

## FRANCHISE DISCLOSURE DOCUMENT



**Health Mart Systems, Inc.**  
A Delaware corporation  
One Post Street  
San Francisco, California 94104  
(855) 458-4678  
[www.healthmart.com](http://www.healthmart.com)  
[www.becomeahealthmart.com](http://www.becomeahealthmart.com)

We offer franchises to operate a full-service or apothecary-style drugstore using the HEALTH MART® trademarks and our merchandising and service programs. The total initial investment necessary to open and begin operation of a HEALTH MART® Drugstore is between \$32,550 to \$336,150 for franchisees who convert an existing pharmacy business to a HEALTH MART® Drugstore and between \$297,800 to \$755,900 for start-up franchisees who do not own an existing pharmacy. The start-up franchisee range includes \$80,000 to \$180,000 for an initial inventory of Merchandise and \$2,500 to \$60,000 for signs, fixtures, interior decor furnishings, aisle markers and accessories which the start-up franchisee must pay to us or an Affiliate before opening a HEALTH MART® Drugstore. The same cost ranges apply to conversion franchisees, but conversion franchisees make these payments after opening since they are converting an operating pharmacy to a HEALTH MART® Drugstore.

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 sale. **Note, however, that no governmental agency has verified the information contained in this document.**

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, 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.

The Date of Issuance of this Franchise Disclosure Document is: June 5, 2013.

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 Coordinator at 1-855-HLTHMRT (1-855-458-4678) or send an email to [info@healthmart.com](mailto:info@healthmart.com).

## STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state administrator before offering or selling franchises 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 H 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 LITIGATION ONLY IN SAN FRANCISCO, CALIFORNIA. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN SAN FRANCISCO, CALIFORNIA THAN IN YOUR OWN STATE.

2. IN MOST CASES, BEFORE YOU OR WE MAY FILE A LAWSUIT AGAINST THE OTHER, THE FRANCHISE AGREEMENT REQUIRES THAT THE ISSUES IN DISPUTE BE SUBMITTED TO NON-BINDING MEDIATION. IF MEDIATION DOES NOT RESULT IN RESOLUTION, THEN EITHER ONE OF US MAY SUBMIT THE DISPUTE TO LITIGATION. MEDIATION MUST OCCUR AT OUR PRINCIPAL OFFICES, WHICH AT THIS TIME ARE IN SAN FRANCISCO, CALIFORNIA. WE MAY RELOCATE OUR PRINCIPAL OFFICES AT ANY TIME WITHOUT PRIOR NOTICE. MEDIATION OUTSIDE OF YOUR HOME STATE MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE IN SAN FRANCISCO, CALIFORNIA THAN IN YOUR HOME STATE.

3. THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

## STATE EFFECTIVE DATES

The following states require that the 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 states listed below with the effective dates noted:

State	Effective Date
California	December 7, 2012
Hawaii	
Illinois	June 10, 2013
Indiana	June 5, 2012
Maryland	
Michigan	
Minnesota	June 10, 2013
New York	June 5, 2012
North Dakota	
Rhode Island	June 11, 2013
South Dakota	June 10, 2013
Virginia	
Washington	
Wisconsin	June 7, 2013

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