

**FRANCHISE DISCLOSURE DOCUMENT  
FOR USE IN THE  
STATE OF MINNESOTA**



**DONUT CONNECTION COOPERATIVE  
CORPORATION**

(a Delaware Corporation)  
61 Meyers Road  
Washington, PA 15301  
(724) 228-4090  
www.donutconnection.com

Donut Connection Cooperative Corporation (the “Company”) operates as a purchasing cooperative for baker-retailers (“Members”) who operate retail outlets for the sale of donuts and related food items (“donut shops” or “shops”).

The Company imposes no “Initial Franchise Fee or Other Payment”. Baker-retailers who wish to become Members are, however, required to abide by the Company’s Bylaws under which they must purchase five (5) shares of the Company’s capital stock having a total par value of \$500.00 for each shop to be operated as a DONUT CONNECTION® Shop. Each Member must also purchase a shop identification sign replacement front or shop identification sign for which costs may range between \$1,270 and \$1,979 and between \$4,717 and \$7,393, respectively.

The total investment necessary to begin operation of a DONUT CONNECTION® shop ranges between \$34,770 and \$95,643. This includes the \$500 subscription fee and the training, which costs between \$3,000 and \$16,000, depending upon the Member’s previous experience as an independent or other type of donut shop owner/operator, except for existing DONUT CONNECTION® shop Owners who do not receive training. Both of these fees must be paid to DONUT CONNECTION®.

This Disclosure Document summarizes certain provisions of your Membership Agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least fourteen (14) calendar days before you sign a binding agreement with, or make any payment to DONUT CONNECTION® or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.** The terms of your Membership Agreement will govern your franchise relationship. Don’t rely on the Disclosure Document alone to understand your Membership Agreement. Read all of your Membership Agreement carefully. Show your Membership Agreement 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 (“FTC”). 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. 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.

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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 THE FRANCHISE 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. DONUT CONNECTION DOES NOT REQUIRE ITS MEMBERS TO RENEW THEIR MEMBERSHIPS.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE MEMBERSHIP AGREEMENT AND COMPANY BYLAWS REQUIRES YOU TO RESOLVE DISPUTES BY ARBITRATION ONLY IN PENNSYLVANIA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN PENNSYLVANIA THAN IN YOUR OWN STATE.
2. THE MEMBERSHIP AGREEMENT STATES THAT PENNSYLVANIA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO INVESTIGATE THESE LAWS.
3. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.
4. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.
5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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