

FRANCHISE PROGRAM



USA/Super D Franchise

The following represents the fees and approximate costs of a new USA/Super D Drugstore. Size of the facility, style of fixturing, decor, leasehold improvements (if any), and inventory requirements will all affect costs. There is a \$12,000 for full line and \$7,500 for express size upfront Franchise fee.

Term 10 years

Ongoing Fees A royalty fee of 3% of gross sales, exclusive of sales tax.
An advertising fee of 1-1/2% of gross sales, exclusive of sales tax.

Initial Costs (for a typical 2,500-3,500 sq. ft. Express store.)

\$65,000 to \$95,000	Prescription Inventory. Paid to supplier.
\$30,000 to \$60,000	OTC Inventory. Paid to supplier.
\$10,000 to \$20,000	Basic Store Fixture Set. Paid to supplier.
\$2,000 to \$4,000	Speciality Fixtures, Decor, Lettering. Paid to supplier.
\$10,000 to \$15,000	Store Signage. Paid to supplier (leasing option available.)
\$5,000 to \$6,000	Two 3-Door Coolers. Paid to supplier.
\$15,000 to \$25,000 zero to \$2,500	Computer Systems, POS Systems (Including Register System) Cash Register System. Paid to supplier.
\$500 to \$1,000	Refrigerator. Paid to supplier.
\$1,500	Prescription Utensil Set. Paid to supplier.
\$30,000 to \$50,000	Operating Cash. Paid to suppliers.
\$176,5000 to \$289,5000	Approximate Total Cost For New Store

Note: Costs of converting an existing drugstore to a USA/Super D Franchise can be dramatically less.

The USA/Super D Franchise Program

The Company

USA/Super D Drugs is one of the largest regional drug store chains in the midsouth. The Company ranks first or second in prescription sales in 90% of its markets with prescription sales accounting for 55% of total sales.

The Company's long standing presence in its markets and favorable reputation as an "upscale" price leader have resulted in a loyal customer base.

While no earnings projection claims are made, the Company's franchise format greatly improves the chances of successful drugstore operations.

The USA/Super D Franchise Concept

The USA/Super D Franchise is a comprehensive system, providing the franchise with competitively priced merchandise plus the support services of site selection, leasing, marketing, operation management and financing.

If you are an existing pharmacy owner, becoming a USA/Super D franchisee can enable you to compete effectively with larger chain operations.

Site Selection

The first step in the creation of a successful drug store is a prime site location. The Company's real estate personnel carefully evaluate overall market development, demographics and other specific data before base negotiations commence. The lease negotiations insure the franchisee of sound and desirable terms, giving a significant competitive edge in achieving desired profit margins.

Interior Design & Merchandising

Each store is set up on a custom basis, based on a proven template, to maximize exposure and efficiency of location. A plan-o-grammed layout is tailored to meet the specific needs of the store.

USA/Super D also has the computer expertise to help you select the products that are most often requested in your particular market.

USA/Super D is able to offer franchisees savings of up to 50% on fixturing, interior decor and signage because of volume discounts on purchases.

Marketing & Advertising

The Company has its own full service in-house advertising agency which provides the franchisee with an advertising and promotional program that is essential to compete in today's marketplace. By combining advertising funds, USA/Super D achieves far more with your ad dollar than individual expenditures alone could accomplish.

Purchasing & Distribution

USA/Super D Franchisees receive outstanding benefits for being part of a corporation that includes: drug store retailer, distributor, and private label manufacturer, all vertically integrated which provides a competitive advantage compared with other independent pharmacies in their market.

Franchisees may order in single units instead of case lots and at the same time realize the economic benefits of high volume warehouse purchasing. Computer assisted programs assure rapid order processing. Merchandise is received in the store pre-stickered by the warehouse.

Pharmacy Computer Systems

USA/Super D utilizes a state-of-the-art pharmacy computer information system, which helps the company maintain its leadership position in providing prescription services. Designed to serve as a store level unit with headquarters communications features, the programs includes:

- weekly price and formulary updates
- accurate gross profit reports on daily, weekly, and YTD basis
- drug usage reports
- drug interaction monitoring
- patient profiles - ability to refill Rx by patient name and number
- business management
- 3rd party reporting
- Integrated POS (point of sale) available for inventory and auto replenishment

Private Label

The Company's private label is an extensive product line (of over 600 SKU's). Arrangements with major private label manufacturers allow for dynamic packaging, high quality, and consumer savings, while offering excellent profitability for the franchisee. The Select Brand is offered with a 100% money-back guarantee.

Probing Your Profit Potential

INVESTIGATE BEFORE YOU INVEST. The potential sales and profitability of USA/Super D drugstores is important. To establish this information you should contact existing owners, to make your own first-hand determination in this regard. USA/Super D employees and representatives are not authorized to project sales or earnings. This policy eliminates possible misunderstandings and leads to a better long-term relationship. As you may have already experienced, other companies may try to convince you of how much money you will make when you purchase their franchise. You should be very suspicious of any franchise salesman who uses this approach.

Before you go into business one of the first questions you may want answered is “what is the profit potential of the business I am investigating?” Many potential franchisees make the serious mistake of trying to get this important information directly from the marketing personnel of the companies that they are investigating, when actually the best source for this information is the store owners.

Consider these questions:

1. What would motivate a Marketing Representative to provide you with projections of how much money you would make when you join a company?
2. How likely are his projections to be accurate?
3. What is the best source for receiving this information?

Thinking about it, it should become apparent that a salesperson does not have your best interest at heart if most of the time is spent convincing you how much money you will make. If a business opportunity is offered by a reputable representative, rosy projections or guarantees of large profits are not emphasized because there is a better than average chance that the figures you are provided with are not accurate at all. Actual franchises of the company that you are considering have the true statistics.

At USA/Super D, we have firm policy that no employee of the company may make guarantees as to your potential sales, earnings or profitability. Frankly, we refuse to mislead you in any way. Instead, our policy is to provide you with the name and telephone number of every franchise owner that we have operating.

This information is given to you at least ten business days prior to purchasing our franchise, and enables you to go directly to them for straight facts from the very best source. Of course, it is not mandatory that franchisees provide exact figures, but many of them are willing to give you a good idea of how they are doing and relate if they are satisfied with the USA/Super D franchise.

Without a doubt, USA/Super D gives you the best means to find out the facts you need to know in the most honest, direct fashion. And we think if you investigate, you'll invest.

Franchising Does Work.

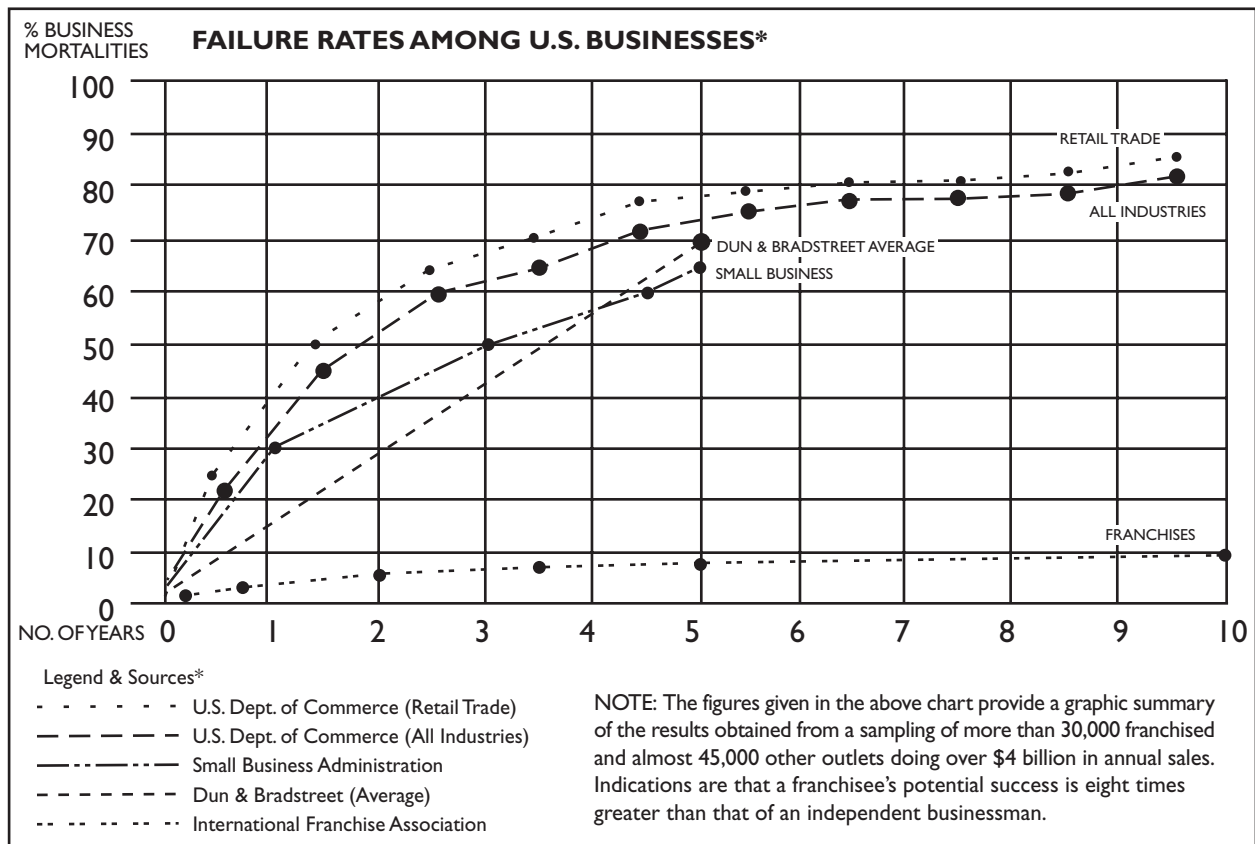
Franchising is considered one of the most dynamic and effective systems for distribution of goods and services known today. It combines the entrepreneurial drive and ambition of the small businessman with the expertise and experience of a large company. The result is usually a rewarding partnership for both parties involved.

When you enter into the franchise world, you immediately gain years of business experience without attending the college of "hard knocks." You deal with a product that has been proven in the marketplace, or a brand name that people are already familiar with. The operation and control of your business has been established, enabling you to have a smooth running operation from the beginning.

A franchise is a sound investment. As the company continues to grow, its value to you and others becomes greater and greater. Government statistics show that failure rates of franchises are significantly lower than those of individuals starting a new business on their own.

When you purchase a franchise you are joining a team. The members of that team have mutual goals. Together they work to build the company's sales and image, and reduce the common expenses. You also gain the expertise in site location work, lease negotiations, and store construction. These areas take years of experience to become proficient in.

Today, franchises are under stringent laws which protect the prospect's interest. As a result, today's franchise offers a more secure investment than ever before.



Interested? Your Next Steps...

1. After you have finished reading the enclosed material thoroughly, compile a list of questions concerning the USA/Super D franchise program. If an area agent is unavailable to answer them, feel free to call on one of our experienced Marketing Representatives at 1-870-535-2411, ask for Franchise.
2. In order to finalize your decision, talk to other current franchise owners and the Better Business Bureau.
3. Complete the enclosed application and mail it to our headquarters in the enclosed envelope. Filling out the application does not obligate you to purchase a USA/Super D franchise. However, it does indicate that you have above average interest in our program. Upon receipt, a representative of our company will contact you regarding a disclosure document which includes more specific information on our company for those who are more seriously interested. This document contains a listing of all USA/Super D franchise stores, their addresses and telephone numbers. Within a few days after processing, someone from our company will contact you to review your application, and make recommendations on how to proceed.
4. If at all possible, it is strongly suggested that you schedule a visit to existing stores close to you. We also encourage a tour of our Headquarters.
5. Once your application has been approved and a mutually agreeable location has been found, you should arrange with our training liaison to attend a two-week course. Once this instruction is completed, our field representative will work closely with you through the opening of your store.
6. Once you are operating, an assigned coordinator will continue to render daily direction as required. Updates on company activities are provided in newsletters and educational publications which you will receive regularly. A USA/Super D agent will visit your store on a regular basis to provide continual guidance.



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