

Shakey's.

SHAKEY'S USA, INC.,
a Delaware Corporation
2200 West Valley Boulevard
Alhambra, California 91803
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www.shakeys.com

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Department of Corporations
Los Angeles

As a franchisee you will operate a Shakey's Pizza Parlor restaurant ("Shakey's Restaurant") Shakey's Restaurants serve pizza (thin, pan or gourmet), salad, chicken, potatoes, pastas and beverages, including beer and wine, where permissible Shakey's Restaurants offer quality meals in a pleasant, entertaining family atmosphere Shakey's Restaurants are usually quick-service with buffet-style Bunch of Lunch® Additionally, a redemption game room, with prizes, provides an entertainment venue for adults and children

We offer 2 franchise programs a single Shakey's Restaurant and multiple Shakey's Restaurants within a defined area, under an Area Development Agreement The total initial investment necessary for a traditional Shakey's Restaurant ranges from \$624,000 to \$2,204,500 This includes \$35,000 that must be paid to us If you will operate more than one Shakey's Restaurant in a defined geographic area, you can enter into an Area Development Agreement The initial development fee is \$15,000, for each Shakey's Restaurant to be developed (a minimum of 3), with \$15,000 of the development fee applied towards the initial franchise fee for each Shakey's Restaurant to be developed under the Area Development Agreement The minimum initial investment under an Area Development Agreement is \$65,000, which includes the franchise fee for the first Shakey's Restaurant of \$35,000 and the minimum development fee for the remaining 2 units of \$30,000

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 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 Sonia Barajas-Najera at 2200 West Valley Boulevard, Alhambra, California 91803 (626) 576-0616

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, 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

ISSUANCE DATE **May 15, 2012, as amended October 22, 2012**

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 AREA DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN CALIFORNIA 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 CALIFORNIA THAN IN YOUR OWN STATE

2. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATE THAT CALIFORNIA LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS

3 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

Effective Date SEE FOLLOWING PAGE

STATE EFFECTIVE DATES

This Franchise 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, as amended

<u>STATE</u>	<u>EFFECTIVE DATE</u>
California	_____
Hawaii	_____
Illinois	Exempt
New York	Exempt
Washington	_____

In all other states, the effective date of the Franchise Disclosure Document is the issuance date of **May 15, 2012, as amended October 22, 2012** and the Franchise Disclosure Document expires in these states on **April 30, 2013**

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