

FRANCHISE DISCLOSURE DOCUMENT

Pizza Guys®

Pizza Guys Franchises, Inc.
a California corporation
2731 Citrus Road, Ste. A-1
Rancho Cordova, California 95742
(916) 852-2222

Internet Home Page: www.pizzaguys.com



Pizza Guys Franchises, Inc. franchises others to offer and sell a limited menu of foods, beverages and other merchandise for consumption off premises from takeout and delivery only pizza stores identified by the "*Pizza Guys*" trade name and service mark which are decorated and equipped according to our specifications, and are operated according to our policies and procedures, all of which we have developed and will continue to develop (referred to as the "franchise" or the "franchise system" as the context requires). To simplify language in this franchise disclosure document, hereinafter "Pizza Guys Franchises, Inc." will generally be referred to as "we," "us," or "our" and the franchisee, the person who buys the franchise, will generally be referred to as "you."

The total investment necessary to begin the operation of a Pizza Guys franchise is as follows: The estimated initial investment is approximately \$78,800 on the low end and \$264,000 on the high end. This sum includes the initial franchise fee of \$25,000 plus approximately \$10,000 on the low end and \$65,000 on the high end for equipment and \$2,500 for initial inventory. You are required to use a Professional Advisor to evaluate the suitability of this investment for your particular circumstances and to advise you of the risks involved. See *Franchise Agreement, section 6.01(a)* and see *Exhibit 7. See Item 5.*

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 the Pizza Guys Corporate Offices at 2731 Citrus Road, Ste. A-1, Rancho Cordova, California 95742 and (916) 852-2222.

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 ("FTC"). 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.

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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 DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit 3 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 PROVIDES THAT ANY DISPUTE BETWEEN YOU AND US REGARDING THE FRANCHISE AGREEMENT AND ALL MATTERS RELATING TO THE VALIDITY, CONSTRUCTION, PERFORMANCE AND ENFORCEMENT THEREOF SHALL BE HEARD BY A REFEREE PURSUANT TO THE PROVISIONS OF CALIFORNIA CODE OF CIVIL PROCEDURE §§638 THROUGH 645.1, INCLUSIVE.

2. THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA 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. THE FRANCHISE AGREEMENT PROVIDES THAT ANY HEARING SHALL BE HEARD IN SACRAMENTO, CALIFORNIA. THE FORUM FOR ANY LEGAL ACTION SHALL BE THE PROPER COURT OF THE STATE OF CALIFORNIA IN AND FOR THE COUNTY OF SACRAMENTO OR THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF CALIFORNIA, SACRAMENTO BRANCH. OUT OF STATE HEARINGS OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO LITIGATE WITH FRANCHISOR IN CALIFORNIA THAN IN YOUR HOME STATE. NOTWITHSTANDING THE FOREGOING, WE OR OUR AFFILIATES MAY, BUT ARE NOT REQUIRED TO, SEEK PROVISIONAL AND SUMMARY REMEDIES INCLUDING, BUT NOT LIMITED TO, WRITS OF POSSESSION AND ATTACHMENT, UNLAWFUL DETAINER, FORCIBLE EVICTION AND DETAINER AND THE LIKE, AND INJUNCTIONS AND TEMPORARY RESTRAINING ORDERS IN CIVIL LITIGATION PROCEEDINGS.

4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date:

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