



FRANCHISE DISCLOSURE DOCUMENT COST CUTTERS® THE BARBERS, HAIRSTYLING FOR MEN & WOMEN, INC. 7201 Metro Boulevard Minneapolis, MN 55439-2103 (952) 947-7777 www.CostCutters.com franchiseleads@regiscorp.com

Cost Cutters® Businesses provide value priced hair care services for men, women and children, and sell a complete line of hair care products, merchandise and appliances.

The total investment necessary to begin operation of a COST CUTTERS is \$139,550 to \$287,100. This includes \$17,500 to \$94,500 that must be paid to the franchisor or affiliate. If you sign a Development Agreement for multi-unit development, the total investment necessary to begin operation of a Cost Cutters Business is \$176,550 to \$307,100. This includes \$54,500 to \$114,500 that must be paid to the franchisor or affiliate. If you are an existing franchisee as of September 30, 2011 and sign a Development Agreement for multi-unit development, the total investment necessary to begin operation of a Cost Cutters Business is \$144,050 to \$280,100. This includes \$27,500 to \$87,500 that must be paid to the franchisor or 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 any payment to, the franchisor or any 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 Department at 7201 Metro Boulevard, Minneapolis, MN 55439, (888) 888-7008.

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 information 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 www.ftc.gov for additional information.

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

Issuance date of this Franchise Disclosure Document: October 29, 2015

COST CUTTERS FDD (RENEWAL OCTOBER 2015)



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 DISCLOSURE DOCUMENT.

Call the state administrators listed in Exhibit J 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 PERMITS YOU TO SUE OR ARBITRATE WITH COST CUTTERS ONLY IN THE STATE OF MINNESOTA. OUT OF STATE LITIGATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO SUE OR ARBITRATE WITH COST CUTTERS IN THE STATE OF MINNESOTA THAN IN YOUR HOME STATE.

CERTAIN STATES REQUIRE COST CUTTERS TO MAKE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF APPLICABLE, THESE ADDITIONAL DISCLOSURES WILL BE FURNISHED TO YOU IN THE ADDENDA INCLUDED AS EXHIBIT I TO THIS FRANCHISE DISCLOSURE DOCUMENT. PLEASE REFER TO THE ADDENDUM FOR YOUR STATE, IF ANY.

WE RESERVE THE RIGHT TO THE EXTENT PERMITTED BY APPLICABLE LAW TO REGULATE AND CONTROL THE MINIMUM, MAXIMUM, AND OTHER RESALE PRICES FOR PRODUCTS AND SERVICES OFFERED BY YOU IN CONNECTION WITH YOUR COST CUTTERS BUSINESS.

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.

The Effective Date of this Disclosure Document is printed on the following page.



COST CUTTERS STATE EFFECTIVE DATES

The following states require that the Franchise 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 Franchise Disclosure Document is registered, on file, or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

| California | October 29, 2015 (Exemption) |
|--------------|------------------------------|
| Illinois | , 2015 (Exemption) |
| Indiana | October 29, 2015 (Exemption) |
| Maryland | , 2015 (Exemption) |
| Michigan | October 29, 2015 |
| Minnesota | , 2015 |
| New York | October 29, 2015 (Exemption) |
| North Dakota | , 2015 (Exemption) |
| Rhode Island | , 2015 (Exemption) |
| South Dakota | , 2015 |
| Virginia | , 2015 |
| Washington | , 2015 |
| Wisconsin | October, 2015 |

In all other states, the effective date of this Franchise Disclosure Document is the issuance date of October 29, 2015.

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