

# NUMBER 7.1 FRANCHISE DISCLOSURE DOCUMENT FOR TRADITIONAL SONIC DRIVE-INS AND NON-TRADITIONAL SONICS



### **Sonic Franchising LLC**

(a Delaware limited liability company) 300 Johnny Bench Drive Oklahoma City, Oklahoma 73104 (405) 225-5000 www.sonicdrivein.com



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Sonic Franchising LLC ("Sonic") licenses the operation of Sonic restaurants.

At a typical "Traditional Sonic Drive-In," a customer parks in one of 8 to 24 covered drive-in spaces and orders through an intercom speaker system. A Carhop then delivers the customer's food directly to the customer's vehicle. The Traditional Sonic Drive-In frequently includes a drive-thru lane, a patio and an enclosed patio or indoor seating.

A "Non-Traditional Sonic" generally includes any location other than a free-standing building with canopies devoted to the operation of a Sonic restaurant and accessible to the general public by motor vehicles from public thoroughfares.

Unless the context indicates otherwise, as used in this disclosure document, a "Sonic restaurant" and "Sonic Drive-In" refer to both a Traditional Sonic Drive-In and a Non-Traditional Sonic.

Your estimated initial investment necessary to begin operation of a Traditional Sonic Drive-In franchise ranges from approximately \$1,221,800 to \$3,526,300 plus land costs and includes the \$45,000 franchise fee that must be paid to Sonic. Your estimated initial investment necessary to begin operation of a Non-Traditional Sonic franchise ranges from approximately \$356,500 to \$977,300 and includes the \$22,500 franchise fee that must be paid to Sonic.

This disclosure document summarizes certain provisions of the Traditional Number 7.1a License Agreement and the Non-Traditional Number 7.1b License 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, Sonic or a Sonic affiliate in connection with the proposed franchise sale. Note, however, that no governmental agency has verified the information contained in this disclosure 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 Lori Osley at 300 Johnny Bench Drive, Oklahoma City, OK 73104 or 405-225-4604.

The terms of your License Agreement 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, such as 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 <a href="www.ftc.gov">www.ftc.gov</a> 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.

This disclosure document was issued April 22, 2019.



#### **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 Sonic 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 a Sonic franchise.

- 1. THE SONIC LICENSE AGREEMENT, DEVELOPMENT AGREEMENT AND SINGLE STORE COMMITMENT AGREEMENT PERMIT THE FRANCHISEE TO SUE OR ARBITRATE WITH SONIC ONLY IN OKLAHOMA. OUT-OF-STATE ARBITRATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO SUE OR ARBITRATE WITH SONIC IN OKLAHOMA THAN IN YOUR HOME STATE.
- 2. THE SONIC LICENSE AGREEMENT, DEVELOPMENT AGREEMENT AND SINGLE STORE COMMITMENT AGREEMENT STATE THAT OKLAHOMA LAW GOVERNS EACH OF THOSE AGREEMENTS. THAT LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THOSE LAWS.
  - 3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: See the next page for state effective dates

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