



FRANCHISE DISCLOSURE DOCUMENT

GOLDFISH SWIM SCHOOL FRANCHISING LLC

a Michigan Limited Liability Company
2701 Industrial Row Drive
Troy, Michigan 48084
(800) 856-5120
www.goldfishswimschool.com

The franchise offered is for the establishment and operation of a swim school that provides specialized quality swim instruction and superior customer service to its clients. The franchise aims to service local markets by offering group and private swim lessons as well as birthday parties, open swim times, swim clinics and many other aquatic activities to children aged 4 months to 12 years in a fun and colorful environment. The franchise will also service its clients by offering a snack bar and retail area.

The total investment necessary to begin operation of a Goldfish Swim School franchise is \$1,370,283 to \$3,230,358. This includes \$50,000 - 60,000 that must be paid to the franchisor or its affiliate(s).

The total investment necessary to begin operations as a Goldfish Swim School Area Developer is at least \$1,390,283 to \$3,250,358, depending upon the number of Swim Schools you develop. This estimate includes, as a Development fee, the Initial Franchise Fee of \$50,000 for the first Swim School and one-half of the initial franchise fee for one subsequent Swim School at the reduced rate of \$40,000. You would pay an additional \$20,000 for each subsequent Swim School to be developed under the Area Development Agreement as part of your Development Fee and the remaining half of the Initial Franchise Fee for each additional Swim School developed when you sign each franchise agreement. In addition, if you sign an Area Development Agreement, you will also sign the Franchise Agreement for your first Swim School.

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 Chris McCuiston, 2701 Industrial Row Drive, Troy, Michigan 48084, (800) 856-5120.

The terms of your contract will govern your franchise relationship. Don't rely on this 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, 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 THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THE 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 REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION AND LITIGATION IN OAKLAND COUNTY, MICHIGAN. OUT-OF- STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE AND LITIGATE WITH US IN MICHIGAN THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT STATES THAT WITH SOME EXCEPTIONS, MICHIGAN LAW GOVERNS THE AGREEMENT, AND MICHIGAN LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR STATE'S LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THE MINIMUM MONTHLY ROYALTY PAYMENT IS \$4,000 EACH MONTH REGARDLESS OF YOUR SALES LEVELS. FAILURE TO MAKE THE PAYMENTS MAY RESULT IN TERMINATION OF YOUR FRANCHISE AND LOSS OF YOUR INVESTMENT.

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