

4-6-06

RECEIVED
DEPT. OF CORPORATIONS
SAN FRANCISCO

'06 APR 20 AIO:37

FRANCHISE OFFERING CIRCULAR



ZERO'S MR. SUBMARINE, INC.
2859 Virginia Beach Blvd.
Suite 105
Virginia Beach, VA 23452
Telephone: (757) 486-8338
Facsimile: (757) 486-9755



Zero's Mr. Submarine, Inc.

Information for Prospective Franchisees
Required by Federal Trade Commission

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 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.

The date of issuance of this Franchise Offering Circular is April 1, 2006

FRANCHISE OFFERING CIRCULAR FOR PROSPECTIVE FRANCHISEES

ZERO'S MR. SUBMARINE, INC.
(a Delaware corporation)



2859 Virginia Beach Blvd.
Suite 105
Virginia Beach, VA 23452
Telephone: (757) 486-8338
Facsimile: (757) 486-9755

The Franchisee will establish and operate a Zero's Subs family oriented quick service restaurant specializing in a wide variety of hot oven-baked submarine sandwiches, pizza, salads and other food and beverage products. The Initial Franchise Fee to operate a single Franchised Business is \$20,000 (see ITEM 5). The estimated initial investment required for a single Franchised Business ranges from approximately \$122,680 to \$172,300 (see ITEM 7).

RISK FACTORS:

1. **THE FRANCHISE AGREEMENT PERMITS THE FRANCHISEE TO ARBITRATE WITH ZERO'S ONLY IN VIRGINIA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH ZERO'S IN VIRGINIA THAN IN YOUR HOME STATE.**

2. **THE FRANCHISE AGREEMENT STATES THAT VIRGINIA LAW GOVERNS THE AGREEMENT, AND THE LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.**

3. **THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

Information about comparisons of Franchisors may be available. Call the state administrators listed in Exhibit D or your public library for sources of information. Registration of this information about comparisons of Franchisors may be available.

Registration of this franchise by a state does not mean that the state recommends it or has verified the information in this Franchise Offering Circular. If you learn that anything in this Franchise Offering Circular is untrue, contact the Federal Trade Commission and the Division of Securities and Retail Franchising of the State Corporation listed in Exhibit D.

**FRANCHISE OFFERING CIRCULAR
FOR PROSPECTIVE FRANCHISEES (MARYLAND)**

ZERO'S MR. SUBMARINE, INC.
(a Delaware corporation)



2859 Virginia Beach Blvd.
Suite 105
Virginia Beach, VA 23452
Telephone: (757) 486-8338
Facsimile: (757) 486-9755

The Franchisee will establish and operate a Zero's Subs family oriented quick service restaurant specializing in a wide variety of hot oven-baked submarine sandwiches, pizza, salads and other food and beverage products. The Initial Franchise Fee to operate a single Franchised Business is \$15,000 (see ITEM 5). The estimated initial investment required for a single Franchised Business ranges from approximately \$117,680 to \$167,300 (see ITEM 7).

RISK FACTORS:

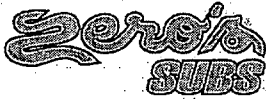
1. THE FRANCHISE AGREEMENT PERMITS THE FRANCHISEE TO ARBITRATE WITH ZERO'S ONLY IN VIRGINIA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH ZERO'S IN VIRGINIA THAN IN YOUR HOME STATE. THIS PROVISION MAY BE SUPERCEDED BY MARYLAND LAW. SEE MARYLAND ADDENDUM TO FRANCHISE AGREEMENT.

2. THE FRANCHISE AGREEMENT STATES THAT VIRGINIA LAW GOVERNS THE AGREEMENT, AND THE LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS. THIS PROVISION MAY BE SUPERCEDED BY MARYLAND LAW. SEE MARYLAND ADDENDUM TO FRANCHISE AGREEMENT.

3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Information about comparisons of Franchisors may be available. Call the state administrators listed in Exhibit D or your public library for sources of information. Registration of this information about comparisons of Franchisors may be available.

Registration in the State of Maryland is not approval, recommendation, or endorsement by the Commissioner. Registration of this franchise by a state does not mean that the state recommends it or has verified the information in this Franchise Offering Circular. If you learn that anything in the Franchise Offering Circular is untrue, contact the Federal Trade Commission and the Maryland Securities Commissioner, Office of the Attorney General, Division of Securities, 200 St. Paul Place, Baltimore, MD 21202 (410) 576-7042.



**FRANCHISE DISCLOSURE DOCUMENT FOR PROSPECTIVE
FRANCHISEES REQUIRED BY THE COMMONWEALTH OF VIRGINIA**

Zero's Mr. Submarine, Inc., a Delaware corporation
2859 Virginia Beach Blvd. Ste 105
Virginia Beach, VA 23452
Telephone Number (757) 486-8338

The Franchisee will establish and operate a Zero's Subs family oriented quick service restaurant specializing in a wide variety of hot oven-baked submarine sandwiches, pizza, salads and other food and beverage products. The Initial Franchise Fee to operate a single Franchised Business is \$20,000. The estimated initial investment required for a single Franchised Business ranges from approximately \$122,680 to \$172,300. Prospective Franchisees should consult ITEMS 5, 6 and 7 of this Franchise Offering Circular for further information regarding the investment. The initial cash investment does not represent a Franchisee's total investment. No one may offer or sell these franchises in the Commonwealth of Virginia other than the registered sales representatives of the Franchisor.

The Effective Date of this Franchise Offering Circular (FOC) in Virginia is December 8, 2005.

RISK FACTORS:

1. THE FRANCHISE AGREEMENT PERMITS THE FRANCHISEE TO ARBITRATE WITH ZERO'S ONLY IN VIRGINIA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH ZERO'S IN VIRGINIA THAN IN YOUR HOME STATE.

2. THE FRANCHISE AGREEMENT STATES THAT VIRGINIA LAW GOVERNS THE AGREEMENT, AND THE LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Franchisor's registered agent authorized to receive service of process is the Clerk of the State Corporation Commission, 1300 E. Main Street, Richmond, Virginia 23219.

TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE</u>
ITEM 1 - THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES	1
ITEM 2 - BUSINESS EXPERIENCE	3
ITEM 3 - LITIGATION	4
ITEM 4 - BANKRUPTCY	4
ITEM 5 - INITIAL FRANCHISE FEE.....	5
ITEM 6 - OTHER FEES	5
ITEM 7 - INITIAL INVESTMENT	9
ITEM 8 - RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	11
ITEM 9 - FRANCHISEE'S OBLIGATIONS.....	14
ITEM 10 - FINANCING	15
ITEM 11 - FRANCHISOR'S OBLIGATIONS.....	15
ITEM 12 - TERRITORY	20
ITEM 13 - TRADEMARKS.....	20
ITEM 14 - PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	22
ITEM 15 - OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS.....	23
ITEM 16 - RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	24
ITEM 17 - RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION	24
ITEM 18 - PUBLIC FIGURES.....	26
ITEM 19 - EARNINGS CLAIMS.....	26
ITEM 20 - LIST OF OUTLETS	26
ITEM 21 - FINANCIAL STATEMENTS.....	28
ITEM 22 - CONTRACTS	28
ITEM 23 - RECEIPT	29
EXHIBIT A - ZERO'S SUBS FRANCHISE AGREEMENT	
EXHIBIT B - CONFIDENTIALITY AGREEMENT	

EXHIBIT C - LIST OF FRANCHISEES

EXHIBIT D - LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

EXHIBIT E - FINANCIAL STATEMENTS

EXHIBIT F - AREA REPRESENTATIVE INFORMATION

EXHIBIT G - STATE SPECIFIC ADDENDA

EXHIBIT H - FRANCHISEE CLOSING QUESTIONNAIRE

EXHIBIT I - ACKNOWLEDGMENT OF RECEIPT
