

**FRANCHISE DISCLOSURE DOCUMENT**DEPARTMENT OF CORPORATIONS  
RECEIVED LOS ANGELES OFFICE

OCT 16 2012

Sears Home Appliance Showrooms, LLC  
a Delaware limited liability company  
3333 Beverly Road  
Hoffman Estates, Illinois 60179  
(847) 286-2500  
SearsHAShowrooms@searshc.com  
www.searshomeapplianceshowroom.com

We offer a franchise to operate a Sears Home Appliance Showroom to sell to consumers a full assortment of branded home appliances and other merchandise and related products

The total investment necessary to begin operation of an existing Sears Home Appliance Showroom ranges from \$182,500 to \$1,013,000 This includes \$75,000 to \$775,000 that must be paid to the franchisor or its affiliates

The total investment necessary to begin operation of a new Sears Home Appliance Showroom ranges from \$177,500 to \$432,500 This includes \$27,500 to \$30,000 that must be paid to the franchisor or its affiliates

We also offer development opportunities for multiple Sears Home Appliance Showrooms In addition to your investment costs for the first Sears Home Appliance Showroom described above, the total investment necessary for development rights for additional Sears Home Appliance Showrooms equals the sum of (1) \$25,000 for the first Sears Home Appliance Showroom to be developed under the development agreement and (2) \$17,500 multiplied by the number of additional Sears Home Appliance Showrooms to be developed under the development agreement We estimate that this sum will range from \$25,000 to \$77,500 This entire amount is payable to the franchisor or its affiliates

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 payments to, the franchisor or an affiliate in connection with the proposed franchise sale **Note, however, that no government 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 ~~Helen Kouvelis~~ Scott Nichols, Sears Home Appliance Showrooms, LLC, 3333 Beverly Road, Hoffman Estates, Illinois 60179, (847) 286-2500-3074

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 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

**ISSUANCE DATE: May 11, 2012, as amended October 15, 2012**

Sears Home Appliance Showrooms, LLC  
2012 Revised FDD v4  
1018-007-002/39395-41018-007-003/50634.3

## 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 A 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 DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY LITIGATION IN ILLINOIS. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN ILLINOIS THAN IN YOUR HOME STATE.**
2. **THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT STATE THAT ILLINOIS LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MIGHT WANT TO COMPARE THESE LAWS.**
3. **IF YOU ARE A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY, OR OTHER BUSINESS ENTITY, YOUR OWNERS WILL HAVE TO GUARANTY YOUR OBLIGATIONS AND BE BOUND BY THE PROVISIONS OF OUR FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT. IF THE OWNER IS A RESIDENT OF A STATE WHICH REQUIRES SPOUSAL CONSENT TO ENCUMBER THE ASSETS OF A MARITAL ESTATE, THEN THE OWNER'S SPOUSE MUST CONSENT TO THE GUARANTY, WHICH PLACES THE SPOUSE'S MARITAL ASSETS AT RISK.**
4. **THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

We use the services of one or more franchise brokers or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Effective Date: See the next page for state effective dates.

Sears Home Appliance Showrooms, LLC  
2012 Revised FDD v.4  
+018-007-002/39395-4|018.007.003/50634.3

### STATE EFFECTIVE DATES

The following states require that this 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 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

California	June 11, <u>2012, as amended [ _____ ], 2012</u>
Hawaii	May 21, <u>2012, as amended [ _____ ], 2012</u>
Illinois	May 14, <u>2012, as amended October 16, 2012</u>
Indiana	May 14, <u>2012, as amended October 15, 2012</u>
Maryland	August 16, <u>2012, as amended [ _____ ], 2012</u>
Michigan	May 14, <u>2012, as amended October 15, 2012</u>
Minnesota	May 15, <u>2012, as amended [ _____ ], 2012</u>
New York	June 21, <u>2012, as amended [ _____ ], 2012</u>
North Dakota	May 31, <u>2012, as amended [ _____ ], 2012</u>
Rhode Island	June 4, <u>2012, as amended [ _____ ], 2012</u>
South Dakota	May 14, <u>2012, as amended October 15, 2012</u>
Virginia	July 10, <u>2012, as amended [ _____ ], 2012</u>
Washington	May 24, <u>2012, as amended [ _____ ], 2012</u>
Wisconsin	May 14, <u>2012, as amended October 16, 2012</u>

In all other states that do not require registration, the effective date of this Disclosure Document is the issuance date of May 11, 2012, as amended October 15, 2012

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