



AUNTIE ANNE'S, INC.
A Pennsylvania Corporation
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FRANCHISE DISCLOSURE DOCUMENT

You will operate an Auntie Anne's® retail shop offering fresh baked soft pretzels, lemonade and related foods and beverages.

The total investment necessary to begin operation of an Auntie Anne's® franchised shop ranges from \$194,875 to \$367,600. This total investment estimate includes \$48,000 to \$60,000, depending on the startup package selected, that must be paid to us. These total investment estimates include an initial franchise fee of \$30,000 that must be paid to us. The total investment necessary to begin operation of an Auntie Anne's® within a Subway® restaurant sharing the same premises within a WalMart location ranges from \$61,200 to \$167,500. This total investment estimate includes \$18,800 to \$31,500, depending on the startup package selected, that must be paid to us. This includes a \$5,000 initial franchise fee that must be paid to us.

This Disclosure Document summarizes certain provisions of your franchise agreement, development 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.**

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 Franchise Development Department at Suite 200, 48-50 W. Chestnut Street, Lancaster, Pennsylvania 17603 and 717-435-1479 or franchising@auntieannesinc.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 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.

The issuance date of this Franchise Disclosure Document is **April 1, 2013 as amended May 13, 2013.**

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Other than this Item 19, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it immediately to the franchisor's management by contacting the Legal Department, FOCUS Brands Inc., 200 Glenridge Point Parkway, Suite 200, Atlanta, GA 30342.

A new franchisee's individual financial results are likely to differ from the results stated in the financial performance representation.

Your sales will be affected by your own operational ability, which may include your experience with managing a business, your capital and financing (including working capital), continual training of you and your staff, customer service orientation, product quality, your business plan, and the use of experts, e.g., an accountant, to assist you with your business plans.

Your sales may be affected by franchise location and site criteria, including traffic count, local household income, residential and/or daytime populations, ease of ingress and egress, parking, visibility of your sign, physical condition of premises, number and type of other businesses around your location, competition, inflation, economic conditions, seasonal conditions (particularly in colder climates), inclement weather (e.g., hurricanes), changes in the Homeland Security threat level, etc.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

We encourage you to consult with your own accounting, business, and legal advisors to assist you to prepare your budgets and projections, and to assess the likely or potential financial performance of your franchise. We also encourage you to contact existing franchisees to discuss their experiences with the system and their franchise business. Notwithstanding the information set forth in this financial performance representation, existing franchisees of our are your best source of information about franchise operations.

Tables 1 through 8 present net sales or average net sales, average expenses and average net operating income figures for the year ended December 31, 2011 for a majority of Auntie Anne's franchises that operated under the same ownership for the entire year, obtained from the unaudited profit and loss statements submitted by Auntie Anne's franchisees. All of the Auntie Anne's franchisees report financial information based upon a uniform reporting system. The Notes which follow each table apply to that table and should be read in conjunction with the information contained in the table. The information presented on Tables 1 through 8 excludes sales information from Subway Co-branded Locations. Net sales or average net sales, average

expenses and average net operating income vary widely for these types of locations. Franchisees of Subway Co-Brand Locations may not find this information useful.

As used throughout the following Tables 1- 8, the following definitions apply:

Net Sales – Net Sales includes, without limitation, monies, gift card redemptions or credit received from the sale of food, beverages, and merchandise, from tangible property of every kind and nature, promotional or otherwise, and for services performed from or at the Shop, including without limitation off-premises services such as catering and delivery. Net Sales will not include the initial sales or reloading of gift cards, coupon discounts, the sale of food or merchandise for which refunds have been made in good faith to customers, employee meals, the sale of equipment used in the operation of the Franchised Business, nor will it include sales, meals, use or excise tax imposed by a governmental authority directly on sales and collected from customers; provided that the amount for the tax is added to the selling price or absorbed therein, and is actually paid by you to a governmental authority.

Cost of Goods Sold – Cost of Goods Sold (sometimes referred to as COGS) is a figure which reflects the cost of materials used to produce the products you sell to your customers. It includes the cost of food ingredients (pretzel mix, butter, beverages, etc.), paper products (cups, napkins, bags, straws, etc.) and retail items (Auntie Anne's At Home® pretzel kits, etc.).

Gross Profit – Gross profit is Net Sales minus Cost of Goods Sold.

Operating Expenses – Operating expenses are the day-to-day costs incurred in conducting normal business operations.

Labor – Labor includes wages paid to your employees; payroll taxes paid for your employees; and actual wages and related expenses you pay to yourself.

Rent – Rent includes the base rent for your lease including extra charges, such as common area maintenance (CAM) charges, real estate taxes, percentage rents, etc.

Other Expenses – Other expenses include such things as utilities (electric, telephone), royalties, ad fund fees, advertising, insurance (Workers' Comp, property, casualty, liability, health, etc.), licenses, permits, repairs, uniforms, store supplies, etc.

Total Expenses – The total of Labor, Rent and Other Expenses

Net Operating Income – Gross Profit minus Total Expenses

We include the following Regions, and their respective states, in the information presented in Tables 1 - 9:

- a. *Mid-Atlantic Region*: (i) West Virginia; (ii) District of Columbia; (iii) Virginia; (iv) Maryland; (v) Pennsylvania; and (vi) Delaware.
- b. *Northeast Region*: (i) New York; (ii) Connecticut; (iii) New Hampshire; (iv) Massachusetts; (v) New Jersey; (vi) Vermont; and (vii) Rhode Island.
- c. *Southeast Region*: (i) North Carolina; (ii) Georgia; (iii) Alabama; (iv) Arkansas; (v) Tennessee; (vi) Florida; (vii) South Carolina; (viii) Louisiana; and (ix) Mississippi.
- d. *Midwest Region*: (i) Kansas; (ii) North Dakota; (iii) Iowa; (iv) Kentucky; (v) Michigan; (vi) Illinois; (vii) Indiana; (viii) Missouri; (ix) Missouri; (x) Nebraska; (xi) Ohio; (xii) Minnesota; (xiii) Wisconsin; and (xiv) South Dakota

- e. *Western Region:* (i) Nevada; (ii) Oregon; (iii) Texas; (iv) Oklahoma; (v) California; (vi) Washington; (vii) New Mexico; (viii) Colorado; and (ix) Arizona.

Table 1

**Net Sales Range 2011 Fiscal Year – Various Venues
ALL REGIONS**

2011	Enclosed Malls	Airports	Outlet Centers	Walmarts	Alternative Locations	Train Stations
Sample Size	507	29	31	18	27	5
High Sales	\$2,744,392.00	\$1,942,612.00	\$ 1,115,478.00	\$438,653.00	\$ 1,039,166.00	\$1,138,490.00
Low Sales	\$ 132,138.00	\$ 187,809.00	\$ 150,607.00	\$ 66,225.00	\$ 117,240.00	\$ 335,810.00
Average Sales	\$ 540,936.58	\$ 837,060.52	\$ 528,212.84	\$ 262,360.22	\$ 323,725.70	\$ 787,686.80
% of Stores at or Above Average	40.43%	41.38%	32.26%	55.56%	37.04%	60.00%
# of Stores at or Above Average	205	12	10	10	10	3
Median Sales	\$ 492,987.00	\$ 711,134.00	\$ 485,898.00	\$ 301,214.00	\$ 264,955.00	\$ 896,600.00
# of Stores at or Above Median	254	15	16	9	14	3
Total Number	538	32	35	22	38	5
Percent Included in Sample	94.24%	90.63%	88.57%	81.82%	71.05%	100.00%

Approximately 80% of Auntie Anne's franchises are located in enclosed malls. THE FOLLOWING TABLES RELATE ONLY TO AUNTIE ANNE'S FRANCHISES OPERATED IN ENCLOSED MALLS and do not include franchises operated in airports, outlet centers, Walmarts, alternative locations, train stations, casinos, concession trailers, farmer's markets, seasonal locations, strip malls and colleges and universities.

Table 2

**Net Sales of Franchises In Operation For All 12 Months Of 2011
By Sales Range – Systemwide - Enclosed Malls
ALL REGIONS**

Sales Range	Low	High	Number of Franchises
1	\$700,000	and up	107
2	\$550,000	\$699,999	91
3	\$400,000	\$549,999	154
4	\$250,000	\$399,999	118
5	up to	\$249,999	37

Average Net Sales \$540,936.58 (205 franchises, or 40.43%, were at or above this figure)
Median Net Sales \$492,987.00 (254 franchises were at or above this figure)

Notes to Table 2:

- As of December 31, 2011, there were 605 enclosed mall Auntie Anne's locations. Of those 605, 538 Auntie Anne's locations within enclosed malls were open for business and under the

same ownership from January 1, 2011 through December 31, 2011. This table does not include 67 enclosed mall locations which were neither under the same ownership nor open for the entire 2011 fiscal year. Of those 538 locations, 507 (representing 94.24% of the 538) are included within the information contained in Table 2.

2. We have not included financial information in Table 2 for an enclosed mall location if: (i) the franchise was not in operation for the entire 2011 fiscal year; (ii) the ownership of the franchised location changed during the 2011 fiscal year; or (iii) the franchisee submitted late, incomplete, or illegible financial information or submitted such information in an unacceptable format.

Table 3
Average Net Sales and Net Operating Income as a percentage of Average Net Sales
for 2011 Fiscal Year – Systemwide – Enclosed Malls
ALL REGIONS

ALL REGIONS	Average	% of Net Sales	% of Stores at or Above Average	# of Stores at or Above Average
Net Sales	\$540,936.58	100.00%	40.43%	205
Cost of Goods Sold	\$106,676.31	19.72%	39.45%	200
Gross Profit	\$434,263.89	80.28%	40.63%	206
Operating Expenses				
Labor	\$142,428.60	26.33%	42.41%	215
Rent	\$80,112.71	14.81%	42.01%	213
Other Expenses	\$88,497.22	16.36%	40.43%	205
Total Expenses	\$311,038.53	57.50%	40.83%	207
Net Operating Income	\$ 123,225.35	22.78%	39.64%	201

Average Net Sales \$540,936.58 (205 franchises, or 40.43%, were at or above this figure)
Median Net Sales \$492,987.00 (254 franchises were at or above this figure)

Notes to Table 3:

1. As of December 31, 2011, there were a total of 605 Auntie Anne's locations operating within enclosed malls. Of those 605 locations, 538 operated under the same ownership from January 1, 2011 through December 31, 2011. This table does not include 65 enclosed mall locations which were neither under the same ownership nor open for the entire 2011 fiscal year. Of those 538 locations, 507 (representing 94.24% of the 538) are included within the information contained in Table 3.

2. We have not included financial information in Table 3 for an enclosed mall location if: (i) the franchise was not in operation for the entire 2011 fiscal year; (ii) the ownership of the franchised location changed during the 2011 fiscal year; or (iii) the franchisee submitted late, incomplete, or illegible financial information or submitted such information in an unacceptable format.

Table 4

MID-ATLANTIC REGION
Average Net Sales and Net Operating Income as a percentage of Average Net Sales
for 2011 Fiscal Year - Enclosed Malls

MID ATLANTIC REGION	Average	% of Net Sales	% of Stores at or Above Average	# of Stores at or Above Average
Net Sales	\$596,140.44	100.00%	45.74%	43
Cost of Goods Sold	\$119,466.54	20.04%	45.74%	43
Gross Profit	\$476,673.90	79.96%	44.68%	42
Operating Expenses				
Labor	\$151,002.37	25.33%	43.62%	41
Rent	\$83,340.43	13.98%	43.62%	41
Other Expenses	\$96,634.37	16.21%	41.49%	39
Total Expenses	\$330,977.17	55.52%	45.74	43
Net Operating Income	\$ 145,696.72	24.22%	41.49%	39

Average Net Sales \$596,140.44 (43 franchises, or 45.74%, were at or above this figure)
Median Net Sales \$555,554 (47 franchises were at or above this figure)

Notes to Table 4:

1. As of December 31, 2011, there were a total of 117 Auntie Anne's locations operating within enclosed malls in the Mid-Atlantic Region. Of those 117 locations, 98 operated under the same ownership from January 1, 2011 through December 31, 2011. This table does not include 19 enclosed mall locations which were neither under the same ownership nor open for the entire 2011 fiscal year. Of those 98 locations, 94 (representing 95.92% of the 98) are included within the information contained in Table 4.

2. We have not included financial information in Table 4 for an enclosed mall location if: (i) the franchise was not in operation for the entire 2011 fiscal year; (ii) the ownership of the franchised location changed during the 2011 fiscal year; or (iii) the franchisee submitted late, incomplete, or illegible financial information or submitted such information in an unacceptable format.

Table 5

NORTHEAST REGION

Average Net Sales and Net Operating Income as a percentage of Average Net Sales for 2011 Fiscal Year - Enclosed Malls

NORTHEAST REGION	Average	% of Net Sales	% of Stores at or Above Average	# of Stores at or Above Average
Net Sales	\$711,605.52	100.00%	40.30%	27
Cost of Goods Sold	\$134,920.41	18.96%	41.79%	28
Gross Profit	\$576,685.11	81.04%	40.30%	27
Operating Expenses				
Labor	\$179,466.91	25.22%	40.30%	27
Rent	\$100,407.54	14.11%	38.81%	26
Other Expenses	\$113,785.72	15.99%	38.81%	26
Total Expenses	\$393,660.17	55.32%	37.31%	25
Net Operating Income	\$183,024.94	25.72%	35.82%	24

Average Net Sales **\$711,605.52** (27 franchises, or 40.30%, were at or above this figure)
Median Net Sales \$585,711 (34 franchises were at or above this figure)

Notes to Table 5:1. As of December 31, 2011, there were a total of 90 Auntie Anne's locations operating within enclosed malls in the Northeast Region. Of those 90 locations, 77 operated under the same ownership from January 1, 2011 through December 31, 2011. This table does not include 13 enclosed mall locations which were neither under the same ownership nor open for the entire 2011 fiscal year. Of those 77 locations, 67 (representing 87.01% of the 77) are included within the information contained in Table 5.

2. We have not included financial information in Table 5 for an enclosed mall location if: (i) the franchise was not in operation for the entire 2011 fiscal year; (ii) the ownership of the franchised location changed during the 2011 fiscal year; or (iii) the franchisee submitted late, incomplete, or illegible financial information or submitted such information in an unacceptable format.

Table 6

SOUTHEAST REGION
Average Net Sales and Net Operating Income as a percentage of Average Net Sales
for 2011 Fiscal Year - Enclosed Malls

SOUTHEAST REGION	Average	% of Net Sales	% of Stores at or Above Average	# of Stores at or Above Average
Net Sales	\$ 487,217.50	100.00%	44.12%	45
Cost of Goods Sold	\$ 95,104.86	19.52%	43.14%	44
Gross Profit	\$ 392,112.64	80.48%	45.10%	46
Operating Expenses				
Labor	\$ 126,043.17	25.87%	47.06%	48
Rent	\$ 73,033.90	14.99%	42.16%	43
Other Expenses	\$ 81,316.60	16.69%	43.14%	44
Total Expenses	\$ 280,393.67	57.55%	47.06%	48
Net Operating Income	\$ 111,718.97	22.93%	46.08%	47

Average Net Sales **\$487,217.50** (45 franchises, or 44.12%, were at or above this figure)
Median Net Sales \$464,965 (51 franchises were at or above this figure)

Notes to Table 6:

- As of December 31, 2011, there were a total of 117 Auntie Anne's locations operating within enclosed malls in the Southeast Region. Of those 117 locations, 105 operated under the same ownership from January 1, 2011 through December 31, 2011. This table does not include 12 enclosed mall locations which were neither under the same ownership nor open for the entire 2011 fiscal year. Of those 105 locations, 102 (representing 97.14% of the 105) are included within the information contained in Table 6.
- We have not included financial information in Table 6 for an enclosed mall location if: (i) the franchise was not in operation for the entire 2011 fiscal year; (ii) the ownership of the franchised location changed during the 2011 fiscal year; or (iii) the franchisee submitted late, incomplete, or illegible financial information or submitted such information in an unacceptable format.

Table 7

MIDWEST REGION
Average Net Sales and Net Operating Income as a percentage of Average Net Sales
for 2011 Fiscal Year - Enclosed Malls

MID WEST REGION	Average	% of Net Sales	% of Stores at or Above Average	# of Stores at or Above Average
Net Sales	\$ 490,530.07	100.00%	43.85%	57
Cost of Goods Sold	\$ 95,309.99	19.43%	46.92%	61
Gross Profit	\$ 395,220.08	80.57%	41.54%	54
Operating Expenses				
Labor	\$ 128,175.51	26.13%	44.62%	58
Rent	\$ 74,266.25	15.14%	41.54%	54
Other Expenses	\$ 77,454.70	15.79%	43.08%	56
Total Expenses	\$ 279,896.46	57.06%	46.15%	60
Net Operating Income	\$ 115,323.62	23.51%	40.77%	53

Average Net Sales **\$490,530.07** (57 franchises, or 43.85%, were at or above this figure)
Median Net Sales \$467,704.50 (65 franchises were at or above this figure)

Notes to Table 7:

- As of December 31, 2011, there were a total of 144 Auntie Anne's locations operating within enclosed malls in the Midwest Region. Of those 144 locations, 131 operated under the same ownership from January 1, 2011 through December 31, 2011. This table does not include 13 enclosed mall locations which were neither under the same ownership nor open for the entire 2011 fiscal year. Of those 131 locations, 130 (representing 99.24% of the 131) are included within the information contained in Table 7.
- We have not included financial information in Table 7 for an enclosed mall location if: (i) the franchise was not in operation for the entire 2011 fiscal year; (ii) the ownership of the franchised location changed during the 2011 fiscal year; or (iii) the franchisee submitted late, incomplete, or illegible financial information or submitted such information in an unacceptable format.

Table 8

WESTERN REGION
Average Net Sales and Net Operating Income as a percentage of Average Net Sales
for 2011 Fiscal Year - Enclosed Malls

WESTERN REGION	Average	% of Net Sales	% of Stores at or Above Average	# of Stores at or Above Average
Net Sales	\$ 500,657.75	100.00%	47.37%	54
Cost of Goods Sold	\$ 102,785.04	20.53%	43.86%	50
Gross Profit	\$ 397,872.71	79.47%	46.49%	53
Operating Expenses				
Labor	\$ 144,539.89	28.87%	43.86%	50
Rent	\$ 78,553.20	15.69%	49.12%	56
Other Expenses	\$ 85,862.80	17.15%	49.12%	56
Total Expenses	\$ 308,955.90	61.71%	45.61%	52
Net Operating Income	\$ 88,916.82	17.76%	42.98%	49

Average Net Sales **\$500,657.75** (54 franchises, or 47.37%, were at or above this figure)

Median Net Sales \$479,301.50 (51 franchises)

Notes to Table 8:

1. As of December 31, 2011, there were a total of 137 Auntie Anne's locations operating within enclosed malls in the Western Region. Of those 137 locations, 127 operated under the same ownership from January 1, 2011 through December 31, 2011. This table does not include 10 enclosed mall locations which were neither under the same ownership nor open for the entire 2011 fiscal year. Of those 127 locations, 114 (representing 89.76% of the 127) are included within the information contained in Table 8.

2. We have not included financial information in Table 8 for an enclosed mall location if: (i) the franchise was not in operation for the entire 2011 fiscal year; (ii) the ownership of the franchised location changed during the 2011 fiscal year; or (iii) the franchisee submitted late, incomplete, or illegible financial information or submitted such information in an unacceptable format.

Table 9
ALL REGIONS

Average Net Sales Per Transaction (NSPT)
For 2012 for Enclosed Malls (EM)

Region	Average EM NSPT	Number of EM's open for all of 2012 used to calculate NSPT	Number of EM's open for all of 2012	% EM's used to calculate NSPT is to EM's open for all of 2012	Median EM NSPT	#/% of EM's that Met or Exceeded Average NSPT
Mid Atlantic	\$5.01	92	116	79.31%	\$5.01	52/56.5%
Northeast	\$5.24	78	89	87.64%	\$5.07	34/43.6%
Southeast	\$5.15	105	116	90.52%	\$5.12	51/48.6%
Midwest	\$5.28	136	142	95.77%	\$5.18	59/43.4%
Western	\$5.26	125	137	91.24%	\$5.16	57/45.6%
Total All Regions	\$5.20	536	600	89.33%	\$5.12	253/47.2%

Notes to Table 9:

1. The above table shows Net Sales Per Transaction ("NSPT") averages experienced by Auntie Anne's enclosed mall locations which were open and reported sales for the entire fiscal year ended December 29, 2012. The NSPT averages are based on data received from 536 of 600 Auntie Anne's franchised locations that operated in enclosed malls and reported sales for all 52 weeks of 2012. Data from company-owned stores is not included in Table 9. These 536 locations represent 89.33% of the 600 total enclosed mall locations that were open for the entire fiscal year ended December 29 2012. The NSPT average is obtained from the valid transaction count data as reported to us by Auntie Anne's franchisees based upon a uniform reporting system. The NSPT average is derived by dividing total Net Sales by the total number of cash register sales transactions as reported to us by Auntie Anne's franchisees for the fiscal year ended December 29, 2012. An average NSPT is determined for each Region and for the total of all the Regions.

We have not included Net Sales or cash register sales transactions in Table 9 for an enclosed mall location if there was not a full 52 weeks' worth of data. Some reasons why there is not a full 52 weeks' worth of data include: (i) technical problems with cash application software, (ii) equipment problems such as cash register malfunctions, phone line failures, modem malfunction, power outages, and (iii) data validation problems such as receiving data that is incomplete or in an unacceptable format.