

**INFORMATION FOR PROSPECTIVE FRANCHISEES  
REQUIRED BY THE FEDERAL TRADE COMMISSION**



**PANCHERO'S FRANCHISE CORPORATION**

ISSUANCE DATE: March 31, 2006

TO PROTECT YOU, WE'VE REQUIRED YOUR FRANCHISOR TO GIVE YOU THIS INFORMATION. WE HAVEN'T CHECKED IT, AND DON'T KNOW IF IT'S CORRECT. IT SHOULD HELP YOU MAKE UP YOUR MIND. STUDY IT CAREFULLY. WHILE IT INCLUDES SOME INFORMATION ABOUT YOUR CONTRACT, DON'T RELY ON IT ALONE TO UNDERSTAND YOUR CONTRACT. READ ALL OF YOUR CONTRACT CAREFULLY. BUYING A FRANCHISE IS A COMPLICATED INVESTMENT. TAKE YOUR TIME TO DECIDE. IF POSSIBLE, SHOW YOUR CONTRACT AND THIS INFORMATION TO AN ADVISOR, LIKE A LAWYER OR AN ACCOUNTANT.

IF YOU FIND ANYTHING YOU THINK MAY BE WRONG OR ANYTHING IMPORTANT THAT'S BEEN LEFT OUT, YOU SHOULD LET US KNOW ABOUT IT. IT MAY BE AGAINST THE LAW.

THERE MAY ALSO BE LAWS ON FRANCHISING IN YOUR STATE. ASK YOUR STATE AGENCIES ABOUT THEM.

FEDERAL TRADE COMMISSION  
Washington, D.C. 20580

## FRANCHISE OFFERING CIRCULAR



### PANCHERO'S FRANCHISE CORPORATION

(An Illinois Corporation)  
2475 Coral Court, Suite B  
Coralville, Iowa 52241  
(888)MEXBEST (639-2378)  
[www.pancheros.com](http://www.pancheros.com)

The franchise is for a restaurant featuring burritos, quesadillas, tacos, fajitas, salads, rice, salsa, and other food and beverage products. You are granted the right to use the Mark "PANCHERO'S."

The initial franchise fee for your first Franchised Restaurant is \$30,000 unless you meet any of the special qualifications described in Item 5. The initial franchise fee for a second or additional Franchised Restaurant is \$20,000. You might purchase an initial inventory of certain Restaurant supplies from us if you do not want to buy them from unaffiliated suppliers. The cost of this inventory in 2005 ranged up to \$2,314. The initial investment required to establish a Franchised Restaurant ranges from \$260,000 to \$410,000 (excluding real estate purchase and lease costs).

If you sign an Area Development Agreement, the initial franchise fee for each Franchised Restaurant you agree to develop is \$20,000. You will pay 50% of the total due (\$10,000 times the number of Franchised Restaurants) when you sign the Area Development Agreement and the remaining balance of each initial franchise fee upon signing the Franchise Agreement for each unit.

The initial fee due if you sign the Development Agent Agreement depends on the number of Franchised Restaurants to be developed in your Territory, and is typically \$30,000 for the Restaurant you must operate in your territory plus \$5,000 for each additional Franchised Restaurant you agree to develop in your territory.

#### RISK FACTORS:

1. THE FRANCHISE AGREEMENT, AREA DEVELOPMENT AGREEMENT, AND DEVELOPMENT AGENT AGREEMENT REQUIRE, WITH CERTAIN LIMITED EXCEPTIONS, THAT ALL DISAGREEMENTS BETWEEN THE PARTIES BE SETTLED BY ARBITRATION IN COOK COUNTY, ILLINOIS AND REQUIRE THAT ALL NON-ARBITRABLE CLAIMS BE BROUGHT WITHIN A STATE OR FEDERAL COURT IN COOK COUNTY, ILLINOIS. OUT OF STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN ILLINOIS THAN IN YOUR HOME STATE.

2. THE FRANCHISE AGREEMENT, AREA DEVELOPMENT AGREEMENT, AND DEVELOPMENT AGENT AGREEMENT STATE THAT ILLINOIS 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. SOME STATE FRANCHISE LAWS PROVIDE THAT CONSENT TO JURISDICTION AND CHOICE OF LAW PROVISIONS ARE VOID OR SUPERSEDED. YOU MAY WANT TO INVESTIGATE WHETHER YOU ARE PROTECTED BY A STATE FRANCHISE LAW. YOU SHOULD REVIEW ANY ADDENDA OR RIDERS IN EXHIBIT K FOR DISCLOSURES REGARDING STATE FRANCHISE LAWS.

4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Information comparing franchisors is available. Call the state administrators (as applicable) listed in Exhibit A or your public library for sources of information.

Registration of this franchise with the state does not mean that the state recommends it or has verified the information in this Offering Circular. If you learn that anything in this Offering Circular is untrue, contact the Federal Trade Commission and the state administrators listed in Exhibit A.

The effective dates of this Offering Circular in the states with franchise registration laws are in Exhibit A.