

FRANCHISE DISCLOSURE DOCUMENT



ALPHAGRAPHICS, INC.
a Delaware corporation
215 South State Street, Suite 320
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www.alphagraphics.com

*Principal business address is expected to change to the Denver, Colorado metro area by late 2018

The franchise offered is to operate an AlphaGraphics® Business Center, which offers customized print and marketing solutions to businesses using data driven, multi-channel communications that may require a blend of design, print, web, large format, mobile and social media services.

The estimated total initial investment necessary to begin operation of a new AlphaGraphics® Business Center franchise is \$190,668 to \$380,287, excluding real estate costs. This includes \$63,000 in initial fees that must be paid to the franchisor or an affiliate. The estimated total initial investment necessary to begin operation of an AlphaGraphics® Business Center franchise under our Acquire and Convert Pathway is \$109,500 to \$336,800, excluding real estate costs. This includes \$63,000 in initial fees that must be paid to the franchisor or an affiliate. The estimated total initial investment necessary to begin operation of an AlphaGraphics® Business Center franchise under our Conversion Pathway is \$75,500 to \$302,800, excluding real estate costs. This includes \$29,000 in initial fees that must be paid to the franchisor or an affiliate. The estimated total initial investment necessary to begin operation of an AlphaGraphics® AGStudio franchise, which is available only to multi-Business Center owners, is \$40,000 to \$149,000, excluding real estate costs. This includes \$14,000 - \$39,000 in initial fees that must be paid to the franchisor or an affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the Franchise Development Sales and Support Manager at 215 South State Street, Suite 320, Salt Lake City, Utah 84111 and (800) 955-6246.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission ("FTC"). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

The issuance date of this Disclosure Document is April 26, 2018.

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. **REGISTRATION OF THIS FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.**

Call the state franchise administrator listed in Exhibit D for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following **RISK FACTORS** before you buy this franchise:

1. **THE FRANCHISE AGREEMENT REQUIRES YOU TO MEDIATE AND ARBITRATE WITH US EXCLUSIVELY IN THE STATE IN WHICH OUR HEADQUARTERS ARE LOCATED AT THE TIME OF THE DISPUTE AND GRANTS US THE RIGHT TO LITIGATE IN THE STATE IN WHICH OUR HEADQUARTERS ARE LOCATED AT THE TIME OF THE LAWSUIT. OUT OF STATE MEDIATION, ARBITRATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY COST YOU MORE TO MEDIATE, ARBITRATE OR DEFEND LITIGATION IN THE STATE OF OUR HEADQUARTERS THAN IN YOUR HOME STATE.**

2. **THE FRANCHISE AGREEMENT STATES THAT UTAH LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS THE LAWS IN YOUR HOME STATE. YOU MAY WANT TO COMPARE THESE LAWS.**

3. **SPOUSES OR DOMESTIC PARTNERS WILL BE BOUND BY CONDITIONS OF THE FRANCHISE AGREEMENT, WHICH MAY PLACE THE SPOUSE'S OR PARTNER'S PERSONAL PROPERTIES AND MARITAL ASSETS AT RISK. YOUR SPOUSE MUST SIGN A PERSONAL GUARANTEE MAKING YOUR SPOUSE INDIVIDUALLY LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE AGREEMENT. THE GUARANTEE WILL PLACE YOUR SPOUSE'S MARTIAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS.**

4. **THE FRANCHISE AGREEMENT REQUIRES YOU TO PAY MINIMUM ROYALTIES. IF YOU FAIL TO DO SO, WE MAY TERMINATE YOUR FRANCHISE.**

5. **THE FRANCHISE AGREEMENT CONTAINS A WAIVER OF PUNITIVE DAMAGES PROVISION AND A WAIVER OF A JURY TRIAL PROVISION. THESE PROVISIONS MIGHT NOT BE ENFORCEABLE UNDER CALIFORNIA LAW OR OTHER STATE LAWS.**

6. **THE TERRITORY IS NOT EXCLUSIVE. YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, FROM FRANCHISOR OWNED OUTLETS OR FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS FRANCHISOR CONTROLS.**

7. **THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

We use the services of one or more **FRANCHISE BROKERS** or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We (or the selling business owner, if applicable) pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

See the next page for state effective dates.

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document (“FDD” or “Disclosure Document”) be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This FDD is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

<u>State</u>	<u>Effective Date</u>
California	Pending
Hawaii	Pending
Illinois	April 27, 2018
Indiana	April 27, 2018
Maryland	Pending
Michigan	May 3, 2017, as amended March 9, 2018
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	April 27, 2018
Virginia	Pending
Washington	Pending
Wisconsin	April 26, 2018

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