



FRANCHISE DISCLOSURE DOCUMENT

Bake Code USA LLC
A Delaware Limited Liability Company

1209 Orange Street
Wilmington, DE 19801
302-658-7581
kent@lakaffa.com.tw

The franchise offered is to operate a bakery food service establishment offering bakery products, gourmet coffees and teas, coffee or tea-based beverages, compatible food products, accessories and gifts

If you sign franchise agreement, the initial fees is US\$80,000 franchise fee for a single Bake Code bakery with central kitchen plus a US\$35,000 of technology transfer fee and a minimum of US\$80,000 of opening inventory (for details please see Item 5 of this Franchise Disclosure Document) A franchise agreement may also grant you the option to establish maximum two satellite Bake Code bakeries, with the initial fees is US\$50,000 franchise fee for a single satellite Bake Code bakery plus a US\$20,000 of technology transfer fee and a minimum of US\$10,000 to US\$55,000 of opening inventory The estimated initial investment may be up to US\$796,000 to US\$1,021,500 per each bakery with central kitchen, and US\$341,000 to US\$531,000 per each satellite bakery (for details please see Item 7 of this Franchise Disclosure Document)

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 days before you sign a binding agreement with, or making any payment to, the franchisor or an affiliate in connection with the proposed franchise sale **Note, however, that no government 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 format, contact the Franchise Department at Bake Code USA LLC, 2F, No 239 Ziqiang 5th Rd , Zhubei City, Hsinchu County 30264, Taiwan, 886-988-050-818, kent@lakaffa.com.tw

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The term of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contracts 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 Franchise 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 Franchise Disclosure Document, is available from the Federal Trade Commission. 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. Call your state agency or visit your public library for other sources of information on franchising.

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

EFFECTIVE DATE _____, 2015

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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 A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT**

Call the state franchise administrators listed in Exhibit C 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 INCLUDES A PROVISION FOR LIQUIDATED DAMAGES IN THE AMOUNT OF US\$20,000 FOR BUYING AN UNAUTHORIZED SUPPLIERS AND US\$10,000 FOR ALL OTHER VIOLATIONS. THESE PROVISIONS MAY NOT BE ENFORCEABLE IN THE STATE YOU ARE DOING BUSINESS**
- 2 YOU MUST MODIFY OR DISCONTINUE USE OF A BAKE CODE TRADEMARK AT YOUR OWN EXPENSE IF BAKE CODE MODIFIES THE TRADEMARK OR DISCONTINUES ITS USE**
- 3 THE FRANCHISE AGREEMENT HAS A TERM OF 3 YEARS. YOU MAY BE ASKED TO SIGN A RENEWAL AGREEMENT WITH MATERIALLY DIFFERENT TERMS AND YOU MUST PAY A RENEWAL FEE THAT SHALL NOT EXCEED 80% OF THE INITIAL FRANCHISE FEES**
- 4 YOU WILL NOT RECEIVE AN EXCLUSIVE TERRITORY. YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, FROM OUTLETS THAT WE OWN, OR FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS THAT WE CONTROL**
- 5 THIS FRANCHISOR HAS BEEN OFFERING FRANCHISES FOR A SHORT PERIOD OF TIME. THEREFORE, THERE IS ONLY A BRIEF OPERATING HISTORY TO ASSIST YOU IN JUDGING WHETHER OR NOT TO MAKE THIS INVESTMENT**
- 6 THE FRANCHISE AGREEMENT CONTAINS PROVISIONS THAT LIMIT FRANCHISEE'S RIGHTS AND MAY NOT BE ENFORCEABLE IN CALIFORNIA, INCLUDING BUT NOT LIMITED TO, A TIME LIMIT TO WAIVER OF JURY TRIAL, WAIVER OF PUNITIVE DAMAGES, OR EXEMPLARY DAMAGES AND LIMITATIONS ON WHETHER CLAIMS MAY BE RAISED**
- 7 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE**

Our own agent for service of process is the Corporation Trust Company, 1209 Orange Street, Wilmington, DE 19801

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