

FRANCHISE DISCLOSURE DOCUMENT



DIESEL BARBERSHOP FRANCHISING, LLC

A Texas Limited Liability Company

431 Keisler Drive, Suite 201

Cary, North Carolina 27518

(919) 977-9517

www.dieselbarbershop.com

We offer qualified individuals and entities a franchise for the right to independently own and operate a distinctive retail hair care outlet that operates under the DIESEL BARBERSHOP mark and features haircutting and grooming, coloring and barbering services provided to clients by a staff of trained, licensed professionals (each, a “Shop” or “Franchised Business”). We also offer qualified parties the right to own and operate multiple Shops within a designated market area that we designate.

The total investment necessary to begin operation of a single Shop ranges from \$223,500 to \$349,500. This includes \$40,000 to \$50,000 that must be paid to us or our affiliates.

The total investment necessary to operate multiple Stops under our form of area development agreement depends on the number of franchises we grant you the right to open. The total investment necessary to enter into a development agreement for the right to develop: (i) three (3) Shops is \$298,500 to \$414,500, which includes a \$115,000 development fee that is paid to us and your total investment to begin operation of your initial Shop; (ii) five (5) Shops is \$333,500 to \$449,500, which includes a \$150,000 development fee that is paid to us and your total investment to begin operation of your initial Shop; and (iii) ten (10) Shops is \$408,500 to \$524,500, which includes a \$225,000 development fee that is paid to us and your total investment to begin operation of your initial Shop.

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 us at 431 Keisler Drive, Suite 201, Cary, North Carolina 27518 or (919) 977-9517.

The terms of your contract 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-FTCHELP 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.

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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 administrator 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 AND DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY MEDIATION (AT OUR OPTION) OR LITIGATION ONLY IN TEXAS. OUT OF STATE MEDIATION/LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE AND/OR LITIGATE WITH US IN TEXAS THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT REQUIRE THAT TEXAS LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. IF FRANCHISEE IS AN INDIVIDUAL, THEN FRANCHISEE'S SPOUSE MUST SIGN A PERSONAL GUARANTY MAKING YOUR SPOUSE JOINTLY AND INDEPENDENTLY LIABLE FOR THE FINANCIAL OBLIGATIONS UNDER THE AGREEMENT. THIS GUARANTY PLACES YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS.
4. IF THE FRANCHISEE IS A BUSINESS ENTITY, THEN EACH OF THE ENTITY'S OWNERS AND, AT OUR OPTION, THEIR RESPECTIVE SPOUSES MUST SIGN A PERSONAL GUARANTY. ALL PERSONS THAT SIGN A PERSONAL GUARANTY MUST PERSONALLY GUARANTEE, AND BE PERSONALLY BOUND BY, EACH OF THE FRANCHISEE'S OBLIGATIONS UNDER THE FRANCHISE AGREEMENT AND, IF APPLICABLE, AREA DEVELOPMENT AGREEMENT. THOSE SIGNING THE PERSONAL GUARANTY WILL ALSO PUT THEIR PERSONAL ASSETS AT RISK.
5. YOU MUST MAKE MINIMUM ROYALTY OR ADVERTISING FUND PAYMENTS, REGARDLESS OF YOUR SALES LEVELS. YOUR INABILITY TO MAKE THESE PAYMENTS MAY RESULT IN TERMINATION OF YOUR FRANCHISE AND LOSS OF YOUR INVESTMENT.
6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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