

FRANCHISE DISCLOSURE DOCUMENT

F.S.R.M., Inc. a Colorado corporation 10720 Bradford Road, Suite 100 Littleton, CO 80127 (303) 273-9600 www.fantasticsams.com RECEIVED

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SECURITIES

Fantastic Sams

F.S.R.M. grants franchises to own and operate Fantastic Sams® haircare salons. Fantastic Sams® salons provide a full range of haircare products and services for men, women and children.

The total investment necessary to begin operation of a Fantastic Sams® haircare salon franchise is \$106,895 to \$194,300, including \$25,000 that must be paid to the franchisor.

The disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully. You must receive this disclosure document at least 14 days before you sign a binding agreement or make any payment in connection with the 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 the availability of disclosures in different formats, contact Mark Akins at 10720 Bradford Road, Suite 100, Littleton, CO 80127 and (303) 273-9600.

The terms of your contract will govern your franchise relationship. Do not 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. Information comparing franchisors is available. Call your state agency or your public library for sources of information. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," is available from the FTC. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. In addition, 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 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 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 ARBITRATION ONLY IN DENVER, COLORADO OR SEATTLE, WASHINGTON. 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 DENVER, COLORADO OR SEATTLE, WASHINGTON THAN IN YOUR OWN STATE.
- 2. THE FRANCHISE AGREEMENT STATES THAT COLORADO LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
- 3. LOCAL LAWS MAY SUPERSEDE THESE LICENSE AGREEMENT PROVISIONS. SEE ANY APPLICABLE STATE-SPECIFIC REQUIREMENTS IN **EXHIBIT F**.
- 4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

See next page for state effective dates.



FRANCHISE DISCLOSURE DOCUMENT EFFECTIVE DATES IN DESIGNATED STATES

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 Franchise Disclosure Document is registered, on file, exempt from registration, or otherwise effective in the following states with franchise registration and disclosure (or business opportunity*) laws as of the dates listed:

Effective date:
Effective date:

In all other states, the effective date of this Franchise Disclosure Document is April 23, 2013.

^{*} Denotes one-time filing

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