



FRANCHISE DISCLOSURE DOCUMENT

INCLUDING

**FRANCHISE AGREEMENT
AND
AREA DEVELOPMENT AGREEMENT**

PINOT'S PALETTE FRANCHISE LLC

FRANCHISE DISCLOSURE DOCUMENT



FRANCHISOR

Pinot's Palette Franchise LLC
A Texas limited liability company
10333 Harwin Drive, Suite 265
Houston, Texas 77036
713.993.7538
franchise@pinotspalette.com
pinotspalette.com

As a franchisee, you will operate a studio offering customers artistic classes, including painting classes, with the opportunity to enjoy food, wine or other beverages under the name "Pinot's Palette."

The total investment necessary to begin operation of a Pinot's Palette franchised business is from \$63,400 to \$188,400 for a one room studio and \$129,400 to \$204,200 for a two room studio. This includes approximately \$33,900 to \$50,100 that must be paid the franchisor or its affiliate(s). The total investment necessary to begin operation of a mobile Pinot's Palette studio in connection with a Pinot's Palette franchised business is from \$16,000 to \$36,000. This includes \$7,000 to \$11,000 that must be paid the franchisor or its affiliate(s).

We may offer to enter into an area development agreement to establish and operate a certain number of Pinot's Palette franchises at specific locations pursuant to individual franchise agreements. The area development fee will be equal to \$12,500 multiplied by the number of Pinot's Palette franchises to be developed under the area development agreement. The area development fee will then be credited, in increments of \$12,500, toward the franchise fee owed for each Pinot's Palette franchise developed. Your estimated initial investment will vary based on the number of studios to be developed. For each Pinot's Palette franchise developed under an area development agreement the cost is from \$63,400 to \$188,400 for the first one room studio and \$129,400 to \$204,200 for the first two room studio to be developed. The franchise fee and therefore the development cost for each Pinot's Palette franchises to be developed thereafter is reduced by \$5,000. This includes approximately \$28,900 to \$50,100 that must be paid the franchisor or its affiliate(s). We will enter into Area Development Agreements under which at least two Pinot's Palette Studios will be developed by an Area Developer.

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 the 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 Craig Ceccanti, Pinot's Palette Franchise LLC, 10333 Harwin Drive, Suite 265, Houston, Texas 77036, (713) 993-7538, franchise@pinotspalette.com.

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. 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 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:

1. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT REQUIRE THE FRANCHISEE TO ARBITRATE OR LITIGATE ONLY IN 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 THE FRANCHISOR IN TEXAS THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATE THAT THE LAW OF TEXAS 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. THE TERRITORY IS NOT EXCLUSIVE. YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, FROM FRANCHISOR OWNED OUTLETS OR FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS FRANCHISOR CONTROLS.
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 is our agent and 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.

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

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