



524 East Creek Lane, Middletown, DE 19709

Operated by Primo Franchising, Inc

Dear Prospective Franchisee,

We would like to thank you for your interest regarding the purchase of a **PrimoHoagies** franchise. We are very enthused and excited to be able to offer, to certain qualified individuals, an opportunity to join the Primo family in purchasing one or more of a limited number of franchises that will be made available in the coming months.

With this offer comes the opportunity to own and operate your own business, with the security of having a name and product recognition that is well established, along with a formula that has been greatly successful. Through our training program and on-going consultation, you will benefit greatly from the knowledge and expertise provided by the people who originated **PrimoHoagies** and subsequently established it as one of the most popular retail food institutions in the area.

We enthusiastically believe that our unique and diverse menu, along with our widespread reputation for unconditional quality, will be a springboard for success in this endeavor. We must state, however, that this success will be strongly determined by your commitment to maintaining the high standards of quality and service that we've established.

In the attached pages, you will find a short summary of some of the services provided by the franchisor and certain obligations of the franchisee. Also included is an estimate of a franchisee's start-up and initial operating expenditures.

Please be advised that this is a basic outline of some of the terms and conditions regarding the purchase of a **PrimoHoagies** franchise. A Uniform Franchise Offering Circular and Franchise Agreement will be furnished to you when mutual interest has been established. You should carefully review these documents before making an investment. One of our knowledgeable sales representatives will be available to meet with you and answer any questions that you may have regarding the specifics involved in the purchase and operation of one of the **hottest** franchise opportunities available today.

Sincerely,
Mike Aruanno
Director of Franchise Operations
302-376-3635 Fax
mike@primohoagies.com

Basic Outline for the Purchase of a PrimoHoagies Franchise

Franchisor Provisions

We will provide training on all major aspects of the operation of a **PrimoHoagies** franchise, including on-site assistance for the first week of franchise operations. We will furnish an operating manual, which includes a complete product list and all recipes. We will offer assistance with the layout of the floor plan and the purchasing of equipment. We will also provide menu design and artwork for outdoor signs and indoor menu boards. We will also be available for consultation regarding the franchise operation.

Franchise Guidelines

Our franchisees must follow the standard operating procedures prescribed during the training period and reiterated in the operating manual. Consistency must be maintained in all areas, including menu items and all product brands. We will recommend distributors of all products and ensure competitive prices of such. Business operating hours will be determined by the franchisee, with our approval, to what best suits each individual location.

Franchisee Obligations

Franchisees must pay a one-time franchise fee of \$35,000 for legal use of the **PrimoHoagies** name and menu, training, initial on-site operating assistance, and ongoing consultation. Franchisees must also pay us royalties in the amount of five-percent of the gross sales of the store, excluding sales tax. Franchisees are responsible for funding all of their startup and operating costs, such as equipment, inventory, leasehold improvements, insurance, licenses, etc. Franchisees will conduct employee hiring and determine wage scale. It is imperative for franchisees to have had some experience in a retail food environment, or to employ a store manager who fits this criterion.

The franchisee will determine the following, subject to approval by Primo Franchising, Inc.:

Choice of geographical area and specific location

Lease negotiation and/or purchase of property

Advertisement and promotions for individual location

Estimated Start Up Expenditures (Not payable to Franchisor)

(These figures do not include the initial franchise fee and may vary based on variables such as price and condition of lease property, equipment and/or fixtures which may already exist at the location, the ability to cut construction costs, etc. You should review the Uniform Franchise Offering Circular for additional information on start up costs.)

Signs, Fixtures, Equipment

\$45,000. – \$65,000.

Refrigeration – Slicers – Scale-FREEZER -Oven– Sinks – Phones/Fax – Cash Register, Etc.

Inventory

\$8,000. – \$9,000.

Meats – Salads – Bread – Beverage – Snacks – Paper Products – Stationary, Etc.

Construction

\$20,000. – \$60,000.

Counters – Shelving – Electrical – Plumbing – Phone Lines, Etc.

Miscellaneous \$5,000. – \$10,000.

Rent and Securities – Insurance – Licensing – Individual Advertising, Etc.

Additional Funds for First 3 Months of Operation

\$15,000.

Backup resources for various operating expenses such as payroll, suppliers, utilities, etc.

Projected Total Start Up Costs (Not including Initial Franchise Fee)

\$93,000. – \$159,000.

Primo Franchising will recommend our current product, equipment and service vendors for competitive pricing.

Potential Franchisee Obligations

In order to receive certain information pertaining to the Franchise, potential franchisees will be required to submit :

- **A financial statement,**
- **Copy of their credit score**
- **The Confidentiality Agreement signed by them (Below).**

Fax information to 302-376-3635

Mail information to: PrimoHoagies, 524 East Creek Lane, Middletown, DE 19709

Mail information to: mike@primohoagies.com



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Fax 302-376-3635, email: mike@primohoagies.com

CONFIDENTIALITY AGREEMENT

I, _____, in consideration of the approval by Primo Franchising Incorporated (“PrimoHoagies”) to review certain confidential information including, without limitation, certain literature and/or other information relating to the operation of a PrimoHoagies franchise (“Confidential Information”) before completing my contemplated purchase of such franchise, hereby agree to maintain the confidentiality of all such confidential information in recognition that such information is confidential and is divulged only to PrimoHoagies franchisees. In the event that I am unable to consummate the contemplated purchase of the PrimoHoagies franchise, or to otherwise become a PrimoHoagies franchisee, I shall not disclose any of this information to any other person or persons. I further represent and warrant that I shall not use such information in any other capacity except as an authorized PrimoHoagies franchisee. I hereby acknowledge that I shall not reproduce any of the confidential information being entrusted to me today, nor shall I make any oral or written notes regarding any of the information contained herein.

I acknowledge and agree that disclosure or unauthorized use of any of the confidential information presented to me could possibly cause PrimoHoagies immediate and irreparable harm which is not compensable in money damages. I hereby consent, in the event of my unauthorized use or disclosure of such confidential information, to the entry of injunctive relief in favor of PrimoHoagies, including temporary restraining orders and preliminary injunctions, without the requirement of bond, under the usual equity rules.

I authorize PrimoHoagies and its affiliates to conduct a background investigation of my financial condition, general character and reputation. I authorize the release of my credit report and such other information requested by PrimoHoagies and its affiliates by all financial institutions, credit bureaus, other public and private reporting organizations, government, regulatory entities, employers, and other references contacted by PrimoHoagies or its affiliates in connection with my application for a PrimoHoagies franchise. I agree to provide to PrimoHoagies a personal financial statement in connection with my application for a franchise.

I have read the above Confidentiality Agreement and understand its terms. I would not sign on this agreement if I did not understand it and agree to be bound by its terms.

Dated: _____

X _____