES

Income taxes as of December 31, 2011, 2010, and 2009, consisted of the following (in thousands):

	2011	2010	2009
Current:			
U.S. federal	\$ 17,008	\$ 17,935	\$ 15,475
State	2,852	2,474	2,202
Foreign	<u>2,864</u>	<u>2,874</u>	<u>2,897</u>
	<u>22,724</u>	<u>23,283</u>	<u>20,574</u>
Deferred:			
U.S. federal	282	(1,153)	1,985
State	24	(99)	170
Foreign	<u>(169)</u>	<u>(85)</u>	<u>79</u>
	<u>137</u>	<u>(1,337)</u>	<u>2,234</u>
Total	<u>\$ 22,861</u>	<u>\$ 21,946</u>	<u>\$ 22,808</u>

Included in foreign taxes are taxes withheld by foreign countries on dividends and service fees received by U.S. entities.

A reconciliation of differences between the U.S. federal statutory income tax rate and the consolidated effective tax rate as of December 31, 2011, 2010, and 2009, are as follows:

	2011	2010	2009
U.S. federal statutory rate	35.00 %	35.00 %	35.00 %
State income tax — net of federal effect	3.51	2.84	3.01
Foreign income tax	(0.91)	(0.44)	(0.03)
Other — net	<u>(0.62)</u>	<u>(1.65)</u>	<u>(1.47)</u>
Consolidated effective tax rate	<u>36.98 %</u>	<u>35.75 %</u>	<u>36.51 %</u>

Significant components of the Company's deferred tax assets and liabilities as of December 31, 2011 and 2010, were as follows (in thousands):

	2011	2010
Deferred tax assets:		
Litigation	\$ -	\$ 307
Employee benefits	5,728	5,229
Notes/accounts receivable/inventory allowances	1,049	376
Goodwill	-	691
Other	<u>485</u>	<u>546</u>
Total deferred tax assets	<u>7,262</u>	<u>7,149</u>
Deferred tax liabilities:		
Goodwill	25,798	25,121
Fixed assets	(101)	(64)
Other	<u>3,477</u>	<u>3,867</u>
Total deferred tax liabilities	<u>29,174</u>	<u>28,924</u>
Net deferred tax liabilities	<u>\$21,912</u>	<u>\$21,775</u>
Current deferred tax assets	\$ 3,352	\$ 7,149
Noncurrent deferred tax liabilities	<u>25,264</u>	<u>28,924</u>
Net deferred tax liabilities	<u>\$21,912</u>	<u>\$21,775</u>

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in thousands):

	2011	2010
Balance — January 1	\$ 315	\$ 847
Lapse of statute of limitations	<u>(198)</u>	<u>(532)</u>
Balance — December 31	<u>\$ 117</u>	<u>\$ 315</u>

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. As of December 31, 2011 and 2010, the Company had (in thousands) \$54 and \$170, respectively, of accrued interest related to uncertain tax positions.

As of December 31, 2011, the unrecognized tax benefits and interest on uncertain tax positions (in thousands) of \$111 on a net of federal tax basis would affect the effective tax rate, if recognized. The Company does not expect any significant changes to the amount of unrecognized tax benefits on uncertain tax positions within the next 12 months.

The Company is subject to taxation in the United States and various state and foreign jurisdictions. The tax years for 2007 through 2011 are subject to examination by the Internal Revenue Service. The expiration of the statute of limitations related to the various state and foreign income tax returns that the Company files varies by jurisdiction.

9. COMMITMENTS

Lease Commitments — The Company and its subsidiaries have leases for retail restaurants, administrative facilities, and equipment. Certain of the leased properties are subleased to franchise operators under noncancelable operating subleases, with rentals generally equal to or greater than rentals payable on the prime leases. Most of the leases and subleases require the lessee to pay executory costs (property taxes, maintenance, and insurance) and many of the leases provide for one or more renewal options. Many of the leases require the Company to pay the greater of an annual base rent amount or a percentage of annual gross sales, as defined in the lease agreements. In addition, Company-owned real estate has been leased to franchise operators under long-term leases.

Total operating lease rental expenses in the consolidated statements of income, including executory costs when included in rent, as of December 31, 2011, 2010, and 2009, are as follows (in thousands):

	2011	2010	2009
Minimum rentals	\$ 3,964	\$ 6,309	\$ 6,731
Contingent rentals	150	534	747
Less sublease income:			
Minimum rentals	(2,392)	(2,365)	(2,604)
Contingent rentals	<u>(62)</u>	<u>(76)</u>	<u>(141)</u>
Total	<u>\$ 1,660</u>	<u>\$ 4,402</u>	<u>\$ 4,733</u>

Minimum future real estate rental obligations, excluding executory costs included in rentals, under operating leases at December 31, 2011, were as follows (in thousands):

Years Ending December 31	Amount
2012	\$ 1,252
2013	1,007
2014	908
2015	725
2016	516
Thereafter	<u>780</u>
Total	<u>\$ 5,188</u>

Minimum future real estate rental receivables under noncancelable operating subleases as of December 31, 2011, are as follows (in thousands):

Years Ending December 31	Amount
2012	\$ 1,984
2013	1,576
2014	1,404
2015	1,023
2016	773
Thereafter	<u>2,737</u>
Total	<u>\$ 9,497</u>

In addition to the above real estate operating leases, the Company maintains a fleet of automobiles for use by field-based employees. Minimum future automobile rental obligations under operating leases (in thousands) as of December 31, 2011, are \$774, \$632, \$353, and \$68 in 2012, 2013, 2014, and 2015, respectively.

10. EMPLOYEE BENEFIT PLANS

The Company sponsors a retirement savings plan. Substantially all permanent full-time employees of the Company and participating affiliates are eligible to participate and may contribute from 1% to 35% of their base pays, subject to Internal Revenue Service limitations. Beginning in 2009, the Company matched 100% of the first 1% contributed and 50% of the next 5% contributed for a maximum Company match of 3.5%. Prior to 2009, the Company matched 50% of the first 6% contributed for a maximum Company match of 3%. The Company's contribution (in thousands) for the years ended December 31, 2011, 2010, and 2009, was \$1,130, \$1,317, and \$1,288, respectively.

11. FRANCHISEE INCENTIVE PROGRAM

The Company periodically offers an incentive program for franchisees who improve their existing stores or build a new store. The programs typically offer an incentive equal to the lesser of a percentage of specific capital costs of improving or building a restaurant or a specified incentive dollar limit. The incentives are amortized over a period of seven years if the total improvements completed by the

franchisee exceed \$250,000 and the incentives are expensed in the current period if the total improvements completed by the franchisee are less than \$250,000. The Company has included these incentives with other noncurrent assets. If a location that was awarded an incentive subsequently closes, the Company's policy is to expense the remaining unamortized portion of the incentive in the year of the location closure.

The changes in the carrying amount of incentives for the years ended December 31, 2011 and 2010, were as follows (in thousands):

	2011	2010
Cost:		
Balance — January 1	\$ 18,816	\$ 18,970
Additions	2,319	1,992
Disposals	(1,671)	(2,368)
Canadian translation	(86)	222
Balance — December 31	<u>19,378</u>	<u>18,816</u>
Accumulated amortization:		
Balance — January 1	9,605	9,087
Amortization expense	2,787	2,686
Disposals	(1,658)	(2,291)
Canadian translation	(47)	123
Balance — December 31	<u>10,687</u>	<u>9,605</u>
Franchisee incentive program — net	<u>\$ 8,691</u>	<u>\$ 9,211</u>

12. DEFERRED COMPENSATION

The Company has a deferred compensation plan that enables U.S. officers of the Company to defer a specified percentage of their cash compensation into mutual funds within a rabbi trust. The Company accounts for this deferred compensation plan in accordance with ASC 710, *Compensation*. At December 31, 2011 and 2010, the Company has included (in thousands) \$9,514 and \$9,941, respectively, for the plan within other noncurrent assets and other noncurrent liabilities. The Company's contribution to the plan (in thousands) for the years ended December 31, 2011, 2010, and 2009, was \$263, \$260, and \$269, respectively.

13. CONTINGENCIES

The Company is involved in various legal proceedings in the ordinary course of its business. In the opinion of the Company's management, the ultimate disposition of these proceedings and claims will not have a material effect on the consolidated financial position or results of operations of the Company.

14. SUBSEQUENT EVENTS

In accordance with ASC 855, *Subsequent Events*, the Company has considered subsequent events for recognition or disclosure through March 1, 2012, the date of issuance.

* * * * *

EXHIBIT ML

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EXHIBIT NM

RECEIPTS

**RECEIPT
(YOUR COPY)**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Dairy Queen of Montana / North Dakota, LLC ("**DQ MT/ND**") offers you a franchise, **DQ MT/ND** must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, **DQ MT/ND** or an affiliate in connection with the proposed franchise sale.

New York ~~and Oklahoma require~~**requires** **DQ MT/ND** to give you this disclosure document at the earlier of the 1st personal meeting, or 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

Iowa requires **DQ MT/ND** to give you this disclosure document at the 1st personal meeting.

If **DQ MT/ND** does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise: Howard Elmer at 126 E. Broadway, Suite 10, Missoula, MT 59802, (406) 214-8199 or (917) 536-6291, helmer@dqmntnd.com., and _____.

Date of Issuance: ~~June~~July 23, 20112012

See Exhibit A for **DQ MT/ND**'s registered agents authorized to receive service of process.

I have received a disclosure document dated ~~June~~July 23, 20112012 that includes the following Exhibits:

- A. Agencies/Agents for Service of Process
- B. Operating Agreement and Addenda
- C. Design Services Agreement
- D. Draft Authorization Form
- E. Gift Card Participation Agreement
- F. ~~POSitouch Sales Contract~~ Territory Operator's Subfranchisees
- ~~H.G.~~ Territory Operator's Former Subfranchisees
- ~~H.~~ ADQ's Franchisees
- ~~J.I.~~ ADQ's Former Franchisees
- ~~K.J.~~ Territory Operator's Financial Statements
- ~~L.K.~~ IDQ's Financial Statements
- ~~M.L.~~ Operations Manuals Tables of Contents
- ~~N.M.~~ Receipts

Date

Prospective Subfranchisee

Date

Prospective Subfranchisee

KEEP THIS COPY FOR YOUR RECORDS. This disclosure document is also available in PDF format by request to Howard Elmer at helmer@dqmntnd.com.

**RECEIPT
(DQ MT/ND's COPY)**

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PLEASE SIGN THIS COPY OF THE RECEIPT, DATE YOUR SIGNATURE, AND RETURN IT TO DQ MT/ND ADDRESSED AS FOLLOWS: Howard Elmer at 126 E. Broadway, Suite 10, Missoula, MT 59802. This disclosure document is also available in PDF format by request to Howard Elmer at helmer@dqmntnd.com.