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Winchell's®

FRANCHISE DISCLOSURE DOCUMENT

YUM YUM DONUT SHOPS, INC., a California Corporation
18830 East San Jose Avenue
City of Industry, California 91748
(626) 964-1478

The Franchisee will operate a store selling donuts, pastries, coffee and other beverages, and sandwiches (if permitted by the terms of the master lease).

The total investment necessary to begin operation of a Winchell's Donut franchise ranges from between \$3,400 to \$71,700. There is no initial franchise fee required for a franchise. The Franchisee is not acquiring any ownership interest in a franchise which can be sold or transferred to a third party. Rather, under the non-equity franchise model offered by Yum Yum, the Franchisee has no capital investment and bears limited initial costs, as many of the upfront costs generally associated with starting a business are borne and have already been absorbed by Yum Yum.

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 governmental agency has verified the information contained in this document.**

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, 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: April 13, 2018

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 California Department of Business Oversight at (866) 275-2677 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 LITIGATION AND ARBITRATION WITH US ONLY IN LOS ANGELES COUNTY. OUT OF COUNTY LITIGATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO SUE OR ARBITRATE WITH US IN LOS ANGELES COUNTY THAN IN YOUR OWN COUNTY.**
2. **THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

Effective Date: _____

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