

FRANCHISE DISCLOSURE DOCUMENT



EAST COAST WINGS CORPORATION 100 Cambridge Plaza Drive Winston-Salem, NC 27104 (336) 760-4985 info@eastcoastwings.com www.eastcoastwings.com

Our franchisees own and operate a casual dining restaurant emphasizing chicken wings, sandwiches, burgers, ribs, appetizers, a variety of specialty flavored wings, and spirits (each, a "Restaurant"). As the franchisor, we provide services to our franchisees, including assistance with training, operations, advertising, purchasing and promotional techniques. We currently offer and sell franchises for the right to independently own and operate a Full Service Restaurant, which is operated from a traditional location.

The total investment necessary to begin operation of a Full-Service Restaurant ranges from \$661,375 to \$1,098,570, which includes between \$43,950 and \$55,800 that must be paid to us or our affiliates prior to opening.

We also grant qualified parties that right to open and operate multiple Restaurants within a defined geographical area under our form of area development agreement. The total investment necessary to begin operating as a multi-unit owner will vary depending on how many Restaurants we grant you the right to open. By way of example, the total investment to enter into an area development agreement with us to open three (3) Restaurants ranges from \$701,375 to \$1,138,570, which includes: (i) an \$80,000 development fee that is paid to us; and (ii) the initial investment to open and commence operations of an initial Restaurant within your development area.

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, us or an affiliate in connection with the proposed franchise sale. 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 availability of disclosures in different formats, contact the Franchise Administration Department of EAST COAST WINGS CORPORATION, 100 Cambridge Plaza Drive, Winston-Salem, North Carolina 27104, (336) 760-4985.

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.

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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 "<u>A Consumer's Guide to</u> <u>Buying a Franchise</u>," 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 <u>www.ftc.gov</u> 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.

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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 A 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 AND AREA DEVELOPMENT AGREEMENT REQUIRE THAT ALL DISAGREEMENTS BE SETTLED BY ARBITRATION IN NORTH CAROLINA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN NORTH CAROLINA THAN IN YOUR HOME STATE.
- 2. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATE THAT NORTH CAROLINA LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
- 3. YOUR SPOUSE, AND THE SPOUSES OF THE FRANCHISE OWNERS, PARTNERS, MEMBERS, AS THE CASE MAY BE ARE REQUIRED TO SIGN THE FRANCHISE AGREEMENT OR A PERSONAL GUARANTY OF THE FRANCHISE OBLIGATIONS. SUCH SPOUSE(S) IS/ARE JOINTLY AND SEVERALLY LIABLE FOR ALL DEBTS OF THE FRANCHISE, WHETHER OR NOT INVOLVED IN THE OPERATION OF THE RESTAURANT. THIS REQUIREMENT PLACES THE PERSONAL AND MARITAL ASSETS OF THE FRANCHISE OWNERS AND SPOUSES AT RISK.
- 4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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