

FRANCHISE DISCLOSURE DOCUMENT

KONO USA LLC
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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 Cart Restaurant (a food cart concept). The total investment necessary to begin operation of a QSR Restaurant is between \$161,036 and \$337,375. This includes between \$49,500 and \$54,500 that must be paid to us or an affiliate. The total investment necessary to begin operation of a Kiosk Restaurant is between \$140,836 and \$260,875. This includes between \$49,500 and \$54,500 that must be paid to us or an affiliate. The total investment necessary to begin operation of a Cart Restaurant is between \$83,486 and \$173,625. This includes between \$49,500 and \$54,500 that must be paid to us or an affiliate. These ranges are estimates of the investment necessary to open one of the type of unit you select.

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, 348 Rt. 9N, Manalapan, NJ 07726, 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: April 7, 2015

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 THAT ALL DISAGREEMENTS BE SETTLED BY ARBITRATION IN NEW JERSEY. 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 NEW JERSEY THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT STATES THAT NEW JERSEY 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. YOU ARE REQUIRED TO GIVE THE FRANCHISOR CONTINUOUS ACCESS TO YOUR SECURITY CAMERAS.
5. PLEASE NOTE THAT 56% OF KONO USA LLC'S ASSETS ARE INTANGIBLE. YOU MAY WANT TO CONSIDER THIS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY.
6. THE FRANCHISOR HAS LIMITED FINANCIAL RESOURCES WHICH MIGHT NOT BE ADEQUATE TO FUND THE FRANCHISOR'S PRE-OPENING OBLIGATIONS TO EACH FRANCHISEE AND PAY OPERATING EXPENSES.
7. 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	April 20, 2015
Florida	April 7, 2015
Hawaii	Pending
Illinois	April 14, 2015
Indiana	April 14, 2015
Maryland	June 3, 2015
Michigan	March 24, 2015
Minnesota	April 15, 2015
New York	May 12, 2015
North Dakota	April 20, 2015
Rhode Island	April 14, 2015
South Dakota	April 14, 2015
Utah	March 24, 2015
Virginia	Pending
Washington	June 2, 2015
Wisconsin	April 14, 2015

In all other states the effective date is the issuance date set forth on the cover page to this Franchise Disclosure Document.

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