

OMAR'S EXOTIC BIRDS FRANCHISES, INC.

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Dept. of Corporations-
PSS UNIT-San Francisco Office
MAR - 8 2013

OMAR'S EXOTIC BIRDS™

The franchise we offer is a retail store selling a variety of exotic birds, bird grooming and boarding services, specialty bird cages, toys, equipment and quality bird foods, seeds and nutritional products.

The total investment to begin operation of a single Omar's Exotic Birds store is \$125,000 to \$171,290. This amount includes an initial franchise fee of \$35,500. If you later request another franchise, the fee for each additional location will be \$27,500. However, we also offer an Area Development Agreement that will allow you to develop 2 or 3 stores in a designated territory for an initial Area Development Fee of \$46,500 (for two franchises) or \$60,000 (for three franchises) instead of the initial franchise fees you would otherwise pay for these additional locations.

If you sign an Area Development Agreement the total initial investment to begin operation of your first Omar's Exotic Birds store, including the Area Development Fee allowing you to open either 2 or 3 additional franchises in a given area, will be from \$138,000 to \$196,290 depending on whether you select the 2 or 3 franchise option. (See Items 5 and 7 for additional information.)

The first three franchisees to sign a franchise agreement with us will become the "Founder's Group." As members of this Founder's Group each will be granted the right to own their franchise under terms more beneficial than later franchises sold. The benefits of being in the Founder's Group are: (1) a reduced Initial Franchise Fee of \$20,000; (2) a 20% discount in their Continuing License Fee for each franchise purchased; and (3) if signing an Area Development Agreement, a discounted Development Fee of \$20,000 for each additional franchise agreed to be developed and a delay in payment for the additional franchises to the point in time that each later franchise agreement is signed and as set forth in the Area Development Agreement.

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, the franchisor 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 the availability of disclosures in different formats, contact the Administration Department at 903 East Imperial Highway, Brea, California 92870, or by telephone at 714.745.2869.

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.

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 can also 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 may also be laws on franchising in your state. Ask your state agencies about them.

The date of issuance of this Franchise Disclosure Document is March 5, 2013 (but see State Specific Effective Dates on page iv).

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, about other franchisors, 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 MEDIATION ONLY IN CALIFORNIA AND BY ARBITRATION ONLY IN ORANGE COUNTY, CALIFORNIA. OUT-OF-STATE MEDIATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE OR ARBITRATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA 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. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more franchise brokers or referral sources to assist us in selling our franchise. A franchise broker or referral source is our agent and 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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