

FRANCHISE DISCLOSURE DOCUMENT



La Madeleine Franchising Company, Inc.
 A Delaware Corporation
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We offer franchises for traditional and petite LA MADELEINE® restaurants (collectively, “Cafés”) specializing in the sale of fresh bakery goods, French-themed entrées, sandwiches, soups, salads, pastries, gourmet coffees, wine, and privately-labeled retail items such as soups, salad dressings and gourmet coffees.

The total investment necessary to begin operation of a LA MADELEINE® franchise, broken down by prototype, is as follows:

Traditional Café	\$1,249,362 to \$3,088,747 (excluding real estate and landlord allowances). This includes \$43,630 that must be paid to us or our affiliates.
Petite Café	\$390,983 to \$1,718,012 (excluding real estate and landlord allowances). This includes between \$20,000 and \$43,630 that must be paid to us or our affiliates.

The total investment necessary to begin operation of an existing Traditional Café or Petite Café under our refranchising program will be the purchase price you negotiate with us for the existing Café you acquire, plus estimated remodeling costs of \$100,000 and the cost of real estate and landlord allowances. All of this amount except the remodeling cost must be paid to us and our affiliates.

New franchisees of Traditional Cafés, and purchasers of company-owned Traditional Cafés under the refranchising program, must sign a Development Agreement, under which you must develop and operate a minimum number of Cafés. The total investment for the Development Agreement ranges from \$40,000 for 1 outlet to \$315,000 for 20 outlets. All of this amount is payable to us.

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 us or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this disclosure 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 Sheryl Fox, our Vice President, Development at the address and telephone number listed above.

The terms of your written contract (i.e. your Development Agreement and Franchise Agreements) 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-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 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 AND DEVELOPMENT AGREEMENT REQUIRE THE FRANCHISEE TO ARBITRATE AND LITIGATE DISPUTES WITH US ONLY IN THE STATE OF OUR CORPORATE OFFICE, WHICH IS CURRENTLY LOCATED IN DALLAS, TEXAS. OUT OF STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE OR LITIGATE WITH US IN TEXAS THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT STATE THAT THE LAW OF OUR HOME STATE (CURRENTLY TEXAS) GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR HOME STATE LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. WE HAVE THE RIGHT TO SET MAXIMUM AND MINIMUM PRICES THAT FRANCHISEES MUST FOLLOW FOR MENU ITEMS, MERCHANDISE AND OTHER PRODUCTS AND SERVICES THAT YOU SELL. THIS REQUIREMENT MAY REDUCE YOUR ANTICIPATED REVENUE AND NET INCOME.
4. IF YOU RESIDE IN A COMMUNITY PROPERTY STATE, YOUR SPOUSE MAY BE REQUIRED TO SIGN A PERSONAL GUARANTY AND OTHER DOCUMENTS MAKING HIM OR HER JOINTLY AND SEVERALLY LIABLE FOR THE OBLIGATIONS UNDER THE FRANCHISE AGREEMENT, WHICH WOULD PLACE YOUR SPOUSE'S PERSONAL ASSETS AT RISK. YOU MAY WANT TO CONSIDER THIS WHEN MAKING A DECISION TO PURCHASE THE FRANCHISE.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

See the following page for the effective date of this disclosure document in states with filing requirements.

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