

FRANCHISE DISCLOSURE DOCUMENT



CULLIGAN INTERNATIONAL COMPANY
a Delaware corporation
9399 West Higgins Road, Suite 1100
Rosemont, Illinois 60018
(847) 430-2800
(800) 428-2828
www.culligan.com

The franchise offered is the right to supply certain authorized water-related products and services and air filtration equipment under Culligan's proprietary marks and to conduct business under an authorized trade name that uses the "Culligan" name.

The total investment necessary to begin operation of a Culligan franchise with product/service authorizations that are typical for a start-up dealership is \$130,000 to \$798,930. This includes \$78,930 to \$253,930 that must be paid to the franchisor or affiliate.

The total investment necessary to begin operation of a Culligan franchise with product/service authorizations that are typical for a start-up dealership and that is authorized to offer deionization services is \$165,000 to \$948,930. This includes \$78,930 to \$253,930 that must be paid to the franchisor or affiliate.

The total investment necessary to begin operation of a Culligan franchise with product/service authorizations that are typical for a start-up dealership and that is authorized to engage in bottled water production is \$330,000 to \$1,148,930. This includes \$78,930 to \$253,930 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 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 Department at 9399 W. Higgins Road, Suite 1100, Rosemont, Illinois 60618, (847) 430-2800 or (800) 428-2828.

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. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, N.W., 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.

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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 OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrators listed in **Exhibit A** 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, THE NON-CULLIGAN INDUSTRIAL WATER TREATMENT ADDENDUM AND THE NON-CULLIGAN SMALL PACK BOTTLED WATER PRODUCTION ADDENDUM PERMIT THE FRANCHISEE TO ARBITRATE WITH CULLIGAN ONLY IN THE JAMS OFFICE (A PRIVATE JUDICIAL ARBITRATION AND MEDIATION SERVICE) CLOSEST TO THE PRIMARY PLACE OF BUSINESS OF THE PARTY AGAINST WHICH THE ACTION IS BROUGHT, OR, IF THE SUBJECT OF THE DISPUTE IS A TERRITORY, THE JAMS OFFICE NEAREST THAT TERRITORY, AND PROVIDES THAT ANY SUIT FOR PURELY INJUNCTIVE RELIEF WILL BE IN A COURT HAVING JURISDICTION WITHIN THE COUNTY AND STATE WHERE THE PARTY AGAINST WHICH THE ACTION IS BROUGHT HAS ITS PRIMARY PLACE OF BUSINESS. OUT OF STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE WITH CULLIGAN IN A STATE WHERE JAMS HAS AN OFFICE CLOSEST TO THE PRIMARY PLACE OF BUSINESS OF THE PARTY AGAINST WHICH THE ACTION IS BROUGHT, OR THE JAMS OFFICE NEAREST A TERRITORY IN DISPUTE, OR TO SUE CULLIGAN IN THE COUNTY OR STATE WHERE IT HAS ITS PRIMARY PLACE OF BUSINESS. THE PERSONAL GUARANTEE REQUIRES LITIGATION TO BE WITHIN THE COUNTY AND STATE WHERE THE PARTY AGAINST WHICH THE ACTION IS BROUGHT HAS ITS PRIMARY PLACE OF BUSINESS OR ITS RESIDENCE.
2. THE FRANCHISE AGREEMENT REQUIRES THAT ILLINOIS LAW GOVERN THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THE FRANCHISE AGREEMENT MAY BE TERMINATED IF THE FRANCHISEE FAILS TO MEET THE MINIMUM PERFORMANCE REQUIREMENTS.
4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: See the next page for state effective dates.

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	April 2, 2013, as amended July 17, 2013 - separate FDD
Hawaii	Not registered
Illinois	March 28, 2013, as amended July 15, 2013 - separate FDD
Indiana	April 6, 2013 - separate FDD
Maryland	August 2, 2013
Michigan	April 30, 2013 - separate FDD
Minnesota	July 15, 2003, as amended April 1, 2013 and amended July 16, 2013 - separate FDD
New York	May 11, 2005, as amended April 5, 2013 and amended August 14, 2013- separate FDD
North Dakota	April 18, 2013, as amended July 26, 2013 - separate FDD
Rhode Island	April 1, 2013, as amended July 15, 2013 - separate FDD
South Dakota	April 1, 2013 - separate FDD
Virginia	April 22, 2013, as amended July 15, 2013 - separate FDD
Washington	April 11, 2013, as amended July 15, 2013 - separate FDD
Wisconsin	March 28, 2013, as amended July 15, 2013 - separate FDD

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