

FRANCHISE DISCLOSURE DOCUMENT

KONO USA LLC
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1-855-KONOUSA
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The Franchisee will own and operate a casual dining restaurant emphasizing pizza cones with a variety of specialty fillings, including classic pizza ingredients, salads and drinks. KONO USA LLC provides services to Franchisees including assistance with training, operations, advertising, purchasing and promotional techniques.

The total investment necessary to begin operation of a Kono Pizza franchise depends on the type of restaurant you choose. The three types of Restaurant are a QSR (an express-type restaurant), a Kiosk Restaurant (a QSR located in a nontraditional location such as an airport) and a Mobile Restaurant (a food truck concept). The total investment necessary to begin operation of a QSR Restaurant is between \$234,950 and \$345,050, the total investment necessary to begin operation of a Kiosk Restaurant is between \$204,950 and \$289,250, the total investment necessary to begin operation of a Mobile Restaurant is between \$148,450 and \$224,000. This includes \$32,000 that must be paid to us or an affiliate. In addition, if you choose to sign an area development agreement, which would grant you exclusive rights to open Kono Pizza within a defined geographical area, an additional \$10,000, per location, would be due to us or an affiliate in addition to the \$32,000 payable to us for the 1st location. This would make your total investment necessary to begin operation of a Kono Pizza area development franchise between \$254,950 and \$365,050 if the first location was a QSR Restaurant, \$224,950 and \$309,250 if the first location was a Kiosk Restaurant, and \$168,450 and \$244,000 if the first location was a Mobile Restaurant. This includes \$52,000 that must be paid to us or an affiliate.

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, us 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 availability of disclosures in different formats, contact the Franchise Administration Department of KONO USA LLC, 1330 Saint Mary's Street, Suite 300, Raleigh, NC 27605, 1-855-KONOUSA.

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, D.C. 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.

Issuance date: March 31, 2014

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 AND AREA DEVELOPMENT AGREEMENT REQUIRE THAT ALL DISAGREEMENTS BE SETTLED BY ARBITRATION IN NORTH CAROLINA. 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 NORTH CAROLINA THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATE THAT NORTH CAROLINA 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. YOUR SPOUSE MUST ALSO SIGN A PERSONAL GUARANTEE MAKING YOUR SPOUSE INDIVIDUALLY LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE AGREEMENT. THIS GUARANTEE PLACES YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS AT RISK IF YOUR FRANCHISE FAILS.
4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

STATE EFFECTIVE DATES

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:

STATES	EFFECTIVE DATE
California	May 2, 2014
Florida	April 7, 2014
Hawaii	Not Registered
Illinois	Not Registered
Indiana	Not Registered
Maryland	May 30, 2014
Michigan	Not Registered
Minnesota	Not Registered
New York	May 19, 2014
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Utah	Not Registered
Virginia	Pending
Washington	Not Registered
Wisconsin	Not Registered

In all other states the effective date is March 31, 2014.

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