

FRANCHISE DISCLOSURE DOCUMENT

TDE FRANCHISE LLC

a Florida limited liability company

210C Pine Avenue

Anna Maria, Florida 34216

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The franchise offered is for restaurants known as The Donut Experiment (“TDE”), featuring fresh and homemade donuts, made-to-order with different icings and toppings, as well as premium coffee – fresh roasted, fresh ground, and fresh brewed. A TDE restaurant offers a menu specializing in donuts and hot and cold beverages, and operates using the franchisor’s proprietary recipes, formulae, techniques, trade dress, trademarks and logos.

The total investment necessary to begin operation of a TDE franchise is \$135,000-\$275,500. This includes \$25,000 that must be paid to the franchisor and/or its affiliate, as appropriate. Please see Items 5 and 7 for additional details.

If you enter into a Multi-Unit Operator Agreement to develop at least three Restaurants, when you sign the Multi-Unit Operator Agreement you will pay a multi-unit operator fee equal to \$25,000 for the first Restaurant to be developed plus a deposit of \$11,250 multiplied by each additional Restaurant to be developed under the Multi-Unit Operator Agreement. The multi-unit operator fee is applied pro rata to the initial franchise fees due.

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 have elected to receive an electronic version of your disclosure document. If so, you may wish to print or download the disclosure document for future reference. You have the right to receive a paper copy of the disclosure document until the time of sale. To obtain a paper copy, contact The Donut Experiment at P.O. Box 4178, Anna Maria, FL 34216, by telephone (941) 896-3172, or by email at info@thedonutexperiment.com

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 Donut Experiment at P.O. Box 4178, Anna Maria, FL 34216, by telephone (941) 896-3172, or by email at info@thedonutexperiment.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 New York 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 I 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 MULTI-UNIT OPERATOR AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND ARBITRATION ONLY IN FLORIDA. OUT-OF-STATE MEDIATION AND ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE AND ARBITRATE WITH US IN FLORIDA THAN IN YOUR OWN STATE.**
2. **THE FRANCHISE AGREEMENT AND MULTI-UNIT OPERATOR AGREEMENT STATE THAT FLORIDA 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. **THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

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