

FRANCHISE DISCLOSURE DOCUMENT

JUL 30 2012



ORION FOOD SYSTEMS, L L C
a South Dakota limited liability company
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The "Hot Stuff Foods" franchise allows the franchisee to use ORION FOOD SYSTEMS' ("ORION's") products, recipes and trademarks to operate a "Hot Stuff Foods" Franchise, and produce and sell "Hot Stuff Foods" pizza, submarine-style sandwiches and other products, in retail food service facilities, featuring required menus, and proprietary foodstuffs distributed by ORION, and located ordinarily within an existing business such as a convenience store, grocery store or institution

The total investment necessary to begin operation of a Hot Stuff Foods franchise ranges from \$58,500 to \$133,000 This includes an estimated cost of \$5,000 to \$12,000 for an initial inventory of food, paper goods and other supplies for the Hot Stuff Pizza Brand only and \$7,500 to \$15,000 for the Hot Stuff Pizza/Smash Hit Subs Brands All costs that must be paid to the franchisor are due before your Unit opens for business

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 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 proposed 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 disclosures in different formats, contact Contract Administration Department, 2930 West Maple Street, P O Box 85210, Sioux Falls, SD 57118-5210, 1-877-648-6227

The terms of your contract will govern your franchise relationship Do not 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, D C 20580 You can also visit the FTC's home page at www.ftc.gov for additional information Call your state agency (listed in Exhibit E) 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 See Exhibit E

Date Issued: June 27, 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 DISCLOSURE DOCUMENT**

Call the state franchise administrator listed in Exhibit E 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 REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN SOUTH DAKOTA. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN SOUTH DAKOTA THAN IN YOUR OWN STATE
- 2 THE FRANCHISE AGREEMENT STATES THAT SOUTH DAKOTA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS
- 3 YOU WILL NOT RECEIVE AN EXCLUSIVE TERRITORY. YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, FROM UNITS THAT WE OWN, OR FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS THAT WE CONTROL
- 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 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: _____, 2012

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