

AUG 13 2015

Department of
Business Oversight

**FRANCHISE DISCLOSURE DOCUMENT
FOR PROSPECTIVE FRANCHISEES**



TONI&GUY Salon Franchising Company, LLC
(a Texas limited liability company)

2311 Midway Road
Carrollton, Texas 75006
(972) 931-1567 ext 2216
(972) 407-7530 (fax)
www.toniguy.com

The franchise offered is for a TONI&GUY hairdressing salon (“TONI&GUY Hairdressing Salon”)

The total investment necessary to begin operation of a new TONI&GUY Hairdressing Salon is estimated to be between \$312,500 and \$583,500 (excluding real estate costs), which includes the \$78,000 to \$140,500 you must pay to us or our affiliates. The total estimated investment necessary to begin operation of a conversion salon is estimated to be between \$109,000 and \$286,500 (excluding real estate costs) which includes the \$27,500 to \$95,500 you must pay to us or our affiliates. These estimated figures are based on a 1,000 to 1,600 square foot salon.

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 governmental agency has verified the information contained in this Disclosure 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 our franchise administration department at 2311 Midway Road, Carrollton, Texas 75006, (972) 931-1567 ext 2216, (972) 407-7530 (fax) or salonfranchising@toniguy.com

The terms of your contract will govern your franchise relationship. Do not rely on the Disclosure Document alone to understand your contract. Read your entire 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.

Date of Issuance April 29, 2015, as amended June 30, 2015

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 (Not applicable in all states - See State Specific Addenda)

- 1 THE FRANCHISE AGREEMENT REQUIRES THAT ALL DISAGREEMENTS BE LITIGATED IN DALLAS, TEXAS. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN DALLAS, TEXAS THAN IN YOUR HOME STATE.
- 2 THE FRANCHISE AGREEMENT STATES THAT TEXAS 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.
- 3 THE FRANCHISOR HAS BEEN IN EXISTENCE FOR A SHORT PERIOD OF TIME, SINCE SEPTEMBER 30, 2013. THEREFORE, THERE IS ONLY A BRIEF OPERATING HISTORY TO ASSIST YOU IN JUDGING WHETHER OR NOT TO MAKE THIS INVESTMENT.
- 4 AS PER THE AUDITED BALANCE SHEET DATED DECEMBER 31, 2014, THE FRANCHISOR HAD A NET WORTH DEFICIENCY OF (\$80,568).
- 5 THE FRANCHISEE WILL FACE COMPETITION FROM OTHER FRANCHISES, FROM AFFILIATE OWNED SALONS AND ACADEMIES, FROM FRANCHISEE OWNED SALONS, AND THROUGH PRIVATE LABEL PRODUCTS AND MERCHANDISE IN OTHER CHANNELS OF DISTRIBUTION.
- 6 YOU MUST COMPLY WITH MAXIMUM PRICES SET BY THE FRANCHISOR FOR THE GOODS AND SERVICES YOU SELL. THIS REQUIREMENT MAY REDUCE YOUR ANTICIPATED REVENUE AND NET INCOME.
- 7 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.

State registration effective dates are listed on the following State Registrations page

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