



NEWS ALERT

April 30, 2004

THE FROZEN FACTS

- Dairy Queen Operators' Association/Dairy Queen Operators' Cooperative (DQOA/DQOC) is in its 33rd year of service as the only **independent voice for more than 1,500 Dairy Queen Franchisees** throughout the United States.
- **DQOA is all for growth and evolution of the Dairy Queen brand** — it will only benefit us in the long-run — but this evolution must be based on a well-tested plan that benefits Franchisees as well as International Dairy Queen (IDQ). This currently is not the case.
- **IDQ's new "Concept Evolution"** plan to launch DQ Grill and Chill and Dairy Queen treat concept stores throughout the United States is based on overreaching objectives that are **threatening the existence of thousands of independent, franchised Dairy Queens around the country**. A lifetime of investment and hard work will become essentially worthless for these many independent, small business owners, unless IDQ rethinks its plans and negotiates a new plan with its "business partners" that profits BOTH parties.
- **IDQ's "Concept Evolution" plan is risky and unproven**; it has not been tested in enough markets, nor is it independently verified by a qualified auditing firm. It doesn't even approach a "best practices" model in the franchise industry, which includes impact policies agreed to in true collaboration among corporate officers and franchisees.
- Due to **impossible transfer standards, the apparent aim to create a supply chain monopoly and a self-serving encroachment policy**, IDQ's "Concept Evolution" plan is draining the current equity from Dairy Queen Franchise Operations — the same dedicated owners who helped build Dairy Queen into an American tradition.
- **DQOA/DQOC members serve their customers, not IDQ**. DQOA/DQOC is in favor of brand "segmentation," not "transformation." Segmentation allows variation for different markets, which can, in turn, drive innovation. Who's to say that what customers want in Nashville, Tenn., is the same as those in Grinnell, Iowa, or Minneapolis, Minn.?
- **As many as 3,000 Dairy Queen Franchisees are at risk of losing their business based on IDQ's practices**.
- Under the guidelines of "Concept Evolution," existing Dairy Queen Franchisees would be required to pay approximately **\$400,000** per store in order to fit the new "model" proposed by IDQ.