

**FRANCHISE DISCLOSURE DOCUMENT**

MEDICAP PHARMACIES INCORPORATED
an Iowa corporation
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Dublin, Ohio 43107
(614) 757-5000

The Franchise offered is for the operation of a retail pharmacy under the Medicap Pharmacy® name and marks. The total investment necessary to begin operations as a Medicap Pharmacy® business, including the costs of leasehold improvements, equipment, inventory, and working capital is estimated at between ~~\$320,600~~\$330,050 and ~~\$615,970~~\$621,394 for a new pharmacy. This includes between \$90,000 and \$110,000 you must pay to an affiliate of the franchisor for opening inventory. If you are converting an existing pharmacy, the total investment necessary to begin operations as a Medicap Pharmacy® business is estimated to be between ~~\$9,000~~\$7,500 and ~~\$332,970~~\$332,394. This includes between ~~\$2,500~~ and ~~\$4,000~~ and ~~\$10,000~~ you must pay to an affiliate of the franchisor for opening inventory. If you own a legacy store (one that ~~operated~~has been operating under a franchise agreement with us before March 1, 2009), no investment is necessary to begin operations under the franchise agreement being offered here. If you add to your business one or more of the Specialized Care Centers we offer, your total initial investment will increase.

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 form that is more convenient for you. To discuss the availability of disclosures in different formats, please contact the Administrative Agent, Franchise Development at 1 Rider Trail Plaza Drive, Suite 300, Earth City, Missouri 63045, (314) 993-6000.

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 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 THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit OP 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, OR IN SOME CASES BY ARBITRATION, ONLY IN OHIO. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT. IT MAY ALSO COST MORE TO LITIGATE OR ARBITRATE WITH US IN OHIO THAN IN YOUR HOME STATE.**
- (2) **THE FRANCHISE AGREEMENT STATES THAT OHIO LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.**
- (3) **THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

EFFECTIVE DATE: See the next page for state effective dates.

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