

FRANCHISE DISCLOSURE DOCUMENT



Duck Donuts Franchising Company, LLC
A Delaware Limited Liability Company
1215 Manor Drive –Suite 206
Mechanicsburg, PA 17055
717-590-5491
duckdonuts.com
admin@duckdonuts.com

Duck Donuts Franchising Company, LLC offers franchises the right to operate a retail business offering fresh made to order donuts prepared on the premises and other authorized products under the trademark DUCK DONUTS.

The total investment necessary to begin operation of a single Duck Donuts franchise is \$348,350 - \$568,000. This includes \$30,000 that must be paid to the franchisor or its affiliate(s).

We offer qualified individuals the option to develop additional Duck Donuts Locations by executing a Multi-Unit Option Agreement. The total investment necessary to begin operation of an optioned Duck Donuts Location is consistent with the investment necessary to begin operation of your first Duck Donuts Location, except that we charge a lower initial Franchise Fee for Optioned Duck Donuts Locations, and we charge an Option Fee which must be paid to us or our affiliates at the time the Multi-Unit Option Agreement is executed. That Option Fee is deducted from the Initial Franchise Fee for the optioned Duck Donuts Location at the time the Franchise Agreement for that Location is executed. We charge a lower Initial Franchise Fee (\$20,000) for Franchise Agreements executed pursuant to Locations optioned under a Multi-Unit Option Agreement.

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 Duck Donuts Franchising Company LLC at 1215 Manor Drive-Suite 206 Drive, Mechanicsburg, Pennsylvania 17055, 1-866-534-4882, admin@duckdonuts.com.

The terms of your Franchise Agreement will govern your franchise relationship. Don't rely on the disclosure document alone to understand your Franchise Agreement. Read all of your Franchise Agreement carefully. Show your Franchise 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. 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 more 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.
The issuance date of this Disclosure Document is February 1, 2019.

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 C 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 MULTI UNIT OPTION AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION AND MEDIATION ONLY IN PENNSYLVANIA, EXCEPT AS DESCRIBED IN THE STATE ADDENDUMS. OUT OF STATE ARBITRATION AND MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE OR MEDIATE WITH DUCK DONUTS IN PENNSYLVANIA THAN IN YOUR STATE. THE FRANCHISE AGREEMENT AND MULTI UNIT OPTION AGREEMENT STATE THAT ANY SUIT BROUGHT BY EITHER PARTY, EXCEPT CLAIMS REQUIRED TO BE SUBMITTED TO ARBITRATION, MUST BE INITIATED IN CUMBERLAND COUNTY, PENNSYLVANIA.
2. THE FRANCHISE AGREEMENT AND MULTI UNIT OPTION AGREEMENT STATE THAT PENNSYLVANIA LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$348,350 TO \$568,000. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS EQUITY AS OF DECEMBER 31, 2018.
4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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