

## FRANCHISE DISCLOSURE DOCUMENT



Bruegger's Franchise Corporation  
 A Delaware Corporation  
 12201 Merit Drive, Suite 900  
 Dallas, TX 75251  
 (214) 696-6962  
[www.brueggers.com](http://www.brueggers.com)

Bruegger's franchises offer fresh bakery 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.

The total investment necessary to begin operation of a BRUEGGER'S BAGELS franchise is as follows:

New Bakery	\$663,800 to \$1,170,900. This includes \$30,000 that must be paid to us.
Bakery at Non-Traditional Location	\$698,342 to \$1,145,900. This includes \$20,000 that must be paid to us.
Refranchising Program	Your investment will be the purchase price you negotiate with our affiliate for the existing Bakery you acquire, plus estimated remodeling costs of \$100,000 per Bakery. All of this amount except the remodeling cost must be paid to us and our affiliates.

These estimates exclude real estate costs and landlord allowances (we assume that you lease the real estate - see Item 7). New franchisees and purchasers of company-owned Bakeries under the refranchising program must sign a Development Agreement, under which you will have the right and the obligation to develop and operate a minimum number of Bakeries. The total investment for the Development Agreement for a new franchisee is \$10,000 to \$40,000, assuming that the agreement covers 1 to 5 outlets. All of this amount is payable to us. Purchasers of company-owned Bakeries under the refranchising program would have a larger development commitment and larger investment.

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 us or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this Disclosure 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 Sheryl Fox, our Vice President, Business Development at the address and telephone number listed above.

The terms of your written contract (i.e. your Development Agreement and Franchise Agreements) will govern your franchise relationship. Do not rely on the Disclosure Document

alone to understand your contract. Read your entire 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. 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](http://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.

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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 H 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, LICENSE AGREEMENT, AND DEVELOPMENT AGREEMENT PERMIT YOU TO LITIGATE WITH US ONLY IN OUR HOME STATE (CURRENTLY TEXAS). OUT- OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR A DISPUTE. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN TEXAS THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT, LICENSE AGREEMENT, AND DEVELOPMENT AGREEMENT STATE THAT THE LAW OF OUR HOME STATE (CURRENTLY TEXAS) GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR HOME STATE LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. WE HAVE THE RIGHT TO SET MAXIMUM AND MINIMUM PRICES THAT FRANCHISEES MUST FOLLOW FOR MENU ITEMS, MERCHANDISE AND OTHER PRODUCTS AND SERVICES THAT YOU SELL. THIS REQUIREMENT MAY REDUCE YOUR ANTICIPATED REVENUE AND NET INCOME.
4. IF YOU RESIDE IN A COMMUNITY PROPERTY STATE, YOUR SPOUSE MAY BE REQUIRED TO SIGN A PERSONAL GUARANTY AND OTHER DOCUMENTS MAKING HIM OR HER JOINTLY AND SEVERALLY LIABLE FOR THE OBLIGATIONS UNDER THE FRANCHISE AGREEMENT, WHICH WOULD PLACE YOUR SPOUSE'S PERSONAL ASSETS AT RISK. YOU MAY WANT TO CONSIDER THIS WHEN MAKING A DECISION TO PURCHASE THE FRANCHISE.
5. THE ESTIMATED INITIAL INVESTMENT FOR A NEW BAKERY FRANCHISE RANGES FROM \$663,800 TO \$1,170,900. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS EQUITY OF \$616,171 AS OF DECEMBER 27, 2016.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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