

FRANCHISE DISCLOSURE DOCUMENT

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A Minnesota Corporation
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MUSIC GO ROUND®

The franchisee will own and operate a Music Go Round® retail store from which the franchisee will sell quality used and new musical instruments, speakers, amplifiers, music-related electronics and related accessories.

The total investment necessary to begin operation of a Music Go Round® store is from \$257,450 to \$328,300. This includes \$41,300 to \$44,000, which must be paid 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, the franchisor 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 the Franchise Development Department at 605 Highway 169 N, Suite 400, Minneapolis, Minnesota 55441, (763) 520-8500.

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 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: March 17, 2014

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 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 ARBITRATION ONLY IN MINNEAPOLIS, MINNESOTA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH WINMARK CORPORATION IN MINNEAPOLIS, MINNESOTA THAN IN YOUR HOME STATE.**

2. **ALL OWNERS OF 10% OR GREATER INTEREST IN THE FRANCHISEE AND THEIR SPOUSES MUST PERSONALLY GUARANTEE ALL OF THE OBLIGATIONS OF THE FRANCHISEE UNDER THE FRANCHISE AGREEMENT AND BE BOUND BY THE CONFIDENTIALITY AND NON-COMPETITION COVENANTS, WHETHER OR NOT SUCH SPOUSES ARE INVOLVED IN THE OPERATION OF THE FRANCHISED BUSINESS. EACH OF THESE INDIVIDUALS MUST EXECUTE A PERSONAL GUARANTY BECOMING JOINTLY AND SEVERALLY RESPONSIBLE FOR ALL AMOUNTS OWED BY AND PERFORMANCE OF ALL PROMISES OF THE FRANCHISEE UNDER THE FRANCHISE AGREEMENT. THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISEE, OWNERS AND SPOUSES AT RISK.**

3. **THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

Effective Dates: See Following Page

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 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:

<u>State</u>	<u>Effective Date</u>
California	March 17, 2014
Hawaii	March 27, 2014
Illinois	March 18, 2014
Indiana	March 18, 2014
Maryland	PENDING
Michigan	March 17, 2014
Minnesota	PENDING
New York	March 17, 2014
North Dakota	PENDING
Rhode Island	PENDING
South Dakota	March 18, 2014
Virginia	PENDING
Washington	March 18, 2014
Wisconsin	March 18, 2014

In all other states, the effective date (and issuance date) of this disclosure document is March 17, 2014.

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