



FRANCHISE DISCLOSURE DOCUMENT
ISSUANCE DATE: APRIL 1, 2014

SCHLOTZSKY'S FRANCHISE LLC
A Georgia limited liability company
200 Glenridge Point Parkway, Suite 200, Atlanta, Georgia 30342
(404) 255-3250
requests@schlotzskys.com
www.schlotzskys.com

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SCHLOTZSKY'S FRANCHISE  **FRANCHISE PANDA.COM**
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You will operate a Schlotzsky's® restaurant. Schlotzsky's® restaurants are bakery-café, quick casual restaurants featuring premium sandwiches, pizzas, soups and salads and complementary food and beverages. As a condition of granting you a Schlotzsky's® franchise, we also typically require you to purchase a Cinnabon® Express franchise to operate inside the Schlotzsky's® restaurant, except in rare instances relating to non-traditional locations.

The total investment necessary to begin operation of a Schlotzsky's® franchised business with a Cinnabon® Express franchise inside it ranges from \$499,314 to \$773,484 (\$353,949 to \$966,484 for a converted location). This includes \$52,500 which must be paid to us or our affiliates. This amount includes a \$15,000 grand opening advertising deposit and \$37,500 in initial franchise fees, comprised of \$30,000 paid to us and \$7,500 paid to Cinnabon, Inc.

If you enter into a Territory Agreement, your investment to begin operation of your initial Schlotzsky's® franchised business will be as described above and you and us will agree upon a territory fee that must be paid to us. The territory fee will be an amount that we negotiate with you based on your business experience, your financial ability to develop restaurants, the size of your designated territory, the market demand for developing in your designated territory, your experience with the franchise system or restaurants similar to Schlotzsky's® restaurants, the number of restaurants you commit to developing, the timeframe you propose for developing restaurants, and any other factors we consider to support your ability to develop restaurants.

This Disclosure Document summarizes certain provisions of your franchise agreement, territory 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 our sales department at 200 Glenridge Point Parkway, Suite 200, Atlanta, Georgia 30342 and 404-255-3250 or requests@schlotzskys.com.

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.

The issuance date of this Franchise Disclosure Document is April 1, 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 G to this Disclosure Document 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 TERRITORY AGREEMENT PERMIT YOU TO ARBITRATE OR SUE ONLY IN GEORGIA. OUT-OF-STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT ALSO MAY COST MORE TO ARBITRATE WITH OR SUE SCHLOTZSKY'S IN GEORGIA THAN IN YOUR HOME STATE. CERTAIN STATES HAVE LAWS THAT SUPERSEDE THIS REQUIREMENT. SEE THE STATE ADDENDA TO THE FRANCHISE AGREEMENT AND TERRITORY AGREEMENT, AND THE STATE ADDENDA TO THE DISCLOSURE DOCUMENT.
- [2] THE FRANCHISE AGREEMENT AND TERRITORY AGREEMENT STATE THAT GEORGIA LAW GOVERNS THESE AGREEMENTS. THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS. EVEN THOUGH THE FRANCHISE AGREEMENT PROVIDES THAT GEORGIA LAW APPLIES, LOCAL LAW MAY SUPERSEDE THIS REQUIREMENT IN YOUR STATE. SEE THE STATE ADDENDA TO THE FRANCHISE AGREEMENT AND THE STATE ADDENDA TO THE DISCLOSURE DOCUMENT.
- [3] THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

The effective dates of this Franchise Disclosure Document in the states with franchise registration laws in which we have sought registration appear on Attachment 1.

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