

Paciugo is franchising in all states.

In order to facilitate access to Small Business Administration financing, Paciugo is on the Frandata list of SBA pre-approved Franchise Disclosure Documents (FDD). FDD is formerly known as Uniform Franchise Offering Circular (UFOC).

Wherever applying for a loan your lender knows that Paciugo FDD has the local SBA unit official approval, anywhere in the U.S.

Information can be located at <http://www.franchiseregistry.com/registry>

Initial Franchise Fee: \$30,000

Royalty Fee: 4.5% of gross sales submitted weekly

National Marketing Fee: 2.5% of gross sales submitted weekly

Local Marketing Commitment: 2% of gross sales (This percentage not paid to us but you commit to this percentage locally. This may include donations, marketing, your time, advertising and many other areas. Mall locations are exceptions to this commitment.)

Franchisee candidates must meet our qualification standards and be compatible with the Paciugo Way.

*The information on this web site does not constitute an offer to sell a franchise in those states that require registration of the franchise opportunity. We will not make any offer of a franchise opportunity in those states until after we have obtained effective registration of our franchise. We offer franchise opportunities only through our written **Franchise Disclosure Document (FDD)**.

STAND-ALONE UNIT	
TYPE OF PAYMENT	RANGE OR ESTIMATED AMOUNT
Franchise Fee	\$30,000
First Month Rent	\$2,000 \$10,000
Leasehold Improvements	\$60,000 \$200,000
Equipment	\$40,000 \$100,000
Décor	\$5,000 \$18,600
Signs	\$5,000 \$20,000
First Order of Inventory and Supplies	\$5,000 \$8,000
Installation	\$3,000 \$6,000
Computer System	\$18,000

STAND-ALONE UNIT	
TYPE OF PAYMENT	RANGE OR ESTIMATED AMOUNT
	\$19,000
Training Expenses	\$500 \$4,000
Grand Opening Costs	\$3,000 \$5,000
Miscellaneous Opening Costs	\$1,200 \$4,000
Additional Funds For First 3 Months	\$6,000 \$9,500
TOTAL:	\$178,700 \$434,100

EARNINGS CLAIMS

The following table presents actual revenue information and pro forma expense information on a per-Unit per-Year basis for the stand-alone Paciugo® Units located in the Dallas/Fort Worth Metropolitan area, Texas owned and operated by our affiliate for the period from the opening of the first Unit on September 9, 2000 through December 31, 2006. The table shows the range of actual maximum annual revenues and the actual minimum annual revenues per Unit during this period. The size, physical layout, and operations of these Units are generally similar to the stand-alone Units that our franchisees will own and operate. The financial information is taken from the unaudited books and records of Authentic Gelato. It has not been independently audited.

THE NOTES THAT FOLLOW THE CHART ARE AN INTEGRAL PART OF THE INFORMATION PRESENTED IN THIS ITEM, AND PROVIDE INFORMATION TO HELP YOU BETTER UNDERSTAND THE FINANCIAL INFORMATION.

	Minimum / Maximum Range (per Unit per Year)
Annual Gross Revenues Per Unit	\$305,000 to \$740,000
Annual Cost of Goods Sold Per Unit of food and accessories, including shipment to continental USA. (28% of Gross Revenues , freight excluded)	\$85,400 to \$207,200
Annual Net Revenues Per Unit	\$219,600 to \$532,800

1. **Operating History.** Some of the Units included in these figures have been open since September 2000. It may take some time for a new Unit to establish itself in its marketplace. You should expect lower revenues during your first year of operations.
2. **Revenues.** The high range of the reported revenues includes revenues from catering operations and from the sale of coffee drinks. If you do not offer catering or coffee drinks, you probably will not reach that level of revenues.
3. **Cost of Goods Sold.** Cost of goods sold includes the cost of gelato mixes and ingredients, cups, spoons, and take-away containers. The figures in the table are performance figures based on average expense of 28% for cost of goods sold, freight excluded. By strictly following our system, you should be able to manage your costs of goods sold at this level.
4. **Operating Expenses.** The only expense items deducted from Gross Revenues to calculate Net Revenues are associated with cost of goods sold. You will have many other expenses, such as rent, wages, insurance, local marketing, royalty fees, marketing fees, and utilities.
5. **Location.** All of the Units reflected in this table are located in the Dallas, Texas area, which typically has long, hot summers and mild winters. Revenues for Units in other climates could be affected by the local weather.

THE GROSS REVENUE INFORMATION PRESENTED ABOVE REFLECTS INFORMATION RELATING TO A SPECIFIC HISTORICAL PERIOD OF TIME AND IS NOT A PROJECTION OR FORECAST OR GUARANTY, IN ANY WAY, OF WHAT YOU MAY EXPERIENCE. We do not represent or guarantee that you will have the same level of revenues or expenses after your Unit has been open for a similar period.

The earnings claim figures do not reflect the operating expenses or other costs or expenses (except cost of goods sold) that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Unit. Franchisees or former franchisees listed in this Franchise Disclosure Document may be one source of this information.

Other Considerations Relating to Earnings Claims and Financial Projections

In preparing financial projections and an overall business plan for your franchise operation, it is important to keep in mind that each individual franchisee's experience is unique, and each individual franchise will experience sales and expenses different from all other franchises in the system due to the many factors which will impact the franchise. These factors include general economic condition of the area, competition in the market, physical location, availability of supplies and labor, expenses or levels of expenses peculiar to the area, effectiveness of the franchisee in the management of the business and the overall efficiency of the operation. A franchisee's energy and dedication to the business will also affect the results of the operation.

A NEW FRANCHISEE'S INDIVIDUAL RESULTS ARE LIKELY TO DIFFER FROM THE RESULTS STATED IN THIS EARNING CLAIMS. A VARIETY OF FACTORS, INCLUDING THOSE WE HAVE DESCRIBED HERE, MAY CAUSE YOUR FINANCIAL RESULTS TO BE DIFFERENT THAN THE REPORTED FINANCIAL RESULTS.

Other than the information provided in Item 19 of the Franchise Disclosure Document, we do not furnish or authorize any person to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of a Unit. Actual results vary from Unit to Unit, and we cannot estimate the results of any particular franchise.

Please e-mail to franchising@paciugo.com, or by phone (214)-654-9501 ext 110. Thank you again for your interest in Paciugo! Grazie!