

FRANCHISE DISCLOSURE DOCUMENT



Checkers Drive-In Restaurants, Inc.

4300 West Cypress Street, Suite 600

Tampa, Florida 33607

(813) 283-7000

www.checkers.com

www.rallys.com

The franchise offered is to operate a Checkers Restaurant or Rally's 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 or Rally's Restaurant (excluding real estate and related costs) is: \$637,392 to \$1,286,743 for a single drive-thru freestanding restaurant; \$172,400 to \$1,068,060 for a conversion of a free-standing restaurant; \$155,400 to \$770,000 for an end-cap strip-center restaurant; \$351,900 to \$580,650 for an in-line restaurant in a high density market, and \$100,200 to \$687,808 for reopening of an existing Checkers Restaurant or Rally's Restaurant that ceased operations. This includes \$10,000 to \$50,000 that must be paid to the franchisor or an affiliate, plus \$10,000 for each additional restaurant that you agree to develop under a development agreement with us.

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 Ursula S. Lane 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 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: March 31, 2015

Checkers/Rally's
March 2015 FDD

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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 FRANCHISE DISCLOSURE DOCUMENT.**

Call the state franchise administrator listed in Exhibit A 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 MOST DISPUTES 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. **AS OF DECEMBER 29, 2014, THE FRANCHISOR HAD \$15,886,000 IN CURRENT ASSETS AND HAD \$31,098,000 IN CURRENT LIABILITIES. THIS MEANS THAT FOR EVERY DOLLAR OF LIABILITIES THE FRANCHISOR HAD \$0.51 IN CURRENT ASSETS. SINCE ITS INCEPTION, THE FRANCHISOR HAS LOST \$101,723,000 CAUSING IT TO HAVE A DEFICIT NET WORTH OF \$75,482,000. A PROSPECTIVE FRANCHISEE SHOULD REVIEW THE FRANCHISOR'S FINANCIAL STATEMENTS FOR COMPLETE DETAILS.**
4. **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 franchises. 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.

See the following state effective date summary page for state effective dates.

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STATE REGISTRATIONS

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

STATE	CHECKERS EFFECTIVE DATE	RALLY'S EFFECTIVE DATE
California	April 7, 2015	April 7, 2015
Illinois	April 1, 2015	April 1, 2015
Indiana	April 1, 2015	April 1, 2015
Maryland	June 11, 2015	June 11, 2015
Michigan	March 31, 2015	March 31, 2015
Minnesota	April 6, 2015	Not Registered
New York	April 23, 2015	Not Registered
Rhode Island	April 1, 2015	Not Registered
Virginia	April 15, 2015	April 15, 2015
Wisconsin	April 1, 2015	April 1, 2015

In all other states, the effective date of this Franchise Disclosure Document is the Issuance Date of March 31, 2015.

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