

APR 09 2012

RED LINE COPY

FRANCHISE DISCLOSURE DOCUMENT



Checkers Drive-In Restaurants, Inc.
4300 West Cypress Street
Suite 600
Tampa, FL 33607
(813) 283-7000
www.checkers.com

The franchise offered is for a Checkers Restaurant, featuring a limited menu of hamburgers, cheeseburgers, hot dogs and other menu items

The total investment necessary to begin operation of a Checkers Restaurant ~~is \$453,000 to \$627,200~~ (excluding real estate and related costs) is as follows: \$345,500 to \$825,000 for a traditional double drive-thru modular building; \$373,500 to \$525,000 for a prototype single drive-thru freestanding restaurant; \$131,200 to \$683,500 for a conversion of a free-standing restaurant; \$391,300 to \$688,800 for an end-cap strip-center restaurant; \$239,325 to \$568,700 for an in-line restaurant in a high density market; and \$111,100 to \$325,000 for the reopening of a closed Checkers or Rally's restaurant. This includes \$0 to \$40,000 that must be paid to the franchisor or an affiliate. If we grant you the right to develop multiple Checkers Restaurants pursuant to a development agreement, an initial investment will be required, consisting of a fee payable to us of ~~\$5,000~~ 10,000 per restaurant to be developed, as well as working capital funds, the amount of which we are unable to estimate ~~to be between \$601,700 to \$727,200~~ assuming you will need to open at least one (1) Restaurant within the first six months of the term of the Development Agreement. An initial investment will be required for each Checkers Restaurant ~~a developer opens, the estimated total investment~~ to be developed, the amount of which is described above.

This disclosure document summarizes certain provisions of your franchise agreement and other agreements and 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 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 disclosure in different formats, contact ~~Tena Mereson~~ Christine Elam at 4300 West Cypress Street, Suite 600, Tampa, Florida 33607 or at (813) 283-7000.

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 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

Checkers
March ~~2011~~ 2012

EAST\42837422-042837422.13

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.

Date of Issuance: ~~April 27, 2011~~ March 31, 2012.

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 FRANCHISE DISCLOSURE DOCUMENT

Call the state franchise administrator listed in Exhibit F 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 DEVELOPMENT AGREEMENT REQUIRE THE FRANCHISEE TO ARBITRATE ANY DISPUTE WITH THE FRANCHISOR ONLY IN THE STATE OF THE FRANCHISOR'S PRINCIPAL OFFICES, CURRENTLY FLORIDA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO DEFEND AN ARBITRATION PROCEEDING FILED IN FLORIDA THAN ONE THAT IS FILED IN YOUR OWN STATE.**
2. **THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT REQUIRE THAT FLORIDA LAW GENERALLY GOVERN THE AGREEMENTS, EXCEPT FOR APPLICABLE FRANCHISE LAWS OF OTHER STATES. FLORIDA LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS**
3. **WE AND OUR AFFILIATES MAY ESTABLISH CHECKERS RESTAURANTS AND OTHER FOOD SERVICE FACILITIES IN MALLS, STADIUMS, SCHOOLS, AIRPORTS, HOSPITALS, AMUSEMENT PARKS, ETC WITHIN THE PROTECTED AREA OF THE DEVELOPER OR FRANCHISEE AND MAY ESTABLISH OTHER CHANNELS OF DISTRIBUTION AND SELL OR DISTRIBUTE ANY PRODUCT OR SERVICE TO THE GENERAL PUBLIC, UNDER THE SAME AND/OR DIFFERENT TRADEMARK, IN COMPETITION WITH THE FRANCHISE**
4. **AS OF JANUARY ~~3, 2011~~, 2, 2012, THE FRANCHISOR HAD ~~ONLY~~ ~~\$14,206,000~~ \$15,538,000 IN CURRENT ASSETS AND HAD ~~\$26,731,000~~ 29,353,000 IN CURRENT LIABILITIES. THIS MEANS THAT FOR EVERY DOLLAR OF LIABILITIES DUE WITHIN ONE YEAR, THE FRANCHISOR HAS ~~ONLY~~ \$0.53 IN CURRENT ASSETS. SINCE ITS INCEPTION, THE FRANCHISOR HAS LOST ~~\$90,691,000~~ 90,603,000 CAUSING IT TO HAVE A DEFICIT NET WORTH OF ~~\$4,515,000~~ 1,989,000.**

Checkers
March ~~2011~~ 2012

EAST\42837422-042837422.13

This is a document preview downloaded from FranchisePanda.com. The full document is available for free by visiting: <https://franchisepanda.com/franchises/checkers-rallys>