

## FRANCHISE DISCLOSURE DOCUMENT

### LEE'S SANDWICHES INTERNATIONAL, INC.

A California Corporation

660 E. Gish Road

San Jose, California 95112

(800) 640-8880

www.leessandwiches.com

# LEE'S SANDWICHES

The franchise offered is for the establishment and operation of an independently owned and operated business, which may be either a “Baguette Factory Production Unit” or a “Production Unit” offering the full line of Lee\*s Sandwiches products and producing the dough for baguettes and supplying the needs of other Lee\*s Sandwiches businesses; a “Non-Production Unit” also offering the full line of Lee\*s Sandwiches products but within a strip mall or smaller, freestanding location and not offering baguette production; or a “Mall Unit” designed for mall applications such as food court areas with common seating and containing a smaller version of all of the essential elements of the Production Unit, except for the dough production.

In addition to four types of franchised businesses, we also offer two types of franchise programs:

**A single franchised business.** The total investment necessary to begin operation of a Lee\*s Sandwiches Baguette Factory Production Unit franchised business is \$1,112,060 to \$1,838,560. This includes \$95,000 to \$115,000 that must be paid to us and our affiliates. The total investment necessary to begin operation of a Lee\*s Sandwiches Production Unit franchised business ranges from \$648,060 to \$1,283,060. This includes \$75,000 to \$90,000 that must be paid to us and our affiliates. The total investment necessary to begin operation of a Lee\*s Sandwiches Non-Production Unit franchised business ranges from \$306,390 to \$859,930. This includes \$60,000 to \$70,000 that must be paid to us and our affiliates. The total investment necessary to begin operation of a Lee\*s Sandwiches Mall Unit franchised business ranges from \$195,890 to \$408,430. This includes \$40,000 to \$45,000 that must be paid to us and our affiliates.

**Multiple franchised businesses.** The initial franchise fees described above are discounted by 20% for multiple unit developers. You are required to sign one Franchise Agreement and pay the applicable franchise fee for the first franchised business at the same time you sign the Development Agreement. You also must pay us the development fee, which ranges from \$14,000 (to develop 2 Mall Units) to \$184,000 (to develop 1 Baguette Factory Production Unit, 1 Production Unit and 8 Non-Production Units) or higher to develop more than 10 units. The total investment necessary to begin operation of a multiple franchised business ranges from \$202,890 to \$2,007,560 (or more depending on the number and types of units to be developed).

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 Jimmy Le, 660 E. Gish Road, San Jose, California 95112, (800) 640-8880.

The terms of your contract will govern your franchise relationship. Don't rely on this 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](http://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.

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## How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

<b><u>QUESTION</u></b>	<b><u>WHERE TO FIND INFORMATION</u></b>
<u>How much can I earn?</u>	<u>Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit G.</u>
<u>How much will I need to invest?</u>	<u>Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the estimated initial investment to open. Item 8 describes the suppliers you must use.</u>
<u>Does the franchisor have the financial ability to provide support to my business?</u>	<u>Item 21 or Exhibit F includes financial statements. Review these statements carefully.</u>
<u>Is the franchise system stable, growing, or shrinking?</u>	<u>Item 20 summarizes the recent history of the number of company-owned and franchised outlets.</u>
<u>Will my business be the only Lee’s Sandwiches business in my area?</u>	<u>Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.</u>
<u>Does the franchisor have a troubled legal history?</u>	<u>Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.</u>
<u>What’s it like to be a Lee’s Sandwiches franchisee?</u>	<u>Item 20 or Exhibit G lists current and former franchisees. You can contact them to ask about their experiences.</u>
<u>What else should I know?</u>	<u>These questions are only a few things you should look for. Review all 23 Items and all Exhibits in the disclosure document to better understand this franchise opportunity. See the table of contents.</u>

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