



FRANCHISE DISCLOSURE DOCUMENT

Sears Home Appliance Showrooms, LLC
a Delaware limited liability company
5500 Trillium Boulevard, Suite 501
Hoffman Estates, Illinois 60192
(847) 286-3074
SearsHardware@searshc.com
www.searshardwarestores.com
www.ownasearsstore.com

We offer a franchise to operate a Sears Appliance & Hardware Store to sell to consumers a full assortment of hardware, branded home appliances, tools, lawn and garden products and other merchandise and related products. Under limited circumstances, we may grant a franchise to operate a Sears Hardware Store to sell to consumers a full assortment of hardware, tools, lawn and garden products and other merchandise and related products, but excluding home appliances. Sears Appliance & Hardware Stores and Sears Hardware Stores also rent to consumers an assortment of tools, law and garden products.

The total investment necessary to begin operation of an existing Sears Appliance & Hardware Store or Sears Hardware Store ranges from \$142,000 to \$1,035,000. 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 Appliance & Hardware Store or a Sears Hardware Store ranges from \$422,500 to \$811,000. This includes \$30,000 to \$35,000 that must be paid 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 Scott Nichols, Sears Home Appliance Showrooms, LLC, 5500 Trillium Boulevard, Suite 501, Hoffman Estates, Illinois 60192, (847) 286-3074.

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 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 17, 2013

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 REQUIRES 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 STATES 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. 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.

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	_____
Hawaii	_____
Illinois	May 21, 2013
Indiana	May 21, 2013
Maryland	_____
Michigan	May 20, 2013
Minnesota	_____
New York	_____
North Dakota	_____
Rhode Island	_____
South Dakota	May 21, 2013
Virginia	_____
Washington	_____
Wisconsin	May 20, 2013

In all other states that do not require registration, the effective date of this Disclosure Document is the issuance date of May 17, 2013.

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