

FRANCHISE DISCLOSURE DOCUMENT



Bruegger's Franchise Corporation A Delaware Corporation 159 Bank Street Burlington, VT 05401 (802) 660-4020 <u>www.brueggers.com</u> <u>franchise@brueggers.com</u>

Bruegger's franchises offer freshly-baked bagels, baked goods, coffee, cream cheese, sandwiches, soups, salads and other food and beverage items to the public for carry-out and/or consumption on the premises. A Bruegger's Bakery may be either a full-size Bakery-café (with seating capacity and on-site baking facilities) or a Kiosk (a limited-service facility typically without seating or on-site baking capability). We offer franchises only to individuals and companies who will commit to develop a minimum number of outlets.

The total investment necessary to begin operation of a Bruegger's Bakery-café is \$404<u>389</u>,600 to \$591,600. This includes \$33,600 that must be paid to the franchisor and its affiliate. The total investment necessary to begin operation of a Kiosk is \$144,600 to \$349,600. This includes \$18,600 that must be paid to the franchisor and its affiliate.

All franchisees must first sign a Development Agreement under which the franchisee has the right and obligation to develop a specified number of outlets. The total investment necessary for the Development Agreement, assuming that the agreement covers 1 to 5 outlets, is \$10,000 to \$40,000. All of this amount is payable to us.

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 any 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 Mr. Chris Cheek at the address and telephone number listed above.

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 "<u>A Consumer's Guide to Buying a Franchise</u>," which can help you understand how to use this 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 <u>www.ftc.gov</u> 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.



The issuance date of this Disclosure Document is: April 23, 2012May 6, 2013

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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 franchises 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 DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit I 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:

* THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES BY ARBITRATION AND LITIGATION ONLY IN THE FRANCHISOR'S HOME STATE (CURRENTLY VERMONT). OUT-OF-STATE ARBITRATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR A DISPUTE. IT MAY ALSO COST YOU MORE TO ARBITRATE AND LITIGATE WITH THE FRANCHISOR IN VERMONT THAN IN YOUR OWN STATE.

* THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT STATE THAT THE LAW OF THE FRANCHISOR'S HOME STATE (CURRENTLY VERMONT) GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

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 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 following page for the effective date of this disclosure document in states with filing requirements.

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