

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Offering Circular.

Provision		Section in Franchise Agreement (1)	Summary
a.	Term of the franchise	Section 4A	Term is 20 years or the term of the lease of the restaurant premises, whichever period is shorter
b.	Renewal or extension of the term	Section 4B	Renewal for 1 additional term of 10 years or for the term of the renewed lease, whichever is shorter
c.	Requirements for you to renew or extend	Section 4B	Your lease has been renewed, you give ADQ 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 ADQ's then current form of renewal franchise agreement, except that the continuing license fee will remain 4% of Gross Sales and the sales promotion program fee will not be more than 6% of Gross Sales; you have complied with Section 5E regarding your restaurant facility; you are in good standing with ADQ; if leasing, you have written proof of your ability to remain in possession of the restaurant premises throughout the renewal period; and you pay ADQ a renewal fee (see Item 7)

d.	Termination by you	Section 13D	You may terminate the franchise agreement only for a material breach by ADQ, provided you give ADQ written notice of the breach and allow ADQ 30 days to cure such breach and, if not cured, wait 60 days from the original notice of breach before terminating the franchise agreement
e.	Termination by ADQ without cause	None	
f.	Termination by ADQ with cause	Sections 13A and B	ADQ can terminate the franchise agreement only if you default
g.	“Cause” defined - defaults which can be cured	Sections 13A and B	You have 7 days to cure the making and submission of false reports, non-submission of reports, non-payment of amounts due and owing, failure to abide by 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 ADQ, and any other default not listed in h below
h.	“Cause” defined - defaults which cannot be cured	Sections 13A and B	Non-curable defaults: abandonment, insolvency, unapproved assignments or transfers, conviction of offense directly related to franchised 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	Sections 13B and 14	Obligations include complete de-identification and payment of amounts due and, in the case of a termination of the franchise agreement, payment of a termination fee (also see r below)
j.	Assignment of contract by ADQ	Section 11G	No restriction on ADQ’s right to assign
k.	“Transfer” by you – definition	Section 11A	Includes any transfer of your interest in the franchise agreement or in the business conducted thereunder or any ownership change thereof listed in Section 11A.
l.	ADQ’s approval of transfer by franchisee	Section 11B	ADQ has the right to approve all transfers but will not unreasonably withhold approval

m.	Conditions for ADQ's approval of transfer	Sections 11B-D	Transferee meets all of ADQ's then current requirements for transferees, transfer fee paid, all amounts owed by prior franchisee paid, required modernization or replacement is completed, training arranged, required guarantees signed, necessary financial reports and other data on franchised business is prepared, release signed by you and current agreement signed by new franchisee (also see r below)
n.	ADQ's right of first refusal to acquire your business	Section 11F	ADQ (or, at ADQ's option, a qualified third party designated by ADQ) can match any offer for your franchise agreement and business assets (including any leasehold interests) and, in the case of a proposed stock sale, ADQ (or, at ADQ's option, a qualified third party designated by ADQ) can purchase your franchise agreement and business assets at a price determined by an appraiser, unless you and ADQ (or ADQ's designated buyer) agree otherwise. Appraiser fees and expenses will be shared equally by both parties
o.	ADQ's option to purchase your business	Section 14B	Upon termination, ADQ has the right to purchase or designate a third party that will purchase all or any portion of the assets of your restaurant, including the land, building, equipment, fixtures, signs, furnishings, supplies, leasehold, leasehold improvements and inventory of your restaurant. 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 DQ® restaurant. Appraiser fees and expenses will be shared equally by both parties
p.	Your death or disability	Section 11E	You can transfer your franchise to your heir or successor in interest pursuant to Section 11, and if assignee is your spouse or child, no transfer fee is required.
q.	Non-competition covenants during the term of the franchise	Section 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 franchise agreement
r.	Non-competition covenants after the franchise is terminated or expires	Section 14C	No direct or indirect involvement in a competing business for 1 year within 500 meters of the prior authorized location
s.	Modification of the agreement	Section 15D	No modifications generally, but ADQ has the right to change operations manual, list of authorized trademarks and menu

t.	Integration/merger clause	Section 15B	Only the terms of the franchise agreement are binding (subject to state law). Any other promises may not be enforceable
u.	Dispute resolution by arbitration or mediation	Section 12	Except for certain claims, all disputes must be arbitrated in Minneapolis, Minnesota (subject to state law)
v.	Choice of forum	Section 15I	Litigation must be in the Federal District Court for the District of Minnesota or in Hennepin County District Court, Fourth Judicial District, Minneapolis, Minnesota (subject to state law)
w.	Choice of law	Section 15H	Applicable law is that of the state where authorized location is located

(1) Unless otherwise noted, section references are to the DQ Grill & Chill® franchise agreement.

This table lists important provisions of the Food Service Amendment. You do not enter into the Food Service Amendment if you sign the DQ Grill & Chill® franchise agreement included in this Offering Circular. As further described in Item 1, you enter into the Food Service Amendment if you are a Conversion Franchisee converting an existing soft-serve-only or non-system food store to a DQ Grill & Chill® restaurant. You should read these provisions in the Food Service Amendment attached to this Offering Circular.

Provision		Section in Food Service Amendment	Summary
a.	Term of the franchise	Sections 2B and 4	Term of Food Service Amendment continues indefinitely until terminated by either you or ADQ or until the termination or expiration of your Dairy Queen® franchise and/or license agreement
b.	Renewal or extension of the term	Sections 2B and 4	Although the Food Service Amendment continues indefinitely without any action by you to renew or extend it, the Dairy Queen® franchise and/or license agreement must be renewed and extended pursuant to the respective terms of each agreement
c.	Requirements for you to renew or extend	None (See b above)	
d.	Termination by you	Section 13D	You may terminate the Food Service Amendment only for a material breach by ADQ, provided you give ADQ written notice of the breach and allow ADQ 30 days to cure such breach and, if not cured, wait 60 days from the original notice of breach before terminating the Food Service Amendment. Upon your termination of the Food Service Amendment, your Dairy Queen® franchise and/or license agreement shall also terminate
e.	Termination by ADQ without cause	None	

f.	Termination by ADQ with cause	Sections 13A and B	ADQ can terminate only if you default
g.	"Cause" defined - defaults which can be cured	Sections 13A and B	You have 7 days to cure the making and submission of false reports, non-submission of reports, non-payment of amounts due and owing, failure to abide by 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 ADQ, and any other default not listed in h below
h.	"Cause" defined - defaults which cannot be cured	Sections 13A and B	Non-curable defaults: abandonment, insolvency, unapproved assignments or transfers, conviction of offense directly related to franchised 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	Sections 13B and 14	Upon termination of the Food Service Amendment, your Dairy Queen® franchise and/or license agreement shall also terminate. Obligations on termination/ nonrenewal include complete de-identification and payment of amounts due and, in the case of a termination, payment of a termination fee (also see r below)
j.	Assignment of contract by ADQ	Section 11D	No restriction on ADQ's right to assign
k.	"Transfer" by you - definition	Section 11A	Includes any transfer, assignment or alienation, in whole or in part, of your interests in the Food Service Amendment
l.	ADQ's approval of transfer by franchisee	Section 11	ADQ has the right to approve all transfers but will not unreasonably withhold approval
m.	Conditions for ADQ's approval of transfer	Section 11	In addition to paying a transfer fee and meeting ADQ's mandatory training requirements, a new franchisee must meet the transfer or assignment standards specified in their Dairy Queen® franchise and/or license agreement
n.	ADQ's right of first refusal to acquire your business	None	Although the Food Service Amendment does not contain a right of first refusal to acquire your business, such a provision may be contained in your Dairy Queen® franchise and/or license agreement

o.	ADQ's option to purchase your business	Section 14B	Upon termination, ADQ has the right to purchase or designate a third party that will purchase all or any portion of the assets of your restaurant, including the land, building, equipment, fixtures, signs, furnishings, supplies, leasehold, leasehold improvements and inventory of your restaurant. 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 DQ® restaurant. Appraiser fees and expenses will be shared equally by both parties
p.	Your death or disability	None	Although the Food Service Amendment does not contain a transfer provision relating to your death or disability, such a provision may be contained in your Dairy Queen® franchise and/or license agreement
q.	Non-competition covenants during the term of the franchise	Section 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 the Food Service Amendment or any other agreement approved by ADQ
r.	Non-competition covenants after the franchise is terminated or expires	Section 14C	No direct or indirect involvement in a competing business for 1 year within 500 meters of the prior authorized location
s.	Modification of the agreement	Section 15D	No modifications generally, but ADQ has the right to change operations manual, list of authorized trademarks and menu
t.	Integration/ merger clause	Section 15B	Only the terms of the Food Service Amendment and your Dairy Queen® franchise and/or license agreement are binding (subject to state law). Any other promises may not be enforceable
u.	Dispute resolution by arbitration or mediation	Section 12	Except for certain claims, all disputes must be arbitrated in Minneapolis, Minnesota (subject to state law)
v.	Choice of forum	Section 15I	Litigation must be in the Federal District Court for the District of Minnesota or in Hennepin County District Court, Fourth Judicial District, Minneapolis, Minnesota (subject to state law)
w.	Choice of law	Section 15H	Applicable law is that of the state where authorized location is located

This table lists important provisions of the Development Agreement. You will only enter into the Development Agreement if you are granted a multiple unit franchise. You should read these provisions in the Development Agreement attached to this Offering Circular.

Provision		Section in Development Agreement	Summary
a.	Term of the franchise	Section 4; Appendix B of Develop Agreement	Term will vary and coincide with your Development Schedule
b.	Renewal or extension of the term	Section 4	No right to renew or extend term
c.	Requirements for you to renew or extend	None (See b above)	
d.	Termination by you	Section 8C	You may terminate the Development Agreement only for a material breach by ADQ, provided you give ADQ written notice of the breach and allow ADQ 60 days to cure such breach
e.	Termination by ADQ without cause	None	
f.	Termination by ADQ with cause	Sections 8A and B	ADQ can terminate only if you default
g.	"Cause" defined - defaults which can be cured	Sections 8A and B	You have 30 days to cure the failure to meet any Minimum Development Quotas, failure to execute an Operating Agreement for a restaurant in your development area, and any other default not listed in h below
h.	"Cause" defined - defaults which cannot be cured	Sections 8A and B	Non-curable defaults: voluntary bankruptcy, unapproved assignments or transfers, conviction of any felony directly related to the Dairy Queen® business, 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	Section 9	Obligations on termination include cessation of all use of ADQ's trademarks, except as permitted under any Operating Agreements still in effect, payment of amounts due, and continued compliance with all supervisory and management obligations described in Section 5B of Development Agreement
j.	Assignment of contract by ADQ	Section 6C	No restriction on ADQ's right to assign
k.	"Transfer" by you - definition	Section 6A	Includes any direct or indirect assignment, assumption, sale or other transfer, in whole or in part, of your interest in the Development Agreement or your business conducted thereunder, or your ownership
l.	ADQ's approval of transfer by franchisee	Section 6A	ADQ has the right to approve all transfers but will not unreasonably withhold approval

m.	Conditions for ADQ's approval of transfer	Section 6A	You are in compliance with the Development Agreement, all Operating Agreements and all other agreements between you and ADQ and its affiliates (except for certain disputed matters), transferee meets all of ADQ's then current standards for multiple restaurant franchisees, transferee completes training, you assign all of your rights in the Development Agreement and all Operating Agreements entered into thereunder, transfer fee paid, you offer a right of first refusal to ADQ, and required guarantees and releases signed (except to the extent they involve certain disputed matters)
n.	ADQ's right of first refusal to acquire your business	Sections 6A and B	You must offer a right of first refusal to ADQ (or, at ADQ's option, to a qualified third party designated by ADQ) as a condition to any proposed transfer
o.	ADQ's option to purchase your business	None	
p.	Your death or disability	None	Although Development Agreement does not contain a specific transfer provision relating to your death or disability, the general conditions of transfer described in m above will apply upon your death or disability
q.	Non-competition covenants during the term of the franchise	None	
r.	Non-competition covenants after the franchise is terminated or expires	None	
s.	Modification of the agreement	Section 10B	No modifications generally, but ADQ has the right to change standards
t.	Integration/merger clause	Section 10B	Only the terms of the Development Agreement are binding (subject to state law). Any other promises may not be enforceable
u.	Dispute resolution by arbitration or mediation	Section 7	All disputes must be arbitrated in Minneapolis, Minnesota (subject to state law)
v.	Choice of forum	None	
w.	Choice of law	Section 10F	Applicable law is that of the state where your development area is located

These states have statutes which may supersede the franchise agreement, the Food Service Amendment and/or Development Agreement in your relationship with ADQ including the areas of termination and renewal of your franchise: ARKANSAS [Code Sections 4-72-201 – 4-72-210], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Sections 42-133e – 42-133h], DELAWARE [Code Sections 2551 – 2556], FLORIDA [Stat. Section

542.335], HAWAII [Rev. Stat. Section 482E-6], IDAHO [Code Section 29-110], ILLINOIS [815 ILCS Sections 705/1 – 44], INDIANA [Code Sections 23-2-2.7-1 – 23-2-2.7-7], IOWA [Code Sections 523H.1 – 523H.17 and 537A.10], MICHIGAN [Stat. Section 19.854(27)], MINNESOTA [Stat. Sections 80C.14 and 80C.21], MISSISSIPPI [Code Sections 75-24-51 – 75-24-63], MISSOURI [Rev. Stat. Sections 407.400 – 407.413 and 407.420], NEBRASKA [Rev. Stat. Sections 87-401 – 87-410], NEW JERSEY [Rev. Stat. Sections 56:10-1 – 56:10-12], NORTH CAROLINA [Gen. Stat. Section 22B-3], RHODE ISLAND [Stat. Sections 19-28.1-14 – 19-28.1-16; Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim enforceable under this Act”], SOUTH DAKOTA [SDCL Sections 37-5A-51 and 37-5A-51.1], VIRGINIA [Code Sections 13.1-557 – 13.1-574], WASHINGTON [Rev. Code Section 19.100.180], WISCONSIN [Stat. Sections 135.01 – 135.07]. These and other states may have court decisions which may supersede the franchise agreement, the Food Service Amendment and/or Development Agreement in your relationship with ADQ including the areas of termination and renewal of your franchise.

Item 18

PUBLIC FIGURES

ADQ does not use any public figure to promote the franchise. No public figure is involved in the actual management or control of ADQ.

Item 19

EARNINGS CLAIMS

Except as attached as Exhibit 17, ADQ does not furnish or authorize its salespersons to furnish any oral or written information to prospective franchisees concerning the actual or potential sales, costs, income or profits of a DQ Grill & Chill® restaurant. Actual results vary from unit to unit and ADQ cannot estimate the results of any particular restaurant.

ADQ has the right, however, to provide to a prospective franchisee, in writing, the actual operating results from a specific existing restaurant being offered for sale, together with the name and last known address of each owner of the restaurant during the prior 3 years. ADQ will not be bound by allegations of any unauthorized representations as to actual or potential sales, costs, income or profits. Furthermore, the financial results of a DQ Grill & Chill® restaurant may vary considerably from a typical Dairy Queen®/Brazier® restaurant. Prior to submitting an application for a DQ Grill & Chill® franchise, ADQ strongly recommends that you contact several existing DQ Grill & Chill® franchisees of your own choosing for information concerning a DQ Grill & Chill® restaurant.

Attached as Exhibit 17 to this Offering Circular is an Earnings Claim. Schedule A of the Earnings Claim contains information relating to 42 franchised DQ Grill & Chill®

restaurants in the United States that were developed under ADQ's new restaurant development programs and that were operated the entire calendar year 2006. The Earnings Claim also contains, in Schedules B, C, D and E, information relating to 28 franchised and 6 DQ Grill & Chill® corporate restaurants (owned by ADQ affiliates) that conducted a remodel, replacement or relocation project that resulted in a conversion of an existing restaurant facility to the DQ Grill & Chill® design. These 34 restaurants were operated the entire calendar year 2006.

Your financial results are likely to differ from the information set forth in Exhibit 17. Substantiation of all data contained in Exhibit 17 will be made available to you upon reasonable demand.