



CROWN SELECT CONES

We announced recently that the Crown Select Cone Company had ceased operating and the assets were being sold to another cone company. The transaction has been completed and the company that will be manufacturing the Crown Select cones is BoDeans Baking Company in LeMars, Iowa.

The DQOC was forced to operate its own cone plant after our joint partner, Derby Cone, declared bankruptcy in late 2001. We were successful in driving down the cost of your cones \$8.00 a case plus dividends. It was never our intention to be manufacturers of cones. The complexity of operating a cone manufacturing plant involved more staff time and resources than we thought appropriate. We accept the criticism that we failed you, but we hope that you appreciate our motives and the cost reductions we brought to the entire Dairy Queen system.

Going forward, we believe we have partnered with a leader in the cone industry. Presently BoDeans is a supplier of sugar cones to all the major players in the ice cream business including Wells Blue Bunny, Schwan's, and Good Humor. BoDeans will use our equipment plus additional newly purchased cone manufacturing equipment to enter the cake cone business and provide Dairy Queen franchisees a continued source of competitively priced cones to the IDQ/Joy Cone. The DQOC believes that we have found the best possible source for competitively priced cones in the country. BoDeans will manufacture all four sizes of approved cones. It is our hope that we can have the new IDQ approved Crown Select cones to you by July '06.

In the meantime, your DQOC warehouse has been kind enough to purchase enough of the remaining Crown Select cone inventory to get us up to approximately June 1st. We apologize for the inconvenience and uncertainty that our actions have caused you. It is and has always been the DQOC's intention to insure a competitively priced source of products for Dairy Queen franchisees. We will continue pursuing that goal and we will not let you down. Thank you for your patience and support.