

FRANCHISE DISCLOSURE DOCUMENT



MEDIFAST FRANCHISE SYSTEMS, INC.,
a Delaware corporation
11445 Cronhill Drive
Owings Mills, Maryland 21117
1-888-YMEDIFAST
<http://www.medifastcenters.com>

The franchise offered is for the establishment and operation of center-based retail weight loss centers (“**Medifast Weight Control Centers®**,” “**Medifast® Centers**,” or “**Centers**”) that sell Medifast-branded meal replacement products and lifestyle education services to overweight and obese individuals. All franchisees must agree to develop a minimum of three (3) Medifast® Centers within a defined geographic region pursuant to our Development Agreement.

The total investment necessary to begin operation of a Medifast® Center business with the rights to open three (3) Medifast® Centers is from \$157,250 - \$292,500. This includes from \$42,750 to \$51,000 that must be paid to the franchisor or affiliate (representing, in part, the Franchise Fee for the first of the three Medifast Centers and a non-refundable deposit towards the Franchise Fee of an additional two Medifast Centers of \$5,000 each). If you purchase the right to open more than three (3) Centers, you must pay us an additional development fee equal to \$20,000 times the number of additional Centers (beyond the first three (3)) that you have agreed to develop and operate.

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 Christopher Rom at 11445 Cronhill Drive, Owings Mills, Maryland 21117 and 410-504-8172.

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.

Issuance Date: April 29, 2016

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 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 AND DEVELOPMENT AGREEMENT REQUIRE THAT MOST DISAGREEMENTS BE SUBMITTED TO MEDIATION AND ARBITRATION IN BALTIMORE COUNTY, MARYLAND. DISPUTES THAT ARE NOT SUBJECT TO MEDIATION OR ARBITRATION MUST BE LITIGATED ONLY IN THE STATE AND COUNTY IN WHICH THE FRANCHISOR MAINTAINS ITS PRINCIPAL PLACE OF BUSINESS. THE FRANCHISOR IS CURRENTLY LOCATED IN BALTIMORE COUNTY, MARYLAND. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE, ARBITRATE, OR LITIGATE WITH US IN MARYLAND THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT STATE THAT MARYLAND 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. IN SOME CASES, SPOUSES OF FRANCHISE OWNERS MUST EXECUTE A PERSONAL GUARANTY, PLACING THEIR PERSONAL/MARITAL ASSETS AT RISK.
4. 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.

The Effective Date: See the next page for state effective dates.

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Documents 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.

The Franchise Disclosure Document is registered on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

| State | Effective Date |
|--------------|----------------|
| California | _____ |
| Florida | _____ |
| Maryland | _____ |
| Minnesota | _____ |
| New York | _____ |
| North Dakota | _____ |
| Virginia | _____ |
| Wisconsin | _____ |

In all the other states, the effective date of this Franchise Disclosure Document is the issuance date of April 29, 2016.

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