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LITTLE CAESAR ENTERPRISES, INC.

FRANCHISE DISCLOSURE DOCUMENT

Issuance Date: March 31, 2012

**Little Caesar Enterprises, Inc.
2211 Woodward Avenue
Detroit, Michigan 48201-3400
(313) 471-6000**

www.littlecaesars.com



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Little Caesar Enterprises, Inc.
A Michigan Corporation
Fox Office Centre
2211 Woodward Avenue
Detroit, Michigan 48201-3400
(313) 471-6000
www.littlecaesars.com

The franchise described in this disclosure document is for the establishment and operation of a Little Caesars® restaurant, which features pizza, chicken wings, Crazy Bread® products and other related products. You may purchase a single franchise or you may sign a territory reservation agreement that allows you the opportunity to open a number of franchises within a reserved territory.

The total investment necessary to begin operation of a single Little Caesars® restaurant franchise ranges from \$194,250 to \$622,500. This includes \$67,225 to \$162,225 that must be paid to us or our affiliate.

The total investment necessary for a territory reservation for development of four restaurants ranges from \$21,000 to \$25,000, which is in addition to the cost of each single franchise to be developed. This includes \$20,000 (generally \$5,000 per Restaurant franchise) that you must pay to us as a Territory Reservation Fee.

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 governmental agency has verified the information contained in this document.**

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, 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: March 31, 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 G** 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 ONLY IN THE JUDICIAL DISTRICT IN WHICH WE HAVE OUR PRINCIPAL PLACE OF BUSINESS AT THE TIME THE ACTION IS COMMENCED, WHICH IS CURRENTLY MICHIGAN. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO SUE US IN MICHIGAN OR A STATE OTHER THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT MICHIGAN LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THE FRANCHISE AGREEMENT BINDS INDIVIDUALS WHO MAY NOT BE INVOLVED IN THE FRANCHISE BUSINESS. THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF OWNERS, SPOUSES AND FAMILY MEMBERS AT RISK.
4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may 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.

See the following page for the effective date of this disclosure document in states with filing requirements.

STATE EFFECTIVE DATES

The following states require that the 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:

State	Effective Date	State	Effective Date
California		New York	
Hawaii		North Dakota	
Illinois		Rhode Island	
Indiana		South Dakota	
Maryland		Virginia	
Michigan		Washington	
Minnesota		Wisconsin	

In all other states, the effective date of this disclosure document is the issuance date of March 31, 2012.

**NOTICE REQUIRED
BY
STATE OF MICHIGAN**

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

**THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE
RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Department of Attorney General, Consumer Protection Division (Attention: Franchise), P.O. Box 30213, Lansing, Michigan 48909, telephone (517) 373-7117.

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

LITTLE CAESAR ENTERPRISES, INC.
FRANCHISE DISCLOSURE DOCUMENT

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STATE-SPECIFIC ADDENDA TO DISCLOSURE DOCUMENT
(Located after Item 23)

EXHIBITS

- EXHIBIT A FRANCHISE AGREEMENT (Including Exhibits and State-Specific Addenda)
- EXHIBIT B TERRITORY RESERVATION AGREEMENT (Including Exhibits and State-Specific Addenda)
- EXHIBIT C RENEWAL ADDENDUM TO FRANCHISE AGREEMENT
- EXHIBIT D TABLE OF CONTENTS TO OPERATIONAL RESOURCE GUIDE
- EXHIBIT E LIST OF CURRENT FRANCHISEES
- EXHIBIT F LIST OF FORMER FRANCHISEES
- EXHIBIT G LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS
- EXHIBIT H FINANCIAL STATEMENTS
- EXHIBIT I GUARANTEE OF PERFORMANCE
- EXHIBIT J TRAINING PARTICIPANT AGREEMENT
- EXHIBIT K CHEESE PRICING ALTERNATIVE PROGRAM AGREEMENT

The information in this disclosure document, including any Exhibits, is the confidential property of Little Caesar Enterprises, Inc. This disclosure document is being provided to you for your use in considering the purchase of a Little Caesars® restaurant franchise and for no other reason. Any other use, copying or disclosure is strictly prohibited.

ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this franchise disclosure document (“**disclosure document**”), “**we**” or “**us**” means Little Caesar Enterprises, Inc., the franchisor. “**You**” means the person or entity that buys the franchise. If the purchaser of the franchise is a corporation, partnership or other entity, “**you**” also may mean its owners.

Us (the Franchisor) and Our Affiliates

We are a Michigan corporation incorporated in 1962. Our principal business address is Fox Office Centre, 2211 Woodward Avenue, Detroit, Michigan 48201-3400. We conduct business under our corporate name as well as under the names “Little Caesars” and “Pizza Stations.” We have no predecessors or parent companies.

Our agents for service of process are listed in Exhibit G.

Description of Franchises We Offer

We currently offer both single Little Caesars® restaurant franchises and a territory reservation agreement that allows you the opportunity to develop multiple Little Caesars® restaurant franchises within a reserved territory.

Single Restaurant Franchise. If we approve you for a single Little Caesars® restaurant franchise, you will have the opportunity to sign a franchise agreement (“**Franchise Agreement**”) with us. Our current form of Franchise Agreement is in Exhibit A to this disclosure document. Under the Franchise Agreement, we grant you the right to operate a single Little Caesars® restaurant (“**Restaurant**”) at a location that we approve (“**Approved Location**”), in most cases within a certain protected territory (“**Protected Territory**”). Your Restaurant is referred to as “Little Caesars Carryout Restaurant” or “Restaurant” in the Franchise Agreement. The primary menu items of Little Caesars® restaurants are pizza, chicken wings, Crazy Bread® products and other related products.

We own certain trademarks, service marks, trade names, domain names, logos, emblems and other commercial symbols, including the “Little Caesars” trademark (“**marks**”). You must operate your Restaurant using the marks we designate for the operation of Little Caesars® restaurants (collectively, the “**Proprietary Marks**”). The Proprietary Marks include some marks that are distinctive to the Little Caesars® restaurant concept, as well other marks that are used by other of our restaurant concepts. See Item 13 for further information regarding the Proprietary Marks.

You must operate your Restaurant using our system (“**System**”), which is described in our Operational Resource Guide (“**ORG**”). The ORG consists of the technical information and expertise we provide to you relating to the preparation and production of food products; the use of special spices, sauces and pizza dough which are identified by the public with our products; special recipes and menu items; distinctive exterior and interior design, decor, fixtures, and furnishings; standards and specifications for products and supplies; service standards; uniform

standards, specifications, and procedures for operations; training and assistance; and advertising and promotional programs, all of which we may periodically change, improve or further develop.

New Little Caesars® restaurants, including any Restaurant you develop, are carryout only restaurants and sometimes feature a drive-thru window. We may change this carryout-only model in the future. Some of our existing Little Caesars® restaurants also offer delivery services, but we do not authorize new Little Caesars® restaurant franchises to offer delivery services. We may require existing Little Caesars® restaurants that deliver to cease delivery and become carryout only.

Territory Reservation Agreement. If you qualify, we may offer you the opportunity to reserve a territory by signing a territory reservation agreement (“**Territory Reservation Agreement**”) with us. Our current form of Territory Reservation Agreement is in Exhibit B to this disclosure document. Under the Territory Reservation Agreement, we grant you the opportunity to establish a specified number of Little Caesars® restaurants (“**Restaurant(s)**”) at locations we approve (“**Approved Location(s)**”) within a specific geographic area (“**Reserved Territory**”), according to a development schedule (“**Development Schedule**”). You do not have to enter into any Franchise Agreements at the time you enter into a Territory Reservation Agreement. However, for each Restaurant you develop under the Territory Reservation Agreement, you must sign our then-current form of Franchise Agreement that we offer to new franchisees, the terms and conditions of which may be substantially different from those contained in the Franchise Agreement attached to this disclosure document (including, for example, with respect to higher fees, shorter term, or other factors more burdensome to you). The size of the Reserved Territory will vary depending on local market conditions and the number of Restaurants to be developed. See Item 12 for further information regarding the Territory Reservation Agreement and Reserved Territory.

Our Business and Business of Our Affiliates

As of the issuance date of this disclosure document, we only offer the Little Caesars® restaurant franchise described in this disclosure document.

We opened our first carry-out restaurant in 1959. We first offered franchises in 1962 when we franchised “Little Caesars” restaurants. From 1985 to 2003, we offered franchises for non-traditional Little Caesars® restaurant concepts. While we no longer offer franchises for this concept, there may still be some franchised or company-owned restaurants operating under it. See below and Item 20. We first offered Territory Reservation Agreements in 2007.

In the past, we owned and operated and/or franchised certain other restaurant concepts, including America’s Pizza Café, Italiano’s, Parlors, Family Inn, Caesarlands, Little Caesars Italian Kitchen, Italian Kitchen, Egg Castle and Family Fun Center restaurants. We have not offered franchises for these concepts for a number of years and, as of December 31, 2011, there were no franchised or company-owned restaurants operating under any of these concepts.

As of December 31, 2011, we and our affiliate, LC Trademarks (as described below), had 2,922 franchised Little Caesar® restaurants operating in the United States. This figure includes 184 Little Caesars® units operated by Kmart Corporation inside Kmart stores. This figure also includes other non-traditional Little Caesars® units that may be in arenas, sports stadiums,

shopping malls, department and retail stores, casinos, amusement parks, fairs, schools, factories, hotels, hospitals, penal institutions, airports, military bases, convenience stores and gas stations, and other business premises where the primary business conducted on the business premises is other than the retail sale of food or food products that are ready for consumption (“**Non-Traditional Restaurants**”).

As of December 31, 2011, we owned and operated 533 Little Caesars® restaurants similar to the franchise described in this disclosure document. This figure includes Non-Traditional Restaurants and Pizza Station restaurants.

The above figures for franchised and company-owned Restaurants do not include our Restaurants outside of the U.S.A. See below and Item 20 for more information on franchised and company-owned Restaurants in the U.S.A.

We offer an investment program (“**Colleague Franchise Program**”) under which our employees can create an ownership group among themselves and acquire a Little Caesars® restaurant franchise from us. Under the terms of this Program, the ownership group will form a limited liability company and each employee in the group will purchase an ownership interest in that company. Each limited liability company participating in the Colleague Franchise Program will sign a franchise agreement with us and will appoint an operations manager to operate the Restaurant.

From 2001 through December 2007, LC Trademarks, Inc. (“**LC Trademarks**”), our affiliate, offered franchises in California for the same Little Caesars® restaurant concept identified in this disclosure document. LC Trademarks may continue to provide services to existing franchisees located in that state. However, we offer new Little Caesars® restaurant franchises in California under this disclosure document. LC Trademarks has the same principal business address as us. LC Trademarks does not own or operate any Little Caesars® restaurants and does not offer franchises in any other line of business.

We also have affiliates that offer, or have offered, Little Caesars® restaurant franchises in other countries. This disclosure document does not include information about our affiliates or franchises outside of the U.S.A.

As further described in Items 5 and 8, our affiliate, Blue Line Foodservice Distribution, Inc. (“**Blue Line**”), sells products, ingredients, equipment, supplies, materials and other items to our franchisees. Blue Line’s principal business address is 24120 Haggerty, Farmington Hills, Michigan 48335.

As further described in Item 8, Champion Foods, LLC (“**Champion**”), an affiliated entity, sells certain products, ingredients and other items to Blue Line, which Blue Line may in turn sell to you and other of our franchisees. Champion’s principal business address is 23900 Bell Road, New Boston, Michigan 48164. In the future, we or an affiliate may purchase or develop other manufacturers or suppliers that sell products, ingredients, equipment, supplies, materials or other items to you through us or an affiliate.

Other than LC Trademarks, none of the affiliates identified above have ever offered franchises of any kind in the U.S.A., and none of them have owned or operated a Little Caesars® Restaurant.

Market

The market for fast food restaurants is very well developed and very competitive. You will compete with other pizza restaurants, as well as other franchised, chain, or independent restaurants serving a wide variety of other foods.

We and our affiliates may establish a new business or franchise system or acquire an existing business or franchise system (which may be one of your competitors) operating under trademarks, service marks and trade names other than the Proprietary Marks. We may require or allow locations in these acquired businesses or franchise systems to convert to Little Caesars® restaurants operating under the Proprietary Marks and/or other marks. The new or existing business or franchise system may compete with you. In addition, we are or have been a franchisee of other restaurant concepts at certain locations. To the extent these restaurants still operate, some of the products sold at these other restaurants may be similar to the products your Restaurant will offer.

Industry-Specific Laws and Regulations

You must comply with all local, state, and federal laws that apply to your Restaurant operations, including health, sanitation, smoking, United States Department of Agriculture, Equal Employment Opportunity Commission, and Occupational Safety and Health Administration regulations, other food and safety regulations, discrimination, employment, and sexual harassment laws. The Americans with Disabilities Act requires readily accessible accommodations for people with disabilities and therefore may affect some of your operations. You should consult with your attorney concerning these and other laws and ordinances that may affect your Restaurant operations.

ITEM 2 **BUSINESS EXPERIENCE**

Chairman of the Board of Directors: Michael Ilitch

Mr. Ilitch is the founder of Little Caesars. He has served as a Director and Chairman of the Board since 1962. He was Chief Executive Officer of the company from its inception until February 2010.

Director, Treasurer, and Corporate Secretary: Malina (Marian) Bayoff Ilitch

Mrs. Ilitch has served as our Director, Treasurer and Corporate Secretary since 1962.

Director and Vice President: Christopher Ilitch

Mr. Ilitch has served as a Director since January 2006 and a Vice President since September 1994. Mr. Ilitch has also been President and Chief Executive Officer of Ilitch Holdings, Inc. since July 2004.

Vice President - Real Estate: Michael Atwell

Mr. Atwell has been Vice President - Real Estate since July 1989 and has been employed by us since 1983.

Vice President and General Counsel: Brian Balconi

Mr. Balconi has been our Vice President and General Counsel since February 2006.

Vice President – Field Marketing: Stuart deGeus

Mr. deGeus has been our Vice President – Field Marketing since December 1998.

Vice President - Architecture and Design: Dennis Evoe

Mr. Evoe has been Vice President - Architecture and Design since 1986 and has been employed by us since 1978.

Senior Vice President – Global Marketing: Edward Gleich

Mr. Gleich has been Senior Vice President of Global Marketing since October 2011. From October 2009 to October 2011, he was Vice President of Marketing for Golden Corral in Raleigh, North Carolina. From November 2003 to July 2009, Mr. Gleich was Senior Vice President of Marketing for Arby's Restaurants in Overland Park, Kansas.

National Vice President, Franchise Services: David Gray

Mr. Gray has been our National Vice President, Franchise Services since March 2007 and has been employed by us since 1999.

Vice President – International: James Hartenstein

Mr. Hartenstein has been Vice President – International since April 2010. From April 2005 to January 2010, Mr. Hartenstein was Senior Vice President – International for Wendy's Arby's Group, Inc. in Columbus, Ohio.

Senior Vice President - Marketing: Linda Jaworski

Ms. Jaworski has been Senior Vice President - Marketing since January 1998, and has been employed by us since 1979.

Vice President - U.S. Development: Robert Mazziotti

Mr. Mazziotti has been Vice President U.S. Development since June 1997, and has been employed by us since 1970.

Vice President - Administration and Strategic Planning: Rick Moreno

Mr. Moreno has been Vice President - Administration and Strategic Planning since June 2006. From January 2005 to June 2006, Mr. Moreno was Vice President - Administration. He has been employed by us since 1984.

Senior Vice President - Company Operations: Richard Muse, Jr.

Mr. Muse has been Senior Vice President - Company Operations since May 1999.

President and Chief Executive Officer: David Scrivano

Mr. Scrivano has been our President since January 2005 and our CEO since February 2010. From August 1999 to December 2004, Mr. Scrivano was our Senior Vice President of Administration.

Senior Vice President - Finance, Accounting and Administration: Darrell R. Snygg

Mr. Snygg has been our Senior Vice President - Finance, Accounting and Administration since June 2005. From March 1999 through June 2005, Mr. Snygg was our Vice President - Accounting and Administration. He has been employed by us since 1991.

Vice President – Research and Development: Dana Tilley

Ms. Tilley has been Vice President of Research and Development since September 2011. From January 2011 to September 2011, she was Director of Quality Assurance for The Pantry, Inc. in Cary, North Carolina. From September 2006 to April 2010, Ms. Tilley was Vice President of Culinary Innovation for Brinker International, Inc. in Dallas, Texas.

Vice President – Purchasing and Quality Assurance: Paula Vissing

Ms. Vissing has been our Vice President of Purchasing and Quality Assurance since November 2011. From April 2005 to January 2011, Ms. Vissing was Senior Vice President of Purchasing, Quality Assurance, and Research and Development for Captain D's in Nashville, Tennessee.

Director of National Training and Development: Daniel Walker

Mr. Walker has been our Director of National Training and Development since December 2007. From October 2006 through November 2007, Mr. Walker was Director, National Training. He has been employed by us since March 2002.

ITEM 3
LITIGATION

Pending Actions

Little Caesar Enterprises, Inc. and LC Trademarks, Inc. v. Robert Rooyakker, A&T Holdings, Inc., Matthew Rooyakker, and A&R Hospitality LLC, Case No. 11-13474 (E.D. Mich). On August 10, 2011, we and LC Trademarks filed a lawsuit for trademark infringement and unfair competition against a franchisee and its owners after Defendants began using the mark HOT-AND-READY on electronic signage at their competing restaurant in Michigan. In response to our complaint, Defendants filed counterclaims and third-party complaints against us challenging the validity of the HOT-N-READY mark and seeking to cancel our trademark registration. We filed a motion to dismiss Defendants' counterclaims on the ground that they fail to state a claim upon which relief can be granted. The motion to dismiss is pending. The case is currently in the discovery stage.

Sioux Falls Pizza Company, Inc. v. Little Caesar Enterprises, Inc., United States District Court for the District of South Dakota (Southern Division), Civil Action No. 11-cv-4047 (KS), filed April 12, 2011. The plaintiff corporation, formerly known as Pinnacle Pizza Company, Inc., is a Little Caesars franchisee. The plaintiff sought a declaration that we wrongfully refused to renew three franchise agreements that expired on May 31, 2011. We filed a counterclaim

seeking a declaration that the refusal to renew was justified by the plaintiff's default under the franchise agreements. In a previous litigation, the court had determined that Pinnacle Pizza Company, Inc. breached its franchise agreements by challenging Little Caesar's ownership of the Hot N' Ready trademark (see the Pinnacle Pizza case under *Completed Actions*). We and Sioux Falls Pizza filed cross-motions for summary judgment. On March 14, 2012, the court granted Little Caesar's motion for summary judgment and ordered plaintiff to cease operation as a Little Caesars franchisee in its three locations within 35 days. As of the date of preparing this disclosure document, the time for Sioux Falls Pizza Company to appeal has not expired. We do not know whether Sioux Falls Pizza Company intends to appeal.

T&T Sheroski No. 3, Inc. v. Little Caesar's [sic] Enterprises, Inc., Circuit Court for Genesee County, Michigan, Case No. 11-095378-CK, filed February 3, 2011. The plaintiff, a corporation that owns 21 Little Caesars franchises in Flint, Michigan, filed this action after we issued a notice of default on December 28, 2010. The default notice and subsequent default and termination notices were based on failure to include delivery charges in gross sales for purposes of calculating royalties and advertising fees, failure to follow reporting requirements for payments made to drivers who the plaintiff contends are independent contractors, failure to conform the plaintiff's manufacturing facility to our standards, and failure to obtain non-compete agreements from certain of plaintiff's employees. The complaint asserts claims for breach of contract, breach of the implied covenant of good faith and fair dealing, violation of the Michigan Franchise Investment Law, and equitable estoppel. The plaintiff seeks a declaratory judgment that it is not in default of its franchise agreements and that we are not entitled to terminate those agreements, injunctive relief preventing the termination of the franchise agreements, and an award of attorneys' fees under the Michigan Franchise Investment Law. We are defending these claims and have filed a counterclaim seeking to enforce the termination of the Franchise Agreements and the franchisee's post-termination obligations.

Geotag, Inc. v. Starbucks Corp., et al., United States District Court for the Eastern District of Texas, Case No. 2:10-cv-00572-TJW, filed December 17, 2010. Plaintiff is the owner of United States Patent No. 5,930,474 entitled "Internet Organizer for Accessing Geographically and Topically Based Information." Plaintiff named Little Caesar Enterprises, Inc. and Ilitch Holdings, Inc. as defendants, along with dozens of other restaurant chains and hundreds of retail stores, in one of a series of lawsuits alleging that the store locator functions on the websites of the defendants infringe GeoTag's '474 patent. GeoTag's complaint seeks an injunction, unspecified damages based on the alleged infringement, enhanced damages, and attorneys' fees. In a separate lawsuit, Google, Microsoft, and other companies that provide store-locator functionality for many of the GeoTag defendants' websites filed a declaratory judgment action in Delaware against GeoTag. The declaratory judgment action seeks declarations of patent invalidity and non-infringement, and we have joined in a motion to stay GeoTag's cases in Texas in favor of the declaratory judgment case in Delaware. We deny the allegations in GeoTag's complaint and continue to defend vigorously against GeoTag's claims.

Meloro Restaurants Ltd., et al. v. Little Caesar of Canada, Inc., et al., Ontario Superior Court of Justice, File No. CV-09-4731-00. On October 20, 2009, a Little Caesars franchisee in Canada and its owners served a statement of claim against our affiliate, Little Caesar of Canada, Inc., and two of its officers, alleging that our affiliate had failed to properly comply with its disclosure obligations under the Province of Ontario's *Arthur Wishart Act (Franchise Disclosure)*, 2000 or, in the alternative, had acted in bad faith or breached the terms of the

franchise agreement. The plaintiffs allege that our affiliate did not properly disclose the nature of the exclusive territory for delivery granted by the franchise agreement and certain other facts relating to the operation of the plaintiffs' Restaurant. The plaintiffs seek CN\$500,000 in damages. Our affiliate is seeking to bring a counterclaim regarding the termination of the franchise for breaches of the franchise agreement arising out of the plaintiffs' failure to provide certain audit documentation as required under the agreement. This case is scheduled to go to trial in May or June 2012.

Susana Toledo, Oscar Morales and Rocky Tei, et al. v. Little Caesar [sic] Enterprises, Inc., et al., Superior Court of the State of California, County of Santa Barbara, Case No. 1265755, filed January 16, 2008. Three former employees filed this action on behalf of a class consisting of all current and former hourly employees who worked in our corporate-owned Little Caesars® restaurants in California since January 16, 2004. The class has been certified by the court. Plaintiffs allege that we violated certain provisions of the California Labor Code and Industrial Welfare Commission Wage Order 5 relating to meal periods, rest periods, itemized wage statements and wages due at termination, during the 4-year period prior to the filing of this action. As is typical with lawsuits of this type in California, plaintiffs also allege that the purported labor law violations constitute unfair competition under the California Business and Professions Code. Plaintiffs seek unspecified actual and punitive damages, injunctive relief, penalties, interests, attorneys' fees and costs. The case is currently stayed pending a decision of the California Supreme Court in a case that is expected to clarify the applicable law. We deny the plaintiffs' allegations.

Litigation Against Franchisees in the Last Fiscal Year

During fiscal year 2011, we initiated 3 lawsuits against present or former franchisees:

Little Caesar Enterprises, Inc. and LC Trademarks, Inc. v. Divine Commercial Enterprises, Inc., Katherine Vega, et al., U.S. District Court for the Eastern District of Michigan, 2:11-cv-13163-DML-LJM. We filed this action on July 21, 2011 to enforce termination of Defendant Vega's franchise agreement based on her operation of two competing pizza restaurants. After we filed the lawsuit, the Defendants stopped operating both competing businesses. They also stopped operating the franchise. The parties executed a consent agreement and order that included (1) an injunction prohibiting the defendants from operating businesses that compete with us, (2) a general release of us by the defendants, and (3) a limited release of the defendants by us. The consent agreement was filed with the Court on October 13, 2011 and the case was dismissed on December 23, 2011.

Little Caesar Enterprises, Inc. and LC Trademarks, Inc. v. Zed, Inc. & Michael Zielke, U.S. District Court for the Eastern District of Michigan, 2:11-cv-14348-DML-MKM. On October 3, 2011, we commenced this action against former franchisees to enforce the termination of their franchise agreement for violating critical systems standards, including food safety and sanitation. The defendants had failed several inspections conducted by both the county health department and us. We sought a temporary restraining order and injunction to prevent them from continuing to operate using the Little Caesar marks in unsanitary conditions. The Court ordered the defendants to discontinue using our proprietary marks. On March 12, 2012, the Court entered a default judgment against the defendants, ordering them to: (1)

reimburse us for the attorneys' fees and costs we incurred in enforcing the franchise agreement, and (2) comply with all of their post-termination obligations, including the covenant not to compete.

Little Caesar Enterprises, Inc., et al. v. K&M Pizza LLC, et al., U.S. District Court for the Eastern District of Michigan, Southern Division – Detroit, 2:11-cv-14996-RHC-MKM. On November 11, 2011, we commenced this action against former Little Caesars franchisees for breach of contract based on their failure to withhold required federal, state, and local employment related taxes; tax evasion; and filing false tax returns. Additionally, we alleged that they failed to report all gross sales to us and to pay royalties and advertising fees due and owing on those unreported sales. On November 20, 2011, defendants signed a settlement agreement in which they agreed to complete the sale of two of their franchises by December 18, 2011, and to submit a fully executed purchase and sale agreement for three of their franchises and close on the sale of those franchises by February 18, 2012. They also agreed that one of their franchises was terminated as of September 27, 2011. They also agreed to pay us \$33,112.47 for settlement of the claims, including attorneys' fees. The case was dismissed on February 8, 2012.

Completed Actions

Little Caesar Enterprises, Inc. and LC Trademarks, Inc. v. Gregart Enterprises, Inc., Timothy C. Gregart, and Charles J. Gregart, United States District Court for the Eastern District of Michigan, Case No. 5:10-cv-11976, filed May 17, 2010. We filed this action to enforce termination of a franchise agreement. Our complaint alleged that the Defendants breached their franchise agreement by engaging in a scheme to evade income taxes, by underreporting their gross sales to Little Caesar and failing to pay franchise royalties and advertising fees due and owing on those sales, and by violating California state law by charging customers a fee for paying by credit card. We sought termination of the Franchise Agreement and an award of damages and attorneys' fees and costs. The Defendants filed counterclaims alleging, among other things, violation of the Michigan Franchise Investment Law and violation of the California Franchise Relations Act. The parties entered into a settlement agreement under which the Defendants agreed to sell their Restaurant to Little Caesar. The sale of the Restaurant closed in August 2011 and the case was dismissed shortly thereafter.

Lee Hotchkiss et al. v. Little Caesar Enterprises, Inc. (“Hotchkiss”), 166th Judicial District, Bexar County, Texas, Case No. 99-CI-16042. On November 10, 1999, 8 franchisees or purported franchisees commenced this action, alleging that we had breached their franchise agreements. Plaintiffs also sought to certify a class that would consist of all of our franchisees for the period December 1, 1995, through November 9, 1999. Plaintiffs sought damages, including consequential damages, as well as attorneys' fees and a refund of certain payments they had made under the franchise agreements. This case was removed to the United States District Court, Western District of Texas, Case No. SA99CA1437 OG, and subsequently remanded back to the State Court. On April 11, 2000, 16 current or former franchisees or purported franchisees commenced a separate action entitled Little Caesar of San Antonio, Inc. et al vs. Little Caesar Enterprises, Inc. and Little Caesar National Advertising Program, Inc., 166th Judicial District, Bexar County, Texas, Case No. 2000-CI-05379, alleging breach of contract, breach of implied warranty of good faith and fair dealing, breach of fiduciary duty, aiding and abetting breach of fiduciary duty, fraud, conspiracy, negligent misrepresentation and unjust

encroachment. This case was filed by the same counsel and parties affiliated with the plaintiffs in the Hotchkiss case. Plaintiffs sought damages in an unspecified amount, including actual and consequential damages, punitive damages, costs and attorneys' fees. Both cases were settled pursuant to a Settlement Agreement that was approved by the court on November 5, 2001. The material terms of the settlement were: (a) a class was certified for purposes of the settlement, consisting of all of our franchisees as of September 1, 2001 who did not opt out of the settlement; (b) the franchisee class agreed to buy all of its supplies from Blue Line Distributing for a specified period; (c) we forgave certain debts owed to us by its advertising fund; (d) certain amendments were made to the then existing franchise agreements of members of the settlement class; (e) we agreed to pay a negotiated amount of class counsel fees; and (f) without any admission of the validity of either the claims made by the plaintiffs or the defenses raised by the defendants, the parties exchanged mutual releases of most claims arising before the date of the settlement (claims for any money owed by franchisees to us were preserved).

On March 17, 2010, the Hotchkiss plaintiffs filed a "Third Motion to Enforce Settlement Agreement." The motion alleged: (1) that the 2001 settlement agreement applies to all franchisees, not just members of the settlement class, and that therefore the provisions in the settlement agreement regarding procurement of supplies from approved third parties and the provisions regarding advertising fund contributions apply to all franchisees; and (2) that the settlement agreement applies beyond the expiration of the class members' franchise agreements in existence at the time of the settlement. The plaintiffs sought an order affirming these positions. On July 9, 2010, the court denied the plaintiffs' motion. Plaintiffs filed an appeal, which they later dismissed.

Pinnacle Pizza Company, Inc. v. Little Caesar Enterprises, Inc., United States District Court, District of South Dakota, Case No. C1V04-4170, filed on October 25, 2004. In this action, Pinnacle Pizza, a franchisee, alleged that it authored the advertising slogan "Hot n' Ready" and that we used the slogan without its permission. Pinnacle Pizza claimed that we breached its franchise agreements, breached the covenant of good faith and fair dealing, committed conversion, misappropriated an advertising idea, were unjustly enriched, breached a fiduciary duty, used confidential information, and violated South Dakota franchise and trademark statutes. Pinnacle also sought cancellation of our federal registration for the HOT-N-READY trademark. Pinnacle Pizza sought actual and punitive damages, penalties, costs and attorneys' fees. In its initial disclosure, Pinnacle Pizza alleged at least \$25 million in actual damages. Pinnacle Pizza added LC Trademarks and Ilitch Holdings, Inc. as defendants. We filed a counterclaim alleging that Pinnacle Pizza breached its franchise agreements by challenging our proprietary mark. In a series of opinions on July 19, 2005, January 18 and September 12, 2006, and June 5 and December 3, 2008, the court dismissed all of Pinnacle Pizza's claims and held that Pinnacle Pizza breached its franchise agreements by filing the lawsuit. Pinnacle Pizza appealed. In an opinion dated March 22, 2010, the U.S. Court of Appeals for the Eighth Circuit affirmed the dismissal of all of Pinnacle Pizza's claims and affirmed the judgment that Pinnacle Pizza breached its franchise agreement by filing this lawsuit.

Little Caesar Enterprises, Inc. and Little Caesar National Advertising Program, Inc. ("LCNAP") v. OPPCO, LLC, United States District Court, Eastern District of Michigan, Case No. 95-CV12370DT. In June 1995, we brought claims against defendant for monies owed under the franchise agreements; monies owed for food and supplies provided to defendant;

abandonment of franchises; and failure to perform under the franchise agreements. Defendants counterclaimed, alleging common law fraud and misrepresentation; breach of contract and/or implied covenant of good faith in fair dealing; violation of the South Dakota Franchise Law and the rules and regulations of the Federal Trade Commission; and tortious interference. Defendants sought in excess of \$1 million in out-of-pocket damages plus an unspecified amount for lost profits. Most of defendant's counterclaims were dismissed prior to trial on our motions for summary judgment. After a trial in November 1997, the Court ordered a rescission of the franchise agreements and awarded \$135,059 to defendants. All parties appealed the decision to the Sixth Circuit Court of Appeals. On July 14, 2000, the Sixth Circuit Court of Appeals affirmed the District Court's opinion in all respects, except that it reversed and remanded for trial the District Court's dismissal of a portion of Defendant's common law and statutory fraud claims. In May 2002, the parties settled the case whereby we paid OPPCO \$565,000 for various OPPCO assets and the parties executed mutual releases.

Other than these actions, no litigation is required to be disclosed in this Item.

ITEM 4 **BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

ITEM 5 **INITIAL FEES**

The initial franchise fee is \$20,000. We are currently offering a \$5,000 reduction in this fee to our existing franchisees who purchase an additional franchise under the same franchise number (this means that the additional franchise must have the same ownership structure and be in the same geographic area as the existing franchise). We are also currently offering a \$5,000 reduction in this fee to existing franchisees who sign a new franchise agreement when the full term (initial 10-year term plus 10-year renewal term) of their original agreement comes to an end ("**Full-term Franchisees**").

If the franchise will be for a new Restaurant, you must pay us a non-refundable \$5,000 initial franchise fee deposit within 30 days after we approve you to become a franchisee, and in any case before we will review a proposed site for the new Restaurant. The remainder of the initial franchise fee is due when you sign the Franchise Agreement or when we approve a site for your proposed Restaurant, whichever is earlier. The initial franchise fee is non-refundable.

In addition to paying us the initial franchise fee, you must purchase goods from Blue Line before opening your Restaurant. The table below summarizes the estimated cost of purchasing the pre-opening items from Blue Line. Every Restaurant and market is different, so your needs and the actual cost may vary. Please see Item 8 for details about purchasing requirements and restrictions after the Restaurant opens.

Items to be Purchased Before Opening	Estimated Cost
Food Products(1)	\$9,225
Packaging(2)	1,600
Supplies(3)	2,500
Pizza Pans(4)	5,400
Kitchen Equipment(5)	40,000 - 115,000
Smallwares(6)	7,000
Graphics(7)	1,500
TOTAL	\$67,225 to \$142,225

Notes

- (1) This category covers both proprietary and non-proprietary food products such as the spice blend, dough mix, vegetable seasonings, cheese, sauce, flour, oils, meats, and produce. The estimate is based on prices as of the issuance date of this disclosure document, which are subject to change. See Item 8 for additional details.
- (2) This estimate is based on the recommended quantity at the time of opening of items such as boxes, bags, and wraps.
- (3) This estimate is based on the recommended quantity at the time of opening of items such as cleaning supplies and job helpers.
- (4) You will need pizza pans in a variety of sizes and shapes.
- (5) This category covers items such as ovens, microwaves, retarders, freezers, sheeters, mixers, and point-of-sale equipment (new and previously owned).
- (6) This category covers items such as spatulas, dough scrapers, pizza cutters, and cheese cups.
- (7) This category covers grand opening print advertising, various operational forms, and other miscellaneous print material.

Franchisees who are signing a franchise agreement for the 10-year renewal term (“**Renewing Franchisees**”) and franchisees who are signing new agreements after their 10-year renewal term expires (“**Full-term Franchisees**”) will not have pre-opening purchases, because the Restaurant is already open. However, franchisees in these categories may have to purchase new equipment and other items before the new contract term begins.

Military Veterans program. If you qualify for our franchise program for U.S. military veterans, we will reduce the initial franchise fee by \$5,000 for your first Little Caesars® Restaurant. In addition, we will give you a \$5,000 credit toward the initial purchases from Blue Line for the equipment needed for your first Restaurant. If you are a service-disabled veteran who qualifies for the Veterans program, we will waive the initial franchise fee for your first Little Caesars® Restaurant and give you a Blue Line credit of \$10,000.

To qualify for the Veterans program, you must have been honorably discharged, cannot be an existing Little Caesars® franchisee, and may have to satisfy other prerequisites. Veterans who participate in this program must agree to use an approved accounting firm for at least the first 2 years of operation and to permit the accounting firm to provide certain information directly to us (see Item 8). We reserve the right to modify or cancel the Veterans program at any time.

Territory Reservation Agreement

If you enter into a Territory Reservation Agreement, you must pay a Territory Reservation Fee of \$5,000 per Restaurant (or such lesser amount as we may determine). We determine the number of Restaurants required under the Development Schedule based on the size and population of the Reserved Territory and other factors. A Territory Reservation Agreement generally provides for development of 4 Restaurants, so the Territory Reservation Fee is generally \$20,000. If you wish to develop more than 4 Restaurants, we typically will enter into a separate Territory Reservation Agreement for each increment of 4 Restaurants. However, it is possible that a Territory Reservation Agreement may allow for development of more than 4 Restaurants, in which case the initial Territory Reservation Fee for that agreement will be higher than \$20,000. When paid, the Territory Reservation Fee is fully earned and non-refundable. This Territory Reservation Fee is in addition to the initial franchise fee and other fees that you must pay under each Franchise Agreement.

ITEM 6
OTHER FEES

FRANCHISE AGREEMENT

Type of Fee (1)	Amount	Date Due	Remarks
Royalty	The greater of 6% of Gross Sales for each one-week period or \$100 for each one-week period	At the end of each one-week period via electronic funds transfer or such other time and manner as we may specify	See Note 2
Advertising Contributions	Up to 7% of Gross Sales, as determined by us, with no more than 4% to Caesar Fund	Same as royalty	See Item 11. The Caesar Fund contribution rate is 3% of Gross Sales as of the issuance date of this disclosure document, but may increase in the future upon our notice to you.
Blue Line Purchases	Varies	Per Blue Line's standard terms	See Note 3
Integrated POS system support	To be determined	To be determined	See Note 4

Type of Fee (1)	Amount	Date Due	Remarks
Audit by franchisor	Costs of audit plus interest	As incurred	Payable if audit reveals an understatement of 2% or more in reported Gross Sales
Additional training	Not more than \$250 per attendee for initial training of additional employees	10 days after billing	See Item 11
Transfer Fee	Varies from \$0 to \$5,000 per unit	Before transfer	See Note 5
Renewal Fee	\$5,000	At the time you sign your Franchise Agreement and Renewal Addendum	See Note 6
Indemnification	Will vary with circumstances	As incurred	See Note 7
Special marketing, management, and operational assistance performed at your request	Reasonable fee plus expenses	20 days after billing	See Item 11
Private Securities Offering	\$25,000 plus additional sums to cover our out-of-pocket costs to review the materials if greater than \$25,000	At the time offering materials are submitted to us for review; when incurred if greater than \$25,000.	You must obtain our approval before making a private offering of securities. All such offerings are subject to our right of first refusal. The Franchise Agreement prohibits public offerings of your securities.
Relocation Fee	\$2,500	When you submit the relocation request package	You may relocate a Restaurant only with our permission. The new location must be within a one mile radius of the original location and must open within six (6) months of the original location's closure. The relocation fee is refundable only if we do not approve your request.
Interest	18% per year or the maximum rate permitted by law, whichever is less	As incurred	Calculated from the date the amounts were originally due to us or our affiliates. Also see Note 6

Type of Fee (1)	Amount	Date Due	Remarks
Late Fee	Our then-current late fee	Due immediately after date the amounts were originally due to us or our affiliates	See Note 8
Reimbursements for Testing Products	Varies	20 days after billing	See Note 9
Missed Meeting Fee	Varies	20 days after billing	We can charge you a reasonable fee if you fail to attend a required meeting, conference or seminar.
Manual Replacement Fee	Our then-current fee	When we provide replacement	Payable only if your copy of the ORG is lost, destroyed or misplaced.
Liquidated Damages	See Note 9 for formula	Upon our termination of the Franchise Agreement based upon your default	Payable in lieu of any damages for our lost future revenue as a result of your default; but this is in addition to any other damages, costs and expenses to which we may be entitled.
Costs and Legal Fees	Our actual costs	Upon demand	See Note 11

Notes:

- (1) Unless otherwise specified, all fees payable to us and our affiliates under this disclosure document are non-refundable and are uniformly imposed, although we reserve the right to charge different fees in certain circumstances. Whether payments made to others will be refundable will depend on your arrangements with them.
- (2) Gross Sales for all Restaurants means revenue from the sale of all products and services and all other income or consideration of every kind and nature received by the Restaurant, including all revenues associated with games or delivering and/or selling products or services off-premises to customers, and any proceeds from business interruption insurance, whether for cash or credit, and regardless of collection in the case of credit, less only sales taxes or other taxes collected by you from your customers and thereafter paid directly to the appropriate taxing authority. Gross Sales do not include refunds, certain credits (as long as the original sale was included in Gross Sales), certain permitted discounts, and sales taxes that are added to the selling price and actually paid to the taxing authority.
- (3) You must purchase most of your food and paper products, other supplies and equipment from Blue Line. See Item 8. The amount you pay Blue Line will depend on the quantity of items that you purchase and Blue Line's then-current prices.

- (4) We may designate a particular integrated POS/menu board system. The POS system is currently not mandatory, but we may require it in the future. If you install the integrated POS system, you will likely have to pay an ongoing fee for maintenance and support. Please see Item 8 and 11 for further information.
- (5) The standard transfer fee is \$5,000. However, we reduce the transfer fee to \$1,000 if the buyer is an existing Little Caesars® restaurant franchisee. We do not charge a transfer fee if the transfer is from a sole proprietorship or partnership to a corporation in which the sole proprietors or the partners own all of the outstanding stock, or for a transfer in the event of your death or mental incapacity.
- (6) If you are a new franchisee, this is the fee that you will pay at the end of your initial 10-year term if you choose to renew and qualify for renewal of your franchise. If you are a Renewing Franchisee as defined in Item 5 (that is, an existing franchise who is now entering into the 10-year renewal term of your Little Caesars® Restaurant franchise), you will pay the renewal fee specified in your existing agreement, and you will sign our then-current Franchise Agreement as well as a Renewal Addendum (“**Renewal Addendum**”). The Renewal Addendum will modify some provisions of the Franchise Agreement to reflect your status as an existing franchisee. Our current form of Renewal Addendum is in Exhibit C to this disclosure document.
- (7) You must indemnify, defend and hold harmless us and our affiliates, and our and their respective directors, officers, employees, shareholders and agents, from all losses, costs, and expenses incurred as a result of any claims arising directly or indirectly from (a) your operation of the Restaurant, (b) your or your principals’, owners’, managers’ or employees’ attendance and participation in training, or (c) your securities offering.
- (8) If we do not receive your weekly Gross Sales report when due, all payments that you owe us for the time period covered by the report are deemed overdue until we receive the report, regardless of whether you have actually made payment. In addition, we will have the right to estimate your Gross Sales and to draft from your bank account the estimated amount due for royalties, CAESAR FUND contributions and any other charges. Upon receipt of your delinquent Gross Sales report, we will reconcile any difference between the estimated amount and the actual royalties, CAESAR FUND contributions and other charges due for the period. If your financial statements, tax returns, or other required reports are not received when due, you must pay us a late fee for each 30 days (or portion thereof) the financial statement, tax return or other report is overdue. Our entitlement to late fees and interest is in addition to any other remedies that we or our affiliate may have. In addition to interest and late fees, you must reimburse us for any bank charges resulting from any dishonored check or other payment.
- (9) If we have not designated a specific source for an item and you desire to nominate a supplier for the item, you must submit a written request for our approval of the proposed supplier. When that happens, we have the right to inspect and evaluate the supplier’s facilities and business operations and to test the item to be supplied, and to charge the requesting franchisee for all of our expenses incurred in so doing. Product testing costs will vary greatly depending on the type of product.

- (10) We calculate liquidated damages as follows: (a) your average royalty fees and advertising fees payable each month over the twelve (12) month period immediately preceding the date of termination (or, if the Restaurant has been open less than twelve (12) months, the average royalty fees and advertising fees payable each month the Restaurant was open); (b) multiplied by the lesser of (i) thirty-six (36) months, or (ii) the number of months then remaining in the then-current term of the Franchise Agreement.
- (11) You must reimburse us for the costs and expenses we incur as a result of your failure to comply with the Franchise Agreement, regardless of whether there is any legal proceeding to enforce its terms. Reimbursable costs include accountants', attorneys', attorneys' assistants and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses and travel expenses. If you initiate a legal proceeding against us and you do not prevail in obtaining the relief you were seeking, then you must reimburse us for our costs and expenses as a result of the legal proceedings, including accountants', attorneys', attorneys' assistants and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses and travel expenses, whether incurred prior to, in preparation for, in contemplation of, or in connection with the legal proceedings.

TERRITORY RESERVATION AGREEMENT

Name of Fee	Amount	Date Due	Remarks
Indemnification	Will vary with circumstances	As incurred	See Note 1

- (1) You must indemnify, defend and hold harmless us and our affiliates, and our and their respective officers, directors, employees, shareholders and agents, from all losses, costs, and expenses incurred as a result of any claims arising directly or indirectly from your failure to perform under the Territory Reservation Agreement.

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ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT
(Franchise Agreement)

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (See Note 1)	\$20,000 except as provided below \$15,000 for additional franchise by existing franchisee under the same franchise number \$15,000 for Full-term Franchisees (as defined in Item 5) \$15,000 for Veterans program (\$0 for service-disabled veterans)	Lump sum	If the franchise is for a new Restaurant, \$5,000 deposit when we approve you to become a franchisee; balance when you sign Franchise Agreement or submit site for approval	Little Caesars
Rent (See Note 2)	\$1,500 to \$7,000	As Arranged	Monthly	Lessor
Leasehold Improvements (See Note 3)	\$50,000 to \$300,000	As Arranged	As Incurred	Suppliers
Fixtures, Equipment, and Signage (See Note 4)	\$80,000 to \$170,000	As Arranged	As Incurred	Blue Line and Suppliers
Grand Opening Advertising (See Note 5)	\$11,000 to \$20,000	As Arranged	As Incurred	Suppliers and Media
Training Expenses (See Note 6)	\$8,000 to \$11,000	As Arranged	As Arranged	Hotels, Airlines, etc.
Start-up Inventory and Supplies (See Note 7)	\$25,000 to \$35,000	As Arranged	As Incurred	Blue Line and Suppliers
Insurance (See Note 8)	\$500 to \$1,500	As Arranged	Monthly	Insurers

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Utility Expenses (See Note 9)	\$1,000 to \$5,000	As Arranged	Monthly	Utilities
Licenses and Permits (See Note 10)	\$250 to \$6,000	As Arranged	Annually	Governments
Additional Funds – 3 months (See Note 11)	\$17,000 to \$47,000	As Arranged	Estimated needs for the first 3 months of operation	Various
TOTAL (see Note 12)	\$194,250 to \$622,500			

Notes:

- (1) See Item 5 for details.
- (2) We estimate that the required square footage for your Restaurant will be 1,200 to 1,600 square feet. The estimate reflected in the table is for a monthly lease payment, which may include base rent and additional rent such as prorated expenses for common area maintenance, property taxes, and insurance. You may also have to pay a lease deposit to the lessor. If you purchase real property, the cost would be significantly more, and varies depending upon the location and other factors.
- (3) Leasehold improvements must conform to our standard specifications and the prototype plans which we will furnish to you. You will be responsible for ensuring that your final plans conform to local laws and building codes, which may involve paying architect and/or engineering fees, as well as the cost of building permits. Leasehold improvement costs vary considerably according to fair market values in your area, your real estate interest (leasehold or ownership), location, and whether you or your landlord develops the location. These estimates do not include out of the ordinary costs such as costs related to extensive redesign, permitting variances, legal obstacles, impact fees, etc.

Additional factors that typically affect your initial investment include your cost to negotiate the lease (or buy the property), including legal fees, local real estate market values, terms under which other locations have been leased, how the costs to renovate or develop the land, building and other site improvements are allocated between you and the landlord, interest costs and the negotiations of the parties, among others.

- (4) Fixtures, equipment, and signage must conform to our standard specifications. The estimated range is for new items; you may be able to acquire certain equipment or other items used if they are in good condition and meet our specifications. The estimated range includes amounts for computer equipment, an integrated point-of-sale (POS) system, and related initial training, not all of which are currently mandatory. Please see Item 11 for details.

- (5) The lower end of the range is the minimum that you must spend for a grand opening local advertising and promotional program. This is for a program that we consider basic. The upper end of the range is our estimate of the cost for what we consider to be a “strong” grand opening plan. See Item 11 for details on advertising expenses.
- (6) See Item 11 for details on training expenses.
- (7) The estimated range given is for supplies and the initial amount of products needed to open the Restaurant.
- (8) Before signing a lease and opening the Restaurant, you must obtain at your own expense, and you must keep in force throughout the term of the Franchise Agreement, an insurance policy or policies protecting you, us and our affiliates, and our and their respective shareholders, directors, employees, and agents against any demand or claim with respect to personal or bodily injury, death, or property damage, or any loss, liability, or expense arising or occurring at or in connection with the Restaurant. All insurance policies must provide no fewer than 30 days’ prior written notice for cancellation or non-renewal. We must be added as an additional named insured and certificate holder on all liability policies. We may require additional or different insurance coverages in the future. Your insurance carrier must be rated at least A-VIII.

Below is a schedule of the insurance policies that you must maintain. The estimated cost range in the chart does not include workers compensation insurance. If you are required to purchase workers compensation insurance, you should consult with your insurance agent regarding the cost of that insurance.

A. Property.

- i. Property should be insured on an all risk form including back up sewers and drains and to its full replacement value (but not less than \$225,000). You should consult with your insurance advisor to make sure that your property insurance covers full replacement cost. Property includes buildings, if applicable, improvements and betterments, equipment, inventory and other miscellaneous personal property.
- ii. Loss of income should be insured for a \$250,000 limit per occurrence for 12 months. This insurance should be written on an all risk form including back up of sewers and drains and off premise power failure.

B. During construction of a Restaurant, an all risk builders risk policy shall be maintained in an amount equal to 100% of the construction value and also general liability insurance per item C below and workers compensation per item E below.

C. Comprehensive General Liability with limits as follows:

General Aggregate	\$2,000,000
Products Completed Operations	\$1,000,000
Personal & Advertising Injury	\$1,000,000
Each Occurrence	\$1,000,000
Fire Damage	\$300,000

Standard coverage must include:

Bodily Injury	Personal Injury
Product Liability	Contractual Liability
Property Damage	Fire Damage Liability*
Host Liquor Liability	
Advertiser's Liability	
Incidental Malpractice	

*We recommend that you review the Fire Damage limit for adequacy with your insurance professional, especially if the Restaurant is in a free standing building.

D. Automobile Liability with Limits of Liability as follows:

Owned Autos (if any)	\$1,000,000
Hired Autos	\$1,000,000
Non-owned Autos*	\$1,000,000

*If we approve you for delivery, the minimum required amount of Non-Owned Auto Liability insurance is \$2,000,000. Higher limits are recommended. Please consult your insurance professional to determine whether your insurance is adequate for delivery.

E. Workers' Compensation as required by law with coverage as follows:

Part 1: Workers Compensation – Statutory Benefits

Part 2: Employer's Liability:

\$100,000 Each Accident
\$500,000 Disease Policy Limit
\$100,000 Disease Each Employee

Such insurance must include a waiver of insurer's rights of subrogation against us.

F. Stop Gap Liability (Employer's Liability) – required if any Restaurants are located in the following states or territory: North Dakota, Ohio, Washington, Wyoming, Puerto Rico, or any state where a franchisee (Employer) is approved to self-insure for Workers' Compensation.

- G. Liquor Liability Insurance – required if your Restaurant, with our prior written approval, sells alcohol, with limits of \$1,000,000 Each Common Cause and \$1,000,000 Policy Aggregate.
- H. We recommend that you also consider the following insurance (please check with your insurance professional):
- Property Insurance for Flood & Earthquake
 - Loss of Income for Off-Premise Utility Service Failure that includes overhead transmission lines
 - Property Insurance for EDP/Computer & Media
 - Property Insurance for Temperature Change (Food Spoilage)
 - Crime Insurance for Employee Dishonesty, Depositors Forgery and Loss of Money
 - Excess / Umbrella Liability
 - Employee Benefit Liability
 - Employer Practices Liability
 - For multi-Restaurant owners, blanket coverage on property insurance.

Always check with your insurance professional to confirm that you have adequate insurance for your Restaurant(s).

- (9) In addition to monthly charges, you may need to provide deposits for utilities. The amount of such deposits and utility costs will vary with the location of the Restaurant and the practices of the utility companies.
- (10) This estimate includes business licenses and health department certificates. Some municipalities have higher fees or charges than others. We generally do not permit the sale of alcohol, but if your Restaurant is one of the exceptions allowed to serve alcoholic beverages, your licensing expenses will be greater.
- (11) You will need capital to support on-going expenses, such as payroll, to the extent that these costs are not covered by sales revenue. This amount includes accounting and legal expenses. New businesses often generate a negative cash flow. Your costs will depend on factors such as: how much you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for our products; the prevailing wage rate; competition; and the sales level reached during the initial period. We estimate that the amount given will be sufficient to cover on-going expenses in excess of cash receipts for the first 3 months of Restaurant operations, excluding royalty and advertising contributions. This is only an estimate, however, and there is no assurance that additional working capital will not be necessary during or after the initial phase. We relied upon our previous experience with our own units as well as those franchisees who informed us of their experiences. These estimates involve Restaurants which follow our grand opening and marketing plans.
- (12) The lower end of the range reflects the fact that the initial franchise fee could be as low as zero for a qualifying service-disabled veteran.

**YOUR ESTIMATED INITIAL INVESTMENT
(Territory Reservation Agreement)**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Fee (See Note 1)	\$ 20,000	Lump sum	When you sign TRA	Little Caesars
Legal, Accounting and other Fees (See Note 2)	\$ 1,000 to \$ 5,000	As Arranged	As Arranged	Third Parties
TOTAL (See Note 3)	\$21,000 to \$25,000			

Notes:

- (1) The estimate assumes that the Territory Reservation Agreement covers 4 Restaurants at a fee of \$5,000 per Restaurant. The initial fee will be higher if the Territory Reservation Agreement allows for the development of more than 4 Restaurants. See Item 5 for details.
- (2) You may incur additional legal, accounting and other fees for reviewing the Territory Reservation Agreement.
- (3) You will incur the expenses listed above in the first table of this Item 7 for each Restaurant that you develop under the Territory Reservation Agreement.

* * *

All payments to us in this Item are non-refundable. Whether payments made to others will be refundable will depend on your arrangements with them.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

In general, you must purchase all current and future products, ingredients, equipment, supplies, and materials used or sold by your Restaurant solely from Blue Line or such other source as we may designate. We have designated other sources for certain beverage products, signs, and other goods and services as described below in this Item.

We, Blue Line or other affiliates may become an approved supplier (or the only approved supplier) of items that we or they do not supply as of the date of this disclosure document.

Agreements exempt from mandatory Blue Line purchases. If you are a franchisee who entered into or was operating under a franchise agreement with us as of September 1, 2001, you may have an agreement under which purchasing from Blue Line is currently not mandatory (other than for our proprietary spice blend, dough mix, and vegetable seasonings). Agreements that are currently exempt from this requirement could include: (a) your franchise agreements existing as of September 1, 2001, (b) renewal agreements that you entered into before September 1, 2011, and (c) franchise agreements that you entered into before September 1, 2011 for additional stores in the same DMA.

Any new Franchise Agreement that you sign with us will require that you purchase from Blue Line and other designated sources as described in this Item. Moreover, if you sign a new Franchise Agreement with us, the new Franchise Agreement will amend all existing agreement(s) that you may have. This means that purchasing all items from Blue Line and other designated sources will not only be mandatory under the new Franchise Agreement, but will also become mandatory under your pre-existing franchise agreements.

For any items for which we do not designate Blue Line or another particular supplier, you must purchase the item solely from suppliers (including manufacturers, wholesalers and distributors) who demonstrate, to our continuing satisfaction, the ability to meet our standards and specifications for such items and for the supplier's business operations; who possess adequate quality controls and capacity to supply your needs promptly and reliably; and who have been approved by us in the ORG or otherwise in writing for that item from that location, and not thereafter disapproved.

If we have not designated a specific source for an item and you desire to nominate a supplier for the item, you must submit a written request for our approval of the proposed supplier. Our approval, if given, may be specific to a particular facility of the supplier, to the particular Restaurant to be supplied, and to the particular product. You must provide such evidence of conformity with our standards and specifications as we may require. We have the right to inspect and evaluate the supplier's facilities and business operations and to test the item to be supplied, and you must pay all of our expenses incurred in so doing. We generally provide notice of approval or disapproval within 90 days after we complete the review process, but a decision could take up to a year or more depending on the item. We will review requests in accordance with our then-current procedures and will take into consideration our available resources, which may affect the timing of our response. You may not use a supplier unless and until that supplier is approved by us. We may revoke our approval at any time if we determine that the supplier no longer meets our standards. If a supplier's approval status is revoked, upon receipt of written notice of such revocation, you must cease purchasing from any disapproved supplier.

A purchasing cooperative has been formed by some of our franchisees who operate under older agreements that do not require purchasing from Blue Line. You would not be able to join this purchasing cooperative, however, because you must purchase from Blue Line. We are not a member of this purchasing cooperative, either. We know of no other purchasing or distribution cooperatives in our system.

Cheese Pricing Alternative program. We currently offer a Cheese Pricing Alternative program (the "CPA" program) for the purchase of certain cheese through Blue Line. The CPA

program may entail the use of various cost, purchasing, and trading strategies, such as hedging strategies, changes to supplier arrangements, volume commitments, vertical integration, purchases based on rolling twelve-week (or other time period) prices, and price locks. The CPA program is intended to provide less volatile cheese prices and, hopefully, lower cheese prices overall. However, the CPA program entails uncertainty and risk, and we do not know whether the CPA program will result in less volatile or lower prices for cheese compared to our traditional cheese purchasing program.

Joining the CPA program is currently voluntary for franchisees, but we may make the program mandatory. If you participate in the CPA program, you must sign a Cheese Pricing Alternative Program Agreement in the form of Exhibit K to this disclosure document, under which you agree to purchase all of your requirements of certain cheeses through the program until December 31, 2012, when the current program expires. You must participate for all Restaurants that you operate (including any future Restaurants that you open before December 31, 2012). If you participate, your failure to comply with the CPA agreement will constitute a breach of your Franchise Agreement(s).

If you participate in the CPA program, you will pay the same cheese prices to Blue Line that our company-owned restaurants pay to Blue Line. We can terminate the CPA program at any time, in which case you would purchase cheese through our traditional program. The current CPA program is scheduled to expire on December 31, 2012, but we expect to replace it with a new program. The length of the new program has not been determined.

Beverage products. We have a new 5-year agreement with Pepsi-Cola starting January 1, 2012 that designates Pepsi-Cola as the exclusive supplier to Little Caesars Restaurants for certain packaged and fountain beverage products. Under the agreement, Pepsi-Cola provides funds to support various programs that promote both Little Caesars® products and Pepsi-Cola® products. Some program payments are calculated based on your number of Restaurants or your actual purchases of Pepsi products; these amounts will be paid by Pepsi-Cola directly to you. Although we require you to use Pepsi products, neither we, Blue Line, nor Caesar Fund (our national advertising fund – see Item 11) receives any money from Pepsi-Cola that is tied to or affected by the amount of your purchases of Pepsi products.

Signs. You must purchase the signs that you will need for your Restaurant from a vendor on our approved vendor list. Currently, there are several approved sign vendors, but we reserve the right to reduce the number of approved vendors or to designate a single approved vendor.

Real estate lease. If you will occupy the Restaurant premises under a lease, you must, before signing the lease, submit it to us for our written approval. Our approval is not an endorsement of the legal or business terms of the lease. We can require, as a condition of our approval, that the lease contain certain terms and conditions, including a minimum term, including renewals, of 20 years; the landlord's consent to our standard signage; that the leased premises be restricted solely to the operation of a Restaurant; a prohibition on you assigning, subleasing or extending or renewing the term of the lease without our consent; the landlord's agreement to notify us of defaults and give us an opportunity to cure the defaults; a right to enter the premises to protect our Proprietary Marks; an option for us to assume the lease on termination or non-renewal of the Franchise Agreement; a prohibition on amending the lease without our consent; and other terms.

Leasehold improvements. You must, at your own expense, construct all leasehold improvements to the Restaurant premises in conformance with the prototype plans and specifications we furnish. You must employ a qualified architect or engineer to prepare final plans and specifications for constructing the leasehold improvements based upon the plans and specifications we furnish, and must submit such final plans to us and not proceed with any construction until you have obtained our prior written approval. You must not deviate from any approved plans or specifications without our prior written approval.

Advertising and promotion. Any advertising and promotional materials that you purchase or prepare are subject to our approval and must be in such media and of such type and format as we may approve, and must conform to such standards and requirements as we may specify. See Item 11 under the heading "Advertising and Promotion" for information about the procedure to obtain our approval.

Insurance. The insurance you obtain for the Restaurant must conform to our minimum standards for coverage and amount. Our standards are set out in Note 8 to Item 7 and in the Operational Resource Guide.

Accounting services. As noted in Item 5, for the first two years of operation, franchisees who participate in our Veterans program must engage an accounting firm selected from our list of approved providers. In the future, to facilitate consistent quality and methodology of financial reporting and the ability to generate data for the benefit of ourselves and franchisees, we may require other franchisees to obtain approval of the accounting firm that they wish to use.

Computer system/POS. We have the right to require you to use certain brands, types, makes, and/or models of communications devices, computer systems, digital or other menu boards, and hardware, including: (a) back office and point of sale (POS) systems, data, audio, and video systems for use at the Restaurant; (b) printers and other peripheral hardware or devices; (c) archival back-up systems; (d) Internet access mode and speed; and (e) physical, electronic, and other security systems. We also have the right to develop (or to have developed for us), or to designate software programs that you must install and use in connection with the computer system, POS and other equipment.

We do not currently require the use of a POS system. Some of our Restaurants use POS systems, while others use stand-alone electronic cash registers. However, we may require the use of a specific integrated POS/menu board system in the future. If we do so, you will have to purchase and install the designated POS system and enter into a license agreement with us or the vendor for the use of associated software. Whether the POS system is mandatory or optional, we expect to designate a single approved vendor for the POS system. Please see Item 11 for further information on computer system and POS requirements.

* * *

Your purchases from Blue Line or other entities will be at the price in effect at the time. We and Blue Line negotiate product purchase arrangements with suppliers. You have no right to request that Blue Line purchase items from particular suppliers. You must pay for Blue Line purchases in accordance with Blue Line's then-current payment terms and conditions. If you fail to make any payment required under the Franchise Agreement to Little Caesar, Blue Line, or our

affiliates when due, we and Blue Line reserve the right, among other remedies, to (a) suspend or refuse shipment of additional Blue Line products until the payment has been made in full, and/or (b) require payment for any or all future shipments of Blue Line products to be made on a cash-on-delivery (COD) basis.

Blue Line earns (and we and other affiliates may earn) a profit on goods, products and/or services sold to you and other Little Caesars® franchisees. Blue Line (and we and/or other affiliates) may also receive consideration from unaffiliated suppliers with respect to their sales of goods, products or services to you or other Little Caesars® franchisees, or as the result of services rendered or rights licensed to you or those franchisees, whether or not the product or service is presently mentioned in this Item. The consideration may or may not be related to services we and/or our affiliates perform. We and our affiliates will be entitled to the profits and/or consideration described in this paragraph. In addition, we charge suppliers a fee to exhibit at the supplier show, which is held at our annual franchisee business conference, and we sell sponsorships for the conference. We use the exhibit fees and sponsorship monies to help defray the costs of organizing and conducting the annual conference.

In the year ending December 31, 2011, Blue Line had revenue of \$800,981,439 from the sale of goods, services, supplies, fixtures, equipment, inventory, computer hardware and computer software to Little Caesars® franchisees and from required purchases by franchisees from other suppliers. This revenue figure is from Blue Line's year-end financial statements. Blue Line purchases some of the items that it sells to franchisees from Champion, our food manufacturing affiliate (see Item 1). The proportion of Blue Line items that Blue Line purchases from Champion may increase in the future. We did not receive any revenue during the year ending December 31, 2011 from the sale of goods, services, supplies, fixtures, equipment, inventory, computer hardware or computer software to Little Caesars® restaurant franchisees or from required purchases by franchisees.

We estimate that your required purchases from Blue Line, Pepsi-Cola and other designated suppliers will represent 90 to 100 percent of your total purchases and leases in establishing your Restaurant (excluding real estate costs) and 90 to 100 percent of your total purchases and leases in operating your Restaurant (excluding real estate costs).

We consider a variety of factors when determining whether to renew or grant additional franchises. Among the factors considered is compliance with the purchasing requirements and restrictions described above.

As of the issuance date of this disclosure document, some of our officers own an interest in us, some of our officers own an interest in Blue Line, and some of our officers own an interest in Champion.

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ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and other items of this disclosure document.

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	§§ 1 and 5 of Franchise Agreement; § 1 of Renewal Addendum; § 1 of Exhibit B of Territory Reservation Agreement ("TRA")	Items 8, 10 and 11
b. Pre-opening purchases/leases	§ 5 of Franchise Agreement	Items 5, 7, 8, and 10
c. Site development and other pre-opening requirements	§ 6 of Franchise Agreement; §1 of Renewal Addendum; Exhibit B to TRA	Items 7, 8, and 11
d. Initial and ongoing training	§ 5 of Franchise Agreement; §§ 4 and 5 of Renewal Addendum; § 2 of Exhibit B of TRA; §§ 1-10 of Training Participant Agreement ("TPA")	Item 11
e. Opening	§ 6 of Franchise Agreement	Item 11
f. Fees	§§ 2, 3, 4, 5 and 9 of Franchise Agreement; § 3 of TRA; § 4 of TPA	Items 5 and 6
g. Compliance with standards and policies/operating manual	§§ 5 and 8 of Franchise Agreement; § 2 of Exhibit B of TRA	Items 11 and 14
h. Trademarks and proprietary information	§§ 7, 8, and 14 of Franchise Agreement; § 5 of TRA	Items 13 and 14
i. Restrictions on products/services offered	§ 5 of Franchise Agreement	Items 8 and 16
j. Warranty and customer service requirements	§ 5 of Franchise Agreement	Not Applicable
k. Territorial development and sales quotas	§ 2 of TRA	Item 12
l. Ongoing product/service purchases	§ 5 of Franchise Agreement	Item 8
m. Maintenance, appearance and remodeling requirements	§ 5 of Franchise Agreement	Items 8 and 11
n. Insurance	§ 10 of Franchise Agreement	Item 7
o. Advertising	§ 9 of Franchise Agreement	Items 6 and 11
p. Indemnification	§§ 12 and 18, and Guarantee of Franchise Agreement; § 13 of TRA; § 9 of TPA	Item 6
q. Owner's participation/management/staffing	§§ 5 and 15 of Franchise Agreement	Item 15

r. Records and reports	§ 11 of Franchise Agreement	Item 6
s. Inspections and audits	§§ 5 and 11 of Franchise Agreement	Items 6 and 11
t. Transfer	§ 12 of Franchise Agreement; § 9 of TRA	Item 17
u. Renewal	§ 2 of Franchise Agreement; § 3 of Renewal Addendum	Item 17
v. Post-termination obligations	§ 14 of Franchise Agreement; § 8.3 of TRA; §§ 1-10 of TPA	Item 17
w. Non-competition covenants	§§ 5 and 15 of Franchise Agreement; § 8.4 of TRA; § 2 of TPA	Item 17
x. Dispute resolution	§ 23 of Franchise Agreement; § 8.12 of TRA; §§ 4-10 of TPA	Item 17

ITEM 10 **FINANCING**

As of the issuance date of this disclosure document, we do not offer direct or indirect financing. We do not guarantee your note, lease or obligation or receive payment or other consideration for the placement of financing.

ITEM 11 **FRANCHISOR'S ASSISTANCE, ADVERTISING,** **COMPUTER SYSTEMS, AND TRAINING**

Except as listed below, we are not required to provide you with any assistance.

Pre-Opening Obligations

1. We will make available, at no charge to you, prototype plans and specifications for the construction of the Restaurant, including exterior (if required) and interior design and layout. (Franchise Agreement, § 4.1.)
2. At your request, we will offer such assistance to you as we deem appropriate in your selecting a site for the Approved Location. (Franchise Agreement, § 4.2.) See "Site Selection and Construction" below for more information.
3. We will provide one copy of the ORG for your Restaurant on loan during the term of the Agreement, or, in the alternative, provide you with access via the Internet, Extranet, or other electronic means. The ORG may be in multiple parts and consist of, in whole or in part, computer disks, DVDs, CD-ROMs, video, audio, computer software, other electronic media, and/or written materials. (Franchise Agreement, § 4.3.)
4. We will offer, at the time(s) and location(s) we select, a pre-opening training program for you and such employees as we deem appropriate. Attendance and satisfactory completion of all training programs is required. (Franchise Agreement, § 4.4.)

5. We will provide such initial advice and assistance in the marketing, management, and operation of the Restaurant as we deem appropriate, at the time(s) and in the manner we determine. If you request and we agree to provide assistance in addition to what we customarily furnish to franchisees, we will have the right to impose a fee, plus expenses, for such assistance. (Franchise Agreement, § 4.5.)

Renewing Franchisees will not need or receive any pre-opening assistance.

Continuing Obligations

1. We may periodically revise the ORG to incorporate System changes. You must promptly implement any System changes upon receipt of notice from us, and must complete their implementation within such time as we may specify. (Franchise Agreement, § 4.3.)
2. We will provide required and optional training programs as we deem appropriate, at the time(s) and location(s) we select. (Franchise Agreement, § 4.4.)
3. We will provide advice and assistance in the marketing, management, and operation of the Restaurant as we deem appropriate, at the time(s) and in the manner we determine. If you request and we agree to furnish assistance in addition to the assistance we customarily furnish to franchisees, we will have the right to impose a fee, plus expenses, for such assistance. (Franchise Agreement, § 4.5.)
4. We will conduct, as we deem appropriate, inspections of your business premises and evaluations of the Restaurant management and operations, in order to assist you and to maintain the System's standards of quality, appearance, and service. We may use designated agents, representatives, and outside consultants and vendors (including "mystery" or "secret" shoppers) to conduct such inspections, who will have the right to take photographs, take video, remove samples of products, interview employees and customers, and inspect books, records, register tapes, and other documents relating to the operation of the Restaurant. (Franchise Agreement, § 4.6.)
5. We may provide guidance on the pricing of products and services. You must follow any maximum pricing guidelines that we specify, subject to applicable law. In order to prepare advertising and promotional materials, we may establish and maintain suggested prices. Except for any maximum prices that we specify, you will not be required to follow our suggested prices. However, if you establish pricing different from our suggested prices, you will be responsible for any additional costs incurred to produce marketing and promotional materials containing the prices that you establish. (Franchise Agreement, § 5.12.)

Any duty or obligation imposed on us by the Franchise Agreement may be performed by any of our designees, as we may direct.

Site Selection and Construction.

If you sign a Territory Reservation Agreement, your site selection obligations will generally be similar to those described below concerning the Franchise Agreement. In particular, you will be required to select a proposed site for each Restaurant in accordance with our site selection criteria and standards, and must submit it to us for written approval. We

suggest that you consult with real estate and other professionals of your choice during the site selection process.

If, at the time of signing the Franchise Agreement, we have not approved a location for the Restaurant, you will have 180 days to obtain our approval of a site. You must submit a proposed site, with supporting information and materials, within 60 days after signing the Franchise Agreement. We will provide our site selection guidelines and such on-site evaluations as we deem advisable. The site that we approve will be inserted as the Approved Location specified in the Franchise Agreement. The Approved Location must be within your Protected Territory (see Item 12). We consider traffic patterns, demographic characteristics of the area, site attributes, and other factors when deciding whether to approve a proposed location for a Restaurant; however, application of criteria that may have been effective with respect to other sites and premises may not be predictive of potential for all sites. Our approval is not a representation or guarantee as to the suitability of the site for the Restaurant or for any other purpose or as to the site's compliance with any federal, state and local laws, codes and regulations. We generally approve or disapprove a proposed location within 30 business days after receipt of the required materials from you. If no mutual agreement can be reached on a site for the Restaurant within 180 days, we have the right to terminate the Franchise Agreement. If you request and we agree to extend the 180-day period, we may require you to sign a release and/or comply with other conditions.

You are responsible for construction of the Restaurant, including the performance of all architects, engineers, contractors, and subcontractors you hire and for ensuring that sufficient insurance coverage is in place during the construction process. You are responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances or regulations, or which may be necessary or advisable owing to any restrictive covenants relating to the location of the Restaurant. You must obtain all permits, licenses, and certifications required for the lawful construction, occupancy, and operation of the Restaurant. You are also responsible for compliance with the Americans With Disabilities Act ("ADA") and other applicable federal, state and local accessibility laws.

Time to Opening

We estimate the typical length of time between signing the Franchise Agreement and opening the Restaurant to be 60 to 270 days. Factors which may affect this time period include lease obligations, construction of leasehold improvements and installation of required equipment, a need for various governmental licenses and permits, and your financing process. Under the Franchise Agreement, you must open the Restaurant to the public no later than 9 months from the date of the Franchise Agreement (or from when we approve the Approved Location, if later), or we will have the right to terminate the Franchise Agreement.

Training Programs

Before opening the Restaurant, you (or, if you are a corporation, limited liability company or other entity, your principal acceptable to us) must attend our training program. Currently, we only require one person from each Restaurant to attend, and that person must be you or your principal acceptable to us, but we have the right to require your employees to attend. All trainees must complete the training program to our satisfaction. The training program lasts

approximately six (6) weeks. The length of the program may be changed at any time. The program includes a 2-day real estate/architectural/equipment training program that your trainees must complete to our satisfaction before we will allow them to attend the remainder of the pre-opening training program. We also offer food safety certification as part of the six-week initial training; currently, we offer the National Environmental Health Association course, for which you must pay a fee of approximately \$50.

Except for the food safety certification fee, we will provide training, instructors, training manuals, and other materials without charge. You will be responsible for any and all other expenses incurred during the pre-opening initial training program, including the costs of transportation, lodging, meals, and any wages for your trainees. If, at any time during the term of the Franchise Agreement, you choose to send additional employees to the initial pre-opening program (with our prior consent) you must pay us a fee we determine, not to exceed \$250 for each attendee. We have the right to terminate the Franchise Agreement if, at any time during the initial training program, we conclude (in our sole judgment) that you or your principal does not appear to possess the skills necessary to properly fulfill and discharge the demands and responsibilities required by the System or the Franchise Agreement.

You and other employees we designate must attend such additional training programs as we may reasonably require periodically and at any time. We will not charge any fees for required additional training programs, but we may charge a fee for optional training. You must pay for all manuals and other training materials except for those materials received at the initial required training. You will be responsible for any and all other expenses incurred in connection with additional training programs, including the cost of transportation, lodging, meals, and wages. (Franchise Agreement, § 5.8.) We have the right to require that each of your training attendees sign a training participant agreement ("**Training Participant Agreement**") prior to attending any training programs. Our current form of Training Participant Agreement is in Exhibit J. The Training Participant Agreement imposes a number of obligations on your training attendees, including those relating to confidentiality, non-competition, waiver and release, and indemnification. For further information, see Items 9 and 17.

We conduct initial training primarily at our headquarters and at company-owned Restaurants in Detroit, Michigan. Training will include classroom instruction and formal on-the-job training in certified training Restaurants. Instructional materials may include videos, workbooks, various manuals such as the ORG, on-the-job training guides, classroom guides, and job aids. We schedule a pre-opening initial training program once every other month or as needed.

Training is supervised by our National Director of Training and Development. All training program instructors have at least 3 years of experience with us or in the restaurant industry and have worked in either our corporate offices or our company-owned or franchised Restaurants as Restaurant managers, training managers, recruiter/trainers, area supervisors or franchise managers.

TRAINING PROGRAM

The following subjects are taught at the pre-opening training program:

Subject	Hours of Classroom Training	Hours of "On-The-Job" Training	Location
Operational Procedures	22	82 – 200	Detroit, Michigan
Safety/Security	3	15	Detroit, Michigan
Daily Paperwork	0.5	10	Detroit, Michigan
Weekly paperwork	0.5	10	Detroit, Michigan
Management Responsibilities	2	20	Detroit, Michigan
Human Resources	5	5	Detroit, Michigan
Finance/Accounting	3	5	Detroit, Michigan
Training	12	10	Detroit, Michigan
Risk Management	2	1	Detroit, Michigan
Real Estate/Architecture	6	4	Detroit, Michigan
Equipment	2	0	Detroit, Michigan
Marketing	5	6	Detroit, Michigan
TOTAL	63	168 – 286	

There is no formal training program for Renewing Franchisees.

You or a principal or an individual you designate and we approve, at your expense, must attend all meetings, seminars and conferences we may specify as mandatory, including all regional and national meetings, all meetings related to new products or product preparation procedures, new System programs, new operations procedures or programs, training, restaurant management, financial management, sales or sales promotion, or similar topics and annual conferences. If you or a principal or the designated individual is not able to attend a mandatory meeting, you must notify us before the meeting and cause a substitute person from your operations to attend and represent you at the meeting. We have the right to charge you a reasonable fee if you fail to attend a required meeting, seminar or conference.

Advertising and Promotion

You (and Little Caesar on behalf of any Restaurant other than a Non-Traditional Restaurant owned or operated by us or an affiliate) must spend on advertising, each month, an amount we specify for a time period we specify. Unless agreed to by your local advertising Cooperative (defined below), your required monthly advertising expenditures will not exceed 7% of your Restaurant's Gross Sales for the applicable time period. The time period specified may be weekly, every 4 weeks, monthly, quarterly, annually or such other time period as we may specify. We will allocate the specified amount among contributions to: (a) a fund currently called Caesar Fund, Inc., a Michigan corporation, or another successor advertising fund (collectively, "**Caesar Fund**") that administers a nationwide advertising program and/or provides collection, administrative and other services for the advertising program; (b) a regional or local advertising cooperative ("**Cooperative**," described in more detail below); and (c) expenditures on local advertising. We can modify both the allocation and amount of your expenditures among Caesar Fund, any Cooperative to which you belong, and local advertising,

except that you will not have to contribute more than 4% of your Restaurant's Gross Sales to Caesar Fund. As noted in Item 6, the current required contribution to Caesar Fund is 3% of your Gross Sales. For the remaining members of the Hotchkiss settlement class (see Item 3), the maximum Caesar Fund contribution may be lower.

The "**Marketing Committee**" is a 12-member committee that advises us and Caesar Fund on advertising campaigns and marketing promotions. One-half of the members of the Marketing Committee are chosen by franchisees (acting through the Independent Organization of Little Caesars Franchisees), but must meet the following criteria: (a) current on all financial obligations to us and our affiliates and not in breach of any other contractual obligations to us or our affiliates; (b) daily involvement with restaurant operations; (c) not in default on specs; (d) not a member of any other jointly-appointed committee of us and the Independent Organization of Little Caesars Franchisees; and (e) not actively seeking sale of their franchise.

Caesar Fund contributions, and any earnings on such contributions, will be used exclusively to meet costs of maintaining, administering, directing, conducting, and developing advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which we believe will benefit the System, including (among other things) the cost of preparing and executing advertising campaigns in various media; buying media time; utilizing social networking, mobile applications, and other emerging media and promotional channels; distribution of marketing materials; preparation of direct mail advertising; consumer, product and market research; employing advertising, sales promotion, and/or public relations agencies; hiring consultants or experts; hiring counsel (law firm or in-house) to review advertising and related materials; purchasing promotional items; executing and administering in-restaurant promotions; and providing promotional materials, signs, and other marketing materials and services to our franchisees. We direct all advertising and promotional programs, with the right to control the creative concepts, materials, and media used in such programs, and the placement and allocation of them. We will consult with the Marketing Committee (which acts in an advisory capacity only, except possibly with respect to certain Caesar Fund contribution rates for the Hotchkiss settlement class). Caesar Fund is not obligated to make expenditures for franchisees which are equivalent or proportionate to the franchisee's contribution, or to ensure that any particular franchisee benefits directly or *pro rata* from the advertising or promotion conducted by Caesar Fund.

You must make Caesar Fund payments by electronic fund transfer, pre-authorized auto-draft arrangement, or such other methods as we may periodically specify. We maintain Caesar Fund contributions in an account separate from our other monies and will not use them to defray our expenses, except for such reasonable costs and overhead as may be incurred in activities reasonably related to the administration or direction of Caesar Fund and advertising programs, including costs of personnel (in-house or third parties) for creating and/or implementing advertising, promotional, and marketing programs, and as described in this disclosure document. Any monies collected by Caesar Fund, and any earnings on them, will not otherwise inure to our benefit. We anticipate that Caesar Fund will expend all contributions during the year within which the contributions are made. If, however, excess amounts remain at the end of the year, it is anticipated that all expenditures in the following year will be made first out of accumulated earnings from the previous year, next out of earnings in the current year, and, finally, from

current contributions. If there is a deficit at the end of the year, we will apply receipts in the following year to the deficit until it has been eliminated.

We prepare an annual financial statement of Caesar Fund using generally accepted accounting principles and will make it available to you. Caesar Fund's books and records are audited annually and we will also make the audit report available to you. You may review a copy of the financial statement and/or the audit report at our office upon reasonable request.

We do not use Caesar Fund monies for activities that are primarily intended to solicit new franchisees. However, franchisees have the option to select ads that contain such solicitations, and we may use Caesar Fund monies to support our website and other activities that include information about our franchise opportunity.

We have the right to coordinate activities and/or allocate expenses between Caesar Fund and (i) any regional advertising cooperative established under authority of the Franchise Agreement; or (ii) any other advertising fund (e.g., regional, national, or international) that may be established with respect to Little Caesars® restaurants or any other Little Caesars® restaurant concept. Any such coordination and allocation will be performed in a fair and equitable manner. We also have the right, but not the obligation, to simultaneously perform Caesar Fund responsibilities on behalf of other Little Caesars® restaurant concepts and international franchisees, including the co-mingling of contributions and disbursements.

We retain the right to terminate Caesar Fund and/or replace it with another advertising fund at any time.

In 2011, Caesar Fund's expenses were as follows: 85.1% for production and media costs (this includes the national gift card program and funds used to partially reimburse franchisees for purchases of exterior signs), 1.9% for talent, 2.2% for administrative costs, 5.8% for research, 3.7% for professional fees, and 1.3% for supplies and miscellaneous expenses. Some of the disbursements were paid to us or our affiliates.

Cooperatives. We have the right, but not the obligation, to designate any geographical area for purposes of establishing regional Cooperatives and to determine whether a Cooperative is applicable to your Restaurant. Each Cooperative will be organized for the exclusive purpose of administering local and regional advertising programs and developing promotional materials for use by the members in local and regional advertising. It is our intention to define Cooperative areas by Designated Market Area or "DMA" (the Designated Market Area is a group of counties that form a geographic area as defined by Nielsen Media Research based upon television station viewing dominance), but we reserve the right to define it in a different manner. You must become a member of, and contribute to, any Cooperative which is or has been established for a geographical area in which your Restaurant is located. If we or an affiliate operates one or more Restaurants (other than a Non-Traditional Restaurant) in the defined geographical area of the Cooperative, we will also be a member of the Cooperative and will contribute to it on the same basis as franchisee members. If we sell you an existing company-owned Restaurant that belongs to a Cooperative, we may condition the sale on you signing an irrevocable proxy that permits us to retain the voting rights for that Restaurant in the Cooperative.

Each Cooperative will adopt a cooperative agreement or other governing documents to establish the organization and operation of the Cooperative. We have the right to approve or to prescribe the form of the Cooperative agreement or governing documents, subject to review by a local attorney and accountant for conformance with applicable law and accounting standards in the Cooperative area. Any suggested changes are still subject to our review and approval. No changes in the by-laws or other governing documents of a Cooperative may be made without our prior written consent. We reserve the right to change the form of organization, governing documents, and manner of operation of any Cooperative, and you and the other members agree to implement any such change immediately upon notice from us. We can change, merge or dissolve Cooperatives.

The members of the Cooperative will manage the Cooperative's activities. Cooperatives must prepare periodic financial statements and make those statements available for review by members. The Cooperative's governing documents will specify whether, and if so what, other reports are prepared and how they are circulated among the Cooperative's members.

Local advertising. We have the right to determine which types of expenditures count toward the amount that you must spend for local advertising. For example, "shakerboarding" costs do not count toward your minimum advertising dollar requirement. You must show proof of local advertising expenditures in the manner and at the time we specify. We can grant any Little Caesars Restaurant an exemption for any length of time (including a reduction, deferral or waiver) from advertising requirements, including contributions to Caesar Fund, contributions to a Cooperative, or local or regional advertising.

Kmart. Because of the unique features of Kmart's operations, *i.e.*, the number of restaurants, the fact that the units are located within retail stores, and the customer traffic pattern, Kmart has a special arrangement with us with respect to advertising. Kmart is obligated to contribute to Caesar Fund. However, Kmart does not have the right to become a member of any Cooperative without our prior written approval; if we approve membership, Kmart must contribute to the Cooperative on the same basis as other members.

Other Non-Traditional Restaurants. Besides the Kmart units, we have a few other Non-Traditional Restaurants that have a special arrangement concerning advertising. In many cases, Non-Traditional Restaurants do not make contributions to Caesar Fund or other national advertising funds or to a Cooperative and have no obligation to do any local advertising. Not including Kmart units, these Non-Traditional Restaurants constituted approximately 0.25% of all franchised and company-owned Restaurants as of December 31, 2011.

Grand opening advertising. If the franchise is for a new Restaurant, you must prepare, subject to our approval, and conduct a grand opening local advertising and promotional program. You must spend at least \$11,000 for initial advertising and promotion. The initial local advertising and promotional program must take place within the time period beginning 30 days before the opening of your Restaurant and ending 90 days after the opening of your Restaurant. You must furnish us with evidence as we may reasonably require to verify these advertising expenditures.

Approval of advertising and promotions. Neither you nor any Cooperative can use (or furnish to members) advertising or promotional programs or materials without our prior approval. To obtain approval, you must submit samples of the proposed advertising and promotional plans and materials to us, unless the plans and materials were prepared by us or have been approved by us within the previous 6 months. We will attempt to provide notice of our approval or rejection of advertising materials within 30 days of receipt of the materials, although in some cases it may take longer. We also have the right at any time after use of such material commences to prohibit further use, effective upon receipt of written notice from us to you or the Cooperative.

We may provide guidance on the pricing of products and services sold by the Restaurant. You must follow any maximum pricing guidelines we specify, subject to applicable law. A number of advertising promotions include price point advertising, which may be different from your price point. If you elect to establish pricing different from the price in advertising promotions, you will be responsible for any additional costs incurred to produce marketing and promotional materials containing your prices.

You must obtain our prior written approval to use, register, maintain, or sponsor any social networking channel, blog, messaging system, email account, user name, text address, mobile application, or other electronic, mobile or Internet presence that uses or displays any of the Proprietary Marks (or any derivative thereof) or that promotes any products or services of the Restaurant. The use of any electronic medium constitutes advertising and promotion subject to our approval under the Franchise Agreement. You cannot transmit advertisements or solicitations by telephone, e-mail, text message, instant message, social networking website, VoIP, streaming media, or other electronic media without first obtaining Little Caesar's written consent as to: (a) the content of the advertisement or solicitation; and (b) the type of media intended to be used. All telephone answering messages, email auto-signatures, and other identifiers of the Restaurant must be in the form that we prescribe.

If we approve the use of an electronic medium, our approval will be conditioned on your compliance with any standards and procedures that we issue with respect to that type of electronic medium. We prohibit making or posting any information relating to Little Caesar, the System, the Proprietary Marks, or the Restaurant without our prior written approval. In addition, you must include any disclaimers, warnings, and other statements that we may prescribe, including a clear statement that the use of the electronic medium is for a local Restaurant that you operate and that is not operated, sponsored or endorsed by Little Caesar. We may require that you include hyperlinks to Little Caesar's website(s) or other websites. We prohibit any posting or other contribution that (a) is derogatory, disparaging, or critical of Little Caesar, (b) is offensive, inflammatory, or indecent, or (c) harms the goodwill and public image of the System and/or the Proprietary Marks.

With respect to websites, our current policy is that you may not establish an independent website for your Restaurant without our prior written consent. We intend to maintain a website for our franchise system, and we may allow you to maintain a separate portion of that site for your Restaurant under guidelines we specify. At present, you cannot have any website other than the webpage(s), if any, made available on Little Caesar's website(s). If we approve a separate website for you in the future, our approval will be conditioned on your compliance with

the requirements for electronic media described in the previous paragraph. We will required you to submit a sample of the proposed website domain name, format, visible content (including screen shots), and non-visible content (including meta-tags).

We own the copyright to all advertising and promotional materials that contain any of the Proprietary Marks or that otherwise relate to your Restaurant, regardless of who created the materials. We own all internet domain names, URLs, user names, and internet page names that include any of the Proprietary Marks. You must (and must cause your employees and agents to) sign all documents we require to confirm this ownership.

You must display and maintain franchisee recruiting materials in the manner we specify. We will be responsible for providing those materials at our cost.

Computer Systems, POS and Electronic Equipment

We have the right to specify or require that you use certain brands, types, makes, and/or models of communications equipment, computer systems, digital or other menu boards, and other hardware, including: (a) back office and POS systems, data, audio, and video systems for use at the Restaurant; (b) printers and other peripheral hardware or devices; (c) archival back-up systems; (d) Internet access mode and speed; and (e) physical, electronic, and other security systems (collectively, the “**Computer System**”). We also have the right, but not the obligation, to develop or have developed, or to designate: (a) computer software programs that you must use in connection with the Computer System (the “**Required Software**”), which you must install at your expense; (b) updates, supplements, modifications, or enhancements to the Required Software, which you must install at your expense; (c) the tangible media upon which you record data; and (d) the database file structure of the Computer System. You must comply with our requirements to connect to our private network (the “**Extranet**”) and to utilize the Extranet in the operation of the Restaurant, including reporting sales, reviewing announcements and updates, and ordering products from Blue Line and other affiliates. As of the issuance date of this disclosure document, the Extranet is located at www.littlecaesarsforum.com.

As noted in Item 8, we do not currently require the use of a POS system, but we may require the use of a specific integrated POS/menu board system in the future. If we do so, you will have to purchase and install the designated POS system and enter into a license agreement with us or the vendor for the use of associated software. The integrated POS system would collect information about customer transactions and communicate with other aspects of your business operations.

We have the right to specify the information that you must collect and maintain on the Computer System, and you must provide us such reports as we may request from the data you collect and maintain. You must abide by all applicable laws pertaining to the privacy of consumer, employee, and transactional information. You may not publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent.

We will have the right at any time to remotely retrieve and use data and information that we deem necessary or desirable from your Computer System or Required Software. There are no contractual limitations on our right to access the information and data. All data provided by

you, uploaded to our system from your system, and/or downloaded from your system to our system, is owned exclusively by Little Caesar, and we will have the right to use the data in any manner that we deem appropriate without compensating you. In addition, all other data that you create or collect in connection with the System, or in connection with operation of the Restaurant (including consumer and transaction data), is and will be owned exclusively by Little Caesar during the term of, and following termination or expiration of, the Franchise Agreement. You must provide copies and/or originals of such data to us upon request. We may license use of such data back to you, at no additional cost, solely for the term of the Franchise Agreement and solely for your use in connection with the establishment and operation of the Restaurant.

To ensure full operational efficiency and optimum communication capability, you must keep the Computer System and any Required Software in good maintenance and repair, and at your own expense promptly install such additions, changes, modifications, substitutions, and/or replacements to the computer hardware, software, telephone and power lines, and other computer-related facilities, as we may direct. There is no contractual limitation on the frequency and cost of these obligations. (Franchise Agreement, § 5.18.)

The estimated cost of purchasing the Computer System, based on our current requirements, is \$15,000 to \$30,000 per Restaurant. The cost of purchasing or leasing the designated POS system, if we make it mandatory, has not been determined.

We estimate that the annual cost of optional or required maintenance, updating, upgrading or support contracts is \$5,000 to \$10,000 based on our current Computer System requirements. If in the future we mandate use of a POS system, we expect that the designated vendor will provide ongoing maintenance, support, and updates to that system, for which you would likely pay a periodic fee. Because we have not made final decisions on the POS system, we cannot estimate the annual cost of optional or required maintenance, support, and updating.

Manuals

Exhibit D to this disclosure document is the table of contents of the Operational Resource Guide.

ITEM 12 **TERRITORY**

The Franchise Agreement grants you the right to operate the Restaurant only at the Approved Location. If, at the time of the signing the Agreement, we have not approved a location for the Restaurant, you must lease or otherwise acquire a location subject to our approval (please see Item 11). The address of the location that we approve is the Approved Location.

You may not relocate from the Approved Location without our prior written approval. The new location must be within a one mile radius of the original location and the Restaurant must re-open within six (6) months after closing at the original location. We have no obligation

to approve your relocation request. Our approval will be based upon a variety of factors, including the viability of the then-current location, demographics relating to the proposed new location, the proximity of other Restaurants to the proposed new location, and compliance with other obligations under the Franchise Agreement. You must pay us a relocation fee of \$2,500 at the time you submit your relocation request package. This relocation fee is refundable only if we do not approve your relocation request.

The Franchise Agreement typically defines an exclusive territory within which we will not establish or operate, or franchise any entity to establish or operate, a business using the Proprietary Marks and System (the “**Protected Territory**”). We usually define the Protected Territory as the territory within a 1 mile radius of your Approved Location. Under certain circumstances, however (*e.g.*, if your Restaurant will be located in a highly populated urban area), we may reduce the radius of the Protected Territory to a distance of ½ mile or less, or not grant you a Protected Territory at all. The Franchise Agreement provides that if the Approved Location is within any of the five boroughs of the City of New York, New York, there is no Protected Territory. If your Protected Territory will differ from the usual 1-mile radius, you must sign an addendum to the Franchise Agreement to document the change (unless the Approved Location is in the City of New York, in which case an addendum is not necessary). Copies of our current Franchise Agreement Addenda for a reduced protected radius and for a nonexclusive territory are included in this disclosure document at the end of Exhibit A. The protected territories of other Little Caesars® franchisees may overlap with your Protected Territory, as long as their Restaurants are physically located outside of your Protected Territory.

Your exclusivity within the Protected Territory is subject to some important limitations and exceptions:

First, you do not receive any marketing exclusivity within the Protected Territory. Other Restaurants (regardless of ownership) may solicit, sell, and deliver products to customers without regard to the customers’ geographic location, including to customers located in the Protected Territory. Accordingly, you may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Similarly, there are no geographic limitations as to the customers your Restaurant may serve. However, you receive no right to use the Proprietary Marks or System in any other channels of distribution, including the Internet, other electronic media, catalog sales, telemarketing or other direct marketing, without our prior written consent.

Second, we and our affiliates are free to engage in certain activities and transactions within the Protected Territory under several broad exceptions to your exclusivity. For example, we and our affiliates (*i.e.*, other companies controlling, controlled by, or under common control with us) retain the right, among others, on any terms and conditions we deem advisable, and without granting you any rights or paying you any consideration:

- to own, acquire, establish and/or operate, and franchise or otherwise license others to establish and operate, businesses using the Proprietary Marks and System: (i) outside the Protected Territory; and (ii) inside the Protected Territory in arenas, sports stadiums, shopping malls, department and retail stores, casinos, amusement parks, fairs, schools, factories, hotels, hospitals, penal institutions, airports,

military bases, convenience stores and gas stations, and other business premises where the primary business conducted on the business premises is other than the retail sale of food or food products which are ready for consumption (“Non-Traditional Restaurants”). One example of a Non-Traditional Restaurant, as of the issuance date of this disclosure document, is the Little Caesars® Restaurants inside Kmart stores.

- to own, acquire, and/or operate, and franchise or otherwise license others to establish and operate, other restaurant concepts that we now or subsequently offer (see below under “Other Concepts”), as well as businesses under proprietary marks other than the Proprietary Marks, or systems other than the System, whether such businesses are similar to or different from your Restaurant, at any location within or outside the Protected Territory; and
- to sell or distribute, at retail or wholesale, directly or indirectly, or license others to sell or distribute, any products under any proprietary marks, including the Proprietary Marks, at or from any location within the Protected Territory (except from a Little Caesars® restaurant) or any location outside the Protected Territory. This may include activities inside the Protected Territory using other channels of distribution, including the Internet, catalog sales, telemarketing or other direct marketing

Territory Reservation Agreement

As described in Item 1, under the Territory Reservation Agreement, we assign you a Reserved Territory within which you undertake to develop Little Caesars® Restaurants in accordance with an agreed Development Schedule. The Reserved Territory will be outlined in a map attached to Exhibit A to the Territory Reservation Agreement, and will typically be described by boundary streets or highways, city limit or county line or state boundaries, by an area encompassed within a radius of a specific distance (or range of distances) or of a distance sufficient to encompass a specified population (or range of populations), or by any other method of delineation that we determine is appropriate under the circumstances. We will communicate with you regarding the Reserved Territory and the number of Restaurants before you sign the Territory Reservation Agreement, based on various market and economic factors such as those described above.

Before we issue you a Franchise Agreement for a Restaurant under the Territory Reservation Agreement, you must meet our then-current financial and operational requirements. Our requirements as of the issuance date of this disclosure document are listed in detail in an exhibit to the Territory Reservation Agreement in Exhibit B.

If we determine that you and your principals have met all the conditions described above before the grant of the right to establish each Restaurant, including meeting all deadlines listed in the Development Schedule, then we may issue a Franchise Agreement to you for the additional Restaurant.

The Reserved Territory is exclusive, which means that so long as you are not in default under the Territory Reservation Agreement and you timely meet the Development Schedule, we will not operate or grant a franchise to any other person or entity to operate a Little Caesars® Restaurant located in a building at any location within the Reserved Territory. This is subject to the following exceptions:

- The protection afforded to you under the Territory Reservation Agreement does not apply to any Little Caesars® Restaurant concepts that are currently existing or for which a Franchise Agreement or Territory Reservation Agreement has been signed, or as to which a company-owned or franchised Restaurant is already in development (that is, construction has commenced) as of the issuance date of the Territory Reservation Agreement.
- In addition, all of the exceptions described above for the Protected Territory under a Franchise Agreement also apply to a Reserved Territory under the Territory Reservation Agreement, regardless of the impact on your ability to develop or operate Restaurants in the Reserved Territory.

Other Concepts

We own, operate, franchise and/or have previously owned or franchised America's Pizza Café, Italiano's, Parlors, Family Inn, Caesarland, Little Caesars Italian Kitchen, Italian Kitchen, Egg Castle, Pizza Station, Pizza Station Express/Little Caesars Express and Family Fun Center restaurants. These other restaurants also use the "Little Caesars" name and, possibly, some other proprietary marks that are the same as or similar to those that you will use. In addition, we are or have been a franchisee of other restaurant concepts at certain locations. To the extent these restaurants still operate, some of the products sold at these other restaurants are the same as or similar to the products your Restaurant will offer. We and our affiliates have the right to locate these other restaurants within your Protected Territory or Reserved Territory.

The principal business address of all of our restaurant concepts is our executive offices at 2211 Woodward Avenue, Detroit, Michigan. We and our affiliates do not maintain, or plan to maintain, physically separate offices and training facilities for the different restaurant concepts that we operate or franchise now or in the future.

Your rights within your Protected Territory under the Franchise Agreement are not contingent on achievement of certain sales volume, market penetration or any other contingency. Your rights within your Reserved Territory under the Territory Reservation Agreement are contingent upon you meeting the Development Schedule and continuing to meet our qualification standards. There are no circumstances under which we have the right to unilaterally alter the Protected Territory in the Franchise Agreement before the expiration or termination of the Franchise Agreement. However, if you commit an event of default under the Territory Reservation Agreement, or fail to timely meet the Development Schedule, then in lieu of terminating the agreement and any other rights we have under that agreement, we have the right to (i) terminate or modify any territorial rights granted to you under the Territory Reservation Agreement; (ii) reduce the geographic area of your territorial rights under the Territory Reservation Agreement; (iii) and pursue any other remedy we might have against you.

Except as described in this disclosure document, we have not established, and, as of the issuance date of this disclosure document, do not intend to establish, other franchised or company-owned Restaurants that provide similar products or services under different proprietary marks, but we reserve the right to do so in the future.

The Franchise Agreement and Territory Reservation Agreement do not provide you with any options, rights of first refusal, or similar rights to acquire additional franchises within the Protected Territory or areas contiguous to the Protected Territory, or the Reserved Territory.

ITEM 13 **TRADEMARKS**

Under the Franchise Agreement, you are licensed to use the Proprietary Marks. The Proprietary Marks are owned by LC Trademarks, Inc. (“LC Trademarks”) and have been licensed for use by us under a License Agreement between us and LC Trademarks. You are prohibited from using the Proprietary Marks or any derivative of them as part of your corporate or other legal name, or as part of an Internet domain name or URL, including “Caesar” or “Caesars” or any other name that is likely, in our judgment, to cause third parties to be confused or mistaken with respect to the separate identities of us and our franchisees. All of the following marks have been registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”):

Principal Trademarks	U.S. Reg. or Serial No.	Reg. or Application Date	Principal or Supplemental Register
LITTLE CAESARS	842,596 * 2,036,763 *	January 16, 1968 February 11, 1997	Principal
Fanciful Man Logo	842,595 * 2,028,607 * 2,259,637 *	January 16, 1968 January 7, 1997 July 6, 1999	Principal
HOT-N-READY	3,030,991	December 20, 2005	Principal
HOT-N-READY PIZZA in color	3,925,216	March 1, 2011	Principal
PIZZA STATION	1,113,824 *	February 20, 1979	Principal
CRAZY BREAD	1,312,514 *	January 1, 1985	Principal
CRAZY BREAD	2,943,566 *	April 26, 2005	Principal
CRAZY SAUCE	1,414,393 *	October 21, 1986	Principal
PIZZA!PIZZA!	1,399,730 * 1,439,558 *	July 1, 1986 May 12, 1987	Principal
CHEESER!CHEESER!	1,973,718 *	May 14, 1996	Principal
TWO GREAT PIZZAS! ONE LOW PRICE	1,575,686 *	January 2, 1990	Principal
FAMILY FAVORITES	2,975,508 *	July 26, 2005	Principal
LITTLE CAESARS SPECIALTY PLEASERS	2,028,599 *	January 7, 1997	Principal
LITTLE CAESARS (paper goods)	2,387,989*	September 19, 2000	Principal

Principal Trademarks	U.S. Reg. or Serial No.	Reg. or Application Date	Principal or Supplemental Register
THANKYOU!THANKYOU!	2,348,053*	May 9, 2000	Principal
CRAZY COMBO MEAL	2,186,306 *	September 1, 1998	Principal
CAESAR WINGS	2,453,194*	May 22, 2001	Principal
VALUE!VALUE!	2,502,119*	October 30, 2001	Principal
CRAZY!CRAZY! COMBO	2,941,513	April 19, 2005	Principal
LISTA-Y-CALIENTE	3,196,861	January 9, 2007	Principal
READY NOW	3,226,496	April 10, 2007	Principal
3 MEAT TREAT	3,235,677	May 1, 2007	Principal
CRAZY DEAL	3,235,669	May 1, 2007	Principal
CAESAR DIPS	3,235,650	May 1, 2007	Principal
HULA HAWAIIAN	3,367,524	January 15, 2008	Principal
LITTLE CAESARS (STYLIZED LETTERS) AND "ROMAN MAN LOGO" IN COLOR	3,904,450	January 11, 2011	Principal
WHAT AMERICA'S HUNGRY FOR!	3,883,176	November 30, 2010	Principal
PAN-TASTIC (or PANTASTIC)	3,864,697	October 19, 2010	Principal

All required affidavits have been filed for the marks listed above. The registrations followed by the “ * “ symbol have been renewed.

LC Trademarks also owns United States Registration No. 2,716,691, issued May 13, 2001, for the mark HOT ‘N’ READY on the Supplemental Register for sandwiches.

LC Trademarks has licensed Pierre Foods, Inc. to use the HOT ‘N’ READY mark on an exclusive basis for prepared sandwiches in food service, school, vending, convenience store, warehouse club or retail grocery store markets, but excluding restaurants of any type, including both dine-in and carry-out restaurants. Additional prepared food products (except for pizza of any type, stromboli, pepperoni sticks, and cheese bread) may be added in the future to the license granted to Pierre Foods, Inc.

On August 10, 2011, we and LC Trademarks filed a lawsuit for trademark infringement and unfair competition against Robert Rooyakker, A&T Holdings, Inc., Matthew Rooyakker, and A&R Hospitality LLC after Defendants began using the mark HOT-AND- READY on electronic signage at their competing restaurant in Michigan. The case is Little Caesar Enterprises, Inc. and LC Trademarks, Inc. v. Robert Rooyakker, A&T Holdings, Inc., Matthew Rooyakker, and A&R Hospitality LLC, Case No. 11-13474 (E.D. Mich). In response to our complaint, Defendants

filed counterclaims and third-party complaints against us challenging the validity of the HOT-N-READY mark and seeking to cancel our trademark registration. We filed a motion to dismiss Defendants' counterclaims on the ground that they fail to state a claim upon which relief can be granted. The motion to dismiss is pending. The case is currently in the discovery stage.

From time to time we file infringement lawsuits against former franchisees to enforce their obligation to stop using the Proprietary Marks when the franchise relationship ends. Please see Item 3 for information on lawsuits we filed in our last fiscal year.

Except for the actions described above, as of the issuance date of this disclosure document, there are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, any state trademark administrator, or any court, nor to our knowledge any pending infringement, opposition or cancellation proceedings, nor other pending material litigation, involving the marks listed in this Item 13.

We are party to an agreement with Caesars World under which Caesars World has the right to use, and register throughout the world, marks which include the word "Caesars" (but do not include the words "Little Caesars") associated with a variety of specified goods and services, including hotel, casino, entertainment and restaurant services, and foods; and we have the right to use and register throughout the world the marks "Little Caesars," "Caesars sandwiches," and other marks that include the words "Little Caesars," for use in connection with restaurants, beverage and food services, and foods. This agreement is for an indefinite term and can be modified only by mutual agreement in writing. We are also a party to an agreement with Cadbury Beverages, Inc., under which we have agreed not to use or register the mark "Little Caesars" for beverages. This agreement is for an indefinite term, and can be modified only by mutual agreement in writing. Except for these agreements, the license to Pierre Foods, and our license agreement with LC Trademarks, to our knowledge, as of the issuance date of this disclosure document, there are no agreements currently in effect that significantly limit our rights to use or license the use of the Proprietary Marks in any manner material to the franchise.

We reserve the right to substitute different proprietary marks for use in identifying the System and the businesses operating under it. If we change the marks, you will have to modify your signs and advertising materials to conform to our new proprietary marks at your own expense.

You must promptly notify us of any suspected unauthorized use of, or any challenge to, the validity or use of the Proprietary Marks. We have the sole right to determine whether any action should be taken, and, if any action is taken, we have the right to direct and control any such action, including the conduct of an administrative proceeding or litigation or other adjudicative proceeding involving the Proprietary Marks, including any settlement. You have no independent right to make any demand against any user or challenger of the Proprietary Marks, or to prosecute any claim of any kind or nature relating to the Proprietary Marks. We will defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks. If we determine that you have used the Proprietary Marks in accordance with the Franchise Agreement, the cost of such defense, including the cost of any judgment or settlement, will be borne by us. If we determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement, the cost of such defense, including the cost of any

judgment or settlement, will be borne by you. In the event of any litigation relating to your use of the Proprietary Marks, you must sign any and all documents and do such acts as may, in our sole opinion, be necessary to carry out such defense or prosecution, including becoming a party to any legal action. Except to the extent that such litigation results from your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket litigation costs in cooperating with us with respect to the litigation.

Trademark rights to all advertising and promotion in any medium that contain any of the Proprietary Marks or that otherwise relate to your Restaurant will belong solely to us regardless of the party that created the advertising or promotion. You must (and must cause your employees and agents to) sign all documents we require to confirm this ownership.

As of the issuance date of this disclosure document, we do not know of any infringing uses that could materially affect your use of the Proprietary Marks in your state or elsewhere.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We have applied for, and may apply for, patents that may or may not turn out to be material to the operation of the franchise. To protect our interest in the inventions covered by these applications and to shield them from competitors, we do not add information about new patent applications to this disclosure document until that information becomes publicly available as part of the patent application process. We currently have three pending applications for utility patents for which information has become publicly available:

U.S. Application Serial No.	Filing Date	Title
11/462,539	August 4, 2006	“Method of Preparing Pizza”
12/612,138	November 4, 2009	“Method and Apparatus for Cutting Food Product”
12/765,067	April 22, 2010	Digital Menu Board with Cash Register and Kitchen Interface

To our knowledge, as of the issuance date of this disclosure document, there are no currently effective, final material determinations of the USPTO or any court, and no pending material litigation, involving any patent application listed above. Also, to our knowledge, as of the issuance date of this disclosure document, there are no agreements currently in effect that significantly limit our rights to use or license others to use the patent applications in any manner material to the franchise. Issues involving infringements and substitution will be treated in the same manner as for trademarks, as described in Item 13.

As of the issuance date of this disclosure document, we do not know of any infringing uses that could materially affect your use of the patent or patent applications listed above.

We have been named as a defendant, along with dozens of other restaurant chains and retail stores, in a lawsuit filed on December 17, 2010 by Geotag, Inc., the owner of United States Patent No. 5,930,474 entitled "Internet Organizer for Accessing Geographically and Topically Based Information." The case is entitled Geotag, Inc. v. Starbucks Corp., et al., United States District Court for the Eastern District of Texas, Case No. 2:10-cv-00572-TJW. Geotag alleges that the store locator functions on the websites of the defendants infringe its '474 patent. The lawsuit does not involve our patent applications listed above. Please see Item 3 for additional information.

Copyrights

We own and have registered with the United States Copyright Office certain copyrights that we consider to be material to the franchise:

Copyright	Registration Number	Registration Date
Family Choice (Cartoon)	VA 312-737	July 15, 1988
Baby Caesar (Cartoon)	VA 137-177	July 29, 1988
Little Caesars (Cartoon)	VA 322,848	September 15, 1988
	VA 407,748	May 18, 1980
	VA 810-440	August 29, 1996
	VA 796-507	July 12, 1996
	VA 803-068	October 16, 1996
	VAu 382-684	October 16, 1996
	VA 803-069	October 16, 1996

These cartoon characters are identified with our Restaurants.

All copyright registrations are effective for 95 years from the date of first publication or 120 years from creation, whichever is shorter, and cannot be renewed. To our knowledge, as of the issuance date of this disclosure document, there are currently no effective material determinations by the United States Copyright Office or any court, and no pending material litigation involving these copyrights. Also, to our knowledge, as of the issuance date of this disclosure document, there are no agreements currently in effect that significantly limit our rights to use or license others to use our copyrights in any manner material to the franchise.

Each of the copyrights listed above is considered part of the "Proprietary Marks" described in Item 13. Our respective rights and obligations with respect to alleged infringements of the Proprietary Marks are described in Item 13.

As of the issuance date of this disclosure document, we do not know of any infringing uses that could materially affect your use of the copyrights.

Copyright to all advertising and promotion in any medium that contain any of the Proprietary Marks or that otherwise relate to your Restaurant will belong solely to us regardless

of who created the advertising or promotion. You must (and must cause your employees and agents to) sign all documents we require to confirm this ownership.

Confidential Information

The formulas for the spice blend, dough mix, vegetable seasonings, and other proprietary items used and served in Little Caesars® restaurants are be trade secrets that we will not disclose to you.

We also claim proprietary rights in the ORG and the standards, methods, policies, and procedures set forth in it, as periodically revised by us. You must treat the ORG and the information contained in it as confidential. You must not at any time copy, duplicate, record, or otherwise reproduce the materials, in whole or in part, or otherwise make them available to any unauthorized person. The ORG remains our sole property and must be kept in a secure place.

You must not, during or after the term of the Franchise Agreement communicate, divulge, or use for the benefit of any other persons, partnership, association, or corporation, any of our confidential information, knowledge or know-how that we or our affiliates may communicate to you, or of which you may be apprised by virtue of your operation under the Franchise Agreement. Our confidential information does or may include: information concerning the marketing, management, or operations plans of a Restaurant, recipes, products, ingredients or product development, specifications, training manuals, policy manuals, operations manuals, sales promotion aids, business forms, operational procedures, accounting procedures, proprietary computer software and programs, password-protected Internet or extranet information, marketing reports, advertising programs and materials, supplier information, purchasing or distribution procedures, inventory systems, demographic information, accounting or sales information, store count, past, present and future projects and proposals, customer, prospective customer and vendor information and relationships, marketing techniques, research processes, and financial and economic information and other matters concerning us and/or our affiliated and related entities disclosed to or learned by you. Any and all other information, knowledge, know-how, and techniques that we designate as confidential will also be deemed confidential for purposes of the Franchise Agreement.

All of the data that you collect from customers and vendors is deemed to be owned by us. See "Computer Systems" in Item 11 for further details.

You must ensure that everyone associated with you keeps confidential all information they receive about us or the Restaurant. You may divulge our confidential information only to those employees who must have access to it in order to perform their employment responsibilities. At our request, you must require any employees having access to any of our confidential information to sign covenants that they will maintain the confidentiality of information they receive during their association with you. Such covenants must be in a form we approve, including specific identification of us as a third-party beneficiary of such covenants with the independent right to enforce them.

Franchisee developments. If you or your principals, agents or employees develop any new concept (including any advertising concept or idea), product, process, improvement, slogan

or technology (including hardware, software, texting system, accounting system, inventory tracking system, or electronic menu board) for use in the operation or promotion of your Restaurant, you must promptly notify us and provide us with all necessary related information, without compensation. You and your principals, agents and employees acknowledge and agree that any such new development is our property, and you and your principals, agents or employees must sign all documents necessary to evidence the assignment of the new development to us. We may use this information and disclose and/or license the information for use by others. You must not introduce any new concept (including any advertising concept or idea), product, process, improvement, slogan or technology or any additions or modifications of or to the System into your Restaurant without our prior written consent.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL
OPERATION OF THE FRANCHISE BUSINESS

We require that you personally supervise the operation of the Restaurant. If you are granted franchises for more than one Restaurant, you must continue to personally supervise the operation of all your Restaurants. If your Restaurants are located in different market areas or if you elect not to reside in the same geographic area as your Restaurants, we must approve your on-site operator(s), and we may require that they have a minimum equity interest in the entity that operates and/or owns the Restaurants they supervise. Our approval of your operators will be conditioned on their successful completion of our pre-opening training program and their signing of a written agreement to maintain the confidentiality of our System and to comply with the covenants not to compete described in Item 17.

Any individual or entity that owns any direct or indirect interest in your entity must sign the Guarantee included as Exhibit A to the Franchise Agreement. In addition, we generally require any individual who is or becomes the spouse of any natural person who signs the Guarantee to also sign the Guarantee, jointly and severally with the spouse.

If you or any owner holds or later acquires any interest in any other Little Caesars® restaurant, you and your owners must also unconditionally guarantee full performance and discharge of all of the franchisee's obligations under the franchise agreement for the other Little Caesars® restaurant, including the payment of all royalty fees, advertising fees, and other obligations.

At our request, you must obtain a signed confidentiality and non-compete agreement from (1) all officers, directors, and store supervisors; and (2) all persons and entities from which we may require a Guarantee. The agreements must be in a form we approve and require the individual or entity to comply with all of the covenants described in Section 15 of the Franchise Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

To ensure that the highest degree of quality and service is maintained, you must operate the Restaurant in strict conformity with the methods, standards and specifications that we prescribe in the ORG or otherwise in writing. You must refrain from (a) deviating from such standards, specifications, and procedures without our prior written consent, and (b) otherwise operating the Restaurant in any manner that reflects adversely on the Proprietary Marks or the System. You must maintain in sufficient supply, and use at all times, only such products, equipment, materials, signs, menu items, ingredients, supplies, and paper goods, as conform to our standards and specifications (see Item 8); and must refrain from using nonconforming items. You must sell or offer for sale only such products and services as meet our uniform standards of quality, as we have expressly approved for sale in writing, and as have been prepared in accordance with our methods and techniques for product preparation; must sell or offer for sale all products and services we require in the ORG or otherwise in writing, as being part of the System; must not deviate from our methods, standards, and specifications regarding ingredients, recipes, methods of preparation and service, and weight and quality of products served; and must discontinue selling and offering for sale any products or services that we may disapprove in writing at any time. We have the right to change the types of products and services that you will offer and sell, and there are no limits on our right to make changes.

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ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP
(Franchise Agreement)

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Provision	Section in Franchise Agreement or Other Agreement	Summary
a. Length of the franchise term	§ 2; §§ 1-10 of Training Participant Agreement ("TPA")	Generally 10 years. All expiration dates are computed from the date that the Restaurant opens for business. Term of each TPA continues until all obligations contained in that document are satisfied by your training attendee.
b. Renewal or extension of the term	§ 2	Generally 1 renewal term of 10 years from the initial term. All renewals are subject to contractual requirements. Renewing Franchisees have no further renewal rights.
c. Requirements for you to renew or extend	§ 2	Conditions that we can impose include written notice; renovation of Restaurant to current standards; satisfaction of monetary obligations to us and affiliates; past compliance with Franchise Agreement, operating standards, and financial and marketing requirements; right to remain at Approved Location or approval of new location; signing of new Franchise Agreement (which may contain materially different terms and conditions than your original Franchise Agreement) and Renewal Addendum; payment of \$5,000 renewal fee; signing of a general release of all claims against us; and satisfaction of obligations to lessor and suppliers. Renewing Franchisees have no further renewal rights.
d. Termination by you	Not Applicable	Not Applicable
e. Termination by us without cause	Not Applicable	Not Applicable
f. Termination by us with cause	§ 13	Some defaults can be cured while others cannot.

Provision	Section in Franchise Agreement or Other Agreement	Summary
g. "Cause" defined – curable defaults	§ 13.3	All breaches of Franchise Agreement which are not specifically listed as being non-curable. In addition, if you participate in the CPA program (see Item 8), a breach of the CPA agreement constitutes a default under the Franchise Agreement.
h. "Cause" defined – non-curable defaults	§§ 13.1 and 13.2	The Franchise Agreement lists approximately 22 circumstances that permit us to terminate without any opportunity by you to cure, such as, for example, insolvency, bankruptcy, conviction of a felony, failure to sign a lease or open the Restaurant within the required time, abandonment of the business, disclosure of our confidential information and material, fraud, willful or repeated failures to meet requirements or specifications, underreporting of Gross Sales, or if we determine in our reasonable business judgment that you have breached a material provision that is not, by its nature, curable or that goes to the essence of the Franchise Agreement. In addition, we can terminate the Franchise Agreement if we terminate any other franchise agreement between us and you and/or one of your affiliates or related parties for default.
i. Your obligations on termination/nonrenewal	§ 14	Obligations include complete de-identification and cessation of use of Proprietary Marks; payment of amounts due; and others. If termination was for your default, you may have to pay us liquidated damages (see Item 6). You must keep us informed of your current business and residential addresses and phone numbers for 3 years.
j. Assignment of contract by us	§ 12.1	No restriction on our right to transfer.
k. "Transfer" by you – definition	§ 12.2	Includes transfer of Franchise Agreement, ownership interest in Franchisee, or all or substantially all of the assets of the Restaurant.
l. Our approval of transfer by you	§§ 12.2 and 12.3	We have the right to approve transfers. Some transfers are prohibited.

Provision	Section in Franchise Agreement or Other Agreement	Summary
m. Conditions for our approval of transfer	§§ 12.2 and 12.4	If the transfer would change control of the franchise, we can impose any conditions in our discretion. Conditions may include payment of all money owed to us and affiliates; you are not in default; signing of release; we approve terms of sale; terms will not put transferee under an unreasonable financial or operational burden; financing is subordinate to obligations to us; transferee meets our qualifications and completes training; transferee will not own more than 100 Restaurants and no two Restaurants are more than 100 miles apart; signing of new franchise agreement (which may contain materially different terms and conditions than the transferor's franchise agreement) or assignment of old franchise agreement, at our option; proof of right to remain at Approved Location; refurbishment or remodeling of the Restaurant to our then-current standards; signing of covenants concerning confidentiality and non-competition; and payment of transfer fee. If the proposed transferee is another Little Caesars franchisee, the transferee must not be in default under any of its agreements with us and must have a good record of customer service and compliance with our operating standards. You cannot transfer your franchise until you have operated the Restaurant for at least 6 months. You remain liable after the transfer for all obligations up to the date of the transfer.
n. Our right of first refusal to acquire your business	§ 12.5	We can match any offer.
o. Our option to purchase your business	§ 14	None generally; however, upon expiration or termination of the Franchise Agreement, we can buy certain assets and receive an assignment of your lease for the Restaurants.
p. Your death or disability	§ 12.6	Franchise must be transferred to an approved transferee within 6 months, and we will waive the transfer fee.

Provision	Section in Franchise Agreement or Other Agreement	Summary
q. Non-competition covenants during the term of the franchise	§ 15; § 2 of TPA	<p>Includes prohibition on diverting customers, employing persons in a managerial capacity who have worked in the Little Caesars® System during the prior 6 months, and owning or operating a quick or fast service restaurant engaged in the sale of pizza, pasta, sandwiches, chicken wings and/or related products.</p> <p>Same as described in r. below for each TPA, except covenants begin at time your training attendee signs the TPA and continues for the period described in r. below.</p>
r. Non-competition covenants after the franchise is terminated or expires	§ 15; § 2 of TPA	<p>Includes one year prohibition on involvement with a quick or fast service restaurant primarily engaged in the sale of pizza, pasta, sandwiches, chicken wings and/or related products for businesses located within the Designated Market Area, as defined by Nielson, of any Little Caesars Restaurant concept, and a 2-year prohibition for businesses located within the Designated Market Area in which your Restaurant is located.</p> <p>Same as described above for each TPA, except covenants continue for the applicable period following the termination of any franchise or business relationship between your training attendee and us, or the termination of your training attendee's affiliation with the Little Caesars® franchise system.</p>
s. Modification of the agreement	§§ 21 and 25	<p>Amendments must be in writing and signed by both parties except: (a) we may unilaterally modify our specifications; (b) we may unilaterally modify the Franchise Agreement if the modification is approved by a majority of franchised Restaurants; and (c) all of your existing franchise agreements are amended by signing the Franchise Agreement for an additional location.</p>

Provision	Section in Franchise Agreement or Other Agreement	Summary
t. Integration/merger clause	§ 21	Only the terms of the Franchise Agreement are binding (subject to federal or state law). Any representations or promises outside of this disclosure document and the Franchise Agreement may not be enforceable. This contract clause will not be treated as a disclaimer of our representations in this disclosure document.
u. Dispute resolution by arbitration or mediation	Not Applicable	Not Applicable
v. Choice of forum	§ 23; § 10 of TPA	Actions by you, or any affiliate or principal must be brought, and actions by us may be brought in the judicial district in which we have our principal place of business at the time the action is commenced, which is currently in Michigan (subject to state law).
w. Choice of law	§ 23; § 10 of TPA	Michigan (subject to state law).

**THE FRANCHISE RELATIONSHIP
(Territory Reservation Agreement)**

This table lists certain important provisions of the Territory Reservation Agreement and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Provision	Section in Territory Reservation Agreement or Other Agreement	Summary
a. Length of the franchise term	§4	The term of the Territory Reservation Agreement, which varies depending upon the number of Restaurants to be developed and other factors.
b. Renewal or extension of the term	Not Applicable	We do not grant you the right to renew or extend the Territory Reservation Agreement.
c. Requirements for you to renew or extend	Not Applicable	Not Applicable
d. Termination by you	Not Applicable	Not Applicable
e. Termination by us without cause	Not Applicable	Not Applicable

Provision	Section in Territory Reservation Agreement or Other Agreement	Summary
f. Termination by us with cause	§10	Some of the defaults can be cured while others cannot.
g. "Cause" defined – curable defaults	§8, 10	Section 8 of the Territory Reservation Agreement incorporates the Franchise Agreement Section 13 – see Franchise Agreement Summary. Defaults are curable unless the incorporated Franchise Agreement Sections specifically list the default as being non-curable.
h. "Cause" defined – non-curable defaults	§10	Section 8 of the Territory Reservation Agreement incorporates the Franchise Agreement Section 13 – see Franchise Agreement Summary. Defaults are curable unless the incorporated Franchise Agreement Sections specifically list the default as being non-curable. Additionally, failure to timely meet the Development Schedule may result in termination without the opportunity to cure.
i. Your obligations on termination/non-renewal	§8.3	You must return all manuals and other documents containing our confidential information to us.
j. Assignment of contract by us	Not Applicable	There are no restrictions in the Territory Reservation Agreement on assignment by us.
k. "Transfer" by you – definition	§9	Includes transfer of interest in Territory Reservation Agreement, or any of the assets of the business licensed under the Territory Reservation Agreement. Also includes sales, assignments, pledges, or other encumbrances of any direct or indirect ownership interest in you.
l. Our approval of transfer by you	§9	Not permitted
m. Conditions for our approval of transfer	Not applicable	Not Applicable
n. Our right of first refusal to acquire your business	Not Applicable	Not Applicable
o. Our option to purchase your business	Not Applicable	Not Applicable

Provision	Section in Territory Reservation Agreement or Other Agreement	Summary
p. Your death or disability	Not Applicable	Not Applicable
q. Non-competition covenants during the term of the franchise	§8.4	Includes prohibition on diverting customers, and owning or operating a quick or fast service restaurant primarily engaged in the sale of pizza, pasta, sandwiches, chicken wings and/or related products.
r. Non-competition covenants after the franchise is terminated or expires	§8.4	Includes one year prohibition on involvement with a quick or fast service restaurant primarily engaged in the sale of pizza, pasta, sandwiches, chicken wings and/or related products for businesses located within the Designated Market Area, as defined by Nielson, of any Little Caesars® restaurant concept, and a 2-year prohibition for businesses located within the Designated Market Area in which your Reserved Territory is located.
s. Modification of the agreement	§11	Territory Reservation Agreement cannot be amended or modified except in writing and signed by you and us.
t. Integration/merger clause	§11	Only the terms of the Territory Reservation Agreement (including those incorporated into the agreement) are binding (subject to federal or state law). Any representations or promises outside of this disclosure document and the Territory Reservation Agreement may not be enforceable. This contract clause will not be treated as a disclaimer of our representations in this disclosure document.
u. Dispute resolution by arbitration or mediation	Not Applicable	Not Applicable
v. Choice of forum	§8.12	Actions by you, or any affiliate or principal must be brought, and actions by us may be brought in the judicial district in which we have our principal place of business at the time the action is commenced, which is currently in Michigan (subject to state law).
w. Choice of law	§8.12	Michigan law applies (subject to state law).

ITEM 18
PUBLIC FIGURES

As of the issuance date of this disclosure document, we do not use any public figure to promote our franchise. However, in the future, we may offer certain celebrities a discount on their initial franchise fee on the condition that they make one or more public appearances and announcements to the media and allow their names, photographs and information about their celebrity history to be included in news releases and promotional material.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Brian Balconi, our Vice President and General Counsel, at Little Caesar Enterprises, Inc., Fox Office Centre, 2211 Woodward Avenue, Detroit, Michigan 48201-3400, (313) 471-6000, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

The following 5 tables contain information about franchised and company-owned Little Caesars® restaurants for our last 3 fiscal years. States not listed in any table either had no Little Caesars® restaurants or no activity during the 3-year period. Notes follow the tables.

TABLE NUMBER 1

System-wide Outlet Summary
For years 2009 to 2011
(see footnotes following the Table)

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year*	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2009	1806	2145	+339
	2010	2340*	2704	+364
	2011	2713**	2922	+209
Company-Owned	2009	475	520	+45
	2010	529*	525	-4
	2011	525	533	+8
Total Outlets	2009	2281	2665	+384
	2010	2869*	3229	+360
	2011	3238**	3455	+217

*Before 2010, we did not include Non-Traditional Restaurants in Table 1, most of which are Little Caesars® units operating in Kmart stores. Accordingly, in the Table, the number of outlets at the beginning of 2010 does not match the number of outlets at the end of 2009. The change in reporting method increased by 195 the number of franchised outlets reported at the beginning of 2010 and increased by 9 the number of company-owned outlets reported at the beginning of 2010.

** We are unable to reconcile minor discrepancies for certain states between the number of outlets at the beginning of 2011 and the number of outlets at the end of 2010 (see Table 3 for the specific states affected). We believe that these discrepancies result from the manner in which our Restaurant database generates reports and the slight difference between our fiscal year-end and the calendar year-end. The discrepancies resulted in a net increase of 9 in the number of franchised outlets reported at the beginning of 2011.

TABLE NUMBER 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2009 to 2011
(see notes at end of Item)

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Alabama	2009	2
	2010	1
	2011	1
Arizona	2009	1
	2010	3
	2011	0
California (note 3)	2009	6
	2010	10
	2011	4
Colorado	2009	2
	2010	0
	2011	2
Connecticut	2009	0
	2010	1
	2011	0
Florida	2009	0
	2010	2
	2011	8
Georgia	2009	1
	2010	4
	2011	3
Idaho	2009	0
	2010	1
	2011	0
Illinois	2009	2
	2010	4
	2011	6

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Indiana	2009	1
	2010	2
	2011	1
Iowa	2009	0
	2010	0
	2011	2
Kansas	2009	0
	2010	10
	2011	3
Kentucky	2009	1
	2010	2
	2011	2
Maine	2009	0
	2010	0
	2011	0
Maryland	2009	0
	2010	1
	2011	0
Massachusetts	2009	0
	2010	0
	2011	0
Michigan	2009	10
	2010	8
	2011	12
Minnesota	2009	0
	2010	4
	2011	0
Missouri	2009	1
	2010	7
	2011	1

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Montana	2009	0
	2010	0
	2011	1
Nebraska	2009	0
	2010	1
	2011	0
Nevada	2009	0
	2010	0
	2011	3
New Hampshire	2009	0
	2010	0
	2011	1
New Jersey	2009	0
	2010	0
	2011	3
New Mexico	2009	2
	2010	11
	2011	1
New York	2009	1
	2010	1
	2011	0
North Carolina	2009	1
	2010	7
	2011	2
Ohio	2009	0
	2010	11
	2011	5
Oklahoma	2009	5
	2010	1
	2011	0

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Oregon	2009	0
	2010	0
	2011	3
Pennsylvania	2009	0
	2010	3
	2011	2
Rhode Island	2009	1
	2010	0
	2011	0
South Carolina	2009	9
	2010	2
	2011	0
Tennessee	2009	0
	2010	0
	2011	0
Texas	2009	22
	2010	11
	2011	37
Utah	2009	0
	2010	0
	2011	0
Virginia	2009	4
	2010	1
	2011	0
Washington	2009	0
	2010	1
	2011	4
Wisconsin	2009	2
	2010	0
	2011	1

Column 1 State	Column 2 Year	Column 3 Number of Transfers
TOTAL	2009	74
	2010	110
	2011	108

TABLE NUMBER 3
Status of Franchised Outlets
For years 2009 to 2011
(see footnotes following Table)

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year*	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations / Other Reasons	Column 9 Outlets at the End of the Year
Alabama	2009	48	6	0	0	0	1	53
	2010	56*	9	0	0	0	1	64
	2011	64	9	0	0	0	0	73
Alaska	2009	1	0	0	0	0	0	1
	2010	1*	1	0	0	0	0	2
	2011	2	0	0	0	0	0	2
Arizona	2009	34	7	0	0	0	0	41
	2010	43*	7	0	0	0	1	49
	2011	49	5	0	0	0	0	54
Arkansas	2009	19	2	0	0	0	0	21
	2010	21*	4	0	0	0	0	25
	2011	25	5	0	0	0	0	30
California(note 3)	2009	235	31	0	0	0	0	266
	2010	289*	32	1	0	0	0	320
	2011	320	13	0	0	1	0	332
Colorado	2009	40	10	0	0	0	0	50
	2010	53*	8	0	0	0	0	61
	2011	61	0	0	0	0	1	60
Connecticut	2009	1	0	0	0	0	0	1
	2010	2*	0	0	0	0	0	2
	2011	2	6	0	0	0	0	8
Delaware	2009	2	1	0	0	0	0	3
	2010	4*	1	0	0	0	0	5
	2011	5	0	0	0	0	0	5
Florida	2009	53	19	0	0	0	1	71
	2010	88*	19	1	0	0	2	104
	2011	105**	12	2	0	0	4	111

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year*	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations / Other Reasons	Column 9 Outlets at the End of the Year
Georgia	2009	53	26	0	0	0	1	78
	2010	79*	29	0	0	0	0	108
	2011	108	15	0	0	0	0	123
Hawaii	2009	2	3	0	0	0	0	5
	2010	12*	1	0	0	0	2	11
	2011	11	0	0	0	0	1	10
Idaho	2009	15	0	0	0	0	0	15
	2010	17*	0	0	0	0	0	17
	2011	17	3	0	0	0	0	20
Illinois	2009	32	9	1	0	0	0	40
	2010	53*	13	0	0	0	0	66
	2011	66	7	0	0	0	1	72
Indiana	2009	29	20	0	0	0	0	49
	2010	56*	18	0	0	0	0	74
	2011	74	11	0	0	0	1	84
Iowa	2009	4	6	0	0	0	0	10
	2010	13*	8	0	0	0	0	21
	2011	21	5	0	0	0	0	26
Kansas	2009	10	1	0	0	0	0	11
	2010	11*	14	0	0	0	0	25
	2011	25	3	0	0	0	0	28
Kentucky	2009	49	3	0	0	0	0	52
	2010	58*	13	0	0	0	0	71
	2011	70**	6	0	0	0	4	72
Louisiana	2009	9	4	0	0	0	0	13
	2010	13*	9	0	0	0	0	22
	2011	22	9	0	0	0	0	31
Maine	2009	4	2	0	0	0	0	6
	2010	7*	1	0	0	0	0	8
	2011	8	2	0	0	0	0	10
Maryland	2009	12	1	0	0	0	0	13
	2010	13*	2	0	0	0	1	14
	2011	14	11	0	0	0	0	25
Massachusetts	2009	2	3	0	0	0	0	5
	2010	6*	6	0	0	0	0	12
	2011	13**	3	0	0	0	1	15
Michigan	2009	220	6	0	0	0	3	223
	2010	228*	5	1	0	0	2	230
	2011	237**	6	1	0	1	1	240

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year*	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations / Other Reasons	Column 9 Outlets at the End of the Year
Minnesota	2009	21	8	0	0	0	0	29
	2010	30*	10	0	0	0	0	40
	2011	40	3	0	0	0	1	42
Mississippi	2009	16	2	0	0	0	0	18
	2010	18*	6	0	0	0	1	23
	2011	23	2	0	0	0	0	25
Missouri	2009	28	12	0	0	0	0	40
	2010	42*	13	0	0	0	0	55
	2011	55	5	0	0	0	0	60
Montana	2009	7	3	0	0	0	0	10
	2010	10*	1	0	0	0	0	11
	2011	11	1	0	0	0	0	12
Nebraska	2009	13	4	0	0	0	0	17
	2010	21*	0	0	0	0	0	21
	2011	21	1	0	0	0	0	22
Nevada	2009	12	1	0	0	0	0	13
	2010	13*	3	0	0	3	1	12
	2011	13**	1	0	0	0	0	14
New Hampshire	2009	2	1	0	0	0	0	3
	2010	3*	1	1	0	0	0	3
	2011	3	1	0	0	0	0	4
New Jersey	2009	5	3	0	0	0	0	8
	2010	10*	5	0	0	0	1	14
	2011	14	2	0	0	0	2	14
New Mexico	2009	17	0	0	0	0	0	17
	2010	17*	3	0	0	0	0	20
	2011	20	4	0	0	0	0	24
New York	2009	30	5	0	0	0	0	35
	2010	46*	15	0	0	0	0	61
	2011	61	18	0	0	0	1	78
North Carolina	2009	58	20	0	0	0	0	78
	2010	86*	16	0	0	0	2	100
	2011	100	4	1	0	0	0	103
North Dakota	2009	7	1	0	0	0	0	8
	2010	11*	0	0	0	0	1	10
	2011	10	0	0	0	0	0	10
Ohio	2009	62	30	0	0	0	1	91
	2010	106*	26	0	0	0	1	131
	2011	131	6	0	0	0	2	135

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
State	Year	Outlets at the Start of the Year*	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations / Other Reasons	Outlets at the End of the Year
Oklahoma	2009	40	2	0	0	0	0	42
	2010	44*	6	0	0	0	1	49
	2011	49	2	0	0	0	0	51
Oregon	2009	32	6	0	0	0	0	38
	2010	38*	5	0	0	0	1	42
	2011	42	0	0	0	0	2	40
Pennsylvania	2009	32	13	0	0	0	0	45
	2010	63*	10	0	0	0	0	73
	2011	73	12	0	0	0	2	83
Rhode Island	2009	0	1	0	0	0	0	1
	2010	1*	2	0	0	0	0	3
	2011	3	1	0	0	0	0	4
South Carolina	2009	42	8	0	0	0	0	50
	2010	52*	10	0	0	0	0	62
	2011	62	7	0	0	0	0	69
South Dakota	2009	6	1	0	0	0	0	7
	2010	8*	0	0	0	0	0	8
	2011	8	0	0	0	0	0	8
Tennessee	2009	59	12	0	0	0	0	71
	2010	74*	11	0	0	0	0	85
	2011	85	7	0	0	0	0	92
Texas	2009	224	32	0	0	0	1	255
	2010	260*	32	0	0	0	0	292
	2011	292	16	0	0	0	1	307
Utah	2009	46	3	0	0	0	0	49
	2010	51*	1	0	0	0	0	52
	2011	52	1	0	0	0	0	53
Vermont	2009	2	0	0	0	0	0	2
	2010	2*	0	0	0	0	0	2
	2011	2	0	0	0	0	0	2
Virginia	2009	51	5	1	0	0	1	54
	2010	57*	3	0	0	0	1	59
	2011	59	4	0	0	0	0	63
Washington	2009	43	12	0	0	0	0	55
	2010	61*	9	0	0	0	1	69
	2011	70**	6	0	0	0	1	75
West Virginia	2009	22	3	0	0	0	0	25
	2010	29*	6	0	0	0	0	35
	2011	34**	3	0	0	0	1	36

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year*	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations / Other Reasons	Column 9 Outlets at the End of the Year
Wisconsin	2009	32	2	0	0	0	0	34
	2010	39*	4	0	0	0	2	41
	2011	41	1	1	0	0	1	40
Wyoming	2009	2	0	0	0	0	0	2
	2010	4*	0	0	0	0	0	4
	2011	4	1	0	0	0	0	5
Puerto Rico	2009	20	0	0	0	0	0	20
	2010	20	0	0	0	0	5	15
	2011	15	4	0	0	0	0	19
Guam	2009	1	0	0	0	0	0	1
	2010	1	0	0	0	0	0	1
	2011	1	0	0	0	0	0	1
TOTAL	2009	1785	350	2	0	0	9	2124
	2010	2340*	398	4	0	3	27	2704
	2011	2713**	244	5	0	2	28	2922

*Before 2010, we did not include Non-Traditional Restaurants in Table 3, most of which are Little Caesars® units operating in Kmart stores. Accordingly, in the Table, the number of franchised outlets at the beginning of 2010 does not match the number of franchised outlets at the end of 2009. The change in reporting method increased by 195 the number of franchised outlets reported at the beginning of 2010.

** We are unable to reconcile minor discrepancies for certain states between the number of outlets at the beginning of 2011 and the number of outlets at the end of 2010. We believe that these discrepancies result from the manner in which our Restaurant database generates reports and the slight difference between our fiscal year-end and the calendar year-end. The discrepancies resulted in a net increase of 9 in the number of franchised outlets reported at the beginning of 2011.

TABLE NUMBER 4
Status of Company-Owned Outlets
For years 2009 to 2011
(see footnote following Table)

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year*	Column 4 Outlets Opened	Column 5 Outlets Reacquired From Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at the End of the Year
Arizona	2009	36	2	0	0	0	38
	2010	38	6	0	0	0	44
	2011	44	1	0	0	0	45

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
State	Year	Outlets at the Start of the Year*	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at the End of the Year
California (note 3)	2009	126	10	0	0	0	136
	2010	136	6	0	0	1	141
	2011	141	4	1	0	1	145
Florida	2009	80	8	0	0	0	88
	2010	88	3	0	2	0	89
	2011	89	4	0	1	0	92
Illinois	2009	47	13	0	0	0	60
	2010	60	0	0	4	4	52
	2011	52	1	0	2	2	49
Indiana	2009	5	0	0	0	0	5
	2010	5	1	0	0	0	6
	2011	6	0	0	0	0	6
Kansas	2009	9	0	0	0	0	9
	2010	9	0	0	0	9	0
	2011	0	0	0	0	0	0
Kentucky	2009	1	0	0	0	0	1
	2010	1	0	0	0	0	1
	2011	1	0	0	0	0	1
Massachusetts	2009	0	0	0	0	0	0
	2010	0	0	0	0	0	0
	2011	0	0	0	0	0	0
Michigan	2009	79	0	0	2	2	75
	2010	83*	0	0	1	3	79
	2011	79	0	1	0	1	79
Missouri	2009	5	0	0	0	0	5
	2010	5	0	0	0	5	0
	2011	0	0	0	0	0	0
Nevada	2009	12	3	0	0	0	15
	2010	16*	1	3	0	0	20
	2011	20	0	0	1	0	19
Ohio	2009	12	3	0	0	0	15
	2010	15	2	0	0	0	17
	2011	17	2	0	0	0	19
Rhode Island	2009	0	1	0	0	1	0
	2010	0	0	0	0	0	0
	2011	0	0	0	0	0	0

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year*	Column 4 Outlets Opened	Column 5 Outlets Reacquired From Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at the End of the Year
Tennessee	2009	8	1	0	0	0	9
	2010	9	0	0	0	0	9
	2011	9	0	0	0	0	9
Texas	2009	47	7	0	0	0	54
	2010	54	3	0	0	0	57
	2011	57	3	0	0	0	60
Wisconsin	2009	8	2	0	0	0	10
	2010	10	0	0	0	0	10
	2011	10	0	0	1	0	9
TOTAL	2009	475	50	0	2	3	520
	2010	529*	22	3	7	22	525
	2011	525	15	2	5	4	533

*Before 2010, we did not include Non-Traditional Restaurants in Table 4. Accordingly, in the Table, the number of company-owned outlets in Michigan and Nevada at the beginning of 2010 does not match the number of outlets at the end of 2009. The change in reporting method increased by 9 the total number of company-owned outlets reported at the beginning of 2010.

TABLE NUMBER 5
Projected Openings
As of December 31, 2011

Column 1 State	Column 2 Franchise Agreement Signed But Outlet Not Open as of 12/31/11	Column 3 Projected New Franchised Outlets in 2012	Column 4 Projected New Company-Owned Outlets in 2012
Alabama	4	5	0
Alaska	0	0	0
Arizona	4	6	2
Arkansas	2	2	0
California (note 3)	21	42	10
Colorado	1	10	0
Connecticut	2	1	0
Delaware	1	1	0
Florida	4	17	2
Georgia	7	11	0
Hawaii	0	0	0
Idaho	0	2	0
Illinois	3	10	1

Column 1 State	Column 2 Franchise Agreement Signed But Outlet Not Open as of 12/31/11	Column 3 Projected New Franchised Outlets in 2012	Column 4 Projected New Company- Owned Outlets in 2012
Indiana	2	12	0
Iowa	2	7	0
Kansas	2	5	0
Kentucky	3	5	0
Louisiana	4	6	0
Maine	1	2	0
Maryland	5	2	0
Massachusetts	1	3	0
Michigan	2	1	0
Minnesota	3	7	0
Mississippi	2	6	0
Missouri	2	9	0
Montana	0	0	0
Nebraska	1	2	0
Nevada	1	0	1
New Hampshire	0	1	0
New Jersey	1	4	0
New Mexico	1	4	0
New York	12	14	0
North Carolina	5	8	0
North Dakota	2	1	0
Ohio	7	10	2
Oklahoma	3	2	0
Oregon	2	2	0
Pennsylvania	8	8	0
Rhode Island	1	0	0
South Carolina	5	7	0
South Dakota	1	0	0
Tennessee	3	5	0
Texas	11	34	4
Utah	0	6	0
Vermont	0	1	0
Virginia	5	3	0
Washington	8	10	0
Washington DC	0	1	0
West Virginia	1	0	0
Wisconsin	2	3	0
Wyoming	1	2	0
TOTALS	159	300	20

Notes to Tables 1-5:

- (1) All numbers are as of December 31 for each year.
- (2) If multiple events occurred in the process of transferring ownership of a particular Restaurant, we have reported the event that occurred last in time.
- (3) The numbers for California include Restaurants that both we and our affiliate, LC Trademarks, have franchised. As described in Item 1, LC Trademarks offered Little Caesars® restaurant franchises in California from 2001 through December 2007 and may continue to provide services to existing franchisees in that state.

* * *

Two lists containing the names, addresses and telephone numbers of our Little Caesars® restaurant franchisees in the U.S.A. as of December 31, 2011, are attached to this disclosure document as Exhibit E. The first list is of franchisees whose Restaurants were open as of December 31, 2011 and the second list is of franchisees whose Restaurants were not open as of that date.

A list containing the name, last known city and state, and business telephone number (or, if unknown, home telephone number) of every Little Caesars® Restaurant franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during 2011, or who has not communicated with us within 10 weeks before the date of this disclosure document, is attached to this disclosure document as Exhibit F. Unless otherwise noted, all franchisees owned a Little Caesars® restaurant. Franchisees marked with an asterisk (*) remain as existing franchisees of other Little Caesars® restaurants. If you buy a Little Caesars® Restaurant franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

The lists attached to this disclosure document as Exhibit E and Exhibit F include both our and LC Trademark's franchisees for the State of California.

Our franchisees have signed confidentiality clauses during the last 3 fiscal years. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Little Caesars® franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

The following independent franchisee organization has asked to be included in this disclosure document:

Organization Name: Independent Organization of Little Caesars Franchisees
Address: 2685 Lapeer Rd., Suite 101
Auburn Hills, MI 48326

Telephone Number: (248) 377-1900
Fax Number: (248) 377-1913
Web Address: <http://www.iolcf.com>

You have the right to become a member of the Independent Organization of Little Caesars Franchisees (IOLCF). We will provide you with material regarding the IOLCF while you are in training. If you do not receive this material, please bring this to the attention of our Training Department.

ITEM 21 **FINANCIAL STATEMENTS**

Exhibit H to this disclosure document contains the audited financial statements of our affiliate, LC Trademarks, as of December 31, 2011, December 31, 2010, and December 31, 2009, together with the report of independent auditors. Our separate financial statements are not included in this disclosure document. Should we fail to fulfill our duties and obligations to our franchisees under their franchise agreements, however, LC Trademarks absolutely and unconditionally guarantees to assume those duties and obligations. A copy of LC Trademark's Guarantee of Performance is included in this disclosure document as Exhibit I.

ITEM 22 **CONTRACTS**

The following contracts are attached to this disclosure document:

1. Franchise Agreement (Exhibit A), including addenda for reduced protected territory and for no protected territory
2. Territory Reservation Agreement (Exhibit B)
3. Renewal Addendum (Exhibit C)
4. Training Participant Agreement (Exhibit J)
5. Cheese Pricing Alternative Program Agreement (Exhibit K)

ITEM 23
RECEIPTS

The last four pages of this disclosure document are two copies of a detachable receipt. Please sign and return to us our copy of the receipt (Copy for Little Caesar Enterprises, Inc.), and sign and retain for your records your copy of the receipt (Copy for Prospective Franchisee).

CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

This Addendum relates to franchises sold in the State of California and is intended to comply with California statutes and regulations.

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

2. Item 3. In addition to the information required by Item 3, neither we (Little Caesar Enterprises, Inc.), nor any person in Item 2 of the disclosure document is subject to any currently effective order of any National Securities Association or National Securities Exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

3. Item 17. Item 17 of the disclosure document has the following additional provisions:

(a) California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

(b) Any proposed termination of the Franchise Agreement for bankruptcy may not be enforceable under federal bankruptcy law. (11 U.S.C.A. Section 101 et seq.)

(c) The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

(d) The Franchise Agreement (and, to the extent applicable, the Territory Reservation Agreement) requires litigation to be conducted in Michigan. You are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

4. Our web site is found at www.littlecaesars.com.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS AT www.corp.ca.gov.

5. In the case of a material modification of an existing franchise located in California, California Corporations Code §31101 requires a franchisor to disclose information concerning proposed material modifications of an existing franchise agreement. If you (or your affiliates) previously entered into one or more franchise agreements with us and/or our affiliate, LC Trademarks, Inc., Section 25.3 of the Franchise Agreement may include a material modification of those existing franchise agreements. If that is the case, then, under California law, you (or your affiliate) has 10 business days after receipt of this disclosure document, including copy of the Franchise Agreement, to notify us in writing that you (or your affiliate) does not agree to the modification of the existing Franchise Agreement or that you (or

your affiliate) rescinds the modification of the existing Franchise Agreement. If you (or your affiliate) notifies us that you (or your affiliate) does not agree to (or rescinds) these modifications within the 10 business day period, the Franchise Agreement will be null and void and you will not have the right to develop a franchise under the Franchise Agreement.

**ILLINOIS ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT**

This Addendum relates to franchises sold in the State of Illinois and is intended to comply with Illinois statutes and regulations.

1. Item 17. Section 41 of the Illinois Franchise Disclosure Act (the "Act") states that any condition, stipulation, or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of the Act or any other law of Illinois is void.
2. Item 17. Section 4 of the Act states that any provision in the Franchise Agreement that designates jurisdiction or venue for litigation in a forum outside of Illinois is void with respect to any action which is otherwise enforceable in Illinois.
3. Item 17. Sections 19 and 20 of the Act affect the conditions under which your Franchise Agreement can be terminated and your rights upon nonrenewal.
4. Item 17. Section 200.608 of the Illinois Franchise Regulations requires that Illinois law govern Franchise Agreements entered into in Illinois.

**MARYLAND ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT**

The following information applies to franchises and franchisees subject to Maryland statutes and regulations. Item numbers correspond to those in the main body of the disclosure document:

1. Item 17. The Franchise Agreement provides for termination if you are insolvent under any applicable state or federal law. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101 et seq.).
2. Item 17. Any claims under the Maryland Franchise and Disclosure law may be brought in the State of Maryland.
3. Item 17. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
4. Item 22. The Franchise Agreement requires the franchisee to sign a general release as a condition of renewal, sale, or assignment of the franchise. This release will not apply to any liability under the Maryland Franchise Registration and Disclosure Law. The form of release that you must sign in those situations will be substantially similar to the form attached to this page.

RELEASE

For and in consideration of Little Caesar Enterprises, Inc. and/or LC Trademarks, Inc. agreeing to and entering into a franchise agreement(s) with or by or through any of the undersigned, and for other valuable consideration, the receipt and adequacy of which is hereby acknowledged, the undersigned agree as follows:

1. Release of the LCE Parties.

a. As used herein, the following terms have the following meanings:

(i) "Releasing Parties" means the undersigned, individually and on behalf of and including their franchised entity, as well as any subsidiaries, affiliates and related entities and all of their respective past, present and future officers, directors, shareholders, employees, agents, representatives, predecessors, successors and assigns.

(ii) "LCE Parties" means Little Caesar Enterprises, Inc. (including its wholly owned subsidiary Blue Line Foodservice Distribution, Inc.), LC Trademarks, Inc., their affiliated and related entities, and all of their respective past, present and future officers, directors, shareholders, employees, agents, representatives, predecessors, successors and assigns.

(iii) "Claim" means any and all complaints, claims, liabilities, damages, losses, injuries, actions, causes of action, suits, debts and expenses (including without limitation attorney fees) of every nature, kind, or description whatsoever, whether known or unknown, suspected, or unsuspected, vested or contingent, direct or indirect, which the Releasing Parties have or may have, arising out of any matter, fact, event, omission, or occurrence whatsoever.

b. The Releasing Parties release and forever discharge the LCE Parties from all Claims occurring or omitted prior and up to the Effective Date.

c. The undersigned expressly intend that this Release be as broad as permitted by law.

d. This Release may be pleaded as a full and complete defense to, and may be used as a basis for an injunction against, any action at law, proceeding in equity, or any other judicial or non-judicial proceeding that a Releasing Party, or any other person or entity claiming an interest in the subject matter of this Agreement, may initiate, prosecute, maintain, or continue to maintain or prosecute in breach hereof.

e. Waiver of Rights Under Section 1542. If any of the undersigned' store(s) are located in California, and if Section 1542 of the Civil Code of the State of California were to apply to any part of this Release, then the undersigned understands and agrees that this Release extends to all Claims and the undersigned expressly waives all rights under Section 1542. Section 1542 reads as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him, must have materially affected the settlement with the debtor."

2. **Miscellaneous.** The terms of this Release shall be governed by, and interpreted under Michigan law, without reference to its conflicts of laws provisions. Any action between the parties concerning this Release shall be brought in the federal court covering the location at which LCE has its principal place of business at the time the action is commenced or, if the federal court would not have subject matter jurisdiction, the state court within the judicial district in which LCE has its principal place of business at the time the action is commenced. The parties waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

3. **Acknowledgement.** The undersigned, in executing this Release, represent(s) that it, he, she and/or they have carefully read it, know the contents thereof, and execute it voluntarily and with full knowledge of its significance.

By: _____

Its: _____

By: _____

Its: _____

By: _____

Its: _____

, individually

, individually

, individually

**MINNESOTA ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT**

This Addendum relates to franchises sold in the State of Minnesota and is intended to comply with Minnesota statutes and regulations.

1. Item 17. Minnesota law provides franchisees with certain termination and non-renewal rights. Minnesota Statutes Section 80C.14, subs. 3, 4 and 5 require, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for nonrenewal of the Franchise Agreement.
2. Item 17. No condition, stipulations, or provisions in the Franchise Agreement can abrogate or reduce any rights you have under the Minnesota Franchises Law, including (if applicable) the right to submit matters to the jurisdiction of the courts of Minnesota and the right to any forum or remedies provided for by the laws of the jurisdiction. Minnesota Statutes Section 80C.21 and Minnesota Rule 2860.4400J may prohibit us from requiring litigation to be conducted outside Minnesota, from requiring waiver of a jury trial, and from requiring you to pay liquidated damages.
3. Item 17. Any release required as a condition of renewal or transfer will not apply to any liability imposed by Minn. Stat. Sections 80C.01-80C.02.

NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

This Addendum relates to franchises sold in the State of New York and is intended to comply with New York statutes and regulations.

1. Item 3. Item 3 of the disclosure document is amended to add the following:

Other than as described in Item 3, neither we, our predecessor, a person identified in Item 2, nor an affiliate offering franchises under the franchisor's principal trademark:

A. Has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations or any pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

B. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

C. Is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

2. Item 4. Item 4 of the disclosure document is amended to add the following:

Except as disclosed in Item 4 of the disclosure document, neither we, our affiliates, our predecessor, officers, nor our general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

3. Item 5. Item 5 of the disclosure document is amended to add the following:

The initial franchise fee may, in part, be profit to us, and is, in part used to pay our following expenses or costs: (1) employee salaries and benefits; (2) sales, administrative and operation expenses; (3) legal and accounting fees; (4) expenses of technical assistance, service and support;

(5) protection of our trademarks; and (6) other operational expenses incurred by us or our affiliates relating to franchising.

4. Item 17. Item 17(c) of the disclosure document is amended to add the following:

All rights arising in your favor from the provisions of Article 33 of the Gen. Bus. Law of the State of New York and the regulations issued thereunder will remain in force; it being the intent of this proviso that the non-waiver provisions of Gen. Bus. Law sections 687.4 and 687.5 be satisfied.

5. Item 17. Item 17(j) of the disclosure document is amended to add the following:

No assignment will be made by us, except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement.

6. We represent that this disclosure document does not knowingly omit any material fact or contain any untrue statement of a material fact.

**NORTH DAKOTA ADDENDUM TO
FRANCHISE DISCLOSURE DOCUMENT**

This Addendum relates to franchises sold in the State of North Dakota and is intended to comply with North Dakota statutes and regulations.

1. Item 17. Any release required as a condition of renewal or transfer will not apply to any claim you might have under the North Dakota Franchise Investment Law.
2. Item 17. The Franchise Agreement contains covenants not to compete which extend beyond the termination of the franchise. These provisions may not be enforceable in North Dakota.
3. Item 17. Pursuant to the North Dakota Franchise Investment Law, we cannot require you to agree in advance to litigate disputes outside the State of North Dakota.

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

This Addendum relates to franchises sold in the State of Virginia and is intended to comply with Virginia statutes and regulations.

1. Item 1. Any securities offered or sold to a Virginia resident as a part of the investment program ("Colleague Franchise Program") must either be registered or exempt from registration under Section 13.1-514 of the Virginia Securities Act.

2. Item 5. The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the Initial Franchise Fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the Franchise Agreement. In addition, the Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the Territory Reservation Fee owed by franchisees to the franchisor under the Territory Reservation Agreement in accordance with this paragraph. Only after franchisor has completed its pre-opening obligations under the Franchise Agreement for a particular Restaurant being developed under the Territory Reservation Agreement may the franchisor collect from the franchisee a pro-rata, per Restaurant share of the Territory Reservation Fee. If the franchisor terminates the Territory Reservation Agreement pursuant to its terms before the franchisee has developed all of the Restaurants it has the right to develop under the Development Schedule attached to the Territory Reservation Agreement, however, the franchisee must immediately pay to the franchisor the remaining balance of the Territory Reservation Fee.

3. Item 17.e. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the following statements are added to Item 17.e.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

4. Item 17.h. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the following statements are added to Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.