

## Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The Franchise Agreement requires you to resolve disputes with us by litigation only in the judicial district in which we have our principal place of business at the time the action is commenced, which is currently Maricopa County, Arizona. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate or litigate with us in Arizona than in your own state.
2. **Short Operating History.** This franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Sales Performance Requirement.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise and loss of your investment.
4. **Supplier Control.** You must purchase all or nearly all of the inventory & supplies necessary to operate your business from Franchisor, its affiliates, or from suppliers that Franchisor designates at prices that the Franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.
5. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
6. **[Unopened Franchises. The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.](#)**
7. **[Financial Condition. The franchisor's financial condition, as reflected in its financial statements \(see Item 21\), calls into question the franchisor's financial ability to provide services and support to you.](#)**

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" pages for your state in Exhibit D.