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DEPARTMENT OF
BUSINESS OVERSIGHT
SAN FRANCISCO**FRANCHISE DISCLOSURE DOCUMENT
MEXICALI FRANCHISE COMPANY, INC.**a Delaware corporation
645 Manhattan Avenue, #2R
Brooklyn, New York 11222
(718) 383-1810
www.calexiconyc.com
Jesse Vendley@digitas.com

The franchise offered is for quick-serve and full service restaurants and mobile food vending units operating under the name "Calexico®" offering tacos, burritos, tortas, quesadillas, side dishes and beverages on a dine-in, carry-out and catering basis. Mobile vending units (either a truck or cart) may not be established unless you have an existing restaurant to provide menu items for the mobile unit.

The total investment necessary to begin operation of a Calexico Taqueria quick-serve franchised business is \$170,600 to \$515,100. This includes \$30,000 that must be paid to the franchisor and/or its affiliate, as appropriate. The total investment necessary to begin operation of a Calexico full service franchised business is \$250,600 to \$1,329,600. This includes \$30,000 that must be paid to the franchisor and/or its affiliate. The total investment necessary to begin operation of a Calexico truck unit is \$104,700 to \$245,000. This includes \$30,000 that must be paid to the franchisor and/or its affiliate. The total investment necessary to begin operation of a Calexico cart unit is \$90,250 to \$171,500. This includes \$30,000 that must be paid to the franchisor and/or its affiliate.

We may sell rights to individuals or entities to develop a number of restaurants within a specified area. If you are a multi-unit operator, you will pay a development fee equal to 100% of the initial franchise fee for the first Restaurant to be developed, plus a deposit of 50% of the initial franchise fee for each additional Restaurant to be developed under the Multi-Unit Operator Agreement. The total investment necessary will vary based on the number of Restaurants to be developed.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive the 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 government 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, please contact our office at 645 Manhattan Avenue, #2R, Brooklyn, New York (zip and (718) 383-1810 or David Vendley at (347) 610-6654.

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 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, DC 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.

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STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. **REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.**

Call the state franchise administrator listed in Exhibit I for information about the franchisor or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following **RISK FACTORS** before you buy this franchise.

1. **THE FRANCHISE AGREEMENT AND MULTI-UNIT OPERATOR AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION AND LITIGATION ONLY IN NEW YORK. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE WITH US IN NEW YORK THAN IN YOUR OWN STATE.**
2. **THE FRANCHISE AGREEMENT AND MULTI-UNIT OPERATOR AGREEMENT STATE THAT NEW YORK LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.**
3. **THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Effective Date See next page for state effective dates

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