



FRANCHISE DISCLOSURE DOCUMENT

Sears Home Appliance Showrooms, LLC
a Delaware limited liability company
5500 Trillium Blvd, Suite 501
Hoffman Estates, IL 60192
(847) 286-3074
SHOFranchises@shos.com
www.ownasearsstore.com

We offer franchises for the right to independently own and operate a retail store that sells merchandise we authorize and designate for sale under the Sears® name (and certain merchandise marks) on a consignment basis (either outright purchase or lease-to-own) (a “Store”). The different Store models (each, a “Store Model”) are disclosed in the Chart below:

Store Model	Store Description	Total Investment and Amounts Paid to Franchisor or its Affiliates
Hometown Model	a Store that offers merchandise and services, including home appliances, tools, sporting goods and household goods, that is designed to serve markets that may not support a full-service big-box retailer	<p>The total investment necessary to begin operation of an existing Hometown Model ranges from \$116,000 to \$358,000 if you lease the fixed assets of the Store from the franchisor (including \$29,000 to \$165,000 that must be paid to the franchisor or its affiliates) and from \$122,000 to \$568,000 if you purchase the fixed assets of the Store from the franchisor (including \$35,000 to \$375,000 that must be paid to the franchisor or its affiliates).</p> <p>The total investment necessary to begin operation of a new Hometown Model ranges from \$67,000 to \$232,500 if you lease the fixed assets of the Store from the franchisor (including \$31,500 to \$100,000 that must be paid to the franchisor or its affiliates) and from \$83,000 to \$567,500 if you purchase the fixed assets of the Store from the franchisor (including \$47,500 to \$435,000 that must be paid to the franchisor or its affiliates).</p>
Showroom Model	a Store that primarily offers and sells home appliances and related merchandise that are on display in a showroom-type setting	<p>The total investment necessary to begin operation of an existing Showroom Model ranges from \$182,500 to \$1,013,000, which includes \$75,000 to \$775,000 that must be paid to the franchisor or its affiliates.</p> <p>The total investment necessary to begin operation of a new Showroom Model ranges from \$283,000 to \$428,500, which includes \$27,500 to \$30,000 that must be paid to the franchisor or its affiliates.</p>

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Appliance & Hardware Model	a Store that offers a wide selection of merchandise categories with a focus on (a) the offer and sale of home appliances, lawn and garden equipment, tools, home improvement products and products typically found at a hardware store, and (b) the provision of proprietary in-store services such as blade sharpening, key cutting and screen repair	<p>The total investment necessary to begin operation of an existing Appliance & Hardware Model ranges from \$142,000 to \$1,035,000, which includes \$75,000 to \$775,000 that must be paid to the franchisor or its affiliates.</p> <p>The total investment necessary to begin operation of a new Appliance & Hardware Model ranges from \$422,500 to \$811,000, which includes \$30,000 to \$35,000 that must be paid to the franchisor or its affiliates.</p>
Outlet Model	a Store that offers and sells outlet-value merchandise at prices that are typically lower than manufacturer's suggested retail prices	<p>The total investment necessary to begin operation of an existing Outlet Model ranges from \$260,000 to \$2,208,000, which includes \$125,000 to \$2,025,000 that must be paid to the franchisor or its affiliates.</p> <p>The total investment necessary to begin operation of a new Outlet Model ranges from \$452,000 to \$762,500, which includes \$28,000 to \$30,500 that must be paid to the franchisor or its affiliates.</p>

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 Jon Phillips, 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: APRIL 27, 2017

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 MEDIATION (AT OUR OPTION) AND, IF NECESSARY, ARBITRATION ONLY IN ILLINOIS. OUT OF STATE MEDIATION/ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE AND, IF APPROPRIATE, ARBITRATE WITH US IN ILLINOIS THAN IN YOUR OWN 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. PLEASE BE ADVISED THAT WE DO NOT GRANT YOU ANY EXCLUSIVE TERRITORY UNDER YOUR FRANCHISE AGREEMENT AND YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, OUTLETS OPERATED BY US AND/OR OUR AFFILIATES AND FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS THAT FRANCHISOR OWNS.
5. 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 Page for the Effective Date of this Disclosure Document in Each Registration State is on the Following Page.

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