



# NEWS ALERT

September 22, 2006

## DQOA NEWS ALERT

American Dairy Queen Corporation (“ADQ”) has mandated that all DQ/”Brazilian” locations install the Hot Shot Food Preparation System (“Hot Shot”) by no later than January 1, 2007. ADQ also has mandated that all Dairy Queen franchisees, regardless of the franchise agreements under which they operate: (1) must offer for sale Dairy Queen cakes (“Cakes”) by no later than May 2007 and (2) begin accepting credit, debit and gift cards as forms of payment for all products by October 1, 2007.

The DQOA has filed a lawsuit against ADQ in Lake County, Illinois asking the court to declare that ADQ does not have the legal right to force all franchisees to implement these (and other) programs. It is highly unlikely, however, that the court will have rendered any decisions regarding the DQOA’s requests for declaratory relief by the deadlines for implementation of the Hot Shot, Cakes and credit-, debit-, and gift-card programs (collectively “Programs”).

Many member franchisees have asked the DQOA what they should do in the interim. If you are a DQOA member and decide that you cannot afford or do not want to implement one or more of the Programs, we suggest that you contact Scott Korzenowski at Dady & Garner, P.A., 4000 IDS Center, 80 South Eighth Street, Minneapolis, Minnesota, 55402, Telephone: 612-359-5486, or an attorney of your choice, to determine your rights under your franchise agreement with respect to such Programs.

If you believe that your franchise agreement does not permit ADQ to require you to implement one or more of the Programs, but ADQ has notified you that it intends to place you in default and/or take steps to terminate your franchise agreement if you fail to do so, you should consider notifying ADQ in writing, upon implementation of such Program(s), that: (1) your franchise agreement with ADQ does not permit ADQ to require you to implement any of the Programs, (2) you are implementing the Programs under protest, and (3) your implementation of any of the Programs is not intended as a waiver of any of your legal rights.

**BEFORE TAKING ANY OF THE ACTION DESCRIBED ABOVE**, however, it is very important that you consult an attorney of your choosing to review your franchise agreement and ascertain your rights thereunder, or if you are a DQOA member you may call Scott Korzenowski at Dady & Garner, P.A., who is representing the DQOA in the lawsuit described above.