

FRANCHISE DISCLOSURE DOCUMENT



The Convenience Stores For Metal®

Metal Supermarkets Franchising America Inc.

an Ontario corporation

520 Abilene Drive

Mississauga, Ontario, Canada L5T 2H7

(905) 362-8226

<http://franchise.metalsupermarkets.com>

Franchising@metalsupermarkets.com

The franchise offered is for a Metal Supermarkets® store (as defined below) that will sell a wide variety of metals and related services primarily to the maintenance and engineering departments of manufacturing facilities as well as maintenance providers, food processors, machine shops, tool and die shops, contractors, welders, fabricators, hospitals, schools, universities and other institutions and service companies, as well as to welders, fabricators, and machine shop and tool and die shop operators. The total investment necessary to begin operation of a Metal Supermarkets franchised business is from \$216,500 to \$378,000. This includes \$57,500 that must be paid to us or our affiliates.

If you enter into a development agreement to establish multiple Metal Supermarkets stores, the development fee (which is paid instead of the initial franchise fees that would be due for those stores) is \$39,500 for the first store, \$25,000 for the second store, and \$15,000 for the third and each store after that.

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 government 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 Andrew Arminen at 520 Abilene Drive, Mississauga, Ontario, L5T 2H7 Canada (905) 362-8226.

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, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional 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 franchise 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, about other franchisors, 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:

THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND LITIGATION ONLY IN ERIE COUNTY (BUFFALO), NEW YORK. OUT OF STATE MEDIATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT ALSO MAY COST MORE TO MEDIATE OR LITIGATE WITH US IN ERIE COUNTY (BUFFALO), NEW YORK, THAN IN YOUR HOME STATE.

THE FRANCHISE AGREEMENT STATES THAT NEW YORK 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.

STARTING FROM YOUR SECOND FISCAL YEAR AFTER THE DATE YOUR STORE FIRST OPENS FOR BUSINESS, YOU MUST PAY US A MINIMUM ANNUAL ROYALTY.

THERE MAY BE ADDITIONAL RISKS ASSOCIATED WITH 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 next page for effective dates.

STATE EFFECTIVE DATES

The following states require that the Franchise 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 following states having franchise registration and disclosure laws, with the following effective dates.

California:
Hawaii:
Illinois:
Indiana:
Maryland:
Michigan:
New York:
Rhode Island:
Virginia:
Washington:
Wisconsin:

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