

ITEM 11
FRANCHISOR'S OBLIGATIONS

Assistance of Cold Stone Creamery

Except as listed below, we need not provide any assistance to you. If your Cold Stone Creamery restaurant Franchised Business will be located in an area that is subject to an area developer agreement, the area developer in that area will be responsible for providing to you all of the services required to be provided by us, other than the portion of the training program that will be conducted in the Phoenix, Arizona metropolitan area. However, area developers are not authorized to make promises or agreements on our behalf or to agree to modifications to your Franchise Agreement.

Before Your Cold Stone Creamery Restaurant Opens

1. Site and Master Lease Approval. It is your responsibility to locate and evaluate the site for your Cold Stone Creamery restaurant. However, we will review and will, in writing, approve, or deny approval of, the site, within the area designated in the Franchise Agreement, you have chosen for your Cold Stone Creamery restaurant. We will approve or disapprove your site within 90 days after we receive written notice of your selection (and additional materials required by us). We will consider the potential customer base, the rental costs, competition, traffic patterns, population density and composition, visibility, proximity to other Cold Stone Creamery restaurants and other business factors of the site in determining whether to grant our approval of the site. We will not unreasonably withhold its approval of the site.

We will lease the site selected by you for your Cold Stone Creamery restaurant and sublease the site to you. (See ITEM 5 (Initial Franchise Fee) and ITEM 6 (Other Fees)). We will, within 60 days after we receive the proposed Master Lease (and additional materials required by us), review and approve, or deny approval of, the Master Lease. Although we have the right to approve or deny approval of the Master Lease, the terms of the Master Lease (other than those required by us) are your decision.

If we determine that you do not have the financial capacity to perform your obligations with respect to the site or the Master Lease (including, without limitation, satisfying the Continuing Working Capital Requirement), we may deny approval of the site and/or Master Lease. Our disapproval will be deemed to be reasonable. In that event, we or our affiliates or franchisees may operate a Cold Stone Creamery restaurant at that site.

See ITEM 5 (Initial Franchise Fee), ITEM 7 (Initial Investment) and ITEM 10 (Financing) for a discussion of the Lease Administration Fee and other costs you will incur in connection with the lease for your Cold Stone Creamery restaurant and our sublease of the site to you.

Although we may approve the site you choose and the Master Lease, this approval does not guarantee the success of your Cold Stone Creamery restaurant. It will be your responsibility to select the premises in which your Cold Stone Creamery restaurant will be established and operated. The decision to establish and operate your Cold Stone Creamery restaurant at those premises will be made solely by you, without any reliance upon any information provided (if any), recommendation made (if any) or approval given (if any) by us, any area developer or any of our or their respective shareholders, directors, officers, employees, representatives, agents or affiliates.

The success of your Cold Stone Creamery restaurant will depend upon, among other things, the following factors: how much you follow our methods and procedures; your management skill, experience and business acumen; how much time you spend personally managing your restaurant and supervising its operations; local economic conditions; the physical size and location of the restaurant; the amount and nature of tenant improvements required; the local market for Cold Stone Creamery products; the prevailing wage rate; competition and the sales level reached during the initial period. (Sections 2 and 6 of the Franchise Agreement)

If your Cold Stone Creamery restaurant is not open for business within one year after the date of the Franchise Agreement or 150 days after the Master Landlord makes the site for your

Franchised Business available to you (as determined by us), whichever occurs first, you will be required to pay Late Opening Royalties and we will have the right to terminate the Franchise Agreement. See ITEM 5 (Initial Franchise Fee). This deadline will apply even if we have not approved the site that you have chosen for your Cold Stone Creamery restaurant and even if we have delayed the opening of your Cold Stone Creamery restaurant because you have not satisfied the Continuing Working Capital Requirement.

You will be responsible for conforming the premises to local ordinances and building codes, obtaining all required permits and licenses and constructing, remodeling and redecorating the premises for your Cold Stone Creamery restaurant.

2. **Training.** Before you open your Cold Stone Creamery restaurant, we will train up to two people to operate a Cold Stone Creamery restaurant using our recipes, formulae, food preparation procedures and business policies and practices. The training program will consist of the topics outlined below. However, the number of hours may vary, depending upon your background and your ability to comprehend the information.

Subject	Hours of Instructional Material	Hours of Classroom Training	Hours of Site-based On-the-job Training
Stage 1 - Core Functional Skills	5	0	25
Stage 2 - Shift Leadership	0	0	40
Stage 3 - Store Management	5	0	25
Stage 4 - Business Management	10	45	15
Total	20	45	105

In addition, you must perform at least 20 hours per month of site-based skills practice between the time that you complete Stage 4 of the training program and the date that you open your Cold Stone Creamery restaurant for business.

Attendees must satisfactorily complete, in our sole discretion, all stages of the training program. The first three stages and the site-based skills practice are conducted at various Cold Stone Creamery Certified Training Stores throughout the nation over a two- to eight-week period, on a schedule that you and we agree upon. We will use our best efforts to assign you to a training store that is geographically convenient to you. The fourth stage is conducted at Cold Stone UniversitySM in Scottsdale, Arizona over a one-week period. The fourth stage of the training program is conducted weekly.

In connection with each stage of the training program, you may be tested and will be evaluated upon, among other things, the results of such tests, whether you are competent in performing the skills necessary to operate your Cold Stone Creamery restaurant, whether you can speak English fluently, whether you have an aptitude for the operation of your Cold Stone Creamery restaurant, whether you are a good fit within the Cold Stone Creamery system and whether your operation of your Cold Stone Creamery restaurant may adversely affect our goodwill or reputation, our products or the Service Marks. If we determine that you have not satisfactorily

completed the training program, the Franchise Agreement may expire or be terminated. See ITEM 17 (Renewal, Termination, Transfer and Dispute Resolution).

Before attending Stage 4 of the training program, you must have, in cash or other liquid funds, working capital in an amount equal to \$35,000 (the "Continuing Working Capital Requirement"), you must have attended (at your expense) training in basic computer skills by a third party of your choice (if you do not have basic computer skills), satisfactorily completed (at your expense) a local food safety certification course and your Sublease must be signed. You must complete Stage 4 of the training program before beginning build-out of your Cold Stone Creamery restaurant and at least eight weeks before you open your Cold Stone Creamery restaurant for business. However, if the Franchise Agreement is signed in connection with a transfer, you must complete Stage 4 of the training program at least two weeks before the transfer is closed and you begin operating your Cold Stone Creamery restaurant.

Neither you, nor anyone else attending the training program, will be deemed to be our employee for any purpose. You will not be entitled to attend the training program at our expense with respect to your second and subsequent Applicant Agreements, unless we determine otherwise. In addition, you will not be entitled to attend the training program at our expense in connection with a Majority-owned Transfer.

The first three stages of the training program and the site-based skills practice will be conducted by franchisees that are certified Cold Stone Creamery trainers and have at least one year of experience operating a Cold Stone Creamery restaurant. The fourth stage of the training program will be conducted by Dave Daniels, Renee McWenie and other Cold Stone UniversitySM personnel. Other Cold Stone Creamery management personnel are also involved in training from time-to-time. All personnel involved in the fourth stage of the training program have a minimum of six months' experience with us training in the areas in which they will be training you. See ITEM 2 (Business Experience) with respect to the business experience of Dave Daniels, Renee McWenie and other Cold Stone Creamery management personnel.

Attendance at our entire training program is mandatory. You, the Franchisee (or, if the Franchisee is a corporation, partnership, limited liability company or other entity, the Supervising Principal), must attend and complete, to our satisfaction, our training program. If you will not personally supervise your Cold Stone Creamery restaurant, you must hire a manager approved by us. Your managers must attend the training program, unless we waive the requirement for subsequent managers to attend the training program if they can obtain satisfactory training from you. Except for attendance at the training program, we will not hire or train your employees, which will be your responsibility. All managers, officers and employees will be subject to a covenant not to compete and confidentiality and other obligations, in the form attached to this Franchise Offering Circular as Exhibit F. The "Supervising Principal" is a Principal selected by you and approved by us.

Except as stated above, we do not charge a fee for the attendance of up to two people at the training program. The fee payable to us for additional people to attend the training program is \$1,500 per additional training program per person. Training of additional people may not be held at the same time as training of the initial two people. All training program attendees bear

their own travel, lodging and meal expenditures in connection with attending all stages of the training program. (See Section 4 of the Franchise Agreement)

3. Consultation. Before you open your Cold Stone Creamery restaurant, we will consult with you by telephone, Monday through Friday, 8:00 a.m. to 5:00 p.m. (Phoenix, Arizona time), with respect to all aspects of starting and operating a Cold Stone Creamery restaurant. (See Section 5 of the Franchise Agreement)

4. Cold Stone Creamery's Operating Manual. Before you open your Cold Stone Creamery restaurant, we will loan to you a copy of our operating manual ("Operating Manual"), which contains standards of operations, the equipment and fixtures required to operate the franchise, operating procedures and our policies. Our Operating Manual presently contains 794 pages. The table of contents of our Operating Manual is contained in Exhibit L to this Franchise Offering Circular.

You must operate your Cold Stone Creamery restaurant strictly in accordance with the operating procedures and our policies, as contained in Cold Stone Creamery's Operating Manual, as it may be amended from time to time. Our Operating Manual is **strictly confidential** and must be returned promptly to us upon the termination of the franchise. (See Section 7(a) of the Franchise Agreement)

5. List of Approved Vendors and Suppliers; Coordinating Ordering and Delivery of Equipment and Signage. Before you open your Cold Stone Creamery restaurant, we will provide you with a copy of our list of approved vendors and suppliers for all food, supplies, equipment, signage, decor and other goods and services. In addition, we will coordinate the ordering and delivery of equipment and signage. (See ITEM 5 (Initial Franchise Fee) and Section 7(e) of the Franchise Agreement)

At any time that you or any of your affiliates are in breach of the obligations under the Franchise Agreement (for example, your failure to pay for the equipment and signage when required), or any other agreement with us or any of our affiliates, we or our affiliates may defer the performance of our obligations under the Franchise Agreement (for example, our obligation to approve your site in a timely manner) or such other agreement, or defer the opening of your Cold Stone Creamery restaurant, until your (or your affiliate's) breach has been cured. Our (or our affiliate's) exercise of that right will not constitute a waiver of our rights under the Franchise Agreement or such other agreement, including, without limitation, or (or our affiliate's) right to terminate the Franchise Agreement or such other agreement.

During the Operation of Your Cold Stone Creamery Restaurant

1. Consultation. After you open your Cold Stone Creamery restaurant, we will consult with you by telephone, Monday through Friday, 8:00 a.m. to 5:00 p.m. (Phoenix, Arizona time), with respect to all aspects of operating a Cold Stone Creamery restaurant. (See Section 5 of the Franchise Agreement)

We may, in our sole discretion, offer additional assistance to you. For example, depending upon the geographic proximity between you and us, if our time permits, on-site consultation

may be provided by us at your request at our then-current hourly rate (including consultation and travel time), plus travel, lodging and meal expenditures, at times agreed upon between you and us.

2. Cold Stone Creamery's Operating Manual. See above.
3. List of Approved Vendors and Suppliers. See above.

Additional training programs and refresher courses may be required from time to time. Although we do not presently intend to charge franchisees for attendance, you will be required to attend and bear your own travel, lodging and meal expenditures in connection with attendance. In addition, you must attend, at your expense, all annual and other meetings and conference calls of franchisees that we determine are mandatory for all franchisees, or groups of franchisees (as designated by us). Market meetings and co-operative meetings are mandatory. We may impose a charge for your failure to attend those programs, courses, meetings and conference calls.

Time Between Franchise Agreement Signing and the Opening of Your Cold Stone Creamery Restaurant

The typical length of time between signing the Franchise Agreement and the opening of a Cold Stone Creamery restaurant (other than limited menu Cold Stone Creamery restaurants) is between four and 12 months. The factors that will affect the length of time for your Cold Stone Creamery restaurant to open include, among other things, whether the site is built or needs to be completed, the difficulty of obtaining and negotiating a Master Lease for a satisfactory site, delivery and installation of equipment and signage, the amount and nature of leasehold improvements required, the length of time necessary to complete leasehold improvements, compliance with local ordinances and building codes, obtaining all required permits and licenses, scheduling and completion of our training program and your own time commitments.

Advertising

Advertising Fees collected from you and other franchisees will be deposited into our advertising fund ("Advertising Fund") used by us for expenditures that, in our sole discretion, promote, enhance or further the Cold Stone Creamery brand or system, including, without limitation, promotional, marketing, public relations and advertising expenses, hiring marketing, public relations and advertising agencies and in-house personnel to assist in developing the Cold Stone Creamery brand name and average unit volumes, expenses associated with listings in telephone books, subsidies of premiere/marquis Cold Stone Creamery restaurants designed to garner media attention and promote the Cold Stone Creamery brand name, travel expenses in connection with promotions and market meetings, training, development of trademarks and trademarked materials, production of circulars, media, advertisements, coupons and promotional materials (including point of purchase materials).

The advertising fee ("Advertising Fee") is 3% of Gross Sales on a weekly basis. See ITEM 6 (Other Fees). Two percent of the Advertising Fee collected will be used by us for national purposes ("National Fund") and 1% will be used by us for local purposes ("Local Fund").

Other franchisees' Advertising Fees may be calculated at a different rate or on a different basis and, under limited circumstances, certain franchisees may not be required to pay Advertising Fees. (Generally, licensees are not required to pay Advertising Fees, but are required to pay Brand Building and Support fees, which are not part of the Advertising Fund and may be used in any manner that we determine. We are not required to contribute to the Advertising Fund, but may do so if we desire. No part of the Advertising Fund will be used for advertising that is principally for soliciting new franchisees.

We will administer the Advertising Fund and we are presently not required to prepare audited or other financial statements for the Advertising Fund. An accounting of the use of the Advertising Fund during each calendar year will be made available to you annually within a reasonable period of time after your request. Any amounts in the Advertising Fund not spent during the fiscal year during which they were collected will be used during the following fiscal years; any amounts expended for advertising purposes in excess of the amount in the Advertising Fund during any fiscal year (together with amounts not expended during prior fiscal years) will be debited from the following years' or the prior years' Advertising Fund. Any amounts in the Advertising Fund not spent during the fiscal year during which they were collected may be used by us for other purposes on a short-term basis provided that that use does not impair the availability of those amounts for advertising purposes. We may receive monies from the Advertising Fund in connection with providing goods and services for advertising, public relations or marketing.

During 2005, the National Fund portion of the Advertising Fund was spent as follows:

Advertising Services (including product placement, advertising, creative design and copyrighting)	55%*
Market Research	6%
Media Placement	8%
Production	21%
Public Relations	10%
Total	100%

* 11% for our in-house agency

During 2005, the Local Fund portion of the Advertising Fund was spent as follows:

Cooperative Advertising Associations	34%
Franchisees' Local Advertising	66%
Total	100%

Print, radio, television, Internet and other advertising media (for example, billboards, movie screens, buses and bus shelters) may be used, depending upon the total volume of Advertising Fees generated by franchisees. Advertising media coverage has been, and is expected to be, local, regional and national. Advertising has been generated in-house by us and by local, regional and national public relations and advertising firms.

In connection with your grand opening, you must conduct a grand opening marketing and advertising campaign in accordance with a plan approved by us prior to the grand opening. You may be required to spend up to \$5,000 in connection with that grand opening and advertising campaign.

You are encouraged to spend additional funds for your own additional advertising.

You may use your own advertising and promotional materials, provided that your use of the Service Marks is in accordance with the Franchise Agreement. In addition, all advertising and promotional materials generated by or for you will be subject to our prior approval, must be completely factual and must conform to the highest standards of ethical advertising.

We require that you participate in the cooperative advertising association in your marketing area. Marketing areas will be designated by us, in our sole discretion, but will generally follow DMAs (Designated Marketing Areas) designated by Nielsen Media Research. We may change, dissolve or merge any of the cooperative advertising associations. The franchisees within each marketing area will administer the cooperative advertising associations, which may assess a fee for administration, advertising or other purposes; franchisees' contributions to cooperative advertising associations are determined by the cooperative advertising associations. All Cold Stone Creamery restaurants (including those owned by us and our affiliates) will be entitled to one vote per unit that is then operational. Cooperative advertising associations are not required to operate from written governing documents; if a franchisee's cooperative advertising association operates from written governing documents, a prospective franchisee can review those documents once that prospective franchisee becomes a franchisee. We will not require cooperative advertising associations to prepare periodic financial statements, but the cooperative advertising associations may elect to do so. (See Sections 7, 8 and 9 of the Franchise Agreement)

Electronic Cash Register, the Internet and E-mail

You will be required to purchase and use certain hardware and software at your Cold Stone Creamery restaurant. You will also be required to purchase certain service and support agreements:

You must purchase and use:

- **Hardware:**
 - One Netgear 8-port fast ethernet switch
 - Two Epson TM-T88III Thermal Receipt Printers
 - Two Panasonic 7900 Series Point of Sale (POS) Workstations (or other point of sale workstations approved by us), each with one mag card reader, one Panasonic Integrated Cash Drawer, one Panasonic rear display and one power conditioner
 - One UPS 500 battery backup
 - One DSL/cable line for access to Creamery Connection, electronic sales reporting and remote support software - if neither DSL nor cable is available at the time of your request, dial-up Internet access can be used until DSL or cable service becomes available in your area.

- One 4-port router and DSL/cable modem, or 4-port router/DSL modem combination for access to the Internet
- One Dell tower PC, to include the following:
 - 1GB RAM, P4 2.8 GHz, 2 Hard Drives Capacity, CD-RW, Modem, RAID Card, etc., as specified by us
 - 15" LCD Monitor
 - Keyboard, Mouse and Speakers
 - Additional 10/100 NIC for high speed Internet connection
- One Verifone Omni 3750 Credit Card/Gift Card System
- **Software:**
 - Microsoft Windows Operating System
 - Microsoft Office Basic
 - Panasonic System Manager Pro (SMP) software
 - Panasonic Communication software
 - Symantec Norton's SystemWorks software
 - Symantec PC Anywhere Host
 - My Profit Keeper accounting software
 - Adobe Acrobat and other integrated software packages

The Netgear 8-port fast ethernet switch is used for communication between the POS workstations and the back office PC. It enables reporting of sales and franchise business management, and collects and generates sales, labor and inventory data. The printers are used to issue receipts to your customers and to print daily sales data. The POS workstations record customer transactions and transfer data to the back office Dell tower PC. They generate sales, PLU marketing, inventory and product cost data. The UPS 500 battery backup provides emergency power to the back office PC in the event of a power outage. The router and the DSL/cable line or modem are used to communicate with us and your area developer and for access to the Internet and your e-mail account. The back office PC is used for accounting, sales reporting, labor management and reporting, inventory tracking, computer-based crew training, communication with us and your area developer and access to the Internet and your e-mail account.

The Panasonic System Manager Pro (SMP) software is used for accounting, sales reporting, labor management and reports, inventory tracking, computer-based crew training and communicating with us. The Panasonic Communication software is used to communicate sales data and PLU information to us and your area developer and to update the POS systems when necessary. Symantec Norton's SystemWorks software is an anti-virus software. Symantec PC Anywhere Host provides off-site remote access to the back office PC, including access for technical support. My Profit Keeper accounting software helps you track your expenses, revenue and profitability. Adobe Acrobat and other integrated software packages enable you to view marketing and training materials that we may provide to you.

The required hardware and software are proprietary to:

Name of Company	Address	Phone Number/Website
Panasonic Information Systems Co.	1701 N. Randall Road, E1-D Elgin IL 60123-7820	(847) 468-4600 www.Panasonic-.com/pos
Netgear, Inc.	4500 Great America Parkway Santa Clara CA 95054	(408) 907-8000 www.netgear.com
Epson America, Inc.	P.O., Box 93012 Long Beach CA 90806-2469	(800) 463-7766 www.epson.com
Powervar	14520 Lakeside Drive Waukegan IL 60085	(800) 369-7179 www.powervar.com
Microsoft Corporation	One Microsoft Way Redmond WA 98052	(425) 625-3311 www.microsoft.com
Symantec Corporation	20330 Stevens Creek Blvd. Cupertino CA 95014	(408) 517-8000 www.symantec.com
Adobe Systems Incorporated	345 Park Avenue San Jose CA 95110-2704	(408) 536-6000 www.adobe.com
Dell Computer Corporation	One Dell Way Round Rock TX 78682	(877) 773-3355 www.dell.com
VeriFone, Inc.	2099 Gateway Place, Suite.600 San Jose, CA, 95110	(800) VeriFone; (408) 232-7800 www.verifone.com
My Profit Keeper LLC	P.O. Box 21898 Mesa AZ 85277-1898	(480) 471-8227 www.myprofitkeeper.com

Currently, you must purchase a Verifone Omni 3750 for your Cold Stone Creamery restaurant. The Verifone Omni 3750 will be used to process credit card and gift card transactions at your Cold Stone Creamery restaurant. At some point in the future, we may authorize the use of integrated card systems to process gift card transactions. Currently, the integrated systems are only authorized to process credit card transactions. You must obtain credit card and gift card processing services from our approved vendors. The charges associated with credit card and gift card transactions are compiled per transaction and therefore will vary from store to store. We estimate that the costs associated with credit card transactions will be between 1% and 2% of your gross sales. Gift card transactions will cost you between 29 cents and 35 cents per redemption.

We do not require the purchase of the Panasonic Integrated Dial Up Credit Card Point of Sale System. However, if you decide to purchase Panasonic Integrated Dial up Credit Card Systems, you will also be required to provide a dedicated phone line and purchase a credit card modem. In addition, you will be required to purchase the necessary software, staging/installation support, training and help desk services estimated to be \$2,275 for the first year and \$500 per year thereafter.

We do not require the purchase of the Panasonic High Speed Integrated Credit Card Point of Sale Systems. However, if you decide to purchase Panasonic High Speed Integrated Credit Card Systems you will also be required to provide a high speed (DSL or cable) data line. In addition, you will be required to purchase the necessary software, staging/installation support, training and help desk services estimated at \$2,250 for the first year and \$500 per year thereafter.

While not required, you may purchase one or two Telequip integrated coin dispensers, a security camera and/or a digital camera. Some of that equipment may require that a second personal computer be purchased and installed.

You may not install any hardware or software onto the Dell Tower PC without our express consent.

The approved vendors, including, but not limited to, Dell Computer Corporation, Panasonic, Emerald Business Solutions and Southwest Business Systems, do not support or warrant software or hardware not packaged with the original configuration from a vendor approved by us.

There are certain additional charges that the creators of required proprietary software will charge you as part of your use of their proprietary software. My Profit Keeper LLC charges a \$285 set-up fee for its software and charges \$62 per month for updates, upgrades and monthly support. None of the other software or hardware companies above is obligated as part of your purchase of the required hardware or software to provide ongoing maintenance, repairs, upgrades or updates.

We require you to obtain an annual computer support contract with an approved vendor, the cost of which is estimated to be \$600-800 per year (with the first year being included in the purchase price of the equipment). The approved vendor will provide telephone support to you concerning the hardware and software used at your Cold Stone Creamery restaurant.

You will be required to upgrade or update the software and programming for the equipment, and/or the equipment itself, at your expense, when we believe that it is necessary. There is no contractual limitation on the frequency and cost of that obligation. We cannot presently quantify the cost of necessary upgrades or updates.

All POS data is our property.

You must maintain a dedicated email account from an Internet service provider (ISP) approved by us as part of the sales gathering process and also to provide a means of communicating with us and your area developer. The fees associated with acquiring and maintaining a dedicated email account and access to the Internet by an approved ISP are your responsibility. Your system may come pre-configured with an e-mail account and dial up internet access from providers selected by us. We may change our list of approved ISPs at any time and may enter into an exclusive agreement with a High Speed ISP and require you to utilize the services of that specific provider. In the event you need dial-up Internet services until DSL or cable is available in your area, it is your responsibility to verify with your telephone provider that the Earthlink access number, selected at the time of your PC's configuration, is a non-toll call and will not result in toll charges. Any toll charges incurred through this process will be the responsibility of the franchisee. You must inform us and your area developer of your e-mail address promptly upon signing the Franchise Agreement and if your e-mail address is changed. You should check and respond to your e-mail on a daily basis (except for weekends); provided, however, that the timeliness of your e-mail review and responses must be consistent with

reasonable business practices and must not cause us, area developers or other franchisees to be unable to communicate with you in a timely manner.

We will also have independent access to the information and data generated by your Panasonic Workstation via your Dell tower PC. We will have access to gather any appropriate information it deems necessary and to download new menu items, pricing, menu item costs and software upgrades as it sees fit. You will be required to assist and cooperate with us in establishing and maintaining that system, including, at your expense, acquiring any necessary hardware or software and setting the system to automatically transmit data and information designated by us to us and your area developer.

You must obtain and maintain continuous access to our Internet website in a manner that will enable you to download required information (without regard to size) and to otherwise interact with us, your area developer and other persons, in such manner as we may specify. You are solely responsible for protecting yourself from viruses, computer hackers and other computer-related problems, and you may not sue us for any harm caused by such computer-related problems. You may not market your Cold Stone Creamery restaurant or use the Service Marks on the Internet.

We are not obligated to provide or to assist the franchisee to obtain the above items or services, but we may do so.

Except as stated above, you are not required to purchase or use any computer hardware or software.

ITEM 12 **TERRITORY**

You will not receive an exclusive territory. We (and/or our affiliates) may establish other franchised or company-owned Cold Stone Creamery restaurants that may compete with your location, including across the street from your location or in the same building or shopping center as your location. We presently intend to develop Cold Stone Creamery restaurants throughout the United States and internationally. One or more future Cold Stone Creamery restaurants may have an adverse effect on the revenues and profitability of existing Cold Stone Creamery restaurants, including your Cold Stone Creamery restaurant.

In addition, we (and/or our affiliates) may market, directly or indirectly, Cold Stone Creamery products or services through methods of distribution other than Cold Stone Creamery restaurants operated by us, our affiliates and franchisees, including the Internet.

The franchise is granted only for a location within the area designated in the Franchise Agreement, and agreed to between us and you. You will have no exclusive, or other, rights with respect to that area. The specific site of your Cold Stone Creamery restaurant is subject to our approval. We will not unreasonably withhold its approval of the site. See ITEM 5 (Initial Franchise Fee) and 8 (Restrictions on Sources of Products and Services).

Any relocation of your Cold Stone Creamery restaurant must be for a legitimate business reason, will be subject to a \$5,000 relocation fee, and will require you to sign the then-current form of Franchise Agreement. In addition, you will be subject to the same requirements regarding your site, the Master Lease, the Sublease and the related fees as are applicable to the initial site of your Franchised Business. See ITEM 5 (Initial Franchise Fee). Any relocation of your Cold Stone Creamery restaurant will be subject to our approval, which may be granted or withheld, in our sole discretion. In connection with any relocation, your Cold Stone Creamery restaurant may not be closed for business for more than 30 days.

Except as expressly limited in the Franchise Agreement, we (for ourselves, our affiliates and our designees) retain all rights with respect to Cold Stone Creamery restaurants, the Service Marks, all confidential and proprietary information, all copyrighted materials and the sale of Cold Stone Creamery products anywhere in the world, including, without limitation, the right to:

- a. Establish and/or operate (or license to any other person or entity the right to establish and/or operate) a Cold Stone Creamery restaurant owned or licensed by the us at any location;
- b. Develop, market, own, operate and/or participate in any other business under the Service Marks or any other trademarks;
- c. Develop, lease and/or license the use of, at any location, trademarks other than the Service Marks, in connection with the operation of a system that offers products or services that are the same as, or similar to, those offered by us on any terms or conditions that we deem advisable, in our sole discretion;
- d. Merge with, acquire and/or be acquired by any other business, including, without limitation, a business that competes with your Cold Stone Creamery restaurant, or acquire and convert any retail stores, including, without limitation, retail stores operated by competitors, or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned;
- e. Distribute, sell and/or license other persons or entities to distribute and/or sell products through all other channels. "Other Channels" means locations other than traditional Cold Stone Creamery restaurants owned, licensed or franchised by us, and includes, without limitation, sale by or through other channels of trade including, without limitation, kiosks, carts, grocery stores, convenience stores, food chains, electronic mail, Internet sales, malls, universities, schools, hospitals, military bases, casinos, convention centers, arenas, stadiums, health and fitness facilities, office buildings, theme parks, movie theatres, and amusement facilities; and
- f. Implement multi-area marketing programs that may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such multi-area marketing programs.