

# SPECIAL BRAND UPDATE

**COLD STONE**  
CREAMERY



To the Cold Stone Creamery Franchise Community:

Recently, Cold Stone Creamery was featured as part of a CNBC documentary entitled, "Behind the Counter: The Untold Story of Franchising." We understand there are concerns and questions within our franchise community, and we would like to update you on our strategy, where we are today, and also provide some perspective on our participation in the segment. Let us begin by letting you know we are pursuing an aggressive PR campaign, as well as a potential legal campaign to clarify our position and correct the inaccuracies presented in the CNBC piece. Kahala has engaged the legal counsel of Robert Zarco, the leading franchise attorney in the country, to represent Cold Stone franchisees. Further, we have retained the legal counsel of Snell and Wilmer to represent Kahala. This powerful and unprecedented alignment of a franchisor and its franchisees will be an effective and compelling way to defend and protect the value of our brand.

We have also remained in communication with CNBC's producers and general counsel since the initial airing regarding the inaccuracies in the piece. You might be interested to know their legal department already responded by removing two of the inaccurate statements, one regarding the class action and another regarding "hidden" expenses. Additionally, Mr. Zarco has prepared and will deliver a letter to CNBC addressing concerns and legalities from a franchisee perspective, as well as a franchise system perspective.

With regard to Kahala's participation in the piece, CNBC reporter Darren Rovell approached Kahala with a clear agenda and bias. From the questions posed, it was clear CNBC had already determined to paint a negative picture of Cold Stone. Participation in an on-camera interview came with inherent risk that CNBC could leave out full or partial answers or alter context to support a negative, one-sided piece. Though Kahala communicated with the show's senior producers and CNBC's general counsel to be sure CNBC considered the facts and the source of the allegations and to be sure Cold Stone Creamery was portrayed fairly and accurately, the tenor of the questions and interactions remained negative.

After much discussion and consideration, understanding that CNBC had full editorial control and could choose to edit our words that could distort our intended communication, Kahala determined it was in the best interest of our brand and our franchisees not to engage with CNBC on the basis of the false allegations outlined in the reporter's questions. Kahala issued a statement, of which CNBC included only a very brief portion.

Thank you for your continued commitment to Cold Stone, our brand and our loyal customers. We appreciate our dedicated franchisees and team members who work hard to ensure we deliver The Ultimate Ice Cream Experience to every customer in every store. Kahala wishes to assure you we have taken this very seriously and will continue to pursue any and all legal remedies and public relations strategies to ensure the impact to the Cold Stone brand and our franchise system is minimized by this reckless and wrongful conduct by CNBC. We will be in touch updating you of our progress along the way.

Best,  
Kahala Executive Team