



## ***From the desk of Chris Prasifka...***

*President of Kahala Franchise Corp*

Cold Stone Creamery Franchisees,

Today, the *Wall Street Journal* published a critical article detailing a period of explosive growth in Cold Stone Creamery's history, as well as some of the current challenges and opportunities the brand is experiencing. I wanted to take the opportunity to reach out to you to share my thoughts on the article.

First and foremost, I want you to know that our entire team here at Kahala recognizes the struggles some of you are facing. Average Unit Volume is flat, labor and commodity costs are rising, and the U.S. economy is experiencing a downturn.

For those of you that were able to attend the Annual Business Meeting in January, you heard the new leadership team speak frankly about the challenges and opportunities that were highlighted in the article. The leadership team recognizes that there are serious challenges at-hand and are working diligently to support you and your success. During the meeting, we spoke to our top priority - growing same store sales and achieving system wide Average Unit Volume (AUV) of \$500,000. Our focus and goals have not changed. As we've said on numerous occasions, we intend to reach that goal with your input every step of the way while maintaining the brand experience that ice cream lovers across the world have come to know and love because of your hard work and passion.

While an article like this may discourage some of you, remember that we kicked off the year in January with the *Oprah Winfrey Show* singing our praises, and in the last six months prominent consumer publications like *Everyday with Rachel Ray*, *Cosmopolitan*, *Health* and *Glamour* have also featured our brand in a positive light. Many of you became a part of Cold Stone for accolades like these while pursuing your passion for the business and a chance at entrepreneurship. You are supported by a strong brand perception, superior product and most importantly, the most passionate franchisee community I've ever encountered.

Furthermore, I am confident in the team we have in place at Kahala who is equipped to support your success. **Please don't hesitate to contact your area developer, Dan Beem or myself if you have feedback or concerns to share, as we're dedicated to help you find solutions. If you receive media inquiries or have any questions regarding the article, please feel free to direct those to Kate Guess at 480.362.4952.** In support of the franchise community and your business investment, let's focus our efforts not on perpetuating the story, but instead on building the brand for future success.

It's my understanding there used to be a rally cry around here, and today seems like the appropriate day to bring it back to life - let's make it a great day for ice cream!

Sincerely,

*Chris Prasifka*