

FRANCHISE DISCLOSURE DOCUMENT

AMERICAN DELI INTERNATIONAL, INC. a Delaware Corporation 2716 Northeast Expressway Atlanta, GA 30345 Tel: 404-254-3444 Fax: 404-228-6147 <u>info@americandeli.com</u> <u>www.americandeli.com</u>



The franchises offered are for the establishment and operation of quick service restaurants that feature chicken wings, philly cheese steak and other sandwiches, other freshly prepared, grilled or fried items, beverage items and promotional items ("Restaurants").

The total investment necessary to begin operation of an American Deli franchise is \$239,500 to \$380,500. This includes \$10,000 that must be paid to the franchisor or affiliate. If you purchase a turnkey Restaurant, the total investment necessary to begin operation of an American Deli franchise is \$291,500 to \$471,000. This includes \$230,000 to \$360,000 that must be paid to the franchisor or affiliate.

If you sign an American Deli development agreement ("Development Agreement"), the total investment necessary to begin operation of an American Deli franchise is \$239,500 to \$380,500 plus \$10,000 paid to the franchisor affiliate for each Restaurant to be developed under the Development Agreement. The minimum number of Restaurants required to be developed under the Development Agreement is three (3).

This Disclosure Document summarizes certain provisions of your Franchise Agreement and Development 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 or grant. Note, however, that no governmental agency has verified the information contained in this document.

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Franchise Administrator, 2716 Northeast Expressway, Atlanta, GA 30345 (404-254-3444).



The terms of your contract will govern your franchise relationship. Don't rely on this Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, 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 also can 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 also may be laws on franchising in your state. Ask your state agencies about them.

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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 I 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 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 TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY LITIGATION/ARBITRATION/MEDIATION ONLY IN GEORGIA. OUT OF STATE LITIGATION/ARBITRATION/MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT ALSO MAY COST YOU MORE TO SUE/ARBITRATE/MEDIATE WITH US IN GEORGIA THAN IN YOUR OWN STATE.

2. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT STATE THAT GEORGIA LAW GOVERNS THE AGREEMENT, AND GEORGIA LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR STATE'S LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. YOUR SPOUSE MUST SIGN A DOCUMENT THAT MAKES YOUR SPOUSE LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT, EVEN THOUGH YOUR SPOUSE HAS NO OWNERSHIP INTEREST IN THE BUSINESS. THIS GUARANTEE WILL PLACE BOTH YOU AND YOUR SPOUSE'S MARTIAL AND PERSONAL ASSETS, PERHAPS INCLUDING YOUR HOUSE, AT RISK IF YOUR FRANCHISE FAILS.

4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral services 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.

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